

Canadian Withholding Tax Guidance for Riversdale Resources Inc. Shareholders who are not Residents of Canada

The shares of Riversdale Resources Ltd. (“RRL”), an Australian resident corporation, are subject to a takeover offer by Hancock Corporation Pty Ltd (“HCPL”). HCPL has offered to purchase all of the issued and outstanding shares that it does not already own from existing shareholders. The shareholders of RRL are comprised of a mix of Australian residents, Canadian residents and residents of other countries.

Since more than 50% of the value of RRL is derived from mines in Canada, the shares of RRL are considered taxable Canadian property (“TCP”). The disposition (i.e. sale) of TCP by a non-resident of Canada gives rise to certain Canadian tax filing and withholding requirements under section 116 of the Income Tax Act (“S.116”). These obligations will arise under any sale of Riversdale shares, regardless of whether that sale is to HCPL under its takeover offer, or otherwise.

Each seller of RRL shares who is a non-resident of Canada is required to notify the Canada Revenue Agency (“CRA”) of the sale within 10 days of the date of disposition. In this context, the date of disposition will be the date the seller delivers the signed stock transfer form and becomes entitled to payment of the proceeds.

The notification must occur by way of an application for a clearance certificate from the CRA in connection with the sale. Following lodgement of the application, the seller will be required to pay to the CRA their estimated Canadian capital gains tax liability in order to obtain the clearance certificate.

Failure to obtain the clearance certificate and present it to HCPL will result in HCPL remitting to the CRA the full 25% amount withheld from the proceeds payable to the vendor of the RRL shares.

Each seller will be required to file a Canadian income tax return to calculate the actual Canadian tax liability in connection with the sale of their RRL shares. A refund can be claimed for any excess amount withheld by HCPL and remitted to the CRA.

The application for the clearance certificate is on Form T2062 *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property*. Non-residents of Canada will also need to apply for a Canadian tax identification number, if they do not already have such a number.

The following links provide comments on the completion of and examples of completed Form T2062 for:

- a non-resident individual,
- a non-resident corporation,
- a non-resident trust, and
- a non-resident partnership.

The comments and examples provided by PwC Canada are of a general nature only and are not, and are not intended to be, legal or tax advice to any particular shareholder. The comments and examples are not exhaustive of all Canadian federal income tax considerations. Accordingly, RRL shareholders should consult their own tax advisors having regard to their own particular circumstances.