

**Tax Election Instructions for the Disposition of Eagle Plains Butterfly Shares**  
**Eagle Plains Resources Ltd. Plan of Arrangement to spin-out Yellowjacket Resources Ltd**

**This summary is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Holder. The tax consequences to any particular Holder will depend on a variety of factors including the Holder's own particular circumstances. Therefore, all Holders, and all persons affected by the Plan of Arrangement should consult their own tax advisors with respect to their particular circumstances.**

All Eligible Holders who wish to make a Tax Election should give their immediate attention to this matter, and in particular should consult their tax advisors without delay.

The election pursuant to Subsection 85(1) will require the joint filing on a timely basis with the CRA of Form T2057 by the shareholder of EPL and Yellowjacket. *This election Form T2057 will be due on or before the earlier date on which any one of the parties to the election is required to file an income tax return for the taxation year in which the transaction occurred.*

Any Eligible Holder who does not provide Eagle Plains with the information necessary to complete the Tax Election in accordance with the procedures set out in these instructions on or before **April 15, 2012** cannot be assured of benefiting from the Canadian income tax-deferral provisions pursuant to Section 85 of the Tax Act.

**Purpose of the Tax Election**

In summary, pursuant to the Plan of Arrangement, each Eagle Plains shareholder receives one new common share in the capital of Eagle Plains and one-third of an Eagle Plains Butterfly Share, which will then be exchanged for one-third common share in the capital of Yellowjacket.

In the absence of a valid Tax Election, for Canadian income tax purposes, the Eligible Holder whose Eagle Plains Butterfly Shares are exchanged for Yellowjacket shares, will be considered to have disposed of those Eagle Plains Butterfly Shares for proceeds of disposition equal to fair market value ("FMV") of the Yellowjacket shares acquired by the Eligible Holder. The FMV of the Yellowjacket shares will be estimated on the Weighted Average Trading Price of Yellowjacket shares for the first twelve trading days. As a result, the Eligible Holder may realize a capital gain (or capital loss) to the extent such proceeds of disposition, net of any reasonable costs of disposition, exceeds the adjusted cost base ("ACB") of the Eligible Holders Eagle Plains Common shares immediately before the disposition. A Yellowjacket Shareholder who meets the conditions to qualify as an Eligible Holder may choose to make a Tax Election pursuant to section 85 of the Tax Act in order to defer all or a portion of the taxable capital gain that would normally arise and be subject to Canadian Income Tax.

Making the Tax Election is at the discretion of each Eligible Holder and it is up to each Eligible Holder to consider whether filing the Tax Election is in their best interests. Since the effect of the Tax Election under these circumstances is only to defer income tax on the disposition of Eagle Plains Butterfly Shares, there is no need to file the Tax Election for Eagle Plains Shares where the shares are held in tax-deferred or tax free accounts.

**TAX ELECTION**

In order to have Section 85 of the Tax Act apply to defer all or a portion of any accrued gain on the disposition of Eagle Plains Butterfly Shares, the Tax Act requires that a joint election be filed by the transferor of the Eagle Plains Butterfly Shares (the Eligible Holder) and the transferee of the Eagle Plains Butterfly Shares (Yellowjacket) within the time prescribed and in the form prescribed by the Tax Act.

To prevent a gain from being recognized, the elected amount will typically be equal to the Eligible Holder's ACB in the Eagle Plains Shares for Canadian tax purposes.

The relevant form is to be completed in part by the Eligible Holder and in part, by Yellowjacket. Although Yellowjacket must be a party to the election, determining the elected amount (the amount of the proceeds of disposition at which the disposition of the Eagle Plains Butterfly Shares is deemed to occur for tax purposes) is the responsibility of each Eligible Holder.

Eagle Plains management has determined that the necessity to file the Form T2057 should only be required if the EPL shareholders adjusted cost base of their Eagle Plains Common shares is less than \$0.14 per share.

### **Process for Completing the Tax Election**

For those shareholders in a taxable position, they should provide Eagle Plains the following information:

1. the ACB (adjusted cost base) of their Eagle Plains common shares
2. the number of shares they own
3. shareholder name that the shares are registered in
4. email address (it is EPL's intention to provide the completed election form via e-mail)
5. mailing address

Information should be emailed to [nej@eagleplains.com](mailto:nej@eagleplains.com)

Upon receipt of the foregoing information, Yellowjacket will complete their part of the Tax Election form T2057 and will email (mail) the form to each Eligible Holder, who will then complete their part of the form and then file it with Canada Revenue Agency by the applicable deadline.