

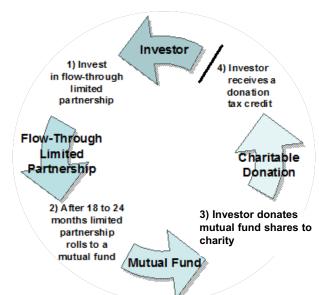


Donating Publicly Listed Securities to a Charity

Many Canadians annually support charities and for their donation and receive a tax credit (i.e. not a tax deduction). Current year donations should be limited to 75% of net income as donations in excess of this amount are not deductible in the year of the donation, with the balance carried forward for up to five years. The tax credit on the first \$200 of donations is based on the lowest marginal tax rate and amounts in excess of \$200 are based on the highest marginal tax rate.

Canadian Exploration Expenses ("CEE") Flow-Through LP Donation Process

- Investor makes a CEE flow-through limited partnership investment and receives a 100% flow-through tax deduction on capital invested;
- Approximately 18 to 24 month after the close of the initial investment, the CEE flow-through LP typically rolls to a mutual fund on a tax-deferred basis;
- 3) The investor can then donate their mutual fund shares to a registered charitable organization.
- The investor receives a donation tax credit based on the value of their charitable donation.



\$100,000 Example CEE Flow-Through LP Mutual Fund Donation

(based on Ontario's highest marginal tax rate of 48%)

F. After-tax cost or benefit (A-E) ⁽³⁾	<u>\$11,880</u>
E. Combined flow-through and donation tax benefits (B+D)	88,120
D. Donation tax credit ⁽²⁾	40,120
C. Value of donated mutual fund shares ⁽¹⁾	100,000
B. Flow-through tax savings	48,000
A. CEE flow-through LP investment	<u>\$100,000</u>

Assumptions:

- (1) Assumes CEE flow-through limited partnership has rolled to a mutual fund.
- (2) Assumes investor is a resident of Ontario for the purposes of the Donation Tax Credit calculation.
- (3) Assumes: a) no capital gains were realized during the duration of the flow-through limited partnership prior to the rollover to the mutual fund and prior to the mutual fund shares being donated; and b) ACB of zero.