

**This Election should only be completed if you wish to recognize a capital gain on the disposition of your Petrus Resources Ltd. shares to Petrus Acquisition Corp (subsequently renamed Petrus Resources Ltd.)**

**PAGE 1 OF ELECTION FORM**

1. Complete the first table on page 1 of the election form
  - a. Enter your name in the box labeled "Taxpayer's name (transferor)"
  - b. Enter your social insurance number in the box labeled "Social insurance number or Business number"
  - c. Enter your mailing address and postal code
  - d. Enter your tax year. If you are an individual, please enter 2016/01/01 to 2016/12/31. If you are a corporation, please enter your taxation year which includes February 2, 2016.
  - e. The 'Tax services office' is the Canada Revenue Agency office that serves your home address. This information can be found at the following website:  
<http://www.cra-arc.gc.ca/cntct/tso-bsf-eng.html>

Taxpayer's name (transferor)		Social insurance number or Business number	
Address		Postal code	
Tax year of the taxpayer from	Year Month Day From <b>2016-01-01</b>	Year Month Day to <b>2016-12-31</b>	Tax services office

2. Disregard the second table on page 1 (Name of co-owner(s), if any) unless your shares were jointly owned.
3. The third table on page 1 will be completed by Petrus Resources Ltd. except for the last line – Name of person to contact for additional information and telephone number. Enter your own name and phone number, unless you want someone else (such as your tax advisor) to talk to the tax authorities on your behalf should it be required. In that case, enter their name and phone number in these boxes.

Name of corporation (transferee) <b>Petrus Resources Ltd.</b>		Business number <b>793081126 RC 0001</b>	
Address <b>2400-240 4 Ave SW Calgary AB</b>		Postal code <b>T2P 4H4</b>	
Tax year of the corporation from	Year Month Day From <b>2016-02-02</b>	Year Month Day to <b>2016-12-31</b>	Tax services office <b>Calgary</b>
Name of person to contact for additional information		Area code	Telephone number

4. Disregard the fourth table labeled as Penalty for late-filed and amended elections if you file the election by the due date. The election is due on the earliest filing deadline of the parties. If you are an individual, the filing deadline is April 30, 2017. If you are not an individual, please note that the filing deadline for Petrus Resources Ltd. is June 30, 2017.

**PAGE 2 OF ELECTION FORM**

Please complete the questionnaire at the top of page 2.

In the 2<sup>nd</sup> box on page 2 with the caption "Description of shares received", please enter the number of Petrus Acquisition Corp shares received as a result of the transfer of your Petrus Shares.

Please note that your common shares of Petrus Resources Ltd. were exchanged for Petrus Acquisition Corp. (subsequently renamed Petrus Resources Ltd.) shares on the basis of a 4 to 1 consolidation of your original Petrus Shares.

Description of shares received					
Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital under the ITA	Voting or non-voting	Are shares retractable? *
	Common	0.00	0.00	Voting	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**PAGE 3 OF ELECTION FORM**

1. Complete the first line item (Capital property excluding depreciable property) of the table labeled as “Particulars of eligible property disposed of and consideration received” on page 3 of the form.

Particulars of eligible property disposed of and consideration received							Protected B when completed					
Date of sale or transfer of all properties listed below:		Year	Month	Day	Note: For properties sold or transferred on different dates, use separate Form T2057.							
		2	0	1	6	0	2	0	2			
Description	Property disposed of			Agreed amount (cannot be zero) B	Amount to be reported B – A (if greater than 0, see note 4)	Consideration received						
	Fair market value	Elected amount limits*				Non-share Description	Share Number and class	Fair market value of total consideration				
(Brief legal)				(see note 1)								
Capital property excluding depreciable property	Common shares											

- a. Columns 1, 2, and 3 under “Property disposed of” of the table requires the information related to the common shares of Petrus Resources Ltd disposed of.
  - i. In column 1 (“Description”), enter the number of Petrus Resources Ltd shares you held and exchanged for Petrus Acquisition Corp shares in the area that has the caption “brief legal description”. For example if you held 100,000 shares of Petrus Resources Ltd., please enter “100,000 common shares of Petrus Resources Ltd.”
  - ii. In column 2 (“Fair market value”), enter the total ‘fair market value’ of the Petrus Resources Ltd. shares you transferred. The fair market per share was set at \$1.85/share. For example, if you are transferring 100,000 shares of Petrus Resources Ltd., please enter \$185,000 as the fair market value.
  - iii. In column 3 (“A”), enter the total adjusted cost base of all your Petrus Resources Ltd. shares held at the time of the exchange. For example, if your adjusted cost base is \$1.25 per share and you are transferring 100,000 shares, enter \$125,000 as the adjusted cost base.
- b. In column 4 (“Agreed amount” or “B”), enter the amount you wish to recognize as proceeds of disposition (the “Elected amount”). This amount must be greater or equal to your adjusted cost base (“A”) of your shares and less than or equal to fair market value.

**Please note that an elected amount greater than your adjusted cost base will result in a capital gain. If you are electing at the adjusted cost base this election is not necessary.**

**If your cost base is in excess of the fair market value, i.e. there is a loss on the transfer, this election should not be completed.**

- c. Column 5 (“Amount to be reported”) is the elected amount less your adjusted cost base – column 4 (“Agreed amount” or “B”) less column 3 (“A”)

- d. Columns 6, 7, and 8 of the table under “Consideration received” refers to the consideration that you received from Petrus Resources Ltd. (formerly Petrus Acquisition Corp.) for this transaction
  - i. On the first line of column 6 write “N/A”. There was no non-share consideration received as part of this transaction.
  - ii. In the first line of columns 7 (“Share/Number & Class”) and 8 (“Fair Market Value”) enter the number and class of shares received from Petrus Acquisition Corp. The number of shares received should equal 25% of the shares noted in column 1.
  - iii. On the first line of column 8, enter the value of the shares received. As your Petrus shares were exchanged for an equivalent value of the Petrus Acquisition Corp shares, the fair market value in column 8 should match the fair market value in column 2.

**PAGE 4 OF ELECTION FORM**

- 2. Sign the “Signature of Transferor”, of Authorized Officer or Authorized Person section of the Election and Certification section on the last page. An authorized officer of Petrus will complete and sign on behalf of the transferee.

<b>Election and Certification</b>		<b>Protected B</b> when completed
<p>The taxpayer <b>and</b> corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.</p>		
<div style="border: 2px solid red; height: 20px; width: 100%;"></div>	and	<div style="border-bottom: 1px solid black; height: 15px; width: 100%;"></div>
<small>Signature of Transferor, of <b>Authorized Officer</b> or Authorized Person*</small>	<small>Signature of <b>Authorized Officer</b> of Transferee</small>	<small>Date</small>
<small>* Attach a copy of the authorizing agreement</small>		



## Election on disposition of property by a taxpayer to a taxable Canadian corporation

• For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.

• Mail this election and related schedules (if any), separately from other tax returns, to the tax centre serving the area where the transferor is located. where two or more co-owners or members of a partnership elect, the elections will be processed in bulk and should be filed at the tax centre of the transferee as follows:

- 1 – One copy by the transferor, or two or more copies if two or more transferors elect regarding the transfer of the same property (co-ownership), or two or more members of the same partnership elect for the transfer of their partnership interests. In these situations, one transferor designated for the purpose should file simultaneously one copy for each transferor, together with a list of all transferors electing. This list should contain the address and Social insurance number or business number of each transferor;
- 2 – On or before the earliest date on which any party to the election has to file an income tax return for the tax year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);

Find your tax centre's address by going to [www.cra.gc.ca/tso](http://www.cra.gc.ca/tso).

• All legislative references on this form are to the Income Tax Act.

**Do not use this area**

Taxpayer's name (transferor)			Social insurance number or Business number
Address			Postal code
Tax year of the taxpayer from	Year Month Day From <b>2016-01-01</b>	Year Month Day to <b>2016-12-31</b>	Tax services office

Name of co-owner(s), if any (if more than one, attach schedule giving similar details)		Social insurance number (SIN)
Address		Postal code      Tax services office

Name of corporation (transferee) <b>Petrus Resources Ltd. (formerly Petrus Acquisition Corp.)</b>		Business number <b>793081126 RC 0001</b>
Address <b>2400-240 4 Ave SW Calgary AB</b>		Postal code <b>T2P 4H4</b>
Tax year of the corporation from	Year Month Day From <b>2016-02-02</b>	Year Month Day to <b>2016-12-31</b>
Name of person to contact for additional information		Area code      Telephone number

### Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid when this election is filed.

**Calculation of late-filing penalty:**

Fair market value of property transferred. . . . . \_\_\_\_\_

**Less:** agreed amount. . . . . \_\_\_\_\_

Difference . . . . . \_\_\_\_\_ **A**

  

Amount A \_\_\_\_\_ x 1/4 x 1% x N\* . . . . . = \_\_\_\_\_ **B**

\$100 x N\* . . . . . = \_\_\_\_\_ **C**

**Do not use this area**

\* N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

**Late-filing penalty** is the lesser of B and C above \_\_\_\_\_ Amount enclosed \_\_\_\_\_

Make a cheque or money order payable to the Receiver General. **Specify "T2057"** on the remittance and, to ensure proper credit, indicate the name and Social insurance number of the taxpayer, or Business number if a corporation.

Unpaid amounts including late-filing penalties are subject to daily compound interest, at a prescribed rate.

**Information required**

On the following page, list, describe, and state the fair market value of transferred properties. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election you do not have to file the following materials: schedules supporting this designation, documentation relating to the responses to the questions below, and a brief summary of the method of evaluating the fair market value of each property transferred. However you have to keep them as the Canada Revenue Agency may ask to see them at a later date.

- 1 – Is there a written agreement relating to this transfer?  Yes  No
- 2 – Does a price adjustment clause apply to any of the properties? (See the Income Tax Folio S4-F3-C1 for details.)  Yes  No
- 3 – Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee?  Yes  No
- 4 – Does a non-arm's length rollover exist between 2 or more corporations?  Yes  No
  - a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation?  Yes  No
- 5 – Is the taxpayer a non-resident of Canada?  Yes  No
- 6 – Are any of the properties transferred capital properties?  Yes  No
 

If yes,

  - a) have they been owned continuously since Valuation Day?  Yes  No
  - b) have they been acquired after Valuation Day in a transaction considered not to be at arm's length?  Yes  No
  - c) since Valuation Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received, and attach a schedule.)  Yes  No
- 7 – Is the agreed amount of any of the transferred properties based on an estimate of fair market value on Valuation Day?  Yes  No
  - a) If yes, does a formal documented Valuation Day value report exist?  Yes  No
- 8 – Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer?  Yes  No

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Name of corporation <b>Petrus Resources Ltd.</b>	Business number <b>817996200 RC 0002</b>	Paid-up capital of shares transferred under the ITA <b>N/A</b>
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**Description of shares received**

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital under the ITA	Voting or non-voting	Are shares retractable? *
	<b>Common</b>	<b>N/A</b>	<b>N/A</b>	<b>Voting</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No

\* Retractable means redeemable at the option of the holder.

**Informative notes**

- The rules for section 85 elections are complex. Essential information is contained in Information Circular, IC76-19 and Interpretation Bulletins, IT-291 and IT-378, and Income tax Folio S4-F3-C1.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

**Particulars of eligible property disposed of and consideration received**

Date of sale or transfer of all properties listed below:	Year			Month	Day	Note: For properties sold or transferred on different dates, use separate Form T2057.			
	2	0	1	6	0				2
	Property disposed of					Agreed amount (cannot be zero) B	Amount to be reported B – A (if greater than 0, see note 4)	Consideration received	
Description	Elected amount limits*		Fair market value	A	Non-share Description			Share Number and class	Fair market value of total consideration
	Capital property excluding depreciable property	(Brief legal)							
	<b>Common shares</b>							N/A	
Depreciable property	(Description and prescribed class)			(see note 2)					
Eligible capital property	(Kind)			(see note 3)					
Inventory excluding real property	(Kind)			(cost amount)					
Resource property	(Brief legal)			nil					
				nil					
				nil					
Security or debt obligation property	(Description)			(cost amount)					
Specified Debt Obligation (For financial institutions only)				(cost amount)					
Capital property that is real property owned by a non-resident person	(Description)								
Agriinvest fund no. 2 (see note 5)				(cost amount)					

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property.

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.

Note 5: Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.

\* Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

**Election and Certification**

**Protected B** when completed

The taxpayer **and** corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.

**and**

\_\_\_\_\_  
Signature of Transferor, of **Authorized Officer** or Authorized Person\*

\_\_\_\_\_  
Signature of **Authorized Officer** of Transferee

\_\_\_\_\_  
Date

\* Attach a copy of the authorizing agreement

*Privacy Act, Personal Information Bank number CRA PPU 047*