

## ELECTION TO RENOUNCE EXPLORATION, DEVELOPMENT AND OIL AND GAS PROPERTY EXPENSES

- For use by a joint exploration corporation to elect to renounce in favour of a shareholder corporation an agreed portion of:
  - (a) Expenses as permitted by subsections 29(6) and 29(7) of the Income Tax Application Rules, 1971;
  - (b) Canadian exploration and development expenses incurred after 1971 and before May 7, 1974 as
  - permitted by subsection 66(10);
    (c) Canadian exploration expenses incurred after May 6, 1974 as permitted by subsection 66(10.1);
  - (d) Canadian development expenses incurred after May 6, 1974 as permitted by subsection 66(10.2); and
  - (e) Canadian oil and gas property expenses incurred after December 11, 1979 as permitted by subsection 66(10.3); and expenses under (c), (d) & (e) may only be renounced after March 6, 1996, pursuant to written agreement entered prior to March 6, 1996.
- A separate election is required for each shareholder corporation in whose favour an agreed portion of expenses is renounced.
- Two completed copies of this election form are to be filed as follows:
  - (a) by the joint exploration corporation;
  - (b) in the taxation year of renunciation or within 6 months from the end of that year;
  - (c) at the Taxation Centre of the joint exploration corporation;
  - (d) SEPARATE FROM ANY TAX RETURNS.
- For the purpose of this election:
  - (a) "joint exploration corporation", shareholder corporation" and "agreed portion" are defined in paragraphs 66(15)(g), (i) and (a) and in paragraphs 29(8)(a), (b) and (c) of the Income Tax Application Rules, 1971;
  - (b) "expenses" are those expenses as described in subsections 29(6) and (7) of the Income Tax Application Rules, 1971;
  - (c) "Canadian exploration and development expenses" are defined in paragraph 66(15)(b);
  - (d) "Canadian exploration expense" is defined in paragraph 66.1(6)(a);
  - (e) "Canadian development expense" is defined in paragraph 66.2(5)(a);
  - (f) "Canadian oil and gas property expense" is defined in paragraph 66.4(5)(a).
- A joint exploration corporation that, knowingly or under circumstances amounting to gross negligence renounces an amount in excess of the amount to which
  it is entitled under the relative subsection is liable to a penalty of 25% of the amount of such excess in accordance with subsection 163(2.2).
- Subsections and paragraphs referred to in this form are those of the Income Tax Act.

| Name of joint exploration corporation (Print)  | Acc     | ount   | Num | ber      |   |   |   |   |    |
|--|---------|--------|-----|----------|---|---|---|---|----|
|  |         |        |     |          |   |   |   |   | 1  |
| Address  |         |        |     |          |   | • |   |   |    |
| Name of shareholder comparison (Print)   |         |        |     |          |   |   |   |   |    |
| Name of shareholder corporation (Print)  | ACCO    | ount l | Num | ber<br>I | ī | i | I | i | ı. |
|  |         |        |     |          |   |   |   |   |    |
| Address  |         |        |     |          |   |   |   |   |    |
| Shareholder corporation's taxation year ended (In which joint exploration corporation's taxation year ended) 19            | er corp | oorati | on  |          |   |   |   |   |    |
|  |         |        |     |          |   |   |   |   |    |
| Indicate the provisions of the Income Tax Act and the Income Tax Application Rules 1971 under which the election is filed: |         |        |     |          |   |   |   |   |    |

| 2 ITAR 29(7) | 4 Subsection 66(10.1) | 6 Subsection 66(10.3) |  |
|--------------|-----------------------|-----------------------|--|
| 1 ITAR 29(6) | 3 Subsection 66(10)   | 5 Subsection 66(10.2) |  |
|              | 3 Subsection 66(10)   | 5 Subsection 66(10.2) |  |

|          |       | ,    | int exploration corporation hereby elects the provisions indicated above to renou<br>holder corporation the agreed portion of expenses specified in item 5 on page 2 in |                    |
|----------|-------|------|---|--------------------|
|          | Date  |      | Signature of Authorized Officer of Joint Exploration Corporation  | Position or Office |
| Day      | Month | Year |   |                    |
|          |       |      |   |                    |
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| FOR DEPARTMENTAL USE ONLY |  |  |  |  |  |  |
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| 2  |                  |                  |                         |                     |                           |                     |
|--|------------------|------------------|-------------------------|---------------------|---------------------------|---------------------|
|  | ITAR 29(6)<br>\$ | ITAR 29(7)<br>\$ | Subsection 66(10)<br>\$ | Subsection 66(10.1) | Subsection 66(10.2)<br>\$ | Subsection 66(10.3) |
| <ol> <li>Aggregate of expenses incurred by<br/>the joint exploration corporation from<br/>January 1, 1957 to April 10, 1962</li> </ol>   | <b>t</b>         |                  |                         |                     |                           | •                   |
| (b) Aggregate of expenses incurred by<br>the joint exploration corporation<br>from April 11, 1962 to December<br>31, 1971  |                  |                  |                         |                     |                           |                     |
| <ul> <li>(c) Aggregate of Canadian exploration<br/>and development expenses incurred<br/>by the joint exploration corporation<br/>from January 1, 1972 to May 6, 1974</li> </ul>   |                  |                  |                         |                     |                           |                     |
| (d) Aggregate of Canadian exploration<br>expenses incurred by the joint<br>exploration corporation after May<br>6, 1974 to end of the particular<br>taxation year, subject to the<br>restriction outlined at the end of the<br>first paragraph on page 1.  |                  |                  |                         |                     |                           |                     |
| (e) Aggregate of Canadian<br>development expenses incurred by<br>the joint exploration corporation<br>after May 6, 1974 to end of the<br>particular taxation year, subject to<br>the restriction outlined at the end of<br>the first paragraph on page 1.  |                  |                  |                         |                     |                           |                     |
| (f) Aggregate of Canadian oil and gas<br>property expenses incurred by the<br>joint exploration corporation after<br>December 11, 1979 to end of the<br>particular taxation year, subject to<br>the restriction outlined at the end of<br>the first paragraph on page 1.   |                  |                  |                         |                     |                           |                     |
| (g) Less assistance any person has<br>received or is entitled to receive<br>related to Canadian exploration,<br>development and oil and gas<br>property expenses incurred after<br>March 16, 1983, (subject to section<br>27(12), chap. 1, 1983-84), other<br>than investment tax credits under<br>section 127 or 127.1 to which the<br>shareholder corporations are<br>entitled to as a result of incurring<br>qualified Canadian exploration |                  |                  |                         |                     |                           |                     |
| Sub-total  |                  |                  |                         |                     |                           |                     |
| <ol> <li>Less: Aggregate of the above<br/>amounts which were<br/>deductible, deducted or<br/>required to be deducted, as<br/>the case may be, by the joint<br/>exploration corporation in any<br/>taxation year preceding the<br/>taxation year in which the<br/>election is filed</li> </ol>  |                  |                  |                         |                     |                           |                     |
| <ol> <li>Maximum amount that may be<br/>renounced</li> </ol>   |                  |                  |                         |                     |                           |                     |
| <ol> <li>Total of amounts renounced by<br/>previous elections (including any<br/>election on this date other than this<br/>election)</li> </ol>  |                  |                  |                         |                     |                           |                     |
| 5. Add: Amount renounced by this election - agreed portion(attach details of calculation)  |                  |                  |                         |                     |                           |                     |
| <ol> <li>Total of amounts renounced to date<br/>(item 4 plus item 5)</li> </ol>  |                  |                  |                         |                     |                           |                     |
| <ol> <li>Balance available for future<br/>deduction or election by joint<br/>exploration corporation (<i>item 3 minus</i><br/><i>item 6</i>)</li> </ol>  |                  |                  |                         |                     |                           |                     |
| <ul> <li>8. Total amount renounced in this election (<i>item 5</i>) which was incurred</li> <li>(a) after November 7, 1969 and is eligible for earned depletion per Income Tax Regulation 1205</li> </ul>  |                  |                  |                         |                     |                           |                     |
| (b) after March 31, 1977 and before<br>April 1980 which is eligible for<br>frontier exploration allowances per<br>Income Tax Regulation 1207<br>(Attach details of calculation)  |                  |                  |                         |                     |                           |                     |