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Short Form Prospectus

New Issue

June 6, 2005



\$175,000,000

5.75% Convertible Unsecured Subordinated Debentures

This short form prospectus qualifies the distribution of 175,000 convertible unsecured subordinated debentures (the "Debentures") of Superior Plus Income Fund (the "Fund") at a price of \$1,000 per Debenture (the "Offering"). The Debentures bear interest at an annual rate of 5.75% payable semi-annually on June 30th and December 31st in each year commencing December 31, 2005 and will mature on December 31, 2012 (the "Maturity Date"). See "Details of the Offering".

Debenture Conversion Privilege

Each Debenture will be convertible into trust units of the Fund ("Units") at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date of the Debentures and the business day immediately preceding the date specified by the Fund for redemption of the Debentures, at a conversion price of \$36.00 per Unit, subject to adjustment in certain events.

The outstanding Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol SPF.UN. The Fund has received the conditional approval of the TSX to list the Debentures distributed under this short form prospectus and the Units issuable upon conversion of the Debentures on the TSX. Such listing will be subject to the Fund fulfilling all of the listing requirements of the TSX. On June 3, 2005, the closing price of the Units on the TSX was \$30.65 per Unit.

| | Price to Public | Underwriters' Fee | Net Proceeds to the Fund⁽¹⁾ |
|---------------------|------------------------|--------------------------|-----------------------------------------------|
| Per Debenture | \$ 1,000 | \$ 40 | \$ 960 |
| Total..... | \$ 175,000,000 | \$ 7,000,000 | \$ 168,000,000 |

Note:

(1) Before deducting expenses of the Offering, estimated to be \$500,000.

Each of Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and Canaccord Capital Corporation (collectively, the "Underwriters"), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Fund and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Fund by Macleod Dixon LLP and on behalf of the Underwriters by Fraser Milner Casgrain LLP. Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates for the aggregate principal amount of the Debentures will be issued in registered form to The Canadian Depository for Securities Limited ("CDS") and will be deposited with CDS on the date of closing. No certificates evidencing the Debentures will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of the Debentures

will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. See "Details of the Offering". The Underwriters may effect transactions which stabilize or maintain the market price for the Units or Debentures at levels other than those which otherwise might prevail in the open market. See "Plan of Distribution".

Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc. and HSBC Securities (Canada) Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary of a Canadian chartered bank which is a lender to the Fund's wholly-owned subsidiary, Superior Plus Inc. ("Superior"), under Superior's revolving term bank credit facilities (the "Credit Facilities"). Consequently, the Fund may be considered to be a connected issuer of each of these Underwriters for the purposes of securities legislation in certain provinces. The net proceeds of the Offering will be used by Superior to reduce indebtedness under Superior's Credit Facilities, the majority of which indebtedness was or will be incurred in connection with three recent and one pending business acquisition and for the construction of a sodium chlorate plant in Chile. See "Recent Developments", "Relationship Among the Fund, Superior and Certain Underwriters", "Details of the Offering" and "Use of Proceeds".

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus.

The Fund may repay the outstanding principal of the Debentures through the issuance of Units. See "Details of the Offering - Payment Upon Redemption or Maturity".

Cash distributions payable to holders of Units of the Fund are not assured and future results of the Fund may vary.

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Dollar references in this short form prospectus are in Canadian dollars unless otherwise indicated.

SUMMARY

This summary is qualified by, and should be read in conjunction with, the detailed information contained elsewhere in this short form prospectus.

Superior Plus Income Fund

The Fund is a limited purpose unincorporated trust established under the laws of the Province of Alberta by a declaration of trust (the "Declaration of Trust") made as of August 2, 1996, as amended and restated on October 7, 2003. The Fund owns 100% of the outstanding shares and notes of Superior and distributes to holders of Units ("Unitholders") income earned and returns of capital on such securities after payment of its expenses.

Superior Plus Inc.

Superior, a corporation governed by the *Canada Business Corporations Act*, carries on business through four operating divisions: Superior Propane, Canada's largest distributor of propane, related products and services; ERCO Worldwide, a leading supplier of chemicals and technology to the pulp and paper and water treatment industries; Winroc, the seventh largest distributor of walls and ceilings construction products in North America; and Superior Energy Management, a provider of fixed-price natural gas supply services in Ontario and Quebec.

The Offering

Issue: 175,000 5.75% convertible unsecured subordinated debentures.

Amount of Offering: \$175,000,000.

Price: \$1,000 per Debenture.

Use of Proceeds: The net proceeds of the Offering of Debentures will be used by the Fund to invest in securities of Superior. The net proceeds of the Offering will be used by Superior to reduce indebtedness under Superior's Credit Facilities, the majority of which indebtedness was or will be incurred in connection with three recent and one pending business acquisition and for the construction of a sodium chlorate plant in Chile. See "Recent Developments", "Use of Proceeds" and "Relationship Among the Fund, Superior and Certain Underwriters" and "Risk Factors".

Debentures

Maturity: The Maturity Date for the Debentures will be December 31, 2012.

Interest: 5.75% per annum payable semi-annually in arrears on June 30th and December 31st in each year, commencing December 31, 2005. The first interest payment on December 31, 2005 will include interest accrued from the closing date of the Offering to, but excluding, December 31, 2005.

Conversion: The Debentures will be convertible into fully paid and non-assessable Units at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Fund for redemption of the Debentures at a conversion price (the "Conversion Price") of \$36.00 per Unit, being a conversion rate of 27.7778 Units per \$1,000 principal amount of Debentures, subject to adjustment as provided in the indenture governing the Debentures. Upon conversion, holders will not be entitled to interest accrued since the last interest payment date unless they convert their Debentures on an interest payment date, in which case, they will be entitled to receive such interest payment.

Redemption:

The Debentures will not be redeemable before July 1, 2008. On or after July 1, 2008 and prior to July 1, 2010, the Debentures may be redeemed in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the Units on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price. On or after July 1, 2010 and prior to maturity, the Debentures may be redeemed in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest.

Put Right on Change of Control of Fund:

Upon the occurrence of a change of control of the Fund involving the acquisition of voting control or direction over 66 2/3% or more of the Units of the Fund, any holder of a Debenture may require the Fund to purchase, on the date which is 30 days following the giving of notice of the change of control, all or any portion of that holder's Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

Payment upon Redemption or Maturity:

On redemption or at maturity, the Fund may, at its option, on not more than 60 days and not less than 30 days prior notice and subject to regulatory approval, elect to satisfy its obligation to pay the principal amount of the Debentures by issuing and delivering that number of freely tradeable Units obtained by dividing the principal amount of the outstanding Debentures which are to be redeemed or which have matured by 95% of the weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the Maturity Date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.

Subordination:

The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the indenture governing the Debentures, to the prior payment in full of all Senior Indebtedness (as defined herein) of the Fund. The Debentures will also be effectively subordinate to claims of creditors of the Fund's subsidiaries except to the extent the Fund is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Debentures will not limit the ability of the Fund to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Superior at Suite 2820, 605 - 5th Avenue, S.W., Calgary, Alberta, T2P 3H5, (403) 218-2953. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record of the Fund. A copy of such permanent information record may be obtained from the Secretary of Superior at the above-mentioned address and telephone number.

The following documents, filed with the securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into this short form prospectus:

- (a) the Annual Information Form of the Fund dated March 9, 2005 (including the documents incorporated by reference therein);
- (b) the audited comparative consolidated financial statements of the Fund for the year ended December 31, 2004, together with the auditors' report thereon;
- (c) "Management's Discussion and Analysis" of financial results and financial condition of the Fund for the year ended December 31, 2004;
- (d) the unaudited comparative consolidated financial statements of the Fund as at and for the three months ended March 31, 2005;
- (e) "Management's Discussion and Analysis" of financial results and financial condition of the Fund for the three months ended March 31, 2005; and
- (f) the Information Circular of the Fund dated March 9, 2005 issued in connection with the annual meeting of Unitholders held on May 11, 2005, excluding those portions under the headings "Composition of the Compensation Committee", "Report on Executive Compensation", "Performance Graph" and "Schedule A - Corporate Governance Guidelines" which shall be deemed not to be incorporated by reference herein.

Any of the following documents, if filed by the Fund with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and before the termination of the Offering, are deemed to be incorporated by reference in this short form prospectus:

- (a) material change reports (except confidential material change reports);
- (b) comparative interim financial statements and the associated "Management's Discussion and Analysis" of financial results and financial condition of the Fund for the same period;
- (c) comparative financial statements for the Fund's most recently completed financial year, together with the accompanying report of the auditor; and
- (d) information circulars (excluding those portions thereof which, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference herein).

Documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in this short form prospectus or in any other subsequently filed document that is also incorporated by reference in this short form prospectus.

FORWARD-LOOKING STATEMENTS

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Fund or Superior. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words. The Fund and Superior believe the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Fund's or Superior's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward looking statements are made as of the date hereof and neither the Fund nor Superior undertakes any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.

SUPERIOR PLUS INCOME FUND

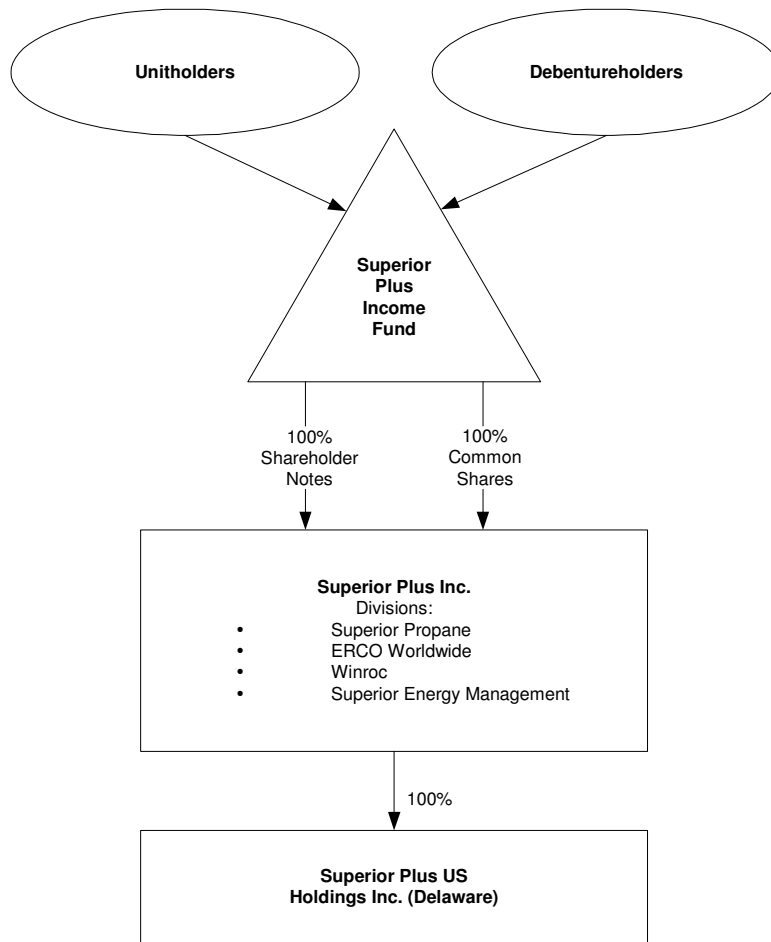
The Fund is a limited purpose unincorporated trust established under the laws of the Province of Alberta by the Declaration of Trust which completed its initial public offering in September, 1996. The principal office of the Fund is Suite 2820, 605 - 5th Avenue, S.W. Calgary, Alberta, T2P 3H5. The Fund owns 100% of the outstanding shares and notes of Superior. The Fund does not conduct active business operations, but rather, it distributes to Unitholders all of the dividend and interest income earned or returns of capital from the shares and notes of Superior that are held by the Fund, after payment of Fund expenses, including interest payments to debentureholders of the Fund.

SUPERIOR PLUS INC.

Superior was incorporated under the provisions of *Part I of the Companies Act, 1934* by letter patent dated July 24, 1951 as Superior Propane Limited and was continued under the *Canada Business Corporations Act* on June 30, 1978. Superior carries on business through four operating divisions: Superior Propane, ERCO Worldwide, Winroc and Superior Energy Management. Superior Propane, Canada's largest distributor of propane, is engaged primarily in the distribution and retail sales of propane, propane consuming appliances and related services; ERCO Worldwide is a leading producer of sodium chlorate and other chemicals and technology for the pulp and paper and water treatment industries; Winroc is the seventh largest distributor of walls and ceilings construction products in North America; and Superior Energy Management provides fixed-price natural gas supply services to customers in Ontario and Quebec.

SIMPLIFIED STRUCTURE

The following diagram demonstrates the simplified structure of the Fund.



RECENT DEVELOPMENTS

ERCO Worldwide Division - Pending Acquisition of Chloralkali Business in Wisconsin

On April 12, 2005, ERCO Worldwide announced that it had entered into an agreement to purchase a chloralkali business located in Port Edwards, Wisconsin from Basic Chemicals Company, LLC an affiliate of Occidental Chemical Corporation, for U.S. \$29.5 million on a debt-free basis, subject to certain adjustments. The transaction, which is subject to certain closing conditions, is expected to close by the end of the second quarter. Superior intends to finance the transaction from the Credit Facilities.

The business proposed to be acquired is the second largest producer of potassium products in North America and has, in the opinion of Superior's management, a strong competitive position with a track record of stable cash flow. Approximately 70% of its gross profit is derived from the production of potassium hydroxide, used in making agricultural chemicals, soaps, detergents, de-icing chemicals and as electrolyte in alkaline batteries. In addition, it produces potassium carbonate, caustic soda, chlorine and hydrochloric acid.

Winroc Division - Acquisition of Leon's Insulation Inc.

On April 11, 2005, Winroc closed the acquisition of Leon's Insulation Inc. and associated entities (collectively, "Leon's Insulation") for \$48.5 million on a debt-free basis, subject to certain adjustments. At the time of its acquisition, Leon's Insulation was Ontario's largest distributor of drywall, insulation and associated products with revenues of approximately \$95 million for the year ended December 31, 2004. Winroc now operates 34 branches in Canada, Minnesota and the Southwestern United States. The additional branches acquired continue to operate under the "Leon's Insulation" name with the same management team as prior to its acquisition.

Superior Propane Division - Acquisition of Foster Energy Corporation

On February 2, 2005, Superior Propane closed the acquisition of the business of Foster Energy Corporation ("Foster Energy"), a wholesale marketer of natural gas liquids based in Calgary, Alberta for a purchase price of approximately \$25.6 million, \$14.6 million of which was paid at closing, with the remainder of the purchase price to be paid over a five year period. Foster Energy operates under the new trade name "Superior Gas Liquids, a division of Superior Propane".

Superior Gas Liquids provides natural gas liquids wholesale marketing services, primarily to small and medium sized propane retailers in the United States and Canada. Superior Gas Liquids also provides transportation, storage, risk management, supply and logistics services with annual sales volumes of approximately 400 million litres to over 100 customers resourced from more than 40 suppliers.

Winroc Division - Acquisition of Interior Building Supplies Company Ltd.

On December 7, 2004, Winroc closed the acquisition of Interior Building Supplies Company Ltd. and associated entities (collectively, "IBS") located in Windsor, London and Cambridge, Ontario for approximately \$12.2 million on a debt-free basis. Upon closing of the acquisition, Winroc operated 32 branches in Canada, Minnesota and the Southwestern United States. The additional branches acquired continue to operate under the "IBS" name with the same management team as prior to its acquisition by Winroc.

ERCO Worldwide Division - Construction of Sodium Chlorate Manufacturing Plant in Chile

On August 30, 2004, ERCO Worldwide, announced that it had entered into an agreement with CMPC Celulosa S.A. ("CMPC"), a division of Empresas CMPC S.A., for ERCO Worldwide to supply CMPC with sodium chlorate by constructing and operating a manufacturing plant adjacent to the CMPC Pacifico mill, located in Region IX of Chile. The plant, which is estimated to cost \$65 million to construct, is expected to commence production in mid-2006 and is expected to increase ERCO Worldwide's annual sodium chlorate capacity to approximately 635,000 tonnes. As at March 31, 2005, cumulative expenditures of \$4.0 million have been incurred in connection with the construction of this plant. Superior intends to finance the construction costs from the Credit Facilities.

USE OF PROCEEDS

The net proceeds of this issue to the Fund, after payment of the Underwriters' fee of \$7,000,000 and expenses of the issue estimated to be \$500,000, will be approximately \$167,500,000. The net proceeds to the Fund will be used to subscribe for securities of Superior. The net proceeds will be used by Superior to reduce indebtedness under Superior's Credit Facilities, the majority of which indebtedness was or will be incurred in connection with three recent and one pending business acquisition and for the construction of a sodium chlorate plant in Chile. The aggregate acquisition cost to Superior to acquire the chloralkali business, Leon's Insulation, Foster Energy and IBS is approximately \$120 million. See also "Relationship Among the Fund, Superior and Certain Underwriters", "Recent Developments" and "Risk Factors".

DETAILS OF THE OFFERING

The Offering consists of 175,000 Debentures at a price of \$1,000 per Debenture. The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified by, reference to the terms of the Indenture (as defined below).

General

The Debentures will be issued under a trust indenture (the "Indenture") to be dated the date of closing of the Offering between the Fund and Computershare Trust Company of Canada, as trustee (the "Debenture Trustee"). The aggregate principal amount of the Debentures authorized for issue will be unlimited. References in this section to "debentures" is a reference to all debentures outstanding from time to time under the Indenture, as supplemented from time to time.

The Debentures will be dated the closing of the Offering and will be issuable only in denominations of \$1,000 and integral multiples thereof. The Maturity Date of the Debentures will be December 31, 2012.

The Debentures will bear interest from the date of issue at 5.75% per annum, which will be payable semi-annually in arrears on June 30th and December 31st in each year, commencing on December 31, 2005. The first interest payment will include interest accrued from the closing of the Offering to, but excluding, December 31, 2005.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Fund and subject to applicable regulatory approval, by payment of Units as further described under "Payment upon Redemption or Maturity" and "Redemption and Purchase". The interest on the Debentures will be payable in lawful money of Canada including, at the option of the Fund and subject to applicable regulatory approval, in accordance with the Unit Interest Payment Election as described under "Interest Payment Option".

The Debentures will be direct obligations of the Fund and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the Fund as described under "Subordination". The Indenture will not restrict the Fund from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures will be convertible at the holder's option into fully paid and non-assessable Units at any time prior to the close of business on the earlier of the day the Debentures mature and the business day immediately preceding the date specified by the Fund for redemption of the Debentures, at a Conversion Price of \$36.00 per Unit, being a conversion rate of 27.7778 Units for each \$1,000 principal amount of Debentures. No adjustment will be made for distributions on Units issuable upon conversion. No adjustment will be made for interest accrued since the then most recently completed interest payment date on Debentures surrendered for conversion; however, holders converting their Debentures on an interest payment date will receive all interest which has accrued prior to that interest payment date and which has not been paid. Holders converting their Debentures shall become holders of record of Units of the Fund on the business day immediately after the conversion date.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events including: (a) the subdivision or consolidation of the outstanding Units; (b) the distribution of Units to holders of all or substantially all of the outstanding Units by way of distribution or otherwise other than an issue of securities to holders of Units who have elected to receive distributions in securities of the Fund in lieu of receiving cash distributions paid in the ordinary course; (c) the issuance of options, rights or warrants to all or substantially all holders of Units entitling them to acquire Units or other securities convertible into Units at less than 95% of the then current market price (as defined below) of the Units; and (d) the distribution to all holders of Units of any securities or assets (other than cash distributions and equivalent distributions in securities paid in lieu of cash distributions in the ordinary course). There will be no adjustment of the conversion price in respect of any event described in (b), (c) or (d) above if the holders of the Debentures are allowed to participate as though they had converted their

Debentures prior to the applicable record date or effective date. The Fund will not be required to make adjustments in the conversion price unless the cumulative effect of such adjustments would change the conversion price by at least 1%.

The term "current market price" will be defined in the Indenture to mean the weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Units or in the case of any consolidation, amalgamation or merger of the Fund with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Fund as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Fund, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding up, be entitled to receive the number of Units on the exercise of the conversion right such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Units into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding up.

No fractional Units will be issued on any conversion but in lieu thereof the Fund shall satisfy fractional interests by a cash payment equal to the current market price of any fractional interest.

Redemption and Purchase

The Debentures will not be redeemable before July 1, 2008. On or after July 1, 2008 and prior to July 1, 2010, the Debentures will be redeemable in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price preceding the date upon which the notice of redemption is given is at least 125% of the Conversion Price. On or after July 1, 2010, the Debentures will be redeemable prior to maturity in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable.

The Fund will have the right to purchase Debentures in the market, by tender or by private contract.

Payment upon Redemption or Maturity

On redemption or at maturity, the Fund will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon. The Fund may, at its option, on not more than 60 and not less than 30 days prior notice and subject to applicable regulatory approval, elect to satisfy its obligation to pay the principal amount of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on the Maturity Date, as the case may be, by issuing freely tradeable Units to the holders of the Debentures. Any accrued and unpaid interest thereon will be paid in cash. The number of Units to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured by 95% of the current market price on the date fixed for redemption or the Maturity Date, as the case may be. No fractional Units will be issued on redemption or maturity but in lieu thereof the Fund shall satisfy fractional interests by a cash payment equal to the current market price of any fractional interest.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness and indebtedness to trade creditors of the Fund. "Senior Indebtedness" of the Fund will be defined in the Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Fund (whether outstanding as at the date of Indenture or thereafter incurred), other than indebtedness evidenced by the Debentures, the outstanding Series 1, 8% Debentures and Series 2, 8% Debentures of the Fund and all other existing and future debentures or other instruments of the Fund which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each debenture issued under the Indenture will rank *pari passu* with each other debenture, and with all other present and future subordinated and unsecured indebtedness of the Fund except for sinking provisions (if any) applicable to different series of debentures or similar types of obligations of the Fund.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Fund, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Fund, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Fund, then those holders of Senior Indebtedness, including any indebtedness to trade creditors, will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that the Fund will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Fund, unless the Senior Indebtedness has been repaid in full.

The Debentures will also be effectively subordinate to claims of creditors of the Fund's subsidiaries except to the extent the Fund is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

Priority over Fund Distributions

The Declaration of Trust provides that certain expenses of the Fund must be deducted in calculating the amount to be distributed to the Unitholders. Accordingly, the funds required to satisfy the interest payable on the Debentures, as well as the amount payable upon redemption or maturity of the Debentures or upon an Event of Default (as defined below), will be deducted and withheld from the amounts that would otherwise be payable as distributions to Unitholders.

Put Right Upon a Change of Control of the Fund

Upon the occurrence of a change of control of the Fund involving the acquisition of voting control or direction over 66 2/3% or more of the Units of the Fund (a "Change of Control"), each holder of Debentures may require the Fund to purchase, on the date which is 30 days following the giving of notice of the change of control as set out below (the "Put Date"), the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof (the "Put Price") plus accrued and unpaid interest to the Put Date.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Fund will have the right to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given to the Debenture Trustee prior to the Put Date and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered for purchase.

The Indenture will contain notification provisions to the following effect:

- (i) the Fund will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the holders of Debentures a notice of the Change of Control, the repayment right of the holders of Debentures and the right of the Fund to redeem untendered Debentures under certain circumstances; and
- (ii) a holder of Debentures, to exercise the right to require the Fund to purchase its Debentures, must deliver to the Debenture Trustee, not less than five business days prior to the Put Date, written notice of the holder's exercise of such right, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer.

Interest Payment Option

The Fund may elect, from time to time, to satisfy its obligation to pay interest on the Debentures (the "Interest Obligation"), on the date it is payable under the Indenture (an "Interest Payment Date"), by delivering sufficient Units to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the "Unit Interest Payment Election"). The Indenture will provide that, upon such election, the Debenture Trustee shall (a) accept delivery from the Fund of Units, (b) accept bids with respect to, and consummate sales of, such Units, each as the Fund shall direct in its absolute discretion, (c) invest the proceeds of such sales in securities issued or guaranteed by the Government of Canada which mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any proceeds from the sale of Units not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto.

The Indenture will set forth the procedures to be followed by the Fund and the Debenture Trustee in order to effect the Unit Interest Payment Election. If a Unit Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Units (plus any amount received by the Debenture Trustee from the Fund attributable to any fractional Units) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Fund in respect of the Interest Obligation.

Neither the Fund's making of the Unit Interest Payment Election nor the consummation of sales of Units will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Units in satisfaction of the Interest Obligation.

Events of Default

The Indenture will provide that an event of default ("Event of Default") in respect of the debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the debentures: (i) failure for 15 days to pay interest on the debentures when due; (ii) failure to pay principal or premium, if any, on the debentures, whether at maturity, upon redemption, by declaration or otherwise; or (iii) certain events of bankruptcy, insolvency or reorganization of the Fund under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the debentures, declare the principal of and interest on all outstanding debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of debentures then outstanding may, on behalf of the holders of all debentures, waive any Event of Default and/or cancel any such declaration upon such terms as such holders shall prescribe.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for debentures which is a take-over bid for debentures within the meaning of the *Securities Act* (Alberta) and not less than 90% of the debentures (other than debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of

the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the debentures held by the holders of debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions which will make binding on all debentureholders resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada be the beneficial owners of a majority of the Units. Superior may, at any time and from time to time, in its sole discretion, require the Debenture Trustee to obtain declarations as to beneficial ownership of debentures, perform residency searches of registered and beneficial debentureholders mailing address lists and take such other steps specified by Superior to determine or estimate as best possible the residence of the beneficial owners of debentures. If Superior becomes aware that the beneficial owners of 49% or more of the debentures then outstanding are or may be non-residents of Canada ("Non-Residents") or that such a situation is imminent and the board of directors of Superior determines such steps are required in order for the Fund to maintain its status as a "mutual fund trust" under the *Tax Act* (as defined herein) or are otherwise in the interest of the Fund, Superior may require the Debenture Trustee to: i) refuse to issue or register a transfer of debentures to a person unless the person provides a declaration that the debentures to be issued or transferred to such person are not beneficially owned by a Non-Resident and to take such other action(s) as the board of directors of Superior determines is appropriate in the circumstances, and ii) send a notice to registered holders of debentures which are beneficially owned by Non-Residents, chosen, in inverse order to the order of acquisition or registration of such debentures or in such other manner as Superior may consider equitable and practicable, requiring them to sell their debentures which are beneficially owned by Non-Residents or a specified portion thereof within a specified period of not less than 60 days. If the debentureholders receiving such notice have not sold the specified number of debentures or provided the Debenture Trustee and Superior with satisfactory evidence that such debentures are not beneficially owned by Non-Residents within such period, Superior may require the Debenture Trustee, on behalf of such registered debentureholder, to sell such debentures.

Book-Entry System for Debentures

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "Participant"). On the Closing Date (as defined herein), the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures will be evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Debentures (a "Beneficial Owner") will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the Underwriter or other registered dealer from whom Debentures are purchased.

Neither the Fund nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look

solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Fund to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the "Debenture Certificates") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Fund or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Debentures and the Fund is unable to locate a qualified successor; (d) the Fund, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default (as defined herein), Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the single certificate representing the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Fund will recognize the holders of such Debenture Certificates as debentureholders under the Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Fund and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Units if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Units if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

DESCRIPTION OF UNITS

The authorized capital of the Fund consists of an unlimited number of Units. As at the date hereof, approximately 77.7 million Units are issued and outstanding. The holders of Units are entitled to vote at all meetings of holders of Units on the basis of one vote per Unit. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All Units rank among themselves equally and rateably without discrimination, preference or priority. Units are not subject to future calls or assessments except that future offerings of Units may be issuable for consideration payable in installments in which case the Fund may take security over any such Units. Units are redeemable at any time at the option of the holder. Currently, the Fund makes monthly cash distributions to its Unitholders. Additional Units may be issued in the future.

The Fund is a limited purpose unincorporated trust established under the laws of the Province of Alberta, which is governed by the terms and conditions of the Declaration of Trust. As the Fund is not a corporate entity, it is not governed by the provisions of either provincial or federal corporate law. The Units do not represent an investment in a corporation and should not be viewed by investors as "shares" in either Superior or the Fund. As holders of Units, the Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Fund is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and in some cases, the *Winding Up and Restructuring Act* (Canada). As a result, in the event a restructuring of the Fund were necessary, the Fund would not be able to access the remedies

available thereunder. In the event of a restructuring, a holder of Debentures may be in a different position than a holder of unsecured indebtedness of a corporation and a holder of Units may be in a different position than a shareholder of a corporation. The price per Unit is a function of anticipated distributions paid per Unit from Superior and the ability of Superior to effect long term growth in the value of the Fund. The market price of the Units will be sensitive to a variety of market conditions including, but not limited to, interest rates, commodity prices and the ability of the Fund to acquire additional assets. Changes in market conditions may adversely affect the trading price of the Units.

EARNINGS COVERAGE

The following earnings coverages are calculated on a consolidated basis for the twelve-month periods ended December 31, 2004 and March 31, 2005 and are derived from audited financial information, in the case of the year ended December 31, 2004, and unaudited financial information, in the case of the twelve-month period ended March 31, 2005.

The earnings of the Fund before interest and income tax expense for the year ended December 31, 2004 and the twelve-month period ended March 31, 2005 were \$139.8 million and \$145.6 million, respectively. The interest expense for the year ended December 31, 2004 and the twelve-month period ended March 31, 2005, was \$29.1 million and \$28.8 million, respectively, for a coverage ratio of 4.8 and 5.1 times, respectively.

After giving effect to the issuance of the Debentures, the pro forma earnings of the Fund before interest and income tax expense remains unchanged. After giving effect to the issuance of the Debentures, the pro forma interest expense for the year ended December 31, 2004 and the twelve-month period ended March 31, 2005 was \$33.7 million and \$33.3 million, respectively, resulting in a coverage ratio of 4.2 and 4.4 times, respectively.

CAPITALIZATION OF THE FUND

The following table sets forth the consolidated capitalization of the Fund as at March 31, 2005, both before and after giving effect to the Offering:

| Designation | Authorized | As at December 31, 2004 | As at March 31, 2005 before giving effect to the Offering | As at March 31, 2005 after giving effect to the Offering |
|-------------------------------------|------------|----------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|
| <i>(in millions)</i> | | | | |
| Long Term Debt ⁽¹⁾ | -- | \$446.2 | \$413.0 | \$245.5 |
| Series 1, 8% Debentures..... | \$100.0 | \$13.9 | \$11.6 | \$11.6 |
| Series 2, 8% Debentures..... | \$250.0 | \$102.6 | \$86.9 | \$86.9 |
| Debentures ⁽²⁾ | \$175.0 | -- | -- | \$175.0 |
| Units ⁽³⁾⁽⁴⁾ | Unlimited | \$1,114.5 (75.9 Units) | \$1,132.8 (76.8 Units) | \$1,132.8 (76.8 Units) |
| Warrants ⁽⁵⁾ | 3.5 | \$1.1 (3.1 Warrants) | \$1.1 (3.1 Warrants) | \$1.1 (3.1 Warrants) |

Notes:

- (1) Does not include the Series 1, 8% Debentures, the Series 2, 8% Debentures or the Debentures, which are described separately in the table. As at March 31, 2005, Superior had available revolving term bank credits of \$355.0 million with eight banks, of which \$202.0 million was outstanding as of March 31, 2005 and outstanding term loans of US\$160.0 million, which term bank credits and term loans bear interest at floating and fixed rates, respectively. Superior has swapped US\$85.0 million of the fixed rate obligation into a floating rate obligation. These term bank credits and term loans are secured by a general charge over all the assets of Superior. As at March 31, 2005, Superior also had \$17.5 million in long term debt comprised of notes, deferred purchase obligations and a real property mortgage.
- (2) Based on the issuance of 175,000 Debentures by the Fund for aggregate proceeds of \$175.0 million, less the Underwriters' fee of \$7.0 million and expenses of the issue estimated to be \$0.5 million.
- (3) As at March 31, 2005, the Fund had issued 0.9 million options under its trust unit option plan.
- (4) As at March 31, 2005, the Fund's Unitholders' equity was \$1,139.9 million.
- (5) Each Warrant entitles the holder to one Unit upon payment of the exercise price of \$20.00 until May 8, 2008.

PRICE RANGE AND TRADING VOLUME OF THE UNITS

The outstanding Units are traded on the TSX under the symbol SPF.UN. The following table sets forth the market price ranges and the aggregate volume of trading of the Units on the TSX for the periods indicated.

| | High | Low | Volume |
|----------------|---------|---------|------------|
| 2004 | | | |
| First Quarter | \$28.80 | \$25.13 | 9,101,767 |
| Second Quarter | \$28.17 | \$22.45 | 10,719,346 |
| Third Quarter | \$28.10 | \$25.50 | 6,787,031 |
| Fourth Quarter | \$30.23 | \$26.70 | 6,898,924 |
| 2005 | | | |
| January | \$30.60 | \$28.45 | 1,976,414 |
| February | \$33.15 | \$29.40 | 3,723,554 |
| March | \$32.42 | \$30.25 | 2,482,934 |
| April | \$30.60 | \$29.25 | 2,040,614 |
| May | \$32.00 | \$29.75 | 2,452,768 |
| June (1 to 3) | \$30.90 | \$30.08 | 277,653 |

On June 3, 2005, the closing price of the Units on the TSX was \$30.65.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Macleod Dixon LLP and Fraser Milner Casgrain LLP, the following summary describes the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations") generally applicable to a holder who acquires Debentures or Units on the conversion, redemption or maturity of Debentures (collectively, the "Securities") pursuant to the Offering and who, for purposes of the Tax Act and all relevant times, holds the Securities as capital property, is resident of Canada and deals at arm's length with the Fund. Generally, the Securities will be considered to be capital property to a holder provided the holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to (a) a subscriber that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (b) a subscriber an interest in which would be a "tax shelter investment" as defined in the Tax Act, or (c) a subscriber that is a "specified financial institution" as defined in the Tax Act. Any such subscriber should consult its own tax advisor with respect to an investment in the Securities.

This summary is based upon the provisions of the Tax Act and the Regulations in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof (the "Proposed Amendments") and counsels' understanding of the current published administrative practices of the Canada Revenue Agency. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of Securities, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of Securities should consult their own tax advisors for advice with respect to the tax

consequences to them of acquiring Securities pursuant to this Offering, having regard to their particular circumstances.

Status of the Fund

The Fund currently qualifies as a "unit trust", as defined in the Tax Act. This summary assumes that the Fund will continue to so qualify at all times for the duration of its existence. Based on representations from the Manager and the Fund, the Fund also qualifies as a "mutual fund trust" under the Tax Act and it is assumed that it will continue to so qualify at all times for the duration of its existence. In order to qualify as a "mutual fund trust" at any particular time, there must be at least 150 holders of Units, each of whom owns not less than one "block" of Units and owns Units having a fair market value of not less than \$500. A block of Units means 100 Units if the fair market value of one Unit is less than \$25. In addition, the Fund cannot, and may not at any time, reasonably be considered to be established or maintained primarily for the benefit of persons who are not resident in Canada. Lastly, the only undertaking of the Fund must be the investing of its funds in property (other than real property or interests therein), the acquiring, holding, maintaining, improving, leasing, managing of any real property (or interest in real property) that is capital property of the Fund, or a combination of these activities. The Fund has certain restrictions on its activities and its powers and certain rights against non-resident Unitholders such that it is reasonable to expect that these requirements will be satisfied.

In the event the Fund were not to so qualify as a mutual fund trust at a particular time, the income tax considerations would be materially different in certain respects from those described herein.

On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act providing that a trust will cease to qualify as a mutual fund trust at the time trust units having more than 50% of the fair market value of all issued trust units are held by one or more non-residents or partnerships that are not Canadian partnerships, as defined in the Tax Act ("Non-Canadian Partnerships"). If non-residents and/or Non-Canadian Partnerships acquire a substantial number of Units, the ability of the Fund to maintain its status as a mutual fund trust may be dependent on its ability to determine the proportion of the Units held by non-residents and Non-Canadian Partnerships on an accurate and timely basis and to take effective steps to prevent a majority of Units from being held by non-residents and Non-Canadian Partnerships. The Fund would not lose its status as a mutual fund trust, even if a majority of the Units were held by non-residents and Non-Canadian Partnerships, provided that substantially all the assets of the Fund were not "taxable Canadian property" or certain other types of property at that time and thereafter. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion to implement certain measures proposed in September 16, 2004 draft amendments. However, such Notice did not include the above-mentioned proposal concerning mutual fund trusts maintained primarily for the benefit of non-residents. In addition, the Minister of Finance (Canada) announced on December 6, 2004 and in the 2005 Federal Budget that further discussions will be pursued with the private sector in this respect.

Debentures

Interest on Debentures

A holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues to it to the end of the particular taxation year or that has become receivable by or is received by the holder before the end of that taxation year, except to the extent that such interest was included in computing the holder's income for a preceding taxation year.

Any other holder will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the holder in that taxation year (depending upon the method regularly followed by the holder in computing income), except to the extent that the interest was included in the holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to a holder, such holder will be required to include in computing income for a taxation year any interest that accrues to the holder on the Debenture up to any "anniversary day" (as

defined in the Tax Act) in that year to the extent such interest was not otherwise included in the holder's income for that year or a preceding year.

Exercise of Conversion Privilege

A holder of a Debenture who exchanges the Debenture for Units pursuant to the conversion privilege will be considered to have disposed of the Debenture for proceeds of disposition equal to the aggregate of the fair market value of the Units so acquired at the time of the exchange and the amount of any cash received in lieu of fractional Units. The holder will realize a capital gain or capital loss computed as described below under "Other Dispositions of Debentures".

The cost to the holder of the Units so acquired will also be equal to their fair market value and must be averaged with the adjusted cost base of all other Units held as capital property for the purpose of calculating the adjusted cost base of such Units.

Redemption or Repayment of Debentures

If the Fund redeems a Debenture prior to Maturity or repays a Debenture upon Maturity and the holder does not exercise the conversion privilege prior to such redemption or repayment, the holder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the holder (other than the amount received as interest) on such redemption or repayment. If the holder receives Units on redemption or repayment, the holder will be considered to have proceeds of disposition equal to the fair market value of the Units so received. The holder may realize a capital gain or capital loss computed as described below under "Other Dispositions of Debentures". The cost to the holder of the Units so received will also be equal to their fair market value and must be averaged with the adjusted cost base of all other Units held as capital property for the purpose of calculating the adjusted cost base of such Units.

Other Dispositions of Debentures

A disposition or deemed disposition by a holder of a Debenture will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition.

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition will be included in computing the holder's income, except to the extent such amount was otherwise included in the holder's income, and will be excluded in computing the holder's proceeds of disposition of the Debenture.

Units

Taxation of the Fund

The Fund is subject to taxation in each taxation year on its income for the year, including net realized taxable capital gains, less the portion thereof that is paid or payable in the year to Unitholders and which is deducted by the Fund in computing its income for purposes of the Tax Act. An amount will be considered to be payable in a taxation year to a Unitholder if it is paid in the year by the Fund or the Unitholder is entitled in the year to enforce payment of the amount. The taxation year of the Fund is the calendar year.

The Fund is required to include in its income for each taxation year all interest on notes of Superior that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The Fund will also be required to include in its income the amount of any other compensation which is receivable by it from Superior in respect of the Fund's financing of Superior's activities. Provided that appropriate designations are made by the Fund, all dividends which would otherwise be included in its income as dividends received on the shares of

Superior will be deemed to have been received by the Unitholders and not to have been received by the Fund. In computing its income for tax purposes the Fund may deduct reasonable administrative, interest and other expenses incurred to earn income and may amortize, over a five year period, the underwriting fees and other expenses of the Offering hereunder. Payments to the Fund by Superior in connection with and equal to any reduction of the paid-up capital of the shares of Superior will not be included in calculating the income of the Fund, but will be deducted in calculating the adjusted cost base of the Fund in such shares of Superior held by the Fund.

Under the Declaration of Trust, an amount equal to all of the interest and dividend income of the Fund for each year, together with the taxable and non-taxable portion of any capital gains realized by the Fund in the year (excluding capital gains which may be realized by the Fund upon a distribution in specie of notes and shares of Superior in connection with a redemption of Units) net of the Fund's expenses will be payable to holders of the Units by way of cash distributions subject to the exceptions described below.

Under the Declaration of Trust, income of the Fund may be used to finance cash redemptions of Units, and accordingly such income so utilized will not be payable or paid to holders of the Units by way of cash distributions but rather will be payable and paid in the form of additional Units ("Reinvested Units").

A Distribution by the Fund to a Unitholder of notes and shares of Superior upon a redemption of Units will be treated as a disposition by the Fund of such notes and shares so distributed for proceeds of disposition equal to the fair market value thereof (excluding any accrued interest on the notes) and may give rise to a capital gain to the Fund. In addition, the Fund will be required to include in its income any interest that had accrued on the notes so disposed of to the extent not otherwise included in its income for the year of disposition or a previous year. The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption or retraction of Units during the year (the "Capital Gains Refund"). In certain circumstances, the Capital Gains Refund for a particular taxation year may not completely offset the Fund's tax liability for such taxation year as a result of the distribution of shares and notes of Superior upon the redemption of Units.

For the purposes of the Tax Act, the Declaration of Trust generally requires the Trustee to deduct, in computing the Fund's income, the full amount available for deduction in each year to the extent of its taxable income otherwise determined. Therefore, as a result of such deduction from income and the Fund's entitlement to a Capital Gains Refund, it is expected that the Fund will not be liable for any material amount of tax under the Tax Act. However, no assurances can be given in this regard.

Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder, the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in that particular taxation year, notwithstanding that any such amount is payable in Reinvested Units.

Provided that appropriate designations are made by the Fund, such portions of its net taxable capital gains and taxable dividends that are paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. Such dividends will be subject, inter alia, to the gross-up and dividend tax credit provisions in respect of individuals, the refundable tax under Part IV of the Tax Act in respect of private corporations and the deduction in computing taxable income in respect of dividends received by taxable Canadian corporations.

The non-taxable portion of any net realized capital gains of the Fund (being one half thereof) that is paid or payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in a year should not generally be included in the Unitholder's income for the year. However, where such an amount becomes payable to a Unitholder (other than as proceeds of disposition in respect of the redemption of Units) this will give rise to a reduction in the adjusted cost base of the Units held by such Unitholder, except to the extent that the amount either was included in the income of the Unitholder or was the Unitholder's share of the non-taxable portion of the net capital gains of the Fund, the taxable portion of which was designated by the Fund in respect of the Unitholder. To

the extent that the adjusted cost base of a Unit would otherwise be less than zero at any time in a year, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of Units in the year in which the negative amount arises.

Upon the disposition or deemed disposition by a Unitholder of a Unit, whether on redemption or otherwise, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the Fund which represents an amount that must otherwise be included in the Unitholder's income as described above) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition. Where Units are redeemed and shares and notes of Superior are distributed to the Unitholder, the proceeds of disposition to the Unitholder of the Units will generally be equal to the Fund's cost of the assets so distributed (excluding any amount payable by the Fund which must otherwise be included in the Unitholder's income as described above). A capital loss realized on the disposition of a Unit will generally be reduced by the amount of any non taxable dividends payable to the Unitholder and, where the Unitholder is a corporation, the amount of any taxable dividends that are deductible by the corporation in computing taxable income. Similar rules apply where the Unitholder is a partnership or a trust. Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends from taxable Canadian corporations previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by such dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

One-half of any capital gain (a "taxable capital gain") realized by a Unitholder and the amount of any net taxable capital gains designated by the Fund in respect of the Unitholder will be included in the Unitholder's income under the Tax Act for the year of disposition as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized on the disposition of a Unit must be deducted against any taxable capital gains realized by the Unitholder in the year of disposition. Allowable capital losses in excess of taxable capital gains for that year may be carried back and deducted in the three preceding taxation years or carried forward and deducted in any subsequent taxation year, subject to the detailed rules contained in the Tax Act.

The adjusted cost base of any shares and notes of Superior distributed to a Unitholder by the Fund upon a redemption of Units, or upon the termination of the Fund, will be equal to the fair market value of such shares and notes at the time of the distribution less, in the case of the notes, any accrued interest thereon. Such a Unitholder will be required to include in income, interest on the notes (including interest that had accrued to the date of the acquisition of the notes by the Unitholder) in accordance with the provisions of the Tax Act. To the extent that the Unitholder is required to include in income any interest that had accrued to the date of the acquisition of the notes, an offsetting deduction will be available.

Taxable capital gains realized by a Unitholder who is an individual may give rise to alternative minimum tax depending on the Unitholder's circumstances. A Unitholder that is a "Canadian Controlled Private Corporation" as defined in the Tax Act may be liable to pay additional refundable tax of 6 2/3% on certain investment income including taxable capital gains and interest.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of an underwriting agreement (the "Underwriting Agreement") dated May 26, 2005, among the Fund, Superior and the Underwriters, the Fund has agreed to sell to the Underwriters, and the Underwriters have severally agreed to purchase from the Fund, as principals, on June 14, 2005, or on such later date as may be agreed upon by the parties (the "Closing Date"), a total of 175,000 Debentures at the price of \$1,000 per Debenture for total consideration of \$175,000,000 payable to the Fund against delivery of the Debentures. In connection with the Offering, the Fund will pay the Underwriters a fee of \$40 per Debenture for an aggregate fee of \$7,000,000. The 175,000 Debentures to be purchased by the Underwriters includes 25,000 Debentures to be issued as a result of the exercise, on June 3, 2005, of an option granted by the Fund to the Underwriters in the Underwriting Agreement. The Offering price of the Debentures offered hereunder was determined by negotiation between Superior on behalf of the Fund and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several, and not joint, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Debentures if any are purchased under the Underwriting Agreement. If an Underwriter fails to purchase the Debentures which it has agreed to purchase, any one or more of the other Underwriters may, but is not obligated to, purchase such Debentures, subject to certain exceptions.

Pursuant to rules of the Ontario Securities Commission and the Autorite des marches financiers, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, including, on certain conditions, market stabilization or market balancing activities where the bid or purchase is for the purpose of maintaining a fair and orderly market in the Debentures by reducing the price volatility of or addressing imbalances in buying and selling interests for the Units, a bid or purchase on behalf of a client where the order was not solicited during the period of distribution, and a bid for or purchase permitted under the rules and by-laws of the TSX relating to market stabilization and passive market making activities. The Fund has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Units or Debentures at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund and certain senior executives of Superior have agreed with the Underwriters that they will not, for the period ending 90 days after the Closing Date, sell or offer to sell any Units or convertible debentures of the Fund, or otherwise lend, transfer or dispose of any securities exchangeable, convertible or exercisable into Units or convertible debentures of the Fund (other than through the exercise of rights to acquire Units) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Units or convertible debentures of the Fund, whether any such transaction is settled by delivery of Units or convertible debentures of the Fund or other such securities, in cash or otherwise, or announce an intention to do any of the foregoing, with the exception of Units issued pursuant to the Fund's trust unit option plan or upon the exercise of outstanding warrants or the conversion of outstanding debentures of the Fund, without the consent of Scotia Capital Inc. and RBC Dominion Securities Inc., as co-lead Underwriters, which consent may not be unreasonably withheld.

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS. See "Details of the Offering - Book-Entry System for Debentures".

The Fund has received the conditional approval of the TSX to list the Debentures distributed under this short form prospectus and the Units issuable on conversion of the Debentures on the TSX. Such listing will be subject to the Fund fulfilling all of the listing requirements of the TSX.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus.

The Debentures have not been and will not be registered under the 1933 Act or any state securities laws, and accordingly may not be offered or sold within the United States or to U.S. persons (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

The Fund has, in connection with this Offering and the provisions of National Policy 41-201 - Income Trusts and Other Indirect Offerings, provided an undertaking to the securities regulatory authorities in Canada that, in complying with its reporting obligations, the Fund will treat Superior as a subsidiary of the Fund and will take appropriate measures to require persons who would be insiders of Superior (if Superior were a reporting issuer) to file insider reports covering trades in securities of the Fund. The Fund has also agreed to annually certify it has complied with such undertaking and to file such certification on SEDAR concurrent with the filing of its annual financial statements.

RELATIONSHIP AMONG THE FUND, SUPERIOR AND CERTAIN UNDERWRITERS

Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc. and HSBC Securities (Canada) Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary of a Canadian chartered bank which is a lender to Superior (the "lenders") under Superior's Credit Facilities. Accordingly, the Fund may be considered to be a connected issuer of each of these Underwriters under applicable securities legislation. The net proceeds of the Offering to the Fund will be used to subscribe for securities of Superior. Superior will use the net proceeds to repay indebtedness incurred under its Credit Facilities for recent and pending acquisitions and the construction of a sodium chlorate plant.

As at March 31, 2005, \$150.6 million was owed to the lenders under Superior's Credit Facilities. Superior is in compliance with all material terms of the agreements governing its Credit Facilities, and none of the lenders has waived any material breach by Superior of such agreements since their execution. Neither the financial position of Superior nor the value of the security under Credit Facilities has changed substantially since the indebtedness under the Credit Facilities was incurred.

The decision to distribute the Debentures offered hereby and the determination of the terms of the distribution were made through negotiations primarily between the Superior on behalf of the Fund and Scotia Capital Inc. and RBC Dominion Securities Inc. on their own behalf and on behalf of the other Underwriters. The lenders under the Credit Facilities did not have any involvement in such decision or determination, but have been advised of the issuance and the terms thereof. As a consequence of the Offering, each of Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc. and HSBC Securities (Canada) Inc. will receive its share of the Underwriters' fee. In addition, Superior intends to use the net proceeds of the Offering to repay indebtedness incurred under its Credit Facilities for recent and pending acquisitions and the construction of a sodium chlorate plant. The lenders are parties to the Credit Facilities.

RISK FACTORS

The Fund is a limited purpose trust which, through its ownership of common shares and notes of Superior, is entirely dependent upon Superior for its revenue. An investment in the Debentures is subject to certain risks. Investors should consider the following risk factors prior to making an investment in the Debentures. Investors should also carefully consider the risks described under the various headings "Business Risks" in the Management's Discussion and Analysis of financial results and financial condition of the Fund for the year ended December 31, 2004 and under the heading "Risk Factors" in the Fund's Annual Information Form dated March 9, 2005.

Corporate

Changes in Legislation

Trusts governed by registered pension plans, pension corporations and other "designated taxpayers" (but not trusts governed by Exempt Plans) may be subject to penalty taxes in respect of the holding of Units under the Proposed Amendments announced in March 2004. However, in May 2004, the Minister of Finance (Canada) announced that the implementation of these proposals is suspended pending further consultation with interested parties, following which further legislative proposals will be announced. This was reiterated by the Minister of Finance (Canada) in September 2004 and in the 2005 Federal Budget. Such investors should consult their own tax advisors before acquiring Debentures.

The Quebec budget of March 30, 2004 contained a proposal to limit an individual Quebec resident taxpayer's ability, for Quebec provincial income tax purposes, to deduct certain investment expenses incurred to earn investment income to the amount of investment income earned in that year. For these purposes, investment expenses include, among others, certain interest expense paid on borrowings to acquire units of a mutual fund trust, bonds or debentures and fees paid to investment advisors. Investment income includes, among others, taxable capital gains not eligible for the capital gains exemption, interest, taxable dividends from Canadian corporations and trust income. Pursuant to these proposals, a holder of Debentures or Units who is an individual resident in Quebec on December 31st of a given year may, in computing his or her income for Quebec income tax purposes, deduct

investment expenses up to an amount equal to 100% of the amount of investment income earned for the year. Investment expenses not deductible in a given taxation year may generally be carried over and applied against investment income (net of investment expenses for the particular taxation year) earned in any of the three preceding taxation years or in any subsequent taxation year. If enacted, the proposals would be effective from March 30, 2004 unless the effective date is otherwise changed.

Distribution of Securities on Redemption

It is anticipated that the redemption right under the Declaration of Trust will not be the primary mechanism for Unitholders to liquidate their investment. Securities which may be received as a result of a redemption of Units will not be listed on any stock exchange and no market for such securities is expected to develop. The securities so distributed may not be qualified investments for registered retirement savings plans, deferred profit sharing plans and registered retirement income funds, depending upon the circumstances existing at that time. In addition, there may be resale restrictions imposed by law upon the recipients of securities pursuant to the redemption right.

Unitholder Limited Liability

As a general principle of trust law, beneficiaries of a trust would not ordinarily be liable for liabilities or obligations incurred by trustees of a trust, however, in the absence of a statutory limitation on liability, there is a risk that holders of Units of the Fund might be held responsible for liabilities or obligations of the Fund in certain circumstances. The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its obligations solely in his capacity as a Unitholder and no such Unitholder shall be liable to indemnify any person with respect to such obligations or liabilities and all such persons shall only have recourse to the Fund's assets to satisfy any claims.

The Declaration of Trust provides that in respect of obligations or liabilities being incurred by the Fund, the trustee shall make all reasonable efforts to include a specific term in such obligations or liabilities that neither the Unitholders nor the trustee has any personal liability or obligations therefor. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely.

On July 1, 2004 the *Income Trusts Liability Act* (Alberta) came into force (the "ITLA"). The ITLA protects unitholders of Alberta income trusts, such as the Fund, from legal uncertainties regarding potential liability by providing a statutory limitation on unitholders' liability. Specifically, the ITLA provides that a unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the trustee that arises after the ITLA comes into force. The ITLA has not been subject to interpretation by courts in the Province of Alberta or elsewhere.

The operations of the Fund will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on the Unitholders for claims against the Fund.

Superior May Not Be Successful in Making Acquisitions

Superior has historically expanded its business through acquisitions. Superior intends to consider and evaluate opportunities for growth acquisitions. There can be no assurance that Superior will find attractive acquisition candidates in the future, or that Superior will be able to acquire such candidates on economically acceptable terms.

Operating Risks and Insurance Coverage

Superior's operations are subject to the risks associated with the operations of each of its divisions. Superior is and will continue to be involved in various legal proceedings and litigation that arises in the normal course of its business. Superior maintains insurance policies with insurers in such amounts and with such coverages and deductibles as it believes are reasonable and prudent. However, there can be no assurance that such insurance will be

adequate to protect Superior from all material expenses related to potential future claims related to the operations of its divisions or that such levels of insurance will be available in the future at economical prices.

Dependence on Superior

The Fund is a limited purpose unincorporated trust that is entirely dependent upon the operations and assets of Superior through its ownership of 100% of Superior's outstanding shares and notes. Accordingly, cash distributions to Unitholders will be dependent upon the ability of Superior to pay its interest obligations under such notes and to declare and pay dividends on the shares of Superior.

Nature of Units

A return on an investment in the Units of the Fund is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Fund is at risk, and the anticipated return on such investment is based on many performance assumptions. Although the Fund intends to make distributions from its available distributable cash flow to Unitholders, these cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors including: the financial performance of the Fund and Superior, debt obligations, working capital requirements and future capital requirements. In addition, the market value of the Units may decline if the Fund's cash distributions decline in the future and any such decline in market value may be material.

Distributable cash flow of the Fund available for distribution to Unitholders, is equal to the cash flow from operations before natural gas customer acquisition costs and changes in working capital, less the amortization of natural gas customer acquisition costs and maintenance capital expenditures. Maintenance capital expenditures are equal to capital expenditures incurred to sustain the ongoing capacity of Superior's operations and are deducted from the calculation of distributable cash flow. Acquisitions and other capital expenditures are incurred to expand the capacity of Superior's operations or to increase its profitability and are not deducted from the calculation of distributable cash flow. Distributable cash flow is the main performance measure used by management and investors to evaluate the performance of the Fund and its businesses. Readers are cautioned that distributable cash flow is not a defined performance measure under Canadian generally accepted accounting principles, and that distributable cash flow cannot be assured. The Fund's calculation of distributable cash flow may differ from similar calculations used by comparable entities.

Superior Propane

Propane Supply and Pricing

Propane is a commodity and for reasons of supply and demand the cost to Superior Propane of propane from suppliers can fluctuate significantly. Changes in propane supply costs are substantially passed through to customers but the pass through lags, in time, the change in supply cost and therefore may not reflect the full change. This results in both positive and negative fluctuations in margins.

Competition From Other Energy Sources

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy equivalent basis. While propane is usually more cost effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and in general is less costly on an equivalent energy basis, although operating efficiencies and environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas already exists. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the propane industry and Superior Propane in the future. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Superior Propane's sales. Demand for automotive uses is presently declining at a rate of approximately 15% to 20% per year due to the development of more fuel efficient and complicated engines which

increase the cost of converting engines to propane and reduce the savings per kilometre driven. Propane commodity prices are affected by crude oil and natural gas commodity prices. Crude oil and natural gas commodity prices have recently been volatile and at historically high levels. In turn, propane commodity prices have followed similar trends. As a result, the competitiveness of propane relative to certain other energy sources may have been reduced.

Volume Variability Due to Weather Conditions

Historically, overall demand for propane has been stable. However, weather conditions and general economic conditions do affect propane market volumes. Weather influences the demand for propane primarily for heating uses. A warmer than usual winter could negatively impact Superior's Propane's profitability.

Operational Matters

Superior Propane's operations are subject to the risks associated with handling, storing and transporting propane in bulk. The potential exists for accidents to occur or equipment to fail which could result in the release of propane and any such release could result in a fire or explosion causing damage to facilities, death or injury and liabilities to third parties.

Retail Propane Industry

In addition to competition from other energy sources, Superior Propane competes with approximately 200 other retail marketers. The industry is mature, with limited growth potential. Superior Propane's ability to remain an industry leader depends on its ability to provide reliable service at competitive selling prices.

Employee Relations

Certain of Superior Propane's operations are unionized. Strikes or lockouts could restrict Superior Propane's ability to service its customers in the affected regions thereby negatively affecting the results of this division.

ERCO Worldwide

Electricity Supply

The cost of electricity is far greater than all other costs of production combined for ERCO Worldwide. Therefore, supply of electricity at reasonable prices and on acceptable terms is critical. If ERCO Worldwide is unable to obtain electricity at reasonable prices and on acceptable terms, it will have a negative impact on its results of operations. The electricity that ERCO Worldwide uses is supplied by others and may be subject to wide price fluctuations for a variety of reasons beyond ERCO Worldwide's control. The current trend towards deregulation of electric power makes short-term future costs for electric power uncertain in certain jurisdictions in which this division operates. There is no assurance that ERCO Worldwide will continue to be able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Environment

ERCO Worldwide's operations involve the handling, production, transportation, treatment and disposal of substances classified as hazardous or toxic and which are regulated by federal, provincial and international environmental legislation, protocols and treaties that restrict or prohibit the release of substances into the environment in accumulations that may cause an adverse effect on the environment, human health or property. In addition, provincial legislation requires that when facility sites are decommissioned, they must be reclaimed to the satisfaction of landowners and regulatory authorities. Facility operations that do not meet regulatory standards or operate contrary to legislative provisions may result in the imposition of fines, penalties and suspension of operations. Some environmental permits required for operations of ERCO Worldwide are subject to periodic renewal and can be revoked or modified for cause or when new or revised environmental requirements are implemented.

An environmental risk associated with ERCO Worldwide's chemicals production facilities relates to permitted emissions limits. If in the future it is determined that emissions do not meet required standards, regulatory requirements may be imposed to reduce emissions to acceptable levels which may require capital investment.

Regulatory

ERCO Worldwide's operations and activities in various jurisdictions require regulatory approvals for the handling, production, transportation and disposal of chemical products and waste substances. The failure to obtain or comply fully with such applicable regulatory approvals may materially adversely affect ERCO Worldwide.

Operational Matters

The operations of ERCO Worldwide are subject to the risks normally incident to the handling, production, transportation and disposal of chemical products. ERCO Worldwide's facilities produce large volumes of chemicals, using equipment with fine tolerances. The potential exists for the release of highly toxic and lethal substances, including chlorine. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the facilities unsafe, they may order that such facilities be shut down.

Competition

ERCO Worldwide, one of four global sodium chlorate producers, competes with three other large chemical producers on a worldwide basis. This division also competes with a number of smaller regional producers. Key competitive factors include, price, product quality, logistics capability, reliability of supply and technical capability and service. This competition may have an adverse effect on the results of this division.

Foreign Currency Exchange

Some of the revenue of ERCO Worldwide is generated from contracts denominated in U.S. dollars and the majority of ERCO Worldwide's expenses and capital costs are incurred in Canadian dollars. Fluctuations in exchange rates between the U.S. and Canadian dollar will therefore give rise to foreign currency exposure and may have a negative impact on ERCO Worldwide. ERCO Worldwide manages such risk in part by entering into hedge contracts with external third parties and internally with other divisions.

Employee Relations

Approximately half of ERCO Worldwide's employees are unionized. Strikes or lockouts could restrict ERCO Worldwide's ability to produce sodium chlorate and its other products thereby negatively affecting the results of the division.

Winroc

Competition

The speciality walls and ceilings distribution business is a local, relationship based business in which distributors compete on the basis of price and service. Barriers to entry are relatively low. Competition may have an adverse effect on the results of this division.

Supply and Pricing

Demand for walls and ceilings buildings materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn impact the level of existing housing sales, new home construction, new non-residential construction and office/commercial space turnover. Winroc's sales are moderately seasonal, consistent with new construction and renovation market activity with approximately 53% of revenues generated in the second and third

quarters. Winroc has minimal control over the wholesale product cost in its industry but changes in product costs are substantially passed through to customers but the pass through lags, in time, the change in supply cost and therefore may not reflect the full change. This results in both positive and negative fluctuations in margins.

Health and Safety

Distribution of walls and ceilings construction products is a physically challenging job. As a result, Winroc is exposed to risks associated with workplace injuries and accidents. Winroc manages this risk by attempting to maintain safe working practices through proper procedures and direction.

Employee Relations

Approximately 10% of Winroc's employees are unionized. Strikes or lockouts could affect Winroc's ability to service its customers in the affected regions thereby negatively affecting the results of the division.

Superior Energy Management

Supply and Third Party Credit

Superior Energy Management resources its fixed-price term natural gas sales commitments by entering into various physical natural gas and US dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. Superior Energy Management transacts with 12 financial and physical natural gas counterparties. There can be no assurance that any of these counterparties will not default on any of its obligations to Superior Energy Management. However, the financial condition of each counterparty is evaluated and credit limits are established to minimize Superior Energy Management's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become unmatched, however, this is monitored daily in compliance with Superior Energy Management's risk management policy.

Balancing

Superior Energy Management purchases natural gas to meet its estimated commitments to its customers based upon the historical consumption of gas of its customers. Depending on a number of factors, including weather and customer attrition, customer natural gas consumption may vary from the volume purchased. This variance which must be reconciled and settled at least annually and may require Superior Energy Management to purchase or sell natural gas at market prices which may have an adverse impact on the results of this division. To mitigate potential balancing risk, Superior Energy Management accrues estimated balancing costs on an ongoing basis.

Regulatory

Superior Energy Management operates in the highly regulated natural gas industry in the provinces of Ontario and Quebec. Changes to existing legislation could impact this division's operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of Superior Energy Management, including invoicing, collection, assuming specific bad debt risks and storage and distribution of natural gas. Any elimination or change to these rules could have a significant adverse effect on the results of this division.

Competition

The gas distribution business is competitive and many of Superior Energy Management's competitors have greater financial and other resources than Superior Energy Management. Such competition may have an adverse effect on the results of this division.

Risks Inherent in an Investment in Securities Offered Hereby

Market for Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus.

Prior Ranking Indebtedness

The Debentures will be subordinate to all Senior Indebtedness of the Fund and Superior and to any indebtedness of trade creditors of the Fund. The Debentures will also be effectively subordinate to claims of creditors of the Fund's subsidiaries except to the extent the Fund is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

Absence of Covenant Protection

The Indenture will not restrict the Fund from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness. The Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Fund.

Investment Eligibility

The Fund will endeavour to ensure that the Debentures and Units continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans and registered retirement income funds and that the Units are not foreign property under the Tax Act. No assurance can be given in this regard. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments and, subject to the enactment of proposed legislation discussed below under "Eligibility for Investment", on excess holdings of foreign property.

ELIGIBILITY FOR INVESTMENT

In the opinion of Macleod Dixon LLP and Fraser Milner Casgrain LLP, based on representations from Superior as to certain factual matters, the Debentures offered hereby will, on the Closing Date, be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans (collectively, "Exempt Plans") and will not, on the date of closing, be foreign property for the purpose of the Tax Act.

Pursuant to the 2005 Federal Budget released February 23, 2005, the Minister of Finance (Canada) announced that the limit in respect of foreign property that may be held by a taxpayer pursuant to Part XI of the Tax Act will be eliminated for 2005 and subsequent calendar years. Although draft legislation has been introduced in Parliament to enact that proposal, no assurance can be given that it will be enacted in its present form, or at all.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the securities offered hereby will be passed upon on behalf of the Fund by Macleod Dixon LLP, Calgary, Alberta and on behalf of the Underwriters by Fraser Milner Casgrain LLP, Calgary, Alberta.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are Deloitte & Touche LLP, Chartered Accountants, 3000 Scotia Centre, 700 – 2nd Street, SW, Calgary, Alberta, T2P 0S7.

The transfer agent and registrar for the Debentures and Units is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario and Calgary, Alberta.

INTERESTS OF EXPERTS

As of the date hereof, the partners and associates of each of Macleod Dixon LLP, as a group, and Fraser Milner Casgrain LLP, as a group, beneficially own, directly or indirectly, less than 1% of the Units of the Fund.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the prospectus of Superior Plus Income Fund (the "Fund") qualifying the distribution of \$175 million convertible unsecured subordinated debentures of the Fund dated June 6, 2005. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the unitholders of the Fund on the balance sheets as at December 31, 2004 and 2003 and the statements of net earnings (loss) and deficit and cash flows for the years then ended. Our report is dated February 18, 2005.

Calgary, Alberta
June 6, 2005

(Signed) "*Deloitte & Touche LLP*"
Chartered Accountants

CERTIFICATE OF THE FUND

Date: June 6, 2005

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part XIV of *The Securities Act* (Newfoundland and Labrador) and by Part II of the *Securities Act* (Prince Edward Island) and the respective regulations thereunder. For the purposes of the Province of Quebec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

SUPERIOR PLUS INCOME FUND by SUPERIOR PLUS INC.

(Signed) GEOFFREY N. MACKEY
President and Chief Executive Officer

(Signed) W. MARK SCHWEITZER
Executive Vice-President and Chief Financial Officer

(Signed) GRANT D. BILLING
Director

(Signed) ROBERT J. ENGBLOOM
Director

CERTIFICATE OF THE UNDERWRITERS

Date: June 6, 2005

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part XIV of *The Securities Act* (Newfoundland and Labrador) and by Part II of the *Securities Act* (Prince Edward Island) and the respective regulations thereunder. For the purposes of the Province of Quebec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation likely to affect the value or the market price of the securities to be distributed.

SCOTIA CAPITAL INC.

(Signed) MARK HERMAN

RBC DOMINION SECURITIES INC.

(Signed) CRAIG E. KELLY

CIBC WORLD MARKETS INC.

(Signed) BRENDA A. MASON

NATIONAL BANK FINANCIAL INC.

(Signed) ROBERT B. WONNACOTT

TD SECURITIES INC.

(Signed) DAVID I. HOLM

HSBC SECURITIES (CANADA) INC.

(Signed) KEVIN J. SMITH

CANACCORD CAPITAL CORPORATION

(Signed) KARL B. STADDON