Report Pursuant to National Instrument 62-103

Section 176 of the *Securities Act* (Alberta)
Section 101 of *The Securities Act* (Ontario)
Section 147.11 of the *Securities Act* (Quebec)
Section 107 of the *Securities Act* (Nova Scotia)

This report is made pursuant to the provisions of the securities legislation referred to above in connection with an acquisition of the securities of Foremost Industries Income Fund.

(a) ***The name and address of the Offeror(s):***

994047 Alberta Ltd., 1052785 Alberta Ltd. & 376368 Alberta Ltd. (the "Offerors")
Suite 300, 509 – 8th Avenue SW, Calgary, AB, T2P 1G1

(b) ***The designation and number or principal amount of securities and the Offerors' security holdings percentage in the class of securities of which the Offerors acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:***

The Offerors have directly acquired, in aggregate, ownership of 11,077,826 common trust units ("Units") of Foremost Industries Income Fund ("Foremost"), representing 58.6% of Foremost's outstanding Units (the "Acquisition"). Specifically, 994047 Alberta Ltd. has acquired 4,985,021 units [representing 26.4% of Foremost's outstanding Units]; 1052785 Alberta Ltd. has acquired 3,323,348 units [representing 17.6% of Foremost's outstanding Units]; and 376368 Alberta Ltd. has acquired 2,769,457 units [representing 14.6% of Foremost's outstanding Units]. All three Offerors are wholly owned by Mr. James T. Grenon; as such beneficial ownership of the Units has not changed.

(c) ***The designation and number or principal amount of securities and the Offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release:***

Prior to the Acquisition, none of the Offerors owned or controlled any securities of Foremost, and will therefore own, in aggregate, 58.6% of the Units immediately after the Acquisition. All three Offerors are wholly owned by Mr. James T. Grenon; as such beneficial ownership of the Units has not changed.

(d) ***The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in Item C above over which***

(i) The Offeror, either alone or together with any joint actors, has ownership and control:

James T. Grenon ("Grenon") is a joint actor of the Offerors. On completion of the Acquisition, the Offerors (in aggregate) and Grenon will have ownership and control over 58.6% of the Units.

(ii) The Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor:

Not applicable.

(iii) The Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:

Not applicable.

(e) ***The name of the market in which the transaction or occurrence that gave rise to the news release took place:***

Private transaction, see Item (i) below.

(f) ***The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:***

The Units were acquired for investment purposes and the Offerors may, depending on market or other conditions, increase or decrease their holdings in Foremost.

(g). ***The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offerors, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:***

None.

(h). ***The names of any joint actors in connection with the disclosure required in this report:***

See item (d) above.

(i). ***In the case of a transaction or occurrence that did not take place on a stock exchange or other market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offerors:***

See item (g) above.

(j) . ***If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities.***

Not applicable.

Dated as of the 23rd day of December, 2005

Signed *"James T. Grenon"*

James T. Grenon