

## **CANADIAN TAX REPORTING INSTRUCTIONS FOR SHAREHOLDERS OF HATHOR EXPLORATION LIMITED**

Capitalized terms not defined in these instructions have the meaning assigned to them in the Arrangement Agreement dated July 31, 2008 (the “Agreement”) between Hathor Exploration Limited (“Hathor”) and 7015321 Canada Ltd. (“MAX Minerals Ltd.” or “MAX”) and the Notice and Management Information Circular dated August 20, 2008 (the “Circular”) for a special meeting of the shareholders of Hathor regarding a Plan of Arrangement (“Arrangement”) among Hathor, its shareholders and MAX.

The Articles and By Laws of Hathor have been amended to rename and redesignate the Hathor Common Shares as Hathor Class A Shares. The Plan of Arrangement was implemented to all Hathor shareholders of record on April 3, 2009.

The purpose of this letter is to provide Canadian shareholders that hold their Hathor Class A Shares as capital property with instructions on how to report the transactions within the Arrangement discussed above in their respective 2009 corporate or personal tax returns.

**These instructions are of a general nature only and are not intended to be (nor should they be construed to be) legal or tax advice to any particular person. Therefore, holders of Hathor Class A Shares should consult their own tax advisors with respect to their own circumstances. In particular, holders of Hathor Class A Shares who are not resident in Canada should consult their own advisors with respect to the treatment of the Arrangement under the tax laws of the jurisdictions in which they reside.**

As a result of the implementation of the Arrangement, shareholders of Hathor received one New Hathor Common Share and one-tenth of one MAX Common Share for each one Hathor Class A Share held on the Effective Date. The following transactions will be required to be reported for tax purposes:

### **1) Disposition of Hathor Class A Shares**

A Hathor Shareholder whose Hathor Class A Shares are exchanged for New Hathor Common Shares and MAX Common Shares will be considered to have disposed of the Hathor Class A Shares for proceeds of disposition equal to the greater of the adjusted cost base (“ACB”) of the Hathor Class A Shares immediately before the exchange and the fair market value (“FMV”) of the MAX Common Shares at the time of their distribution. Consequently, the Hathor Shareholder will

realize a capital gain to the extent that the fair market value of the MAX Shares exceeds the adjusted cost base of the shareholder's Hathor Class A Shares. One-half of any capital gain realized by a Hathor Shareholder in a taxation year will be included in the shareholder's income for the year.

The ACB of the Hathor Class A Shares will generally be the weighted average of the amount paid by the shareholder to acquire the Hathor Class A Shares. The rules for determining the ACB are complex and we do not have access to information that can assist shareholders in determining their particular ACB. Each shareholder should consult their tax advisor to obtain assistance in determining the correct ACB of the Hathor Class A Shares.

The gain, if any, on disposition of the Hathor Class A Shares is calculated as follows:

$$C = A - B$$

Where

- A is the proceeds of disposition and is the greater of two amounts: the ACB of the Hathor Class A Shares or the FMV of the MAX Shares. The FMV of the MAX Shares to each shareholder is  $\$0.3541^1 \times$  number of MAX Shares received.
- B is the ACB of the Hathor Class A Shares
- C is the capital gain from the disposition of the Hathor Class A Shares.

If you are a Canadian individual shareholder, please report the above proceeds of disposition and ACB of the Hathor Class A Shares in Part 3. *Publicly traded shares, mutual fund units, deferral of eligible small business corporation shares, and other shares* of Schedule 3 – *Summary of disposition – Capital Gains (or Losses) in 2009* in your T1 General 2009 Income Tax and Benefit Return.

## **2) Adjusted Cost Base of the MAX Shares**

The ACB of the MAX Shares received will be equal to their fair market value of  $\$0.3539 \times$  number of MAX Shares received. This information is relevant in computing the ACB in respect of future dispositions of the MAX Shares.

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<sup>1</sup> The fair market value of the MAX Shares is calculated as  $\$3,050,000 / (86,174,926 / 10)$ .

### **3) Adjusted Cost Base of the New Hathor Common Shares**

The ACB of the New Hathor Common Shares will be the excess of the adjusted cost base (if any) of the original Hathor Class A Shares over the fair market value of the MAX Shares received. This information is relevant in computing the ACB in respect of future dispositions of the New Hathor Common Shares.

The ACB of the New Hathor Common Shares is calculated as follows:

$$C = A - B$$

Where

A is the ACB of the Hathor Class A Shares

B is the FMV of the MAX Shares. The FMV of the MAX Shares to each shareholder is \$0.3539 x number of MAX Shares received

C is the ACB of the New Hathor Common Shares. If the amount is negative, the ACB of the New Hathor Common Shares is considered to be nil.