

**Archon Shares** (reviewed in prior audit):

- A total of 16,063,637 public shares of Archon Minerals Ltd. (Archon) with a total value of \$30,520,910 were donated to Theanon Charitable Foundation (Theanon) on December 31, 2001.
- An official donation receipt was issued to Stewart Blusson in the amount of \$30,520,910 (16,063,637 @ \$1.90/share).
- The tax-receipted amount was based on the share's exchange trading price on December 31, 2001, of \$1.90/share.
- Theanon gifted the shares to the Organization on January 10, 2002, as reported in Theanon's T3010 for the year ending April 30, 2002.
- Theanon and the Organization were related through a common director (Blake Bromley).
- An Option Agreement dated January 8, 2002, between Mr. Blusson and the Organization granted Mr. Blusson an irrevocable option to purchase any and all of the Archon shares before November 30, 2005.
- Mr. Blusson exercised the option to purchase the Archon shares on July 1, 2005, for \$31,324,000 at the listed price of \$1.95/share (16,063,637 @ \$1.95/share), which created an amount due from Mr. Blusson.
- The Organization purchased a **royalty interest (i.e. future revenue)** in a diamond mining area in the Northwest Territories known as "Two Misery Pipes" from Mr. Blusson on July 1, 2005, which created an amount due to Mr. Blusson. The royalty interest was valued at \$31,300,000. Note: The Organization was not provided with an independent appraisal of the fair market value of the royalty interest.
- A Debt Offset Agreement dated July 19, 2005, between Mr. Blusson and the Organization offset the amounts owed by each party resulting from the share purchase by Mr. Blusson, and the purchase of the royalty interest by the Organization (i.e. a wash).
- As the legal owner of the royalty interest valued at \$31,300,000, the Organization then gifted the royalty interest to the Stewart & Marilyn Blusson Foundation on August 17, 2005, as reported in the Organization's T3010 for the year ending November 30, 2005.
- The Stewart & Marilyn Blusson Foundation and the Organization were related through a common director (Blake Bromley).