

Alberta Securities Commission  
Ontario Securities Commission

Dear Sirs:

**True Energy Inc. (the “Company”)**

We refer to the preliminary prospectus dated July 20, 2001 relating to the qualification for distribution of 7,200,000 common shares of the Company.

We have reported to the shareholders of the Company on the following financial statements in the preliminary prospectus:

Balance sheets as at December 31, 2000 and 1999;

Statements of operations and deficit and cash flows for each of the years in the three year period ended December 31, 2000.

Our report on the financial statements for 2000 was dated March 30, 2001.

We are withholding our signature from the draft report in the preliminary prospectus pending:

- a) reviewing events between the dates of the preliminary and final prospectuses;
- b) reviewing comments which may be issued by the securities regulatory authorities; and
- c) reading the final prospectus.

Based on the results of our audits of the financial statements referred to above and our limited inquiry and review procedures for the period from March 30, 2001 to the date of this letter, we have no reason to believe that the financial statements do not present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

We have completed our audit of the schedule of revenues, operating costs and capital expenditures relating to certain oil and gas interests in the Hoosier, Ingoldsby and Brock areas in Saskatchewan of 887733 Alberta Ltd. for the year ended December 31, 1999.

Our report on the schedule of revenues, operating costs and capital expenditures for 1999 was dated November 24, 2000.

We are withholding our signature from the draft reports in the preliminary prospectus pending:

- a) reviewing events between the dates of the preliminary and final prospectuses;
- b) reviewing comments which may be issued by the securities regulatory authorities; and
- c) reading the final prospectus.

Based on the results of our audit of the revenues, operating costs and capital expenditures referred to above and our limited inquiry and review procedures for the period from November 24, 2000 to the date of this letter, we have no reason to believe that the revenues, operating costs and capital expenditures do not present fairly, in all material respects, the revenues, operating costs and capital expenditures relating to certain oil and gas interests for the year ended December 31, 1999 in accordance with Canadian generally accepted accounting principles.

We also completed our audit of the schedule of revenues, operating costs and capital expenditures relating to certain oil and gas interests in the Kerrobert, Dodsland and Bayhurst areas in Saskatchewan for the year ended December 31, 2000.

We have not issued our report on the revenues, operating costs and capital expenditures for the year ended December 31, 2000.

We are withholding our signature from the draft report in the preliminary prospectus pending:

- a) reviewing events between the dates of the preliminary and final prospectuses;
- b) reviewing comments which may be issued by the securities regulatory authorities; and
- c) reading the final prospectus.

We are also withholding our signature from the compilation report on the pro forma unaudited consolidated balance sheet as at March 30, 2001 and the pro forma unaudited consolidated statement of operations for the three months ended March 31, 2001 and the year ended December 31, 2000 in the preliminary prospectus pending:

- a) reviewing comments which may be issued by the securities regulatory authorities; and
- b) reading the final prospectus.

Based on the results of our procedures with respect to the pro forma unaudited consolidated balance sheet and pro forma unaudited consolidated statement of operations, nothing has come to our attention which causes us to believe that the pro forma unaudited consolidated balance sheet and pro forma unaudited consolidated statement of operations is not properly compiled to give effect to the proposed transaction and the assumptions described in note 2 thereto.

This letter is provided solely for the purpose of assisting the securities regulatory authorities to which it is addressed in discharging their responsibilities and should not be relied on for any other purpose. Any use that a third party makes of this letter, or any reliance or decisions based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours very truly,

(Signed) KPMG LLP

Chartered Accountants

Calgary, Canada  
July 20, 2001