



**RESOURCE-RELATED DEDUCTIONS
(2000 and later taxation years)**

| | | | | |
|---------------------|-----------------|-------------------|-------|-----|
| Name of corporation | Business Number | Taxation year-end | | |
| | | Year | Month | Day |

- This schedule is for use by corporations claiming resource-related deductions.
- Complete the appropriate parts of this schedule and report the amount you calculate on one of the following lines of Schedule 1:
 - line 340: Canadian development expenses;
 - line 341: Canadian exploration expenses;
 - line 342: Canadian oil and gas property expenses;
 - line 344: depletion; or
 - line 345: foreign exploration and development expenses (line 345 includes specified foreign exploration and development expenses and foreign resource expenses).
- The earned depletion base is defined in Regulation 1205(1), and the mining exploration depletion base is defined in Regulation 1203(2). You will find specific rules for claiming an earned depletion allowance in Regulations 1201 and 1202(2) and a mining exploration depletion allowance in Regulation 1203(1).
- Sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

Part 1 – Continuity of earned depletion base

| | Regular expenses | Successor expenses |
|-------------------------------------------------------------------------------|------------------|--------------------|
| Balance at end of preceding taxation year | 101 | 126 |
| Add: transferred on amalgamation or wind-up of subsidiary * | 105 | 130 |
| Add: transferred other than on amalgamation or wind-up of subsidiary * | | 132 |
| Deduct: transferred on sale of resource property to successor | 110 | 135 |
| Amount available ** | | |
| Deduct: claim for the year per Regulation 1202(2) | | 140 |
| Deduct: claim for the year per Regulation 1201 | 115 | |
| Closing balance | 120 | 145 |

* Earned depletion base transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** If the amount is negative, enter "0" at lines 115 and 120 and/or lines 140 and 145.

Part 2 – Continuity of mining exploration depletion base

| | |
|-----------------------------------------------------------------------------|------------|
| Balance at end of preceding taxation year | 150 |
| Add: transferred on amalgamation or wind-up of subsidiary | 155 |
| Add: transferred other than on amalgamation or wind-up of subsidiary | 160 |
| Deduct: transferred on disposal of resource property to successor | 165 |
| Amount available * | |
| Deduct: claim for the year per Regulation 1203(1) | 170 |
| Closing balance | 175 |

* If the amount is negative, enter "0" at lines 170 and 175.

Enter the total of lines 115, 140, and 170 at line 344 of Schedule 1.

Part 3 – Cumulative Canadian exploration expenses

| | Regular expenses | Successor expenses |
|------------------------------------------------------------------------------------------|------------------|--------------------|
| Balance at end of preceding taxation year | 200 | 250 |
| Add: current year expenses | 205 | |
| Add: reclassified Canadian development expenses [subsections 66.1(9) and 66.7(9)] | 210 | 255 |
| Add: transferred on amalgamation or wind-up of subsidiary * | 215 | 260 |
| Add: transferred other than on amalgamation or wind-up of subsidiary * | | 265 |
| Add: Canadian renewable and conservation expenses | 217 | |
| Add: other additions | 220 | |
| Deduct: government assistance and grants | 225 | |
| Deduct: other deductions or transfers | 230 | 280 |
| Deduct: transferred on disposition of resource property to successor | 240 | 290 |
| Amount available ** | | |
| Deduct: current year claim per subsections 66.1(2) and 66.7(3) *** | 245 | 295 |
| Closing balance | 249 | 299 |

* Canadian exploration expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** If the amount in the "Regular expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 245 and 249 above. If the amount in the "Successor expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 295 and 299 above.

*** The maximum deduction is the amount available in the "Regular expenses" column plus the lesser of the amount available in the "Successor expenses" column and the amount determined pursuant to paragraph 66.7(3)(b), which, in most cases, will be the income attributable to the disposition of successored properties and the production income from successored properties.

Enter the total of lines 245 and 295 at line 341 of Schedule 1.

Part 4 – Cumulative Canadian development expenses

| | Regular expenses | Successor expenses |
|-------------------------------------------------------------------------------------------------------|------------------|--------------------|
| Balance at end of preceding taxation year | 300 | 350 |
| Add: current year expenses | 303 | |
| Add: transferred on amalgamation or wind-up of subsidiary * | 305 | 355 |
| Add: transferred other than on amalgamation or wind-up of subsidiary * | | 357 |
| Add: other additions | 310 | |
| Deduct: reclassified Canadian exploration expenses [subsections 66.1(9) and 66.7(9)] | 315 | 365 |
| Deduct: government assistance and grants | 320 | |
| Deduct: receivable on disposition of underground oil and gas storage rights or mining property | 325 | |
| Deduct: credit balance in the cumulative Canadian oil and gas property expense pool | 330 | 380 |
| Deduct: other deductions or transfers | 335 | 385 |
| Deduct: transferred on disposition of resource property to successor | 340 | 390 |
| Amount available ** | | |
| Deduct: current year claim [subsections 66.2(2) and 66.7(4)] *** | 345 | 395 |
| Closing balance | 349 | 399 |

* Canadian development expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** (i) When the amount available in the "Successor expenses" column is negative and there is no designation pursuant to subparagraph 66.7(4)(a)(iii), enter the amount at line 335. However, if a designation pursuant to subparagraph 66.7(4)(a)(iii) has been made, enter the negative amount available from the "Successor expenses" column at line 440 in Part 5, "Cumulative Canadian oil and gas property expenses." If this results in a negative amount in the "Regular expenses" column of Part 5, enter the amount at line 330 above. In both instances, enter "0" at lines 395 and 399 above.

(ii) If the amount in the "Regular expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 345 and 349 above.

*** The maximum deduction is 30% of the amount available in the "Regular expenses" column, plus the lesser of 30% of the amount available in the "Successor expenses" column and the amount determined pursuant to paragraph 66.7(4)(b). In most cases, this will be the income attributable to the production income from successored properties. For a taxation year of less than 51 weeks, 30% is prorated based on the number of days in the taxation year divided by 365.

Enter the total of lines 345 and 395 at line 340 of Schedule 1.

Part 5 – Cumulative Canadian oil and gas property expenses

| | Regular expenses | Successor expenses |
|---------------------------------------------------------------------------------------|------------------|--------------------|
| Balance at end of preceding taxation year | 400 | 450 |
| Add: current year expenses | 405 | |
| Add: transferred on amalgamation or wind-up of subsidiary * | 410 | 455 |
| Add: transferred other than on amalgamation or wind-up of subsidiary * | | 460 |
| Add: other additions | 415 | |
| Deduct: received or receivable on disposition of Canadian oil and gas property | 420 | 470 |
| Deduct: government assistance and grants | 425 | |
| Deduct: transferred on disposition of resource property to successor | 435 | 485 |
| Deduct: other deductions or transfers | 440 | 490 |
| Amount available ** | | |
| Deduct: current year claim per subsections 66.4(2) and 66.7(5) *** | 445 | 495 |
| Closing balance | 449 | 499 |

* Canadian oil and gas property expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** (i) When the amount available in the "Successor expenses" column is negative and there is no designation pursuant to subparagraph 66.7(4)(a)(iii), enter the amount at line 440 and enter "0" at lines 495 and 499. If this results in the amount available in the "Regular expenses" column becoming negative, enter the negative amount at line 380 in Part 4, "Cumulative Canadian development expenses," and enter "0" at lines 445 and 449. If the amount available in the "Successor expenses" column of Part 4 becomes negative, enter the amount at line 335 in Part 4.

When a designation pursuant to subparagraph 66.7(4)(a)(iii) has been made, enter the negative amount available from the "Successor expenses" column at line 380 in Part 4, "Cumulative Canadian development expenses," and enter "0" at lines 495 and 499 above. If the amount available in the "Successor expenses" column in Part 4 becomes negative, enter the negative amount at line 440. If this results in a negative amount in the "Regular expenses" column in Part 5, enter the amount at line 330 in Part 4.

(ii) When the amount available in the "Regular expenses" column is negative due to other than (i) above, enter the amount at line 330 in Part 4 and enter "0" at lines 445 and 449 above.

*** The maximum deduction is 10% of the amount available in the "Regular expenses" column plus the lesser of 10% of the amount available in the "Successor expenses" column and the amount determined pursuant to paragraph 66.7(5)(b). In most cases, this will be the income attributable to the production income from successored properties. For a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the taxation year divided by 365.

Enter the total of lines 445 and 495 at line 342 of Schedule 1.

Part 6 – Foreign exploration and development expenses

Foreign exploration and development expenses are those that are not in respect of a country. If they are in respect of a country, complete Part 7 or 8, whichever applies.

| | Regular expenses | Successor expenses |
|-------------------------------------------------------------------------------|------------------|--------------------|
| Balance at end of preceding taxation year | 500 | 550 |
| Add: current year expenses | 505 | |
| Add: transferred on amalgamation or wind-up of subsidiary * | 510 | 555 |
| Add: transferred other than on amalgamation or wind-up of subsidiary * | | 560 |
| Deduct: other deductions or transfers | 515 | 565 |
| Amount available ** | | |
| Deduct: current year claim per subsections 66(4) and 66.7(2) *** | 520 | 570 |
| Closing balance | 525 | 575 |

* Foreign exploration and development expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** If the amount in the "Regular expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 520 and 525 above. If the amount in the "Successor expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 570 and 575 above.

*** The maximum deduction for regular expenses is the lesser of: (a) the amount available in the "regular expenses" column; and (b) the greater of foreign-source resource income and 10% of the amount available in the "Regular expenses" column. For successor expenses, the maximum allowable is the lesser of the amount available and foreign-source resource income attributable to successored properties. Foreign-source resource income includes income from oil and gas wells or mines outside Canada and proceeds less applicable expenses and reserves on disposition of foreign resource property. For a fiscal period of less than 51 weeks, 10% is prorated based on the proportion that the number of days in the taxation year is of 365.

| | Regular expenses | Successor expenses |
|--------------------------------|------------------|--------------------|
| Foreign-source resource income | 530 | 580 |

Part 7 – Specified foreign exploration and development expenses

Specified foreign exploration and development expenses are those that are in respect of a specific country and have been incurred before 2001. If they are in respect of two or more countries, determine a reasonable allocation to each country and maintain a consistent allocation in the following years.

| Regular expenses | | | | |
|---------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------|
| Country in which regular expenses were incurred 601 | A Balance at the end of the preceding taxation year 600 | B Current year expenses 605 | C Amount transferred on amalgamation or wind-up of subsidiary * 610 | D Other additions 611 |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| E Other deductions or transfers 615 | F Amount available (A + B + C + D - E) ** 620 | G Current year claim per subsection 66(4) *** 620 | H Closing balance (F - G) 625 | I Foreign resource income **** 630 |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| | | | | J |

| Successor expenses | | | | |
|-----------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------|
| Country in which successor expenses were incurred 651 | K Balance at the end of the preceding taxation year 650 | L Amount transferred on amalgamation or wind-up of subsidiary 655 | M Amount transferred other than on amalgamation or wind-up of subsidiary 660 | N Other deductions or transfers 665 |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| O Amount available (K + L + M - N) ** 670 | P Current year claim per subsection 66.7(2) *** 670 | Q Closing balance (O - P) 675 | R Foreign resource income 680 | |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| | | | | S |

* Foreign exploration and development expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in column C if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** If an amount in column F is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at the respective lines 620 and 625 above. If an amount in column O is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at the respective lines 670 and 675 above.

*** (i) The maximum deduction for regular expenses is the lesser of:

- a) the total of all amounts available in column F; and
- b) the greater of the total of all amounts in column I and 10% of the total of all amounts available in column F (for a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the taxation year divided by 365).

The deduction claimed must be allocated to a particular country according to subsection 66(4.2).

(ii) The maximum deduction for successor expenses is the lesser of:

- a) the total of all amounts available in column O; and
- b) the total of all amounts in column R attributable to successored properties [foreign resource income is calculated in accordance with paragraph 66.7(2)(b)].

The deduction claimed must be allocated to a particular country according to subsection 66.7(2.2).

**** The amount in column I is the excess of foreign resource income over the amount claimed under subsection 66.7(2).

Part 8 – Cumulative foreign resource expenses

Foreign resource expenses are those that are in respect of a specific country and that have been incurred in a taxation year beginning in 2001 or after. If there are two or more countries, determine a reasonable allocation to each country and maintain a consistent allocation in the following years.

| Regular expenses | | | | |
|---------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------|
| Country in which regular expenses were incurred 701 | AA Balance at the end of the preceding taxation year 700 | BB Current year expenses 705 | CC Amount transferred on amalgamation or wind-up of subsidiary * 710 | DD Other additions 711 |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| EE Other deductions or transfers 715 | FF Amount available (AA + BB + CC + DD - EE) ** 720 | GG Current year claim per subsection 66.21(4) *** 720 | HH Closing balance (FF - GG) 725 | II Foreign resource income (loss) **** 730 |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| | | | | JJ |

| Successor expenses | | | | |
|-----------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------|
| Country in which successor expenses were incurred 751 | KK Balance at the end of the preceding taxation year 750 | LL Amount transferred on amalgamation or wind-up of subsidiary 755 | MM Amount transferred other than on amalgamation or wind-up of subsidiary 760 | NN Other deductions or transfers 765 |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| OO Amount available (KK + LL + MM - NN) ** 770 | PP Current year claim per subsection 66.7(2.3) *** 770 | QQ Closing balance (OO - PP) 775 | RR Foreign resource income (loss) 780 | |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| | | | | SS |

* Foreign resource expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in column CC if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

** If an amount in column FF is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at the respective lines 720 and 725 above. If an amount in column OO is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at the respective lines 770 and 775 above.

*** (i) The maximum deduction for regular expenses is the total of A and B where:

A = the greater of: (i) 10% of the amount available in column FF; and (ii) the least of the following amounts: (a) 30% of the amount available in column FF; (b) the foreign resource income for the particular country in column II; or (c) the total of all amounts in column II. For a fiscal period of less than 51 weeks, 10% and 30% are prorated based on the number of days in the taxation year divided by 365.

B = the lesser of: (i) the excess of the amount in column FF minus the amount A above; and (ii) the global foreign resource limit for the year designated for that country.

(ii) The maximum deduction for successor expenses is the lesser of:

- a) 30% of the amount available in column OO (for a fiscal period of less than 51 weeks, 30% is prorated based on the number of days in the taxation year divided by 365); and
- b) the foreign resource income in column RR attributable to successored properties [foreign resource income is calculated in accordance with paragraph 66.7(2.3)(b)].

**** Column II is the excess of foreign resource income over the total of any amount designated under subparagraph 59(1)(b)(ii) and claimed under subsections 66(4), 66.7(2), and 66.7(2.3).

Enter the total of lines 520, 570, J, S, JJ, and SS at line 345 of Schedule 1.