Revenu Québec

Direction principale des lois sur les impôts

Décision anticipée

Québec, le 9 décembre 2011

Monsieur Olivier Fournier, avocat
Davies Ward Phillips & Vineberg
1501, av. McGill College, bur. 2600
Montréal (Québec) H3A 3N9

Objet : Loi sur les impôts (L.R.Q., c. I-3)
Don d'actions accréditives
V/Réf. : 227212
N/Réf. : 11-012811-001

Monsieur,

La présente est pour faire suite à votre lettre datée du 26 août 2011 dans laquelle vous nous demandez de nous prononcer au regard d'opérations impliquant le don d'actions accréditives par un particulier au bénéfice d'un organisme de bienfaisance.

L'énoncé des faits et des opérations projetées se rapportant aux présentes décisions anticipées sont regroupés dans un tiré à part joint à la présente et intitulé « Annexe à la lettre de décisions anticipées datée du 9 décembre 2011 et portant le numéro 11-012811-001 ». Plus spécifiquement, cet énoncé figure aux paragraphes 5 à 39 de l'annexe.

INFORMATIONS CONCERNANT LES OPÉRATIONS PROJETÉES

Au meilleur de votre connaissance et de celle de votre cliente, aucune des questions sur lesquelles vous nous demandez de statuer ne fait l'objet d'une opposition ou d'un appel relativement à une déclaration d'impôt sur le revenu déjà produite, ni d'un examen par Revenu Québec.

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Décision anticipée

Toutes les opérations importantes reliées aux opérations projetées énoncées dans l'annexe jointe à la présente lettre et qui ont été effectuées avant la présentation de la demande de décisions anticipées ou qui pourraient être entreprises après la conclusion des opérations projetées sont décrites dans les présentes.

DÉCISIONS ANTICIPÉES RENDUES

Pourvu que l'énoncé des faits et des opérations projetées présenté dans l'annexe jointe à la présente lettre soit exact et constitue une divulgation complète et véridique de tous les faits pertinents et de toutes les opérations projetées, que les opérations projetées soient complétées de la façon décrite dans l'annexe jointe à la présente lettre et que notre compréhension en soit exacte, nous rendons les décisions anticipées qui suivent.

A) Dans la mesure où les opérations projetées (identifiées par l'expression « Arrangement » dans l'annexe jointe à la présente lettre) incluent un don d'unités (identifiées par l'expression « Units » dans le paragraphe 19 de l'annexe jointe à la présente lettre), ci-après désignées « unité(s) », celles-ci constitueront un arrangement de don au sens du paragraphe *a* de la définition de l'expression « arrangement de don » prévue au premier alinéa de l'article 1079.1 de la Loi sur les impôts (L.R.Q., c. I-3), ci-après désignée « LI », ainsi qu'un abri fiscal au sens du paragraphe *b* de la définition de l'expression « abri fiscal » prévue à cet alinéa.

B) Pour autant que les conditions prévues au Chapitre X du Titre VI du Livre III de la Partie I de la LI (mise en valeur des richesses naturelles) et plus particulièrement celles prévues aux articles 359.2 et 359.8 de la LI soient remplies, [redacted] (identifiée par l'expression « Resource Company » dans le sous-paragraphe q du paragraphe 1 de l'annexe jointe à la présente lettre), ci-après désignée [redacted], pourra renoncer en faveur des donateurs (identifiés par l'expression « Donors » dans le

sous-paragraphe h du paragraphe 1 de l'annexe jointe à la présente lettre), ci-après désignés « donateur », aux frais canadiens d'exploration qu'elle aura engagés.

C) Pour autant que les conditions prévues à la Section III du Chapitre X du Titre VI du Livre III de la Partie I de la LI (frais canadiens d'exploration) soient remplies et sous réserve plus particulièrement des dispositions prévues à l'article 396 de la LI, un donateur pourra déduire, dans le calcul de son revenu, un montant qui n'excède pas celui établi à l'article 401 de la LI.

D) Pour autant que les conditions prévues au Titre VI.3.2 du Livre IV de la Partie I de la LI (déduction additionnelle à l'égard de certains frais d'exploration engagés au Québec) et plus particulièrement celles prévues à l'article 726.4.10.1 de la LI soient remplies, chaque donateur qui est un particulier et qui souscrit à des unités pourra inclure dans son compte relatif à certains frais d'exploration québécois un montant égal à 25 % des frais canadiens d'exploration visés au paragraphe *a* de l'article 726.4.10 de la LI (autres que les dépenses décrites à l'article 726.4.12 de la LI), auxquels [redacted] aura renoncé en sa faveur de la façon décrite au paragraphe 27 de l'annexe jointe à la présente lettre.

E) Pour autant que les conditions prévues au Titre VI.3.2.1 du Livre IV de la Partie I de la LI (déduction additionnelle à l'égard de certains frais d'exploration minière de surface engagés au Québec) et plus particulièrement celles prévues à l'article 726.4.17.2.1 de la LI soient remplies, chaque donateur qui est un particulier et qui souscrit à des unités pourra inclure dans son compte relatif à certains frais québécois d'exploration minière de surface ou d'exploration pétrolière ou gazière un montant égal à 25 % des frais canadiens d'exploration visés au paragraphe *a* de l'article 726.4.17.2 de la LI (autres que les dépenses décrites à l'article 726.4.17.4 de la LI), auxquels [redacted] aura renoncé en sa faveur de la façon décrite au paragraphe 27 de l'annexe jointe à la présente lettre.

Décision anticipée

F) En raison des seules opérations projetées, en elles-mêmes et par elles-mêmes, une action (identifiée par l'expression « Issued Shares » dans le paragraphe 19 de l'annexe jointe à la présente lettre) émise dans le cadre du placement privé décrit à ce paragraphe 19, ci-après désigné « placement privé », ne sera pas une action visée aux articles 359.1R2 à 359.1R4 du Règlement sur les impôts (R.R.Q., c. I-3, r.1) aux fins de l'expression « action accréditive » à l'article 359.1 de la LI.

G) Un montant égal à la juste valeur marchande d'une unité (actuellement estimée à [redacted]$ l'unité pour la première tranche) au moment du don de celle-ci par un donateur à un organisme de bienfaisance (identifié par l'expression « Charities » dans le sous-paragraphe f du paragraphe 1 de l'annexe jointe à la présente lettre), ci-après désigné « organisme de bienfaisance », dans le cadre de l'arrangement de don, constituera le montant admissible du don d'une unité à l'organisme de bienfaisance pour l'application de la définition de l'expression « total des dons de bienfaisance » prévue au premier alinéa de l'article 752.0.10.1 de la LI. Les règles prévues aux articles 7.20 à 7.31 de la LI ne s'appliqueront pas par suite et en raison des opérations projetées pour réduire le montant admissible du don.

H) Pour autant qu'un donateur, d'une part, n'exploite pas une entreprise qui consiste en des activités de valeurs mobilières et, d'autre part, qu'une unité soit une immobilisation pour le donateur qui en est le propriétaire, la souscription par un tel donateur à une unité, suivi du don ou de la vente d'une telle unité à un tiers ou à un fournisseur de liquidités (identifié par l'expression « Liquidity Providers » au paragraphe 16 de l'annexe jointe à la présente lettre), ci-après désigné « fournisseur de liquidités », le tout conformément aux opérations projetées, n'entraînera pas que cette unité cesse d'être une immobilisation du donateur.

Décision anticipée

I) Sous réserve du paragraphe H), le don par un donateur d'une action accréditive à un organisme de bienfaisance ou la vente d'une telle action à un tiers ou à un fournisseur de liquidités, dans le cadre du don ou de la vente par un tel donateur d'une unité, donnera droit au donateur de déduire, dans le calcul de son revenu imposable, un montant qui n'excède pas celui établi à l'article 726.20.2 de la LI.

J) Les dispositions de l'article 1079.10 de la LI ne s'appliqueront pas par suite et en raison des opérations projetées afin de déterminer à nouveau les conséquences fiscales confirmées dans les présentes décisions.

RÉSERVES

Les décisions anticipées rendues dans la présente lettre ont effet et lient Revenu Québec pour autant que les opérations projetées énoncées dans l'annexe jointe à la présente lettre soient légalement effectuées ou irrémédiablement engagées dans les six mois de la date des présentes. Elles sont rendues sous réserve des conditions et restrictions énoncées au Bulletin d'interprétation ADM. 2/R8 du 1er avril 2011, émis par Revenu Québec.

Par ailleurs, rien dans la présente lettre ne doit être interprété comme une reconnaissance par Revenu Québec voulant que :

K) les frais d'exploration qui seront engagés par [redacted] constitueront des « frais canadiens d'exploration » au sens donné à cette expression à l'article 395 de la LI ou des frais décrits au paragraphe *a* de l'article 726.4.10 de la LI ou au paragraphe *a* de l'article 726.4.17.2 de la LI;

L) [redacted] est une « société admissible » au sens donné à cette expression aux articles 726.4.15 et 726.4.17.7 de la LI;

Décision anticipée

M) [redacted] se qualifie, aux fins du Chapitre X du Titre VI du Livre III de la Partie I de la LI, à titre de « société de mise en valeur » au sens donné à cette expression à l'article 363 de la LI;

N) les actions qui seront émises par [redacted] dans le cadre du placement privé constitueront des « actions accréditives » au sens donné à cette expression à l'article 359.1 de la LI;

O) Revenu Québec a examiné les autres conséquences fiscales qui pourraient résulter des opérations projetées énoncées dans l'annexe jointe à la présente lettre;

P) Revenu Québec rend une décision ou effectue une détermination à l'égard de la juste valeur marchande des unités au moment du don auquel il est référé au paragraphe 29 de l'annexe jointe à la présente lettre.

Nous espérons le tout à votre entière satisfaction et nous vous prions d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.

[redacted]
Direction de l'interprétation relative aux entreprises

[redacted]
Direction de l'interprétation relative aux mandataires et aux fiducies

[redacted]

Annexe à la lettre de décisions anticipées datée du 9 décembre 2011 et portant le numéro 11-012811-001

DEFINITIONS

1. In this letter, the following terms shall have the meanings hereinafter specified:

(a) "**Agent**" means [redacted];

(b) "**Arrangement**" means the proposed transactions as described herein;

(c) "**CCEE**" means cumulative Canadian exploration expenses under section 398 of the QTA;

(d) "**CEE**" means Canadian exploration expenses under section 395 of the QTA;

(e) "**Charities**" means the registered charities listed on **Schedule B** hereof, to be provided within 30 days of closing;

(f) "**Deed of Gift**" means a notarized deed of gift made in compliance with article 1824 of the *Civil Code of Quebec*;

(g) "**Donors**" means the individuals listed on **Schedule B** hereof, to be provided within 30 days of closing;

(h) "**Escrow Agent**" means [redacted];

(i) "**Exchange**" means the TSX Venture Exchange;

(j) "**Issued Shares**" has the meaning ascribed thereto at paragraph 20;

(k) "**Liquidity Providers**" has the meaning ascribed thereto at paragraph 16;

(l) "**MRQ**" means the Minister of Revenue of Québec;

(m) "**Promoter**" means PearTree Financial Services Ltd.;

(n) "**QTA**" means the *Taxation Act*, R.S.Q., c. I-3, as amended;

(o) "**Regulations**" means the *Regulations respecting the taxation Act*, R.Q. c. I-3, r.1, as amended;

(p) "**Representations**" has the meaning ascribed thereto at paragraph 39;

(q) "**Resource Company**" means [redacted], a corporation formed under the laws of the province of Ontario, having an office at [redacted];

(r) **"Transfer Agent"** means one or both of [redacted] or [redacted].

2. Unless otherwise indicated in this letter, all dollar amounts referred to herein are in Canadian dollars.

3. Unless otherwise stated, all statutory references herein are to the QTA and all terms or expressions used herein that are defined in the QTA shall have the meaning ascribed thereto under the QTA unless otherwise indicated.

4. Our understanding of the relevant facts, proposed transactions and purpose of the proposed transactions is as follows.

FACTS

5. The Promoter is a corporation duly incorporated under the Business Corporations Act (Ontario) on November 27, 2007. It is a "taxable Canadian corporation" as defined at paragraph 570(m) of the QTA. Its head office is located at 110 Eglinton Avenue West, Suite 400, Toronto, Ontario, M4R 1A3. It has a fiscal year ending on October 31st.

6. The Promoter provides services to individual and corporate philanthropists and registered charities.

7. The Promoter has applied for and received tax shelter identification number [redacted] in respect of the Arrangement[1] in accordance with and pursuant to sections 1079.2 and 1079.3 of the QTA.

8. The Donors are individuals resident in Canada. The Donors do not have a business of trading or dealing in securities and do not generally hold securities as inventory.

9. The Resource Company is a "taxable Canadian corporation" as defined at paragraph 570(m) of the QTA and a "public corporation" as defined at paragraph 570(o) of the QTA.

10. The Resource Company is a "development corporation" under section 363 of the QTA, but not under any of paragraphs (h) or (i) of that section.

11. The principal business of the Resource Company is a "mining business" as defined at paragraph 359(b) of the QTA.

12. The Resource Company has an unlimited authorized share capital.

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[1] But only insofar as the Arrangement involves a donation of the Units, as herein described.

13. As at the date hereof, there are [redacted] common shares issued and outstanding in the capital of the Resource Company.

14. The common shares of the Resource Company are listed on the Exchange, a Canadian stock exchange under section 1 of the QTA.

15. Each of the Charities is a "registered charity" under section 1 of the QTA and a "qualified donee" as described at paragraph 985.1(b) of the QTA.

16. The Liquidity Providers are independent parties which will acquire the Issued Shares in the ordinary course of their business. The Liquidity Providers are identified at **Schedule B** hereof, to be provided within 30 days of closing.

17. Subject to the fact that certain Donors could make a gift to a Charity with which they do not deal at arm's length, the participants in the Arrangement deal with each other at arm's length.

PROPOSED TRANSACTIONS

18. The Promoter will facilitate the Arrangement.

19. The Agent Company has been engaged by the Resource Company to effect a private placement offering of units, each such unit representing 1 common share of the Resource Company (the "**Issued Shares**") and one half of a share purchase warrant (collectively the "**Units**"). Pursuant to this private placement, the Resource Company will issue up to [redacted] Units at a price per Unit of [redacted] (subject to adjustment for tranches closing in 2012 in accordance with possible market fluctuations) for total gross proceeds of up to approximately [redacted] The offering may be completed in two or more tranches, the first tranche expected to be completed on or around December 21, 2011 with any subsequent tranches to be completed no later than May 31, 2012.

20. The Donors will subscribe for up to [redacted] Units issued under the private placement, the whole as specified in **Schedule B** hereof, to be provided within 30 days of closing.

21. The Issued Shares will constitute "flow-through shares" under section 359.1 of the QTA.

22. The Agent will act as agent in the private placement offering. The Agent will identify the Liquidity Providers. The Agent will receive from the Resource Company a cash commission of up to [redacted] of the gross proceeds from sales of Units under the offering.

23. The Resource Company will negotiate the terms of the offering of the Units, including the subscription price and premium over market trading price, with the Agent.

24. The Donors will deposit sufficient cash with the Escrow Agent to pay the anticipated aggregate subscription price for the Units.

25. The Resource Company will enter into subscription agreements directly with the Donors to issue the Units under the offering (the "**Subscription Agreements**"). Pursuant to the Subscription Agreements, the subscription price will be [redacted] per Issued Share and [redacted] per one-half share purchase warrant. For practical reasons, a Donor may appoint another person to act on its behalf in entering into a Subscription Agreement and any ancillary documents.

26. The Issued Shares forming part of the Units will be issued pursuant to the Subscription Agreements entered into with each of the Donors. The subscription price for the Units will be paid from the funds deposited with the Escrow Agent by the Donors. Except for short-term advances required in order to not delay the closing (e.g. bridge loans, day advances or overnight loans), the Donors will not borrow the funds used to subscribe for the Units from any of the parties to the Arrangement. Once issued, the Issued Shares will be listed on the Exchange.

27. As stated, each Issued Share will be a "flow-through share" within the meaning of section 359.1 of the QTA. The Resource Company will renounce an amount of CEE in favour of the Donors and other subscribers pursuant to and in compliance with sections 359.2 and 359.2.1 of the QTA. All relevant tax reporting and renunciation forms in respect thereof, including the forms referred to at sections 359.10 and 359.12 of the QTA, will be prepared and filed by the Resource Company in accordance with the QTA and the Regulations.

28. While under no obligation to do so, each Donor intends to donate all or part of the Units owned by each such Donor unconditionally to the Charities, the whole in the manner specified in **Schedule B** hereof, to be provided within 30 days of closing. Alternatively, the Donors may choose to hold or sell all or a portion of the Units.

29. The Donors who choose to donate all or part of their Units to the Charities will effect such donation by notarized Deed of Gift in accordance with the provisions of the Civil Code of Quebec. Such Donors will convey the Units so donated by directing that same be transferred and registered in the name of the Charities.

30. Each Charity will issue a donation receipt to the respective Donor equal to the fair market value, at the time the donation is made, of the Units so donated to it. Such receipt will comply with the requirements of section 752.0.10.3 of the QTA.

31. The Charities have indicated that they do not want to retain (or are precluded by their by-laws or constating documents from retaining) the Units donated to them, but instead want to sell them to realize cash to be used in the furtherance of their respective charitable purposes. The Liquidity Providers will make an offer to purchase all of the donated Units from the Charities. The purchase price so

offered by the Liquidity Providers for Units to be included in the first tranche of offering is [redacted] per Unit.

32. The Liquidity Providers may also make an offer to the Donors to purchase any of the Units which they have not donated to the Charities for the same purchase price of [redacted] per Unit.

33. The price payable by the Liquidity Providers to the Charities or the Donors, as the case may be, will have been negotiated at arm's length.

34. As consideration for having facilitated the Arrangement, the Charities will pay a fee to the Promoter equal to [redacted] of the gross selling price of the Units donated to them and sold to the Liquidity Providers. In addition a fee of [redacted] of the gross subscription price for Units retained or sold directly by the Donors will be charged to the Donors.

35. Until their acceptance of an offer from a Liquidity Provider, none of the Charities has given any undertaking or is obliged in any way to sell the Units to the Liquidity Providers. A Charity can still participate in the Arrangement if it chooses not to sell the donated Units to a Liquidity Provider. If a Charity wished to hold the donated Units and sell them at a later date, the Charity would have to pay the Promoter a fee as described in 34 above based on the price offered by the Liquidity Providers. Nevertheless, since by holding the donated Units, the Charity would take on the risk of changing prices, it is unlikely that any Charity will be willing to assume the price risk. In fact, most Charities require that a binding conditional offer to purchase the Units from the Liquidity Providers be in place at the time of their receipt of a donation of Units and, it is therefore most likely that the Charities will sell the Units to the Liquidity Providers.

36. No fees, commissions, or compensation of any kind will be paid by or received by any participants in the Arrangement other than those described in 22, 23, 34 and 35 above.

37. None of the Donors, the Charities, Agent 1, Agent 2, or the Liquidity Providers will be specified persons in respect of the Resource Company within the meaning of section 359.1R1 of the Regulations.

38. All purchases, transfers and dispositions of the Units will comply with all applicable securities laws.

39. Prior to the subscription by the Donors for the Units, the Promoter will have made statements or representations as to the transactions contemplated by the Arrangement, as well as the anticipated tax consequences thereof (the **"Representations"**). Such Representations will assume all of the foregoing facts and will outline the availability of all deductions which are the object of the present ruling request.

PURPOSE OF THE PROPOSED TRANSACTIONS

40. The primary purpose governing each transaction or event forming part of the Arrangement is to achieve the Donors' intent to make a donation of the Units to the Charities, as well as to provide the Charities with an opportunity to sell the Units following the donation.

41. Notwithstanding that flow-through shares may be publicly traded, there may not be an active market so that charitable organizations cannot readily convert the shares received as donations into readily available cash. Consequently, Liquidity Providers have been identified to purchase the Units donated to the Charities so that they can convert the gift in kind into funds which can be used in the furtherance of their respective charitable purposes.

Schedule B – Part I – Donors
[To be provided within 30 days of closing]

Donors	Number of Units subscribed for	Number of Units Donated	Charities to which each Donor intends to donate the Units
Name: S.I.N.: Address:			
Name: S.I.N.: Address:			
Name: S.I.N.: Address:			

Schedule B – Part II – Liquidity Providers
[To be provided within 30 days of closing]

No.	Liquidity Providers
1	
2	
3	
4	
5	

Revenu Québec
Direction principale des lois sur les impôts

RULING
[UNOFFICIAL TRANSLATION]

Québec, December 9, 2011

Mr. Olivier Fournier
Davies Ward Phillips & Vineberg
1501 McGill College Avenue
26th Floor
Montréal, Québec H3A 3N9

Subject: *Taxation Act* (R.S.Q., c. I-3)
Donation of flow-through shares
Your File: 227212
Our File: 11-012811-001

Dear sir:

The present letter is in response to your letter dated August 26, 2011, in which you requested our views and rulings in respect of certain transactions involving the donation of flow-through shares by an individual to a registered charity.

A detailed account of the relevant facts and proposed transactions to which the present rulings relate are set out in the attached schedule titled "Annexe à la lettre de décisions anticipées datée du 9 décembre 2011 et portant le numéro 11-012811-001". More specifically, such facts and transactions are set out in paragraphs 5 to 39 of the schedule.

STATEMENTS REGARDING THE PROPOSED TRANSACTIONS

To the best of your knowledge and that of your client, none of the issues with respect to which you asked us to issue the present rulings are the object of an objection or appeal in respect of any income tax return filed, nor are they the object of any review by Revenu Québec.

All of the material transactions related to the proposed transactions set out in the schedule to the present letter, and that have been effected prior to your ruling request or that could be effected after the proposed transaction, are described herein.

RULINGS

To the extent that the description of the relevant facts and the proposed transactions set out in the attached schedule is accurate and constitutes a complete and true disclosure of all of the relevant facts and proposed transactions, that the proposed transactions are carried out in the manner described in the attached schedule and that our understanding of same is correct, we are hereby issuing the following rulings:

RULING
[unofficial translation]

A) Insofar as the proposed transactions (defined as the "Arrangement" in the attached schedule) comprise a donation of units (described as "Units", at paragraph 19 of the attached schedule), herein after described as "unit(s)", the proposed transactions will constitute a gifting arrangement within the meaning of subparagraph *a* of the definition "gifting arrangement" set out in section 1079.1, paragraph 1, of the *Taxation Act* (R.S.Q., c. I-3), hereinafter the "*Taxation Act*", as well as a tax shelter within the meaning of subparagraph *b* of the definition "tax shelter" set out in that paragraph.

B) Provided the conditions set out in Chapter X of Title VI of Book III of Part I of the *Taxation Act* ("Development of Natural Resources") and, in particular, the conditions set out in sections 359.2 and 359.8 of the *Taxation Act* are satisfied, [redacted] (described as the "Resource Company" in subparagraph 1(q) of the attached schedule), hereinafter [redacted], will be able to renounce, in favour of the donors (described as the "Donors" in subparagraph 1(h) of the attached schedule), hereinafter the "donor(s)", the Canadian exploration expenses that it will have incurred.

C) Provided the conditions set out in Division III of Chapter X of Title VI of Book III of Part I of the *Taxation Act* ("Canadian Exploration Expenses") are satisfied and, more specifically, subject to the conditions set out in section 396 of the *Taxation Act*, a donor, in computing the donor's income, will be able to deduct an amount not exceeding the amount set out in section 401 of the *Taxation Act*.

D) Provided the conditions set out in Title VI.3.2 of Book IV of Part I of the *Taxation Act* ("Additional Deduction in respect of Certain Exploration Expenses Incurred in Québec"), and, more specifically, the conditions set out in section 726.4.10.1 of that Act, are satisfied, each donor who is an individual and who subscribes for units will be able to include in his or her "exploration base relating to certain Québec exploration expenses" an amount equal to 25% of the Canadian Exploration Expenses contemplated in paragraph *a.* of section 726.4.10 of the *Taxation Act* (other than expenses described in section 726.4.12 of the *Taxation Act*) that [redacted] will have renounced in favour of such donor as described in paragraph 27 of the attached schedule.

E) Provided the conditions set out in Title VI.3.2.1 of Book IV of Part I of the *Taxation Act* ("Additional Deduction in respect of Certain Surface Mining Exploration Expenses [...] Incurred in Québec" and, more specifically, the conditions set out in section 726.4.17.2.1 of that Act, are satisfied, each donor who is an individual and who subscribes for units will be able to include in his or her "exploration base relating to certain Québec surface mining or oil and gas exploration expenses" an amount equal to 25% of the Canadian Exploration Expenses contemplated in paragraph *a.* of section 726.4.17.2 of the *Taxation Act* (other than the expenses described in section 726.4.17.4 of the Act) that [redacted] will have renounced in favour of such donor as described in paragraph 27 of the attached schedule.

F) The proposed transactions, in and of themselves, will not cause a share issued (described as the "Issued Shares" in paragraph 19 of the attached schedule) as part of the private placement (described in that paragraph 19), hereinafter the "private placement", to be a [prescribed] share described in sections 359.1R2 to 359.1R4 of the *Regulation respecting the Taxation Act* for the purposes of the expression "flow-through share" in section 359.1 of the *Taxation Act*.

G) An amount equal to the fair market value of the units (currently estimated to be [redacted] per unit for the first tranche) at the time such units are gifted to a registered charity (described as the "Charities" in subparagraph 1(f) of the attached schedule), hereinafter the "charity or charities", by a donor as part of the gifting arrangement, will constitute the eligible amount of such gift to the charity for the purpose of applying the definition "total charitable gifts" in the first paragraph of section 752.0.10.1 of the *Taxation Act*. The rules set out in sections 7.20 to 7.31 of the *Taxation Act* will not apply as a result or by reason of the proposed transactions so as to reduce the eligible amount of the gift.

H) Provided a donor, on the one hand, does not carry on a business of trading or dealing in securities and, on the other hand, that a unit is [otherwise] capital property to a donor who owns it, the subscription by a donor for a unit, followed by the gift or the sale of that unit to a third party or to a liquidity provider (described as the "Liquidity Providers" in paragraph 16 of the attached schedule), hereinafter a "liquidity provider", the whole in accordance with the proposed transactions, will not cause the unit to cease to be a capital property to the donor.

I) Subject to paragraph H), the donation by a donor of a flow-through share to a charity or the sale of such a share to a third party or to a liquidity provider, as part of the donation or sale by such a donor of a unit, will entitle the donor to deduct, in computing the donor's taxable income, an amount not exceeding the amound established in section 726.20.2 of the *Taxation Act*.

J) The provisions of section 1079.10 of the *Taxation Act* will not apply as a result or by reason of the proposed transactions to redetermine the tax consequences confirmed in the foregoing rulings.

CAVEATS

The advance rulings set out in this letter are effective and binding on Revenu Québec provided the proposed transactions set out in the attached schedule are lawfully carried out or irreversibly undertaken within six months of the date hereof. They are subject to the conditions and restrictions set out in Revenu Québec Interpretation Bulletin ADM. 2/R8 of April 1, 2011.

RULING
[unofficial translation]

Moreover, nothing in this letter should be construed as an acknowledgement by Revenu Québec that:

K) the exploration expenses incurred by [redacted] are "Canadian Exploration Expenses" within the meaning of section 395 of the *Taxation Act* or expenses described in paragraph 726.4.10(*a*) or 726.4.17.2(*a*) of the *Taxation Act*;

L) [redacted] is a "qualified corporation" within the meaning of sections 726.4.15 and 726.4.17.7 of the *Taxation Act*;

M) for the purposes of Chapter X of Title VI of Book III of Part I of the *Taxation Act*, Maudore qualifies as a "development corporation" within the meaning of section 363 of the *Taxation Act*;

N) the shares that [redacted] will issue in connection with the private placement will constitute "flow-through shares" within the meaning of section 359.1 of the *Taxation Act*;

O) Revenu Québec has examined other potential tax consequences of the proposed transactions set out in the attached schedule; or that

P) Revenu Québec is issuing a ruling or determination as to the fair market value of the units at the time of the gift described in paragraph 29 of the attached schedule.

Trusting the whole to be satisfactory, we remain,

Yours truly,

[redacted] *Direction de l'interprétation relative aux entreprises*	[redacted] *Direction de l'interprétation relative aux mandataires et aux fiducies*