



HATHOR

EXPLORATION LIMITED

Distributions Received During the Fiscal Year Ended March 31, 2008 ("2008")

U.S. Income Tax Information

The following information is being provided to assist U.S. individual shareholders ("Shareholders") of Hathor Exploration Limited ("Hathor") in reporting distributions received from Hathor during 2008 on their Internal Revenue Service ("IRS") Form 1040, *U.S. Individual Income Tax Return* ("Form 1040") and IRS Form 8621, *Return by a Shareholder of a Passive Foreign Investment Company of Qualified Electing Fund* ("Form 8621").

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Shareholder or potential Shareholder of Hathor shares. Shareholders or potential Shareholders of Hathor shares are strongly advised to consult their own legal and tax advisors as to their particular tax consequences of holding Hathor shares.

Hathor has not received an IRS letter ruling or a tax opinion from its tax advisors on these matters.

Passive Foreign Investment Company

In consultation with its U.S. tax advisors, Hathor believes that it should be classified as a passive foreign investment company ("PFIC") under U.S. federal income tax principles. As such, distributions made during 2008 are subject to the regimes of U.S. federal income taxation applicable to PFICs.

Under U.S. federal income tax principles, a foreign corporation is treated as a PFIC if it meets either a gross income test or an asset test. The gross income test is met if 75 percent or more of a foreign corporation's gross income for the tax year consists of passive income. The asset test is met if 50 percent or more of the average yearly value of its assets consists of assets that produce passive income. A foreign corporation such as Hathor which primarily earns investment income as opposed to income from working interests in mineral properties is generally treated as a PFIC.

Shareholders who own, directly or indirectly, shares in Hathor must file a Form 8621 with respect to their shares. Form 8621 must be attached to a Shareholder's Form 1040.

Excess Distribution Regime

Shareholders who own, directly or indirectly, shares in Hathor are potentially subject to the excess distribution regime of taxation. The excess distribution regime operates by imposing a unique system of taxation on "excess distributions" with respect to a PFIC or upon dispositions of PFIC stock. The excess distribution regime applies only if a Shareholder has not elected to have his or her investment in Hathor treated as an investment in a "qualified electing fund" or has not made a "mark-to-market election". Tax liability under the excess distribution rules potentially arises only when an actual distribution is made by Hathor, or when the Shareholder disposes of his or her investment in Hathor.

Gains recognized on the disposition of Hathor shares are treated as an excess distribution. By contrast, some, all, or none of an actual distribution from Hathor may be an excess distribution. An actual distribution is an excess distribution only to the extent the total of actual distributions during a taxable year received by the Shareholder exceeds 125 percent of the average of actual distributions received in the three preceding taxable years. The portion of an actual distribution that is not an

excess distribution is not taxed under the excess distribution rules, but rather is treated as ordinary income.

Shareholders of Hathor shares are strongly advised to consult their own legal and tax advisors as to their particular tax consequences resulting from the excess distribution regime.

Qualified Electing Fund Regime

Shareholders in Hathor should consult their tax advisors regarding the advantages of treating Hathor as a qualified electing fund (“QEF”). If a QEF election is made, a Shareholder will be taxed currently on his or her pro rata share of Hathor’s ordinary income and capital gains (each separately stated). QEF electing Shareholders must obtain an information statement from Hathor that both provides this information and gives the Shareholders access to Hathor’s books and records in the event of an audit by the IRS (see discussion below on how to obtain this Annual Information Statement).

Foreign tax credits associated with the deemed QEF inclusion are permitted, in general, subject to normal U.S. tax principles. The basis of an investor’s shares in Hathor, provided he or she makes a QEF election, is increased by any amount included in income under the QEF regime with respect to such shares, and decreased by the amount distributed with respect to such shares which is not includible in income because it has been previously taxed under the QEF rules. Where a Shareholder has timely elected the application of the QEF regime, any gain realized on the appreciation of Hathor shares is generally taxable as capital gain (if the shares are a capital asset in the hands of the investor).

If a QEF election is made by a Shareholder in Hathor for 2008, and this is not the first year of the investor’s holding period, both the QEF regime and the excess distribution regime will apply simultaneously. These regimes apply simultaneously in the sense that undistributed earnings (if any), and unrecognized stock appreciation prior to 2008, will be subject to the excess distribution regime, while all earnings and stock appreciation subsequent to making a QEF election in 2008 will be subject to the QEF regime.

Annual Reporting Requirements – Qualified Electing Fund Regime

The QEF election is normally made on Form 8621, on or before the due date, including extensions, of the Form 1040 with respect to the taxable year to which the election relates. The election may be made later if the Shareholder fails to make an otherwise timely election because he or she reasonably believed the foreign corporation was not a PFIC. Once the election is made, failure to comply with the annual information reporting requirements, however, will result in termination or invalidation of the QEF election.

After a Shareholder has made the initial QEF election, he or she must satisfy additional filing requirements each year the election remains in effect. Specifically, the Shareholder must:

1. Complete Form 8621 as specified on the Form;
2. Attach Form 8621 to the Shareholder’s Form 1040 filed by the due date of the return, as extended, and
3. Receive and reflect in Form 8621 the information provided by Hathor to the Shareholder on the PFIC Annual Information Statement.

Hathor, in order to allow Shareholders the ability to make a QEF election, posts annually a PFIC Annual Information Statement on its website at www.Hathormining.com. Shareholders should contact their own tax advisors for information on correctly completing Form 8621. This information is not available from Hathor.

The Mark-to-Market Election

As an alternative to making a QEF election, a Shareholder may make a mark-to-market election since Hathor's shares are regularly traded on the TSX exchange. A Shareholder that makes a mark-to-market election generally will include in gross income, for each future taxable year in which the company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the shares as of the close of such taxable year over (b) such Shareholder's tax basis in such shares. At the time of making the election, any gain attributable to prior years may be taxed under the excess distribution regime.

Hathor shareholders are strongly advised to consult their own legal and tax advisors as to their particular tax consequences resulting from making a mark-to-market election.

IRS CIRCULAR 230 DISCLOSURE:

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, WE INFORM YOU THAT ANY U.S. FEDERAL TAX ADVICE CONTAINED IN THIS COMMUNICATION (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (I) AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE OR (II) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.

Hathor Exploration Limited

PFIC Annual Information Statement

- (1) This Information Statement applies to the taxable year of Hathor Exploration Limited (“Hathor”) beginning on April 1, 2007 and ending on March 31, 2008.
- (2) The shareholder’s pro-rata share (per share) of the ordinary earnings and net capital gain of Hathor for the taxable year of Hathor specified in paragraph (1):
- | | |
|-------------------------------|--------|
| a. Ordinary Income per share | \$ Nil |
| b. Net Capital Gain per share | \$ Nil |

This net capital gain is subject to the highest capital gain rate applicable to the shareholder.

- (3) Amount of cash and fair market value of other property distributed or deemed distributed with respect to each ordinary share of Hathor is as follows:
- | | |
|-------------|--------|
| a. Cash | \$ Nil |
| b. Property | \$ Nil |
- (4) Hathor will permit the shareholders to inspect and copy Hathor’s permanent books of account, records, and such other documents as may be maintained by Hathor that are necessary to establish that PFIC ordinary earnings and net capital gain, as defined in section 1293(e) of the Internal Revenue Code, are computed in accordance with US federal income tax principles.

Hathor Exploration Limited

By: Andriyko Herchak, Chief Financial Officer

Date: March 6, 2009