

MATERIAL CHANGE REPORT

1. **Reporting Issuer:**

Renata Resources Inc. ("Renata")
Suite 2600, 250 – 6th Avenue S.W.
Calgary, Alberta T2P 3H7

2. **Date of Material Change:**

May 10, 2000

3. **News Release**

A news release was released on May 10, 2000 and both disseminated through the facilities of Canadian Corporate News and filed on SEDAR. A copy is attached as Schedule "A".

4. **Summary of Material Change:**

Renata and Rio Alto Exploration Ltd. ("Rio Alto") jointly announced they had entered into an agreement (the "Acquisition Agreement") whereby Rio Alto agreed to make an offer (the "Offer") to acquire all of the outstanding common shares of Renata. The Offer provides for Renata shareholders to receive \$0.77 in cash, subject to a maximum of \$45 million, or 0.0283 of a Common Share of Rio Alto ("Rio Alto Common Share") subject to a maximum of 3,000,000 Rio Alto Common Shares, for each Renata Common Share tendered pursuant to the Offer.

5. **Full Description of Material Change:**

Renata and Rio Alto jointly announced they had entered into the Acquisition Agreement whereby Rio Alto agreed to make the Offer. The Offer provides for Renata shareholders to receive \$0.77 in cash, subject to a maximum of \$45 million, or 0.0283 of a Rio Alto Common Share subject to a maximum of 3,000,000 Rio Alto Common Shares, for each Renata Common Share tendered pursuant to the Offer. The Acquisition Agreement is attached hereto as Schedule "A".

The Offer will be made in the form of a Take-Over Bid, will be conditional on acquiring a minimum of 66 ²/₃% of the Renata shares, and will be subject to all requisite regulatory approvals and other customary conditions. The directors, officers and certain management employees of Renata have agreed to tender to the Bid. Renata has also agreed to pay a non-completion fee of \$5.2 million to Rio Alto under certain circumstances.

6. **Reliance on Confidentiality Provision:**

Not Applicable

7. **Omitted Information:**

Not Applicable

8. **Senior Officer:**

For further information, contact:

David J. Reid, President and Chief Executive Officer

Renata Resources Inc.
Suite 2600, 250 – 6th Avenue S.W.
Calgary, Alberta T2P 3H7

Telephone: (403) 231-3300

Fax: (403) 269-7420

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to in this report.

DATED at Calgary, Alberta the 17th day of May, 2000.

(signed) "David J. Reid"

David J. Reid

President and Chief Executive Officer

cc: The Toronto Stock Exchange

SCHEDULE A

NEWS RELEASE

FOR IMMEDIATE RELEASE

**RIO ALTO EXPLORATION LTD.
AND
RENATA RESOURCES INC.
ANNOUNCE AGREEMENT ON RIO ALTO'S OFFER TO PURCHASE
RENATA SHARES ON MAY 9, 2000**

Calgary, Alberta: Rio Alto Exploration Ltd. and Renata Resources Inc. jointly announce that they have entered into an agreement under which Rio Alto will make an offer (the "Offer") of \$0.77 (Canadian) in cash for each common share of Renata, subject to a maximum of \$45 million, or 0.0283 common shares of Rio Alto for each common share of Renata, subject to a maximum of 3,000,000 Rio Alto common shares. The total consideration of the Offer is approximately \$100 million plus Rio Alto will assume Renata's debt of \$29.7 million as at March 31, 2000. The share component of the Offer represents up to 4% of the total common shares of Rio Alto on a pro forma basis. The Offer represents a 24% premium over Renata's closing price of \$0.62 on The Toronto Stock Exchange on May 8, 2000.

The Offer has the unanimous support of the Boards' of Directors of both Rio Alto and Renata. The directors, officers and certain management employees of Renata who hold 9,480,587 common shares of Renata have agreed to enter into lock-up agreements with Rio Alto. Renata has agreed to pay to Rio Alto a non-completion fee of \$5.2 million in certain circumstances. Renata has also agreed to terminate all discussions with other parties and, not to solicit further offers and has granted Rio Alto a right of first refusal with respect to any subsequent offers. The take-over bid circular associated with the Offer is expected to be mailed to Renata's shareholders on or before May 19 and will expire 21 days thereafter. The Offer will be subject to various conditions, including 66 2/3% of the Renata common shares being tendered. The Board of Directors of Renata has agreed to extend the separation time under the Renata Shareholder Rights Plan and to waive the application of the plan with respect to the Offer.

Newcrest Capital Inc. is acting as financial advisor to Renata in respect of the Offer and has indicated that it will render a fairness opinion that the Offer is fair from a financial point of view to Renata shareholders.

The potential acquisition of Renata by Rio Alto will significantly expand Rio Alto's undeveloped land base in its existing North West core area and further enhance Rio Alto's opportunities for continued low cost growth.

For further information, please contact.

Rio Alto Exploration Ltd., Richard T. Cones, President and CEO (403) 716-6227
(403) 261-7626 (fax)

Renata Resources Inc., David J. Reid, President and CEO (403) 218-1442
(403) 269-7420 (fax)

May 9, 2000

Confidential

Renata Resources Inc.
2600, 250 - 6th Avenue S.W.
Calgary, AB T2P 3H7

Attention: David J. Reid
President and Chief Executive Officer

Dear Sirs:

This letter sets out the terms and conditions upon which Rio Alto Exploration Ltd. ("Rio Alto") is prepared to make an offer (the "Offer") for all of the outstanding common shares of Renata Resources Inc. ("Renata")

1. Offer

Subject to the provisions hereof, Rio Alto will, as soon as reasonably practicable but in any event not later than May 23, 2000 make an offer by way of a takeover bid (as amended, extended or varied from time to time, the "Offer") to purchase all of the outstanding common shares of Renata (and all shares issued on exercise of presently outstanding options) on the basis of \$0.77 in cash, subject to a maximum of \$45 million, or 0.0283 common shares ("Rio Alto Shares") of Rio Alto subject to a maximum of 3,000,000 Rio Alto Shares, for each common share of Renata ("Renata Shares") at the option of the holder of Renata Shares (a "Shareholder"). The cash to be paid or the Rio Alto Shares to be issued to Shareholders, should the amount exceed the maximums set forth above, shall be pro rated. The Offer shall be made as a "formal bid" within the meaning of and in accordance with all applicable securities laws, rules of applicable stock exchanges and applicable corporation laws in Canada, and if applicable, the United States (collectively the "Applicable Laws"). Rio Alto agrees to take-up and pay for Renata Shares validly deposited (and not withdrawn) under the Offer within three business days of being legally able to do so. Rio Alto may, in its discretion, make the Offer through a subsidiary which is wholly-owned, directly or indirectly, in which case it shall cause such subsidiary to comply with its obligations hereunder provided that Rio Alto shall remain liable for all obligations hereunder.

The Offer will be conditional upon not less than 66**b**% of the outstanding Renata Shares (on a fully-diluted basis) being tendered under and not withdrawn from the Offer as provided in condition (a) of Schedule "A" (the "Minimum Condition") and only those other conditions as are set forth in Schedule "A". Rio Alto may, in its sole discretion, amend, extend, vary or waive any term or condition of the Offer, provided that Rio Alto shall not, without the consent of Renata, waive or reduce the Minimum Condition to below 50% of the

outstanding Renata Shares (on a fully-diluted basis), impose additional conditions to the Offer or decrease the consideration to be paid for each Renata Share, or make any other change in the Offer which is materially adverse to the holders of the Renata Shares (and for which purpose an extension of the Offer or waiver of a condition (other than the Minimum Condition) will not be considered materially adverse).

2. Conditions to the Obligation to Make the Offer

The obligation of Rio Alto to make the Offer is subject to the prior satisfaction of the following conditions:

- a. Renata shall not be in material breach of any material covenant, agreement or representation or warranty contained in this Agreement;
- b. the board of directors of Renata shall have recommended (and not modified or changed such recommendation) that shareholders of Renata accept the Offer;
- c. no event or occurrence shall have occurred which, in the opinion of Rio Alto, acting reasonably, makes it impossible or unlikely that any of the conditions set forth in Schedule "A" will be satisfied;
- d. each of the representations and warranties that Renata provided herein shall be true and correct at the date the Offer is made and Renata shall have complied with each of its covenants and obligations set out herein;
- e. receipt of all regulatory approvals, waivers and consents to the making of the Offer which in the sole judgment of Rio Alto, acting reasonably, may be necessary or desirable; and
- f. all of the directors and senior officers of Renata shall have entered into mutually satisfactory agreements concurrently with the execution of this Agreement by Rio Alto whereby such holders agree to tender their shares under the Offer.

The foregoing conditions are for the exclusive benefit of Rio Alto and may be waived by Rio Alto, in whole or in part, in its sole discretion, at any time and from time to time, without prejudice to any other rights it may have.

3. Support of Transaction

Renata represents that its board of directors has unanimously endorsed the making of the Offer and that its board of directors has received, or received advice from its financial advisors that it will receive, a fairness opinion from its financial advisors that the Offer is fair, from a financial point of view, to holders of Renata Shares, and has unanimously determined that, upon review of such fairness opinion and in consultation with its advisors, the Offer is fair to holders of Renata Shares and is in the best interests of Renata and holders of Renata Shares and will unanimously recommend acceptance of the Offer by the holders of Renata Shares. Renata agrees that it shall mail and file a directors' circular in accordance with Applicable Laws containing its unanimous recommendation to shareholders of Renata and shall use its reasonable efforts to cause such mailing to occur concurrently with the mailing of the Offer by Rio Alto. Rio Alto agrees to provide a draft copy of the takeover bid circular setting forth the Offer to Renata prior to the mailing thereof and provide Renata with a reasonable opportunity to review and provide comments thereon. Renata agrees to provide a draft copy

of such directors' circular to Rio Alto prior to the mailing thereof and provide Rio Alto with a reasonable opportunity to review and provide comments thereon. Notwithstanding the foregoing provisions of this section, the board of directors of Renata may withdraw, modify or change any recommendation regarding the Offer if, in the opinion of the board of directors of Renata, acting reasonably and upon written advice of counsel, such withdrawal, modification or change is required in discharge of the fiduciary duties of the board of directors of Renata.

4. Steps to be Undertaken by Renata

As soon as practicable following the date hereof and in any event prior to the close of business on May 15, 2000, Renata shall cause to be delivered to Rio Alto, a list (in paper and electronic form, if available) made up to a date not more than two business days before the date hereof setting out the matters set forth in paragraphs 21(5)(a) through (c) of the *Business Corporations Act* (Alberta) together with supplemental lists (as contemplated in subsection 21(6) of such Act), and lists of holders of options or other rights to acquire Renata Shares, as and when reasonably requested by Rio Alto, until the expiry of the Offer. Renata shall permit and request its registrar and transfer agent to assist Rio Alto and Rio Alto's depository under and in connection with the Offer and shall from time to time furnish Rio Alto with such additional information, including updated or additional lists of shareholders, mailing labels and lists of securities positions, and other assistance as Rio Alto may reasonably request in order to be able to communicate the Offer to the holders of the Renata Shares and to such other persons as are entitled to receive the Offer under Applicable Laws. If requested by Rio Alto, Renata shall consent to and permit its registrar and transfer agent to act as depository for the Offer. Renata shall also make such of its executive officers available for meetings with Renata's shareholders as Rio Alto may reasonably request.

5. Termination Fees Payable by Renata

Provided Rio Alto is not in default or breach of Sections 1, 6 or 7 hereof, Renata shall pay to Rio Alto a fee ("Termination Fee") equal to \$5.2 million, if any of the following occur:

- a. the board of directors of Renata fails to recommend that shareholders of Renata accept the Offer, the board of directors of Renata withdraws or, in a manner materially adverse to the Offer, modifies or changes its recommendation to holders of Renata Shares to accept the Offer, or the board of directors of Renata fails, prior to expiry of the Offer, to reaffirm its recommendation of the Offer by press statement within 5 days after public announcement or commencement of any Take-Over Proposal, provided that such failure, modification or change is not due to a material misrepresentation made by Rio Alto or as a result of the occurrence of any matter referred to in Section 12 hereof which would entitle Renata to terminate this Agreement (in which case this Section 5(a) shall not be applicable) unless the occurrence shall be due to the failure of Renata to perform its obligations under this Agreement;
- b. another bona fide Take-Over Proposal is publicly announced or made to all or substantially all holders of Renata Shares or to Renata and, upon the earlier of the business day immediately prior to the initial expiry date of such Take-Over Proposal and July 10, 2000 provided Rainbow shall have extended the Offer to such date:
 - (i) such Take-Over Proposal has not expired or been withdrawn; and

- (ii) the Minimum Condition shall not have been satisfied.

For this purpose, "Take-Over Proposal" means a bid or offer to acquire 20% or more of the outstanding Renata Shares or any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction or other business combination involving Renata or any proposal, offer or agreement to acquire 25% or more of the assets of Renata. The value from time to time of the Offer and any Take-Over Proposal shall be determined in the sole discretion of Rio Alto, acting reasonably; or

- c. a material breach by Renata of its covenants, agreements, representations and warranties in this Agreement which makes it impossible or unlikely that any of the conditions set forth in Schedule "A" will be satisfied.

Renata agrees that the Termination Fee will be paid within 3 business days of the date of the earliest of such event to occur. On the date of the earliest event described above in this Section 5, Renata shall be deemed to hold such sum in trust for Rio Alto. In the event that a Take-Over Proposal is publicly announced or made, as contemplated by Section 5(b), Renata agrees, within 3 business days thereof to deliver to Rio Alto an irrevocable letter of credit, in form and substance satisfactory to Rio Alto, payable by a Canadian chartered bank in the amount of \$5.2 million and which may be immediately drawn upon by Rio Alto if the Termination Fee is payable or such other form of security as is satisfactory to Rio Alto acting reasonably. Rio Alto acknowledges and agrees that such a letter of credit will not be available prior to Rio Alto making the Offer.

6. Representations

Each of Renata and Rio Alto represents and warrants as is set forth in Schedule "B" hereto.

7. Covenants

Renata agrees that, from and including the date hereof until the termination of this Agreement, unless Rio Alto agrees otherwise in writing:

- a. except as otherwise permitted in this Agreement, Renata's business shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Renata shall consult with Rio Alto in respect of the ongoing business and affairs of Renata and keep Rio Alto apprised of all material developments relating thereto;
- b. Renata shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person (other than Drilling and Net Profits Interest Agreement dated August 19, 1998 (the "NPI Agreement")); (iii) issue (other than on exercise of currently outstanding stock options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Renata, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Renata; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split,

combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Renata; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted herein or with the consent of Rio Alto;

- c. Without the prior written consent of Rio Alto which shall not be unreasonably withheld Renata will not, directly or indirectly do any of the following other than pursuant to commitments entered into prior to the date of this Agreement: (i) sell, pledge, dispose of or encumber any assets except for production in the ordinary course of business, for a consideration in excess of \$50,000 individually or \$500,000 in the aggregate; (ii) expend or commit to expend more than \$100,000 individually or \$1 million in the aggregate with respect to any capital or operating expense or expenses; (iii) reorganize, amalgamate, merge or otherwise continue Renata with any other person, corporation, partnership or other business organization whatsoever; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, except for investments in securities made in the ordinary course of business, make any investment either by purchase of shares or securities, contributions of capital, property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of \$25,000; (v) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, or make any loans or advances, except in the ordinary course of business and in any event Renata shall not incur any obligation of any kind, in excess of \$25,000 individually or \$250,000 in the aggregate other than as contemplated by this agreement; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than reflected or reserved against in its financial statements for the year ended December 31, 1999 or incurred in the ordinary course of business consistent with past practice; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; or (ix) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- d. without the prior consent of Rio Alto, Renata will not grant to any officer or director an increase in compensation in any form, grant any general salary increase, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business consistent with past practices, make any loan to any officer, director or any other party not at arm's length, or take any action with respect to the grant of any severance or termination pay with any officer arising from the Offer or a change of control of Renata or the entering into of any employment agreement with, any senior officer or director, or with respect to any increase of benefits payable under its current severance or termination pay policies;
- e. without the prior consent of Rio Alto, Renata shall not adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- f. if Rio Alto takes up and pays for Renata Shares pursuant to the Offer, and thereby acquires at least 66**b**% of the outstanding Renata Shares, Renata will use its reasonable best efforts, at the expense

- of Rio Alto, to enable Rio Alto to acquire the balance of the Renata Shares as soon as possible by way of arrangement, amalgamation, merger, realization, consolidation, recapitalization or other type of acquisition transaction (provided that nothing herein shall be construed to prevent Rio Alto from acquiring, directly or indirectly, additional Renata Shares in the open market, in privately negotiated transactions, in another take-over bid, tender, exchange offer or otherwise in accordance with Applicable Laws (including by way of compulsory acquisition) following completion of the Offer);
- g. promptly upon Rio Alto acquiring at least 50% of the outstanding Renata Shares, Renata shall use its reasonable efforts to cause the resignation of such directors and officers of Renata as Rio Alto may specify and to fill the resulting vacancies with designees of Rio Alto and Renata shall cooperate with Rio Alto to provide an orderly transition of control and management;
 - h. Renata will use its best efforts to cause each of the directors and senior officers of Renata to tender, and not withdraw, their Renata Shares pursuant to the Offer;
 - i. Renata will use its best efforts to ensure that all outstanding options to purchase Renata Shares are either exercised, terminated, expired or surrendered prior to expiry of the Offer provided that Renata shall not pay any amount in consideration therefor without the prior approval of Rio Alto, and to make no amendments to outstanding options without the prior written consent of Rio Alto, except to cause the cancellation, termination, expiry or surrender of the options without payment therefor. Subject to the approval of The Toronto Stock Exchange and conditional upon Rio Alto taking up and paying for at least 50% of the outstanding Renata Shares pursuant to the Offer, Renata will amend its stock option plan to provide that an adjustment may be made by the board of directors of Renata for the outstanding options, with the consent of Rio Alto, so that all options that are not exercised on or prior to the expiry time of the Offer are exercisable only for Rio Alto Shares on a basis, including terms adjusting the exercise price and the number of Rio Alto Shares to be acquired by the optionee proportionate to the Offer, reasonably acceptable to Rio Alto. Rio Alto and Renata agree to use reasonable commercial efforts to accomplish the foregoing, including obtaining all necessary regulatory approvals or consents of any persons, in a form reasonably acceptable to Rio Alto.
 - j. Renata shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to expiry of the Offer or termination of this Agreement, whichever first occurs;
 - k. Renata shall promptly notify Rio Alto in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Renata threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Renata, or of any change in any representation or warranty provided by Renata in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Renata shall in good faith discuss with Rio Alto any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Renata threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Rio Alto pursuant to this provision; and
 - l. Renata shall ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the Termination Fee having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is

able to pay the Termination Fee when required. Rio Alto acknowledges and agrees that such funds will not be available prior to Rio Alto making the Offer.

Rio Alto agrees that, from and including the date hereof until the termination of this Agreement, unless Renata agrees otherwise in writing:

- m. Rio Alto shall use its reasonable commercial efforts to consummate the Offer, subject only to the terms and conditions hereof and thereof;
- n. Rio Alto shall use its reasonable commercial efforts to obtain all of the regulatory approvals, waivers and consents set out in Section 2(e); and
- o. Rio Alto shall use its reasonable best efforts to continue to be a "reporting issuer" (or similarly designated company) in each of the provinces of Canada in material compliance with all Applicable Laws and Rio Alto shall use its reasonable best efforts to ensure that the Rio Alto Shares continue to be listed on The Toronto Stock Exchange.

8. Access to Information

Renata and Rio Alto agree to provide each other with all information relating to their business and affairs, including access to officers and employees, and access to field sites which the other may reasonably require in connection with this matter, which information shall remain subject to the confidentiality agreement previously entered into between the parties. Renata will conduct itself so as to keep Rio Alto fully informed as to its business and affairs and as to the decisions required with respect to the most advantageous methods of exploring, operating and producing from its assets and shall cooperate with Rio Alto in respect thereof.

9. Disclosure

Renata and Rio Alto agree to consult with each other before making or issuing any press releases relating to the Offer or this Agreement and that any such press releases shall be mutually satisfactory to both parties, subject to and acknowledgment by each of Renata and Rio Alto that they may be required to make certain disclosures under applicable law or rules of stock exchanges and shall be permitted to do so. Upon execution of this Agreement, Renata and Rio Alto agree to issue a Press Release in substantially the form attached hereto as Schedule "C".

10. Other Transactions

- a. Renata shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any parties conducted before the date of this Agreement with respect to any Renata Acquisition Proposal (as defined below) and if asked to do so by Rio Alto, shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Renata relating to a Renata Acquisition Proposal (as defined below) and shall use all reasonable commercial efforts to ensure that such requests are honoured;

- b. Renata shall not directly or indirectly, nor authorize or permit any of the officers, directors or employees of Renata or any financial advisor, expert or other representative retained by any of them to:
- i. solicit, initiate or encourage (including, without limitation, by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiry or the making of any proposal to Renata or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from Renata or its shareholders of any securities of Renata; (B) any acquisition of a substantial amount of assets of any of Renata; (C) an amalgamation, arrangement, merger, or consolidation of Renata; or (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Renata or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Offer or which would or could reasonably be expected to materially reduce the benefits to Rio Alto under this Agreement or the Offer (any such inquiry or proposal in respect of any of the foregoing being a "Renata Acquisition Proposal");
 - ii. enter into or participate in any discussions or negotiations regarding a Renata Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Renata or a Renata Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing; or
 - iii. waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits of Renata under confidential information agreements, including, without limitation, any "standstill provisions" thereunder;

provided, however, that notwithstanding any other provision hereof, Renata and its officers and directors may:

- (A) engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Renata or any of the officers, directors or employees of Renata or any financial advisor, expert or other representative retained by them) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to that then in effect between Renata and Rio Alto, may furnish such third party information concerning Renata and its business, properties and assets in each case if, and only to the extent that:
 - (I) the third party has first made a written bona fide Renata Acquisition Proposal which the board of directors of Renata determines in good faith: (x) the funds or other consideration necessary for the Renata Acquisition Proposal are or are likely to be available; (y) (after consultation with its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for

shareholders of Renata than the transaction contemplated by this Agreement; and (z) after receiving the written advice of outside counsel, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable law; and

(II) prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Renata provides prompt notice to Rio Alto to the effect that it is furnishing information to or entering into discussions or negotiations with such person or entity together with a copy of the confidentiality agreement referenced above and if not previously provided to Rio Alto, copies of all information provided to such party concurrently with the provision of such information to such party. Renata shall notify Rio Alto orally and in writing of any inquiries, offers or proposals with respect to a Renata Acquisition Proposal (including without limitation, the terms and conditions of any such proposal, the identity of the person making it, if not previously provided to Rio Alto, copies of all information provided to such party and all other information reasonably requested by Rio Alto), within 24 hours of the receipt thereof, shall keep Rio Alto informed of the status and details of any such inquiry, offer or proposal and answer Rio Alto's questions with respect thereto; or

(B) comply with Section 138 of the *Securities Act* (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to Renata's shareholders; and

c. Renata shall give Rio Alto two business days' advance notice of any agreement (the "Proposed Agreement") to be entered into with, or any information to be supplied to, any person making an inquiry, offer or proposal with respect to a Renata Acquisition Proposal and Renata shall give Rio Alto an opportunity of not less than 48 hours to amend this Agreement to provide at least as favourable or more favourable terms than those to be included in the Proposed Agreement (including that the Renata shareholders will receive consideration for each Renata Share equal to or having a greater value than the value per Renata Share provided in such Renata Acquisition Proposal). In particular, Renata covenants to provide Rio Alto a copy of any Proposed Agreement at least 48 hours prior to its proposed execution by Renata. In the event Rio Alto agrees to amend this Agreement as provided above within such 48 hour period, Renata covenants to not enter into the Proposed Agreement.

Rio Alto agrees that all information provided to Rio Alto pursuant to Section 10(A)(II) hereof shall be treated as if it were "Confidential Information", as that term is defined in the confidentiality agreement dated March 20, 2000 (the "Confidentiality Agreement") between Renata and Rio Alto and shall not be disclosed except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this agreement in legal proceedings.

11. Additional Agreements

Subject to the terms and conditions herein provided and to fiduciary obligations under applicable law, each of the parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using reasonable efforts: (i) to obtain all necessary waivers, consents and

approvals from other parties to material agreements, leases and other contracts or agreements (including, without limitation, the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Renata's operations); (ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations; (iii) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby; (iv) to cause to be lifted or rescinded any injunction or restraining order or other remedy adversely affecting the ability of the parties to consummate the transactions contemplated hereby; (v) to effect all necessary registrations and other filings and submissions of information requested by governmental authorities; and (vi) to fulfill all conditions and satisfy all provisions of this Agreement and the Offer. For purposes of the foregoing, the obligations of Rio Alto and Renata to use "reasonable efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other parties.

12. Termination

This Agreement may be terminated by written notice given to the other party hereto, at any time prior to completion of the transactions contemplated hereby:

- a. by mutual written consent of Rio Alto and Renata;
- b. by Renata if the Offer is not mailed on or prior to May 23, 2000 or such later date as Renata shall have agreed to;
- c. by either Rio Alto or Renata if the Offer terminates or expires and Rio Alto shall not have taken up and paid for Renata Shares under the Offer as a result of the failure of any condition set forth in Schedule "A" which has not been waived, unless the failure of such condition shall be due to the failure of the party seeking to terminate this Agreement to perform the obligations under this Agreement required to be performed by it;
- d. by either Rio Alto or Renata if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 12(d) shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;
- e. by Renata if Rio Alto shall not have taken up and paid for any Renata Shares pursuant to the Offer on or before July 10, 2000;
- f. by either Rio Alto or Renata if the other party is in material breach of any material covenant, agreement or representation or warranty contained in this Agreement;
- g. by Rio Alto if any of the conditions set forth in Section 2 hereof are not satisfied on or before May 23, 2000 or such later date as Renata may have agreed to, or the making of the Offer; or

h. by Rio Alto upon the occurrence of one or more of the events referred to in Section 5.

In the event of the termination of this Agreement as provided in this Section 12, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of Rio Alto or Renata hereunder except as set forth in Sections 5, 15 and 18 (provided that in the case of Section 5, the right of payment (in the case of Section 5(b), being the public announcement or making of such Take-Over Proposal) arose prior to termination of this Agreement) and this Section 12, which provisions shall survive the termination of this Agreement. Nothing contained in this Section 12 shall relieve any party from liability for any breach of any provision of this Agreement.

In the event of termination of this Agreement, each of the parties shall forthwith return to the other all confidential and other information relating to such other party.

13. Amendment

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

14. Waiver

Each of Rio Alto, on the one hand, and Renata, on the other hand, may: (i) extend the time for the performance of any of the obligations or other acts of the other; (ii) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

15. Confidentiality Agreement

With respect to the Offer, Renata hereby consents to the Offer and Rio Alto is hereby released from any of the restrictions set forth in Sections 6 and 7 of the Confidentiality Agreement.

16. Miscellaneous

This Agreement: (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties, with respect to the subject matter hereof (other than the Confidentiality Agreement); and (ii) shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. The parties hereto shall be entitled to rely upon delivery of an executed facsimile copy of this Agreement, and such facsimile copy shall be legally effective to create a valid and binding agreement among the parties hereto. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, these being in addition to any other remedy to which they are entitled at law or in equity.

17. Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto without the prior written consent of the other party. Notwithstanding the foregoing, Rio Alto may assign its rights under this Agreement to a wholly-owned subsidiary, in which event Rio Alto would continue to be liable for the default and performance by such subsidiary.

18. Expenses

Other than as provided in Section 5 hereof, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense, whether or not the Offer is consummated.

19. Currency

Unless otherwise stated, all dollar amounts herein are in Canadian dollars.

20. Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

21. Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute but one agreement.

22. Governing Law

This letter agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

If you are in agreement with the foregoing, please execute this letter agreement in the space provided. Your execution of this letter agreement shall constitute this document to be a binding agreement (this "Agreement") between us on the terms as aforesaid.

Yours truly,

RIO ALTO EXPLORATION LTD.

Per: _____

ACCEPTED AND AGREED TO this ____ day
of May, 2000

RENATA RESOURCES INC.

Per: _____

SCHEDULE A
To letter dated May 9, 2000 from
Rio Alto Exploration Ltd. to Renata Resources Inc.

Rio Alto reserves the right to withdraw or terminate the Offer and not take up and pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Renata Shares deposited under the Offer unless all of the following conditions are satisfied or waived by Rio Alto:

- a. prior to the expiry time of the Offer (the "Expiry Time") and at the time Rio Alto first takes up and pays for Renata Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn at least 66^b% of the outstanding Renata Shares (calculated on a fully diluted basis) other than those owned at the date of the Offer by Rio Alto, its associates or affiliates (as defined in the *Business Corporations Act* (Alberta)) or by persons whose Renata Shares may not be included as part of the minority approval of a subsequent acquisition transaction;
- b. the Director of Investigation and Research (the "Director") appointed under the *Competition Act* (Canada) shall have issued an advance ruling certificate under Section 102 of the *Competition Act* (Canada) in respect of the acquisition of Renata Shares by Rio Alto under the Offer (the "Transaction"), or the applicable waiting period under Section 123 of the *Competition Act* (Canada) shall have expired without the Director having given notice that he intends to make an application to the Competition Tribunal for an order under Section 92 of the *Competition Act* (Canada) in respect of the Transaction; and no proceedings shall have been taken or threatened under the merger provisions of Part VIII or under Section 45 of the *Competition Act* (Canada) in respect of the Offer;
- c. all other government and regulatory approvals, orders, rulings, exemptions and consents (including, without limitation, those of any stock exchanges or other securities or regulatory authorities) which, in the sole judgment of Rio Alto, acting reasonably, are necessary or desirable shall have been obtained on terms and conditions satisfactory to Rio Alto in its sole judgment, acting reasonably, and shall be in full force and effect, and no objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory period;
- d. no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or by any private person (including, without limitation, any individual, body corporate, partnership, syndicate or other form of unincorporated entity) in Canada or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, whether or not having the force of law which, in the sole judgment of Rio Alto, acting reasonably
 - i. has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by, or the sale to, Rio Alto of the Renata Shares or the right of Rio Alto to own or exercise full rights of ownership of the Renata Shares or the ability of Rio Alto to complete a compulsory acquisition or subsequent acquisition transaction; or

- ii. would materially and adversely affect Renata or Rio Alto and its subsidiaries considered on a consolidated basis, or Rio Alto's ability to effect or to complete a compulsory acquisition or a subsequent acquisition transaction;
- e. Rio Alto shall have determined in its sole judgment, acting reasonably, that there shall not exist any prohibition at law against Rio Alto making the Offer or taking up and paying for all of the Renata Shares under the Offer or completing any compulsory acquisition or any subsequent acquisition transaction;
- f. Rio Alto shall in its sole judgment, acting reasonably, be satisfied that all outstanding stock options of Renata shall either have been exercised or terminated or may be terminated on a basis acceptable to Rio Alto in its sole judgment, acting reasonably, prior to expiry of the Offer;
- g. there shall not have occurred (and there shall not have been publicly disclosed, and Rio Alto shall not have otherwise learned of, if previously not publicly disclosed) any change (or any condition, event or development involving a prospective change) not publicly disclosed prior to the announcement of the Offer in the business, operations, assets, capitalization, financial condition, licenses, permits, rights, liabilities, prospects or privileges, whether contractual or otherwise, of Renata or any of its subsidiaries which, in the sole judgment of Rio Alto, acting reasonably, is materially adverse to the business of Renata or to the value of the Renata Shares to Rio Alto;
- h. there shall not have occurred any actual or threatened change (including any proposal to amend the *Income Tax Act* (Canada) or any taxation or regulatory regime or any announcement, governmental or regulatory initiative, condition, event or development involving a change or a prospective change) that, in the sole judgment of Rio Alto, acting reasonably, directly or indirectly, has or may have material adverse significance with respect to the current or anticipated business or operations of any of Rio Alto or Renata and their respective subsidiaries or entities in which either of them has a material interest or with respect to the regulatory regime applicable to their respective businesses and operations or with respect to completing a compulsory acquisition or any subsequent acquisition transaction or with respect to any potential integration of Renata with Rio Alto or any subsidiary, associate or affiliate of Rio Alto or any reorganization of Renata or Rio Alto in connection with any such potential integration;
- i. Rio Alto shall have determined in its sole judgement, acting reasonably, that: (i) Renata shall not have breached, or failed to comply with, any of its covenants or other obligations under the agreement dated May 9, 2000 between Renata and Rio Alto with respect to the Offer (the "Acquisition Agreement"); and (ii) all representations and warranties of Renata contained in the Acquisition Agreement shall have been true and correct as of the date of the Acquisition Agreement and shall not cease to be true and correct as of the date of the Acquisition Agreement;
- j. the Acquisition Agreement shall not have been terminated pursuant to its terms or Rio Alto shall have determined in its sole judgment that such termination shall not affect its ability to consummate the Offer; and
- k. Rio Alto shall have determined in its sole judgment that the Board of Directors of Renata shall have waived the application of Renata's Shareholder Rights Plan dated May 27, 1998 (the "Renata Shareholder Rights Plan") to the purchase of Renata Shares by Rio Alto under the Offer, a compulsory acquisition and any subsequent acquisition transaction on terms satisfactory to Rio Alto acting reasonably and the Renata Shareholder Rights Plan does not make it inadvisable for Rio Alto to proceed with the Offer and/or with taking up and paying for all of the Renata Shares under the Offer, a compulsory acquisition and any subsequent acquisition transaction.

SCHEDULE B
To letter dated May 9, 2000 from
Rio Alto Exploration Ltd. to Renata Resources Inc.

2. *Renata Representations.* Renata represents and warrants to Rio Alto that:
- a. Renata is a corporation duly incorporated and validly subsisting under the laws of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. Renata is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Renata;
 - b. Renata has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Renata of the transactions contemplated hereby have been duly authorized by Renata's board of directors and no other corporate proceedings on the part of Renata are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Renata and constitutes the legal, valid and binding obligation of Renata enforceable against Renata in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;
 - c. Neither the execution and delivery of this Agreement by Renata, the consummation by Renata of the transactions contemplated hereby nor compliance by Renata with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Renata under, any of the terms, conditions or provisions of (x) the articles or bylaws of Renata, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Renata is a party or to which it, or any of its properties or assets, may be subject or by which Renata is bound (other than the change of control provisions of Renata's bank facility); or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Renata (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Renata or on the ability of Renata to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Renata;
 - d. Other than in connection with or in compliance with the provisions of Applicable Laws, the *Competition Act* (Canada) and the *Alberta Energy and Utilities Board Act* (Alberta), (i) there is no legal impediment to Renata's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Renata in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such

authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Renata to consummate the transactions contemplated hereby;

- e. Renata had issued and outstanding as at May 7, 2000 no more than 124,924,960 Renata Shares, stock options entitling the holders thereof to acquire no more than 5,436,080 Renata Shares at an average exercise price of \$0.53 and the warrants issuable under the NPI Agreement and, except as aforesaid, there are no outstanding shares of Renata or options, warrants, rights or conversion or exchange privileges entitling anyone to acquire any shares of Renata or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Renata of any shares of Renata (including Renata Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Renata. All outstanding Renata Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights, and all Renata Shares issuable upon exercise of outstanding stock options, in accordance with their terms, will be duly authorized and validly issued, fully and non-assessable and will not be subject to any pre-emptive rights;
- f. Renata has made all material filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Renata, were true, correct and complete and did not contain any misrepresentation, as at the date of such information or statements;
- g. since December 31, 1999 except as has been publicly disclosed: (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that would be materially adverse to Renata) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Renata; (ii) Renata has conducted its business only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Renata has been incurred other than the ordinary and normal course of business;
- h. except as disclosed to Rio Alto, the data and information in respect of Renata and its assets, reserves, liabilities, business and operations provided by Renata or its advisors to Rio Alto or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and did not and does not omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof;
- i. except as disclosed to Rio Alto, there are no outstanding or threatened claims, suits, actions or proceedings against Renata which, if determined adversely to Renata, would have a material and adverse effect on the assets, liabilities, business or operations of Renata, or on the ability of Renata and Rio Alto to consummate the transactions contemplated hereby;
- j. the financial statements of Renata for the year ended December 31, 1999 fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Renata at the date thereof and the results of the operations of Renata for the period then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Renata as at the date thereof;
- k. except as disclosed to Rio Alto, Renata has not received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of Renata and, all permits, licenses

and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to the assets, business or operations of Renata. All of the assets of Renata operated and maintained by Renata are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Renata in all material respects;

- l. it has disclosed to Rio Alto in writing the details, in all material respects, of all employment, severance or change of control arrangements with directors, officers or employees of Renata;
- m. other than as disclosed in writing to Rio Alto on or prior to the date hereof, Renata has no defined benefits plans and has no other employee benefit plans and has made no agreements or promises with respect to any such plans;
- n. Renata has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Offer, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Newcrest Capital Inc. has been retained as Renata's financial advisors in connection with certain matters, including the transactions contemplated hereby (a copy of which retainer has been provided to Rio Alto), and Renata has retained Bennett Jones as Renata's legal advisors in connection with certain matters, including the transactions contemplated herein;
- o. Renata reasonably estimates that the aggregate of amounts payable by Renata under any obligations or liabilities of Renata to pay any amount to its officers, directors, employees or consultants other than for salary and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and, without limiting the generality of the foregoing, including the obligations of Renata to officers, head office employees, head office consultants, employees or consultants for severance, retention, termination or bonus payments on the change of control of Renata and pursuant to Renata's severance policy, will not exceed \$805,000 (excluding the amount of \$1,371,739 previously disclosed in writing to Rio Alto with respect to those officers and management employees who have change of control agreements). Rio Alto shall use its reasonable best efforts to offer employment to Renata's staff. To the extent that any of Renata's staff is not retained, Rio Alto acknowledges and agrees that such persons shall be entitled to receive severance arrangements in accordance with general industry practice;
- p. the board of directors of Renata has unanimously endorsed the making of the Offer and approved this Agreement, has determined that the Offer is fair, from a financial point of view, to holders of the Renata Shares and has resolved to unanimously recommend acceptance of the Offer by holders of Renata Shares;
- q. Renata has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Renata which have not automatically expired by their terms;
- r. Renata currently holds less than U.S. \$15 million of assets (on a book-value basis) located in the United States and had sales in or from the United States of less than U.S. \$25 million in their most recently completed fiscal year. The level of ownership by U.S. holders of Renata Shares is less than 15% of the total of such outstanding class of securities. The term "U.S. holder" means any person whose address appears on the records of Renata, any voting or other trustee, any depository,

any share transfer agent or any person acting in a similar capacity on behalf of Renata, as being located in the United States;

- s. Renata is not a party to, and prior to the expiry of the Offer Renata will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Renata Shares or other securities of Renata or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the making of the Offer other than the Shareholders Rights Plan dated May 27, 1998;
- t. As at December 31, 1999, Renata's Canadian tax pools were not less than \$81,876,000 million subject to a possible adjustment with respect to an audit matter raised by Revenue Canada and disclosed to Rio Alto;
- u. Renata's total debt and working capital deficiency as at March 31, 2000 did not exceed \$29,700,000 million;
- v. To the best of Renata's knowledge, Renata has provided to Paddock Lindstrom & Associates Ltd., all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and gas assets of Renata, in each case as at December 31, 1999 and, in particular, all material information respecting Renata's interests in its principal oil and gas assets and the royalty burdens and net profits interests burdens thereon;
- w. Except as disclosed to Rio Alto, Renata has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Renata, were true, correct and complete and did not contain any misrepresentation, as at the date of such information or statements;
- x. Renata has no subsidiaries or agreements of any nature to acquire any subsidiary, or to acquire or lease any other business operations out of the ordinary course;
- y. The corporate records and minutes books, books of account and other records of Renata have (whether financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and to the best of its knowledge, are complete and accurate in all material respects;
- z. Except as has been disclosed in writing to the Rio Alto prior to the date hereof, there is not any defect or alleged defect in the right, title or interest of Renata in its properties or rights, whether freehold, leasehold or other, which may have a significant adverse effect on the ability to profitably produce or market hydrocarbons from the properties or rights and which would have a material adverse effect upon Renata; and
- aa. The Board of Directors of Renata has: (i) irrevocably resolved to waive the application of the Renata Shareholders Rights Plan prior to the expiry time of the Offer and any other actions taken by Rio Alto in furtherance of acquiring all of the Renata Shares and to take all action necessary pursuant to the Renata Shareholders Rights Plan to effect such waiver no earlier than the expiry time of the Offer and to ensure that the Separation Time (as defined in the Renata Shareholders Rights Plan) does not occur; and (ii) not to waive the application of the Renata Shareholders Rights Plan or to redeem any of the outstanding rights or take any other action which would limit the

application of the Renata Shareholders Rights Plan to any transaction other than a Take-Over Proposal that expires no sooner than the initial expiry time of the Offer.

3. *Rio Alto Representations.* Rio Alto represents and warrants to Renata that:
 - a. Rio Alto is a corporation duly amalgamated and validly subsisting under the laws of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. Rio Alto is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Rio Alto and its subsidiaries taken as a whole.
 - b. Rio Alto has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Rio Alto of the transactions contemplated hereby have been duly authorized by Rio Alto's board of directors and no other corporate proceedings on the part of Rio Alto are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Rio Alto and constitutes the legal, valid and binding obligation of Rio Alto enforceable against Rio Alto in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.
 - c. Neither the execution and delivery of this Agreement by Rio Alto, the consummation by Rio Alto of the transactions contemplated hereby nor compliance by Rio Alto with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Rio Alto or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Rio Alto, or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Rio Alto or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Rio Alto or any of its subsidiaries is bound; or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Rio Alto or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Rio Alto and its subsidiaries taken as a whole or on the ability of Rio Alto to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Rio Alto and its subsidiaries taken as a whole.
 - d. Other than in connection with or in compliance with the provisions of Applicable Laws, the *Competition Act* (Canada) and the *Alberta Energy and Utilities Board Act* (Alberta), (i) there is no legal impediment to Rio Alto's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Rio Alto in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any

material adverse effect on the ability of Rio Alto to consummate the transactions contemplated hereby.

- e. Rio Alto has an unlimited number of authorized Rio Alto Shares as at May 8, 2000, Rio Alto had issued and outstanding not more than 71,434,652 Rio Alto Shares, and 4,375,149 options to purchase Rio Alto Shares. Apart from the foregoing options, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or privilege to acquire any unissued securities of Rio Alto or any interest therein.
- f. Rio Alto has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Rio Alto, were true, correct and complete and did not contain any misrepresentation, as at the date of such information or statements;
- g. since December 31, 1999 except as has been publicly disclosed, there has been no material adverse change, (or any condition, event or development involving a prospective change that would be materially adverse to Rio Alto) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Rio Alto or any of its subsidiaries considered on a consolidated basis; (ii) Rio Alto has conducted its business only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Rio Alto has been incurred other than the ordinary and normal course of business;
- h. except as disclosed to Renata, the data and information in respect of Rio Alto and its assets, reserves, liabilities, business and operations provided by Rio Alto or its advisors to Renata or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and did not and does not omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof;
- i. except as disclosed to Renata, there are no outstanding or threatened claims, suits, actions or proceedings against Rio Alto which, if determined adversely to Rio Alto, would have a material and adverse effect on the assets, liabilities, business or operations of Rio Alto, or on the ability of Rio Alto and Renata to consummate the transactions contemplated hereby;
- j. the audited financial statements of Rio Alto for the year ended December 31, 1999 fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Rio Alto and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Rio Alto and its subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Rio Alto and its subsidiaries on a consolidated basis as at the dates thereof;
- k. except as disclosed to Renata, Rio Alto has not received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of Rio Alto and, all permits, licenses and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to the assets, business or operations of Rio Alto. All of the assets of Rio Alto operated and maintained by Rio Alto or any subsidiary are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all

material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Rio Alto or any subsidiary in all material respects;

- l. no securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Rio Alto, no such proceeding is, to the knowledge of Rio Alto, pending, contemplated or threatened and Rio Alto is not in default of any requirement of any securities laws, rules or policies applicable to Rio Alto or its securities;
- m. the board of directors of Rio Alto have reserved and allotted to holders of Renata Shares that accept the Offer a sufficient number of Rio Alto Shares and, upon acceptance of the Offer in accordance with the terms thereof such shares will be validly issued as fully paid and non-assessable to previous holders of Renata Shares that accept the Offer and elect to receive such shares in accordance with the terms thereof;
- n. Rio Alto is a "Reporting Issuer" (or a similarly designated Company) in each of the provinces of Canada; and
- o. the aggregate cash consideration payable pursuant to the Offer is available to Rio Alto so that Rio Alto is in a position to pay for all the Renata Shares tendered pursuant to the Offer in accordance with the terms of the Offer.

SCHEDULE C
PRESS RELEASE

G:\047227\0064\Acquisition Letter #3.wpd