

ARRANGEMENT AGREEMENT
AMONG
LUPAKA GOLD CORP.
AND
ANDEAN AMERICAN GOLD CORP.

AS OF
JULY 16, 2012

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated as of July 16, 2012, is entered into by and among Lupaka Gold Corp., a corporation existing under the laws of the Province of British Columbia (“**Lupaka**”) and Andean American Gold Corp., a corporation existing under the laws of British Columbia (“**Andean**”).

RECITALS

A. The board of directors of Andean has determined that the business combination to be effected by means of the Plan of Arrangement is advisable and in the best interests of Andean and the Andean Securityholders, and that the consideration to be paid from a financial point of view is fair to Andean Securityholders, and has approved the transactions contemplated by this Agreement and determined to recommend approval of the Plan of Arrangement and other transactions contemplated hereby to the Andean Shareholders.

B. The board of directors of Lupaka has determined that the business combination to be effected by means of the Plan of Arrangement is advisable and in the best interest of Lupaka and has approved the transactions contemplated by this Agreement.

C. In furtherance of such business combination, the board of directors of Andean has agreed to submit the Plan of Arrangement and other transactions contemplated hereby to the Andean Shareholders and the Supreme Court of British Columbia for approval.

D. The parties intend that such business combination qualify for United States federal income tax purposes as a reorganization under the provisions of Section 368(a) of the *United States Internal Revenue Code of 1986*, as amended (the “**U.S. Tax Code**”), the U.S. Treasury Regulations promulgated thereunder and other applicable United States federal income tax law.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings respectively:

“**1933 Act**” means the *United States Securities Act of 1933*, as amended;

“**1934 Act**” means the *United States Securities Exchange Act of 1934*, as amended;

“**1940 Act**” means the *United States Investment Company Act of 1940*, as amended;

“Acquisition Proposal,” when used in connection with Lupaka or Andean, means any of the following (other than the transactions contemplated by this Agreement or the Arrangement): (a) any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its or any of its Subsidiaries’ assets; (b) any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities (unless in connection with an issuance of securities consented to by the other party in accordance with Article 5); or (c) any type of similar transaction which would or could, in any case, constitute a de facto change of control of Lupaka or Andean, as the case may be;

“affiliate” has the meaning ascribed thereto in the BCBCA, unless otherwise expressly stated herein;

“Agreement” means this Agreement, including the Schedules hereto;

“Andean Circular” means the notice of the Andean Meeting and accompanying management proxy circular, including all schedules and exhibits thereto, to be sent by Andean to the Andean Securityholders in connection with the Andean Meeting;

“Andean Common Shares” means the issued and outstanding common shares in the capital of Andean;

“Andean Companies” means Andean, the Andean Subsidiaries as described in the Andean Disclosure Letter, Southern Legacy Minerals Inc. and Corporacion Minera Sinchao S.A.C.

“Andean Disclosure Letter” means the disclosure letter dated July 16, 2012 from Andean to Lupaka;

“Andean Lock-Up Agreements” means agreements between Lupaka and the Andean Locked-up Parties in the form attached to the Binding LOI as Schedule C1, pursuant to which such Andean Locked-up Parties agree to vote the Andean Common Shares beneficially owned or controlled by them in favour of the Arrangement and to otherwise support the Arrangement;

“Andean Locked-up Parties” means, collectively, David Rae, Bruce Ramsden, Paulo Bilezikjian, Mario Caron, Ernesto A. Maurer, Bryan Morris, Jean-Pierre Chauvin and Jennie Ly;

“Andean Meeting” means the annual and special meeting of Andean Shareholders, including any adjournment, adjournments, postponement or postponements thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“Andean Options” means the options to purchase common shares of Andean granted under the Andean Stock Option Plan or otherwise;

“Andean Securityholders” means, collectively, the holders of Andean Common Shares, holders of Andean Options and the holders of the Andean Warrants;

“Andean Shareholders” means the holders of Andean Common Shares;

“Andean Stock Option Plan” means Andean's Stock Option Plan existing on the date of this Agreement;

“Andean SRA Reports” has the meaning ascribed thereto in Section 3.1(v);

“Andean Subsidiaries” means the Subsidiaries of Andean described in the Disclosure Letter;

“Andean Warrants” means common share purchase warrants to acquire Andean Common Shares;

“applicable privacy laws” means any and all applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law (including the *Personal Information Protection Act* (British Columbia));

“Appropriate Regulatory Approvals” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities, or self-regulatory organizations, as set out in Schedule A annexed hereto;

“Arranged Options” means the options to purchase Lupaka Common Shares to be exchanged with Andean Options pursuant to the Plan of Arrangement and the Andean Options pursuant to which Lupaka Common Shares will be issuable pursuant to section 3.1(e) of the Plan of Arrangement;

“Arrangement” means the arrangement under the provisions of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance therewith, or made at the direction of the Court in the Final Order, with the consent of Andean and Lupaka, each acting reasonably;

“Arrangement Resolution” means the special resolution of the Andean Shareholders, approving the Plan of Arrangement to be considered at the Andean Meeting, substantially in the form and content of Schedule B annexed hereto;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended;

“**BCBCA Registrar**” means the Registrar appointed under Section 400 of the BCBCA;

“**BCSA**” means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;

“**Binding LOI**” means the agreement between Lupaka and Andean dated July 5, 2012;

“**Break Fee**” has the meaning ascribed thereto in Section 5.6(b);

“**Business Day**” means any day on which commercial banks are generally open for business in Vancouver, British Columbia and Toronto, Ontario other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the Laws of the Province of British Columbia, Ontario or the federal Laws of Canada;

“**Confidentiality Agreements**” means the confidentiality agreements dated May 2, 2012 and June 22, 2012 between Lupaka and Andean;

“**constating documents**” means, with respect to any person, the certificate and articles of incorporation, by-laws, articles of organization, limited liability company agreement, partnership agreement, formation agreement, joint venture agreement, unanimous shareholder agreement or declaration or other similar governing documents of such person;

“**Contaminant**” means any pollutants, explosives, dangerous goods and substances, underground or above ground storage tanks, deleterious substances, special waste, liquid waste, industrial waste, hauled liquid waste or waste of any other kind, toxic substances, hazardous wastes, hazardous materials or hazardous substances or any other substance the storage, manufacture, disposal, handling, treatment, generation, use, transport or release into the environment of which is prohibited, controlled or regulated under any Environmental Law;

“**Court**” means the Supreme Court of British Columbia;

“**date of this Agreement**” means July 16, 2012;

“**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in Section 4.1 of the Plan of Arrangement;

“**Dissenting Shares**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Effective Date**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Effective Time**” has the meaning ascribed thereto in the Plan of Arrangement;

“Environmental Activity” means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil (land surface or subsurface strata), surface water or groundwater;

“Environmental Law” means any and all Laws in effect on the date of this Agreement relating to pollution or the environment or any Environmental Activity;

“Final Order” means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“Governmental Entity” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) First Nation, aboriginal, quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

“Haywood” means Haywood Securities Inc., Lupaka’s financial advisors;

“holders” means, when used with reference to the Andean Common Shares or the Lupaka Common Shares, the holders of such shares shown from time to time in the register maintained by or on behalf of Andean or Lupaka, as applicable, in respect of the Andean Common Shares or Lupaka Common Shares, as applicable;

“Interim Order” means the interim order of the Court, as the same may be amended, in respect of the Arrangement, as contemplated by Section 2.3 providing for, among other things, the calling and holding of the Andean Meeting;

“Issuance Resolution” means the ordinary resolution of the Lupaka Shareholders approving the issuance of the Lupaka Common Shares required to be issued or reserved for issuance by Lupaka in connection with the Plan of Arrangement to be considered at the Lupaka Meeting;

“knowledge” means, when used with respect to a representation or warranty made on the basis of the knowledge or awareness of a party, such knowledge or awareness consists only of the actual knowledge or awareness, as of the date of this Agreement, of the senior executive officers of such party, after making all reasonable inquiries, but does not include knowledge or awareness of any other person or any constructive, implied or imputed knowledge;

“Laws” means all statutes, regulations, statutory rules, policies, orders, and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSX and TSXV), and the term “applicable” with respect to such Law and in the context that refers to one or more persons, means that such Law applies to such person or persons or its or their business, undertaking, property or securities and emanates from a Governmental Entity, statutory body or regulatory authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

“Lien” means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, lease, option, right of third parties or other charge or encumbrance, including the lien or retained title of a conditional vendor, and any easement, servitude, right of way or other encumbrance on title to real or immovable property or personal or movable property;

“Lupaka Circular” means the notice of the Lupaka Meeting and accompanying management proxy circular, including all schedules and exhibits thereto, to be sent by Lupaka to the Lupaka Shareholders in connection with the Lupaka Meeting;

“Lupaka Common Shares” means the issued and outstanding common shares in the capital of Lupaka;

“Lupaka Disclosure Letter” means the disclosure letter dated July 16, 2012 from Lupaka to Andean;

“Lupaka Locked-up Parties” means, collectively, Geoff Courtall, Stephen Silbernagel, Eric Edwards, Gordon Ellis, Javier Garcia, John Graf, Darryl Jones, Norman Keevil, Patrick Soares and Kathleen Scales;

“Lupaka Meeting” means the special meeting of Lupaka Shareholders, including any adjournment, adjournments, postponement or postponements thereof, to be called and held to consider the Issuance Resolution;

“Lupaka Shareholders” means the holders of the Lupaka Common Shares;

“Lupaka Subsidiary” means Lupaka’s wholly-owned Subsidiary, Minera Pacacorral S.A.C.;

“Lupaka Lock-up Agreements” means agreements between Andean and the Lupaka Locked-up Parties in the form attached to the Binding LOI as Schedule C2, pursuant to which such Lupaka Locked-up Parties agree to vote the Lupaka Common Shares beneficially owned or controlled by them in favour of the Issuance Resolution and to otherwise support the Arrangement;

“Lupaka SRA Reports” has the meaning ascribed thereto in Section 4.1(u);

“Mailing Date” means the date by which, in respect of Andean, the Andean Circular, and in respect of Lupaka, the Lupaka Circular must be mailed in order to hold the Andean Meeting and the Lupaka Meeting, respectively, on or before the Meeting Date in accordance with the constating documents of Andean and Lupaka, respectively, and applicable Laws;

"Material Adverse Change" means any event or change that has had or would be reasonably likely to have a **"Material Adverse Effect"** on the applicable party;

“Material Adverse Effect,” when used in connection with Lupaka or Andean, means a material adverse effect (or a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a Material Adverse Effect) on the business, operations, results of operations, prospects, assets, liabilities or financial condition of the party, other than any change, effect, event or occurrence: (a) relating to the global economy or securities markets in general; (b) affecting generally the mining sector in which Andean or Lupaka (as applicable) conducts business; (c) changes, developments or conditions in or relating to general international, political, economic or financial or capital market conditions, or political, economic or financial or capital market conditions in any jurisdiction in which the applicable party or any of its subsidiaries operate or carry on business; (d) any actions taken (or omitted to be taken) upon the request of Andean or Lupaka, as applicable; (e) any change in the market price or trading volume of any securities of Andean or Lupaka (as applicable) (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Effect has occurred) or any suspension of trading in securities generally on any securities exchange on which any securities of Andean or Lupaka trade; or (f) which is a change in the trading price of the publicly traded securities of Andean or Lupaka (as applicable) immediately following and reasonably attributable to the disclosure of the Arrangement and the matters contemplated hereby; provided that clauses (a) through (d) above shall not apply to the extent that any of the changes, developments, conditions or occurrences referred to therein relate primarily to (or have the effect of relating primarily to) such party or any of its subsidiaries or disproportionately adversely affect such party and its subsidiaries, taken as a whole, in comparison to other persons who operate in the same industry as such party and its subsidiaries;

“Meeting Date” means September 21, 2012 or such later date as the parties may mutually agree in writing;

“Misrepresentation” has the meaning given to such term in the BCSA;

“Non-Terminating Party” has the meaning ascribed thereto in Section 5.6(a);

“Paradigm” means Paradigm Capital Inc., financial advisor to Andean;

“Permitted Liens” includes as the context requires:

- (a) inchoate or statutory liens for Taxes not at the time overdue, and inchoate or statutory liens for overdue Taxes the validity of which Andean or Lupaka, as applicable, or any of their respective Subsidiaries owing such Taxes is contesting in good faith but only for so long as such contestation effectively postpones enforcement of any such liens or Taxes and only to the extent that Andean or Lupaka or such subsidiary has an adequate reserve in respect thereof on its financial statements;
- (b) statutory liens incurred or deposits made in the ordinary course of the business of Andean or Lupaka, as applicable, and their respective Subsidiaries in connection with workers’ compensation, employment insurance and similar legislation, but only to the extent that each such statutory lien or deposit relates to amounts payable but not yet due;
- (c) rights reserved to or vested in any Governmental Entity by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same, to take action which results in an expropriation or condemnation, or to require annual or other payments as a condition to the continuance thereof;
- (d) the provisions of applicable laws including zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, state, provincial, municipal or other Governmental Entities, including municipal by-laws and regulations, airport zoning regulations, restrictive covenants and other land use limitations, public or private, by-laws and regulations and other similar Liens or privileges in respect of real property which in the aggregate do not materially impair the use of such property by the applicable party in the operation of its business, and which are not violated in any material respect by existing or proposed structures or land use;
- (e) liens and privileges arising out of any judgment and with respect to which Andean or Lupaka, as applicable, and any of their respective Subsidiaries has disclosed at the date of this Agreement to the other party in writing that it intends to prosecute an appeal or proceedings for review but only for so long as there is a stay of execution pending the determination of such appeal or proceedings for review; and
- (f) easements, including rights of way for, or reservations or rights of others relating to, sewers, water lines, gas lines, pipelines, electric lines, telegraph and telephone lines and other similar products or services and any registered restrictions or covenants that run with the land, provided that there has been compliance with the provisions thereof and that they do not in the aggregate materially and adversely affect the ability of Andean or Lupaka, as applicable, and their respective Subsidiaries to carry on their

business as it has been carried on in the past and as it is currently conducted;

“person” includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

“Personal Information” means information about an individual transferred to Lupaka by Andean, or to Andean by Lupaka, as a condition of the Arrangement, but does not include an individual's name, position name or title, business telephone number, business address, business email or business fax number;

“Plan of Arrangement” means the plan of arrangement substantially in the form and content of Schedule C annexed hereto and any amendments or variations thereto made in accordance with Section 7.1 hereof or Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order;

“Release” means discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, migrate, pour, emit, empty, throw, dump, place or exhaust, and when used as a noun has a similar meaning;

“Representatives” has the meaning ascribed thereto in Section 5.3;

“Subsidiary” means with respect to a specified person, (a) any corporation, partnership, joint venture, association, limited liability company, unlimited liability company or other person or organization, incorporated or unincorporated, which is a subsidiary as defined in the BCBCA of such specified person, (b) a partnership of which such specified person or another of its Subsidiaries is a general partner or owns beneficially more than 50% of the ownership interests, or (c) a Subsidiary (as defined in clause (a) or (b) hereof) or any person described in clause (a) or (b) hereof of any Subsidiary (as so defined) thereof;

“Superior Proposal” means a bona fide unsolicited Acquisition Proposal received after the date hereof that: (a) is not conditional on obtaining financing or due diligence, (b) that is made for all of the shares of Andean or Lupaka, as applicable, not owned by the person making such Acquisition Proposal, (c) is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal, (d) in respect of which the directors of Lupaka or Andean, as the case may be, have determined in good faith, after consultation with, and receiving advice from the financial, legal and other advisors thereto that (A) such Acquisition Proposal would, if consummated in accordance with its terms, be more favourable from a financial point of view to its shareholders than the Arrangement; and (B) the failure to recommend such Acquisition Proposal to the Lupaka Shareholders or the Andean Shareholders, as applicable, would be

inconsistent with the fiduciary duties of the board of directors of Lupaka or Andean, as applicable;

“Tax” and **“Taxes”** means, with respect to any person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, pension plan premiums for government administered pension plans; excise, severance, social security premiums, workers' compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

“Tax Returns” includes all returns, reports, declarations, designations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed with any Governmental Entity in respect of Taxes;

“Terminating Party” has the meaning ascribed thereto in Section 5.6(a);

“Termination Date” means September 28, 2012 or such other later date as the parties may mutually agree in writing;

“TSX” means the Toronto Stock Exchange;

“TSXV” means the TSX Venture Exchange; and

“U.S. Tax Code” has the meaning ascribed thereto in the Recitals.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “Article” or “Section” followed by a number or a letter refer to the specified Article or Section of this Agreement. The terms “this Agreement,” “hereof,” “herein” and “hereunder” and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular Article, Section or other portion hereof.

1.3 Rules of Construction

Unless otherwise specifically indicated or the context otherwise requires, (a) all references to “dollars” or “\$” mean Canadian dollars, (b) words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders, and (c) “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation.”

1.4 Date For Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Schedules

The following Schedules are annexed to this Agreement and are hereby incorporated by reference into this Agreement and form part hereof:

Schedule A — Appropriate Regulatory Approvals
Schedule B — Form of Arrangement Resolution
Schedule C — Form of Plan of Arrangement

ARTICLE 2 THE ARRANGEMENT

2.1 Implementation Steps by Andean

Andean covenants in favour of Lupaka that Andean shall:

- (a) as soon as reasonably practicable, apply in a manner acceptable to Lupaka, acting reasonably, under Section 291 of the BCBCA with the required notice to the BCBCA Registrar, for the Interim Order, and thereafter proceed with and diligently seek the Interim Order;
- (b) lawfully convene and hold the Andean Meeting for the purpose of considering the Arrangement Resolution (and for no other purpose other than such matters as are ordinarily submitted to shareholders at an annual general meeting of shareholders, unless agreed to by Lupaka) as soon as reasonably practicable, and in any event, on or before the Meeting Date, subject to adjournments or postponements pursuant to Section 5.6(a) or 7.2(g);
- (c) subject to obtaining the approvals as are required by the Interim Order, as soon as practicable, but in any event within five Business Days after the Andean Meeting, proceed with and diligently pursue the application to the Court for the Final Order approving the Arrangement;

- (d) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein contained in favour of each party, as soon as reasonably practicable, take all steps and actions, including without limitation making all necessary filings with Governmental Entities (including filing Articles of Arrangement under the BCBCA) to give effect to the Arrangement prior to the Termination Date;
- (e) permit Lupaka and its counsel to review and comment upon drafts of all material to be filed by Andean with the Court in connection with the Arrangement, and provide counsel to Lupaka on a timely basis with copies of any notice of appearance and evidence served on Andean or its counsel in respect of the application for the Interim Order and the Final Order or any appeal therefrom and of any notice (written or oral) received by Andean indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order; and
- (f) not file any material with the Court in connection with the Arrangement or serve any such material, and not agree to modify or amend materials so filed or served except as contemplated hereby or with Lupaka's prior written consent, such consent not be unreasonably withheld or delayed.

2.2 Implementation Steps by Lupaka

Lupaka covenants in favour of Andean that Lupaka shall:

- (a) cooperate with, assist and consent to Andean seeking the Interim Order and the Final Order;
- (b) lawfully convene and hold the Lupaka Meeting for the purpose of considering the Issuance Resolution as soon as reasonably practicable, and in any event, on or before the Meeting Date, subject to adjournments or postponements pursuant to Section 5.6(a) or 7.2(j);
- (c) use its commercially reasonable efforts to cause the Lupaka Common Shares issuable pursuant to the Arrangement to be conditionally approved for listing on the TSX, subject to official notice of issuance to the TSX, prior to the Effective Time; and
- (d) use its commercially reasonable efforts to cause the Lupaka Common Shares issuable upon the exercise or conversion of the Arranged Options and the Andean Warrants to be conditionally approved for listing on the TSX, subject to official notice of issuance to the TSX, prior to the Effective Time.

2.3 Interim Order

The notice of motion for the application referred to in Section 2.1(a) shall request that the Interim Order provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Andean Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution shall, subject to the approval by the Court of the Interim Order, be 66⅔% of the votes cast on the Arrangement Resolution by Andean Shareholders present in person or by proxy at the Andean Meeting (such that each Andean Shareholder is entitled to one vote for each Andean Common Share held);
- (c) that, in all other respects, the terms, restrictions and conditions of the constating documents of Andean, including quorum requirements and all other matters, shall apply in respect of the Andean Meeting;
- (d) for the grant of the Dissent Rights;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (f) that the Andean Meeting may be adjourned or postponed from time to time by Andean (with the prior written consent of Lupaka) without the need for additional approval of the Court.

2.4 Plan of Arrangement

The parties to this Agreement will implement the Plan of Arrangement in accordance with the provisions of this Agreement including Schedule C of this Agreement. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Laws, including the BCBCA. The closing of the transactions contemplated hereby will take place at the offices of DuMoulin Black LLP, 10th Floor, 595 Howe Street, Vancouver, British Columbia at 6:00 a.m. (Vancouver time) on the Effective Date.

2.5 Andean Circular

- (a) Andean shall prepare the Andean Circular and any other documents required by applicable Laws in connection with the approval of the Arrangement Resolution by the Andean Shareholders at the Andean Meeting in compliance with applicable Laws, and, without limiting the generality of the foregoing, will ensure that the Andean Circular does not contain any Misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information

relating to and provided by Lupaka) and provides Andean Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Andean Meeting, and shall file on a timely basis, and in any event on or before the Mailing Date, the Andean Circular in all jurisdictions where the same is required to be filed and mail the same as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required, complying in all material respects with all applicable Laws on the date of mailing thereof and containing full, true and plain disclosure of all material facts relating to the Arrangement. The Andean Circular will include the unanimous recommendation of the board of directors of Andean that the Andean Shareholders vote in favour of the Arrangement Resolution and a statement that each director of Andean intends to vote all of such director's Andean Shares in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the Andean Lock-up Agreements.

- (b) Andean shall give Lupaka a reasonable opportunity to review and comment on the Andean Circular and other documentation required in connection with the Andean Meeting and all such documentation shall be reasonably satisfactory to Lupaka before it is filed or distributed to securityholders. Andean shall incorporate therein all reasonable comments made by Lupaka and its counsel provided that such comments and any proposed additions and deletions are provided without undue delay after receipt of the applicable draft. If Lupaka shall have advised Andean in writing of matters required pursuant to Section 2.8(c) prior to the Andean Meeting, such matters shall be disclosed in the Andean Circular (including by amendment or supplement to the Andean Circular if the Andean Circular shall have been previously filed or distributed) and such disclosure shall be reasonably satisfactory to Lupaka before it is filed or distributed to securityholders.
- (c) As promptly as practicable after obtaining the Interim Order and in any event on or prior to the Mailing Date, Andean shall cause the Andean Circular and other documentation required in connection with the Andean Meeting to be sent to each Andean Securityholder, and filed as required by the Interim Order and applicable Laws.

2.6 Lupaka Circular

- (a) Lupaka shall prepare the Lupaka Circular and any other documents required by applicable Laws in connection with the approval of the Issuance Resolution by the Lupaka Shareholders at the Lupaka Meeting in compliance with applicable Laws, and, without limiting the generality of the foregoing, will ensure that the Lupaka Circular does not contain any Misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to and provided by Andean) and provides Lupaka Shareholders with

information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Lupaka Meeting, and shall file on a timely basis, and in any event on or before the Mailing Date, the Lupaka Circular in all jurisdictions where the same is required to be filed and mail the same in accordance with all applicable Laws, in all jurisdictions where the same is required, complying in all material respects with all applicable Laws on the date of mailing thereof and containing full, true and plain disclosure of all material facts relating to the Arrangement and the Issuance Resolution. The Lupaka Circular will include the unanimous recommendation of the board of directors of Lupaka that the Lupaka Shareholders vote in favour of the Issuance Resolution and a statement that each director of Lupaka intends to vote all of such director's Lupaka Shares in favour of the Issuance Resolution, subject to the other terms of this Agreement and the Lupaka Lock-up Agreements.

- (b) Lupaka shall give Andean a reasonable opportunity to review and comment on the Lupaka Circular and other documentation required in connection with the Lupaka Meeting and all such documentation shall be reasonably satisfactory to Andean before it is filed or distributed to securityholders. Lupaka shall incorporate therein all reasonable comments made by Andean and its counsel provided that such comments and any proposed additions and deletions are provided without undue delay after receipt of the applicable draft. If Andean shall have advised Lupaka in writing of matters required pursuant to Section 2.8(c) prior to the Lupaka Meeting, such matters shall be disclosed in the Lupaka Circular (including by amendment or supplement to the Lupaka Circular if the Lupaka Circular shall have been previously filed or distributed) and such disclosure shall be reasonably satisfactory to Andean before it is filed or distributed to securityholders.
- (c) Lupaka shall cause the Lupaka Circular and other documentation required in connection with the Lupaka Meeting to be sent to each Lupaka Shareholder and filed as required by applicable Laws as promptly as practicable and in any event on or prior to the Mailing Date.

2.7 Securities Compliance

Lupaka shall take all steps as may be required to cause the securities of Lupaka to be issued under the Plan of Arrangement to be issued pursuant to an exemption from the prospectus and registration requirements of applicable Canadian securities Laws and in a transaction exempt from registration under the 1933 Act pursuant to Section 3(a)(10) of the 1933 Act.

In order to ensure the availability of the exemption under Section 3(a)(10) of the 1933 Act, Lupaka and Andean agree that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court;

- (b) the Court will be advised as to the intention of Lupaka and Andean to rely on the exemption under Section 3(a)(10) of the 1933 Act prior to the hearing required to approve the Arrangement;
- (c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Andean Shareholders, the holders of Andean Options and the holders of Andean Warrants, as applicable, subject to the Arrangement;
- (d) Andean will ensure that each Andean Shareholder, holder of Andean Options and holder of Andean Warrants entitled to receive Lupaka Shares and Arranged Options, as applicable, on completion of the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (e) the Andean Shareholders, the holders of Andean Options and the holders of Andean Warrants entitled to receive Lupaka Shares and Arranged Options, as applicable, will be advised that the Lupaka Shares and the Arranged Options, respectively, issued pursuant to the Arrangement have not been registered under the 1933 Act and will be issued by Lupaka in reliance on the exemption under Section 3(a)(10) of the 1933 Act;
- (f) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Andean Shareholders, the holders of Andean Options and the holders of Andean Warrants;
- (g) the Interim Order approving the Andean Meeting will specify that Andean Shareholders, holders of Andean Options and holders of Andean Warrants will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time; and
- (h) the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Lupaka, pursuant to the Plan of Arrangement.”

2.8 Preparation of Filings

- (a) Lupaka and Andean shall cooperate in:
 - (i) the preparation of any application for the orders and the preparation of any required registration statements and any other documents reasonably

deemed by Lupaka or Andean to be necessary to discharge their respective obligations under United States and Canadian federal, provincial, territorial or state securities Laws in connection with the Arrangement and the other transactions contemplated hereby;

- (ii) the taking of all such action as may be required under any applicable United States and Canadian federal, provincial, territorial or state securities Laws (including “blue sky laws”) in connection with the issuance or assumption, as applicable, of Lupaka Common Shares, Arranged Options and Andean Warrants in connection with the Arrangement; provided, however, that neither Lupaka nor Andean shall be required to register or qualify as a foreign corporation or to take any action that would subject it to service of process in any jurisdiction where such entity is not now so subject; and
 - (iii) the taking of all such action as may be required under the BCBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (b) Each of Lupaka and Andean shall promptly furnish to the other all information concerning it and its affiliates and securityholders as may be required for the effectuation of the actions described in Sections 2.5, 2.6 and 2.7 and the foregoing provisions of this Section 2.8, and each covenants that no information furnished by it (to its knowledge in the case of information concerning its securityholders, as applicable) in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any Misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished or in which it is to be used.
- (c) Each of Lupaka and Andean shall promptly notify the other if at any time before the Effective Time it becomes aware that the Lupaka Circular or the Andean Circular contains any Misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Lupaka Circular or the Andean Circular. In any such event, Lupaka and Andean shall cooperate in the preparation of any required supplement or amendment to the Lupaka Circular or the Andean Circular, as applicable, and, if required by applicable Law or the Court, shall cause the same to be distributed to the Andean Securityholders or the Lupaka Shareholders, as applicable, or filed with the applicable securities regulatory authorities.

- (d) Each of Andean and Lupaka shall diligently do all such acts and things as may be necessary to comply, in all material respects, with National Instrument 54-101 “Communications with Beneficial Owners of Securities of a Reporting Issuer” of the Canadian Securities Administrators in relation to the Andean Meeting and the Lupaka Meeting, respectively.

2.9 Solicitation of Proxies; Meeting Matters

- (a) Andean agrees that Lupaka may at any time, directly or through a soliciting dealer, in cooperation with Andean, actively solicit proxies in favour of the Arrangement Resolution, subject to Lupaka complying with any Laws applicable to the solicitation of proxies.
- (b) Lupaka agrees that Andean may at any time, directly or through a soliciting dealer, in cooperation with Lupaka, actively solicit proxies in favour of the Issuance Resolution, subject to Andean complying with any Laws applicable to the solicitation of proxies.
- (c) Andean and Lupaka shall each advise the other as reasonably requested, and if requested on a daily basis on each of the last seven Business Days prior to the Andean Meeting and the Lupaka Meeting, respectively, as to the aggregate tally of the proxies and votes received in respect of the Andean Meeting and the Lupaka Meeting, respectively.
- (d) Andean will immediately advise Lupaka of any written notice of dissent, withdrawal of such notice, and any other instruments received by Andean pursuant to the Dissent Rights together with a copy thereof.
- (e) Andean will allow Lupaka's representatives and legal counsel to attend the Andean Meeting.
- (f) Lupaka will allow Andean's representatives and legal counsel to attend the Lupaka Meeting

2.10 U.S. Tax Treatment

The Arrangement as set forth in the Plan of Arrangement is intended to qualify as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code and this Agreement is intended to be a “plan of reorganization” within the meaning of the Treasury Regulations promulgated under Section 368 of the U.S. Tax Code. Provided that the Arrangement meets the requirements of a reorganization within the meaning of Section 368(a) of the U.S. Tax Code, each party hereto agrees to treat the Arrangement as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code for all United States federal income tax purposes, and agrees to treat this Agreement as a “plan of reorganization” within the meaning of the U.S. Treasury Regulations promulgated under Section 368 of the U.S. Tax Code, and to not take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with such

treatment, unless otherwise required by a “determination” within the meaning of Section 1313 of the U.S. Tax Code that such treatment is not correct. Each party hereto agrees to act in a manner that is consistent with the parties’ intention that the Arrangement be treated as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code for all United States federal income tax purposes. Notwithstanding the foregoing, neither Lupaka nor Andean makes any representation, warranty or covenant to any other party or to any Andean Securityholder, holder of Lupaka Common Shares or other holder of Andean securities or Lupaka securities (including, without limitation, stock options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the Arrangement, including, but not limited to, whether the Arrangement will qualify as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code or as a tax-deferred reorganization for purposes of any United States state or local income tax law.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF ANDEAN

3.1 Representations and Warranties of Andean

As an inducement to Lupaka to enter into this Agreement, Andean hereby represents and warrants to Lupaka as follows and acknowledges that Lupaka is relying upon such representations and warranties in connection with the matters contemplated by this agreement. As they relate to Southern Legacy Minerals Inc. and Corporacion Minera Sinchao S.A.C. including, without limitation, the properties, assets and/or operations thereof, the representations and warranties made by Andean herein are made as at June 29, 2012, being the date of completion of the business combination involving Sinchao Metals Corp. and Southern Legacy Minerals Inc., and to the knowledge of Andean such representations and warranties continue to be true and correct.

- (a) the Andean Companies are corporations duly organized or formed and validly existing under the laws of their respective jurisdiction of incorporation, continuation, organization or formation and, to the extent such concept is legally recognized and except as noted in the Andean Disclosure Letter, are in good standing under the Laws of their respective jurisdiction of incorporation, continuation, organization or formation, as the case may be, with full corporate or legal power and authority to own, lease and operate their properties and assets and to conduct their businesses as currently owned and conducted. Andean and each of the Andean Subsidiaries is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties and assets requires it to so qualify;
- (b) Andean owns 16.9% of Southern Legacy Minerals Inc. To the knowledge of Andean, Corporacion Minera Sinchao S.A.C., a Peruvian Company, is 100% owned by Southern Legacy Minerals Inc.;
- (c) except for its interest in the Andean Subsidiaries, Southern Legacy Minerals Inc. and Corporacion Minera Sinchao S.A.C., Andean does not as of the date of this

Agreement own, directly or indirectly, any capital stock, membership interest, partnership interest, joint venture interest or other equity interest in any person;

- (d) Andean has made available to Lupaka complete and correct copies of its notice of articles and articles as well as the constating or constitutional documents of each of the Andean Subsidiaries, in each case as in effect on the date of this Agreement;
- (e) Andean:
 - (i) is a "reporting issuer" within the meaning of the securities laws of the Provinces of British Columbia and Alberta and is not in material default of its continuous disclosure obligations under any applicable securities laws; and
 - (ii) is in good standing with respect to the filing of annual returns with the Registrar under the *Business Corporations Act* (British Columbia);
- (f) the Andean Common Shares are listed on, and Andean is not in material default of any rule or policy of, the TSXV;
- (g) as of the date hereof:
 - (i) the authorized capital of Andean consists of an unlimited number of common shares and an unlimited number of preferred shares. The number of issued and outstanding shares in the capital of Andean is set out in the Andean Disclosure Letter; and
 - (ii) Andean has no options, warrants or other convertible securities issued or outstanding which entitle the holder to purchase shares or any other securities of Andean, and there are no conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Andean or its Subsidiaries of any shares or other securities, or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any shares or other securities of Andean or its Subsidiaries, except as disclosed in the Andean Disclosure Letter. The Andean Disclosure Letter sets out the date of grant or issuance, number of shares that may be purchased, exercise price and expiry date for each of the Andean Options and Andean Warrants. There are no outstanding contractual or other obligations of Andean or any Andean Subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of Andean or the Andean Subsidiaries;

- (h) all of the Andean Common Shares have been duly authorized and are validly issued as fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights or any other agreement or understanding binding upon Andean and were issued in compliance with applicable corporate Laws, all applicable securities Laws and the constating documents of Andean. All of the outstanding shares and other ownership interests of the Andean Subsidiaries and Southern Legacy Minerals Inc., which are held, directly or indirectly, by Andean have been duly authorized and are validly issued, fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights, all such shares and other ownership interests are owned directly or indirectly by Andean, free and clear of all Liens, except for restrictions on transfers contained in the constating documents of such entities and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing any third party the right to acquire any such shares or other ownership interests in any of the Andean Subsidiaries or the shares of Southern Legacy Minerals Inc. owned by Andean. To this matter, Andean has made available to Lupaka complete and correct copies of the Share Ledger or equivalent of each of the Andean Subsidiaries, with the exception of Andean Exploraciones S.A.C.'s share ledger;
- (i) Andean has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder and the execution and delivery of this Agreement have been authorized by all necessary corporate action of Andean and this Agreement constitutes a valid and binding obligation of Andean enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to limitations of actions or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction;
- (j) neither the execution and delivery of this Agreement nor the consummation of the Arrangement will (A) conflict with, or violate any provision of, the constating documents of Andean or any of the Andean Subsidiaries; (B) subject to any and all required consents, approvals, orders, authorizations, registrations, declarations or filings being made or obtained, violate or breach any Laws applicable to Andean or any of the Andean Subsidiaries; (C) violate or conflict with, or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify or call any obligations or rights under any agreement or instrument to which any of the Andean Companies is a party or by which any of the Andean Companies or their property is bound or subject; or (D) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any person the

right to acquire any of Andean's assets or the assets of any of the Andean Subsidiaries, or restrict, hinder, impair or limit the ability of Andean or any of the Andean Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on;

- (k) Each of El Misti Gold (1995) Ltd., Greenhydro S.A.C. and Richards Metals Ltd. is not active and has no liabilities, obligations or assets;
- (l) the board of directors of Andean has determined by the unanimous approval of all directors (A) that this Agreement and the transactions contemplated hereby and the Arrangement Resolution, are fair to the Andean Securityholders and are in the best interests of Andean; and (B) to recommend that the Andean Shareholders vote in favour of the Arrangement Resolution;
- (m) other than the back-in right and the right of first refusal in favour of Minera ABX Exploraciones S.A. (currently Barrick Misquichilca S.A.) and Minera San Jorge S.A., respectively, to purchase certain of the claims comprising the Invicta Property, which rights are not currently exercisable and will not become exercisable in connection with the Arrangement, no person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from the Andean Companies of any of the material assets of the Andean Companies;
- (n) each of the Andean Companies has the corporate power, authority and capacity and holds all material licenses and permits required for it to own or lease its property and assets and to carry on its business as now conducted by it except where the failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on the Andean Companies;
- (o) other than as disclosed in Andean's latest publicly-disclosed annual financial statements, there are no actions, suits or proceedings, pending or, to the knowledge of Andean, threatened against any of the Andean Companies, at law or in equity, by or before any court or other Governmental Entity, and Andean is not aware of any existing grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success;
- (p) [redacted – representation and warranty]
- (q) the audited consolidated financial statements of Andean for the year ended March 31, 2012 have been prepared in accordance with International Financial Reporting Standards, in all material respects present fairly the financial condition of Andean as at the relevant respective dates of such financial statements,

including with respect to the assets and liabilities and revenues, expenses and results of operations of Andean for the respective periods;

- (r) Andean and each of the Andean Subsidiaries has filed all Tax Returns which are required to be filed (with the exception of the March 31, 2012 Tax Returns which are not yet due), or has requested extensions thereof, and such Tax Returns filed were complete and correct in all material respects, and Andean and each of its Subsidiaries has paid all Taxes required to be paid by them and any other assessment, fine or penalty levied against it, or any amounts due and payable to any Governmental Entity, to the extent that any of the foregoing is due and payable. Andean and each of the Andean Subsidiaries has duly and timely collected all amounts on account of any sale, use or transfer Taxes, including goods and services, harmonized sales, provincial and territorial taxes and state and local taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity such amounts required by Law to be remitted by it. Except as set forth in the latest publicly-disclosed annual financial statements of Andean, there are no Taxes or fines in respect of Taxes claimed by any Governmental Entity against Andean or any of the Andean Subsidiaries or which are known to Andean to be due and owing by Andean or any of the Andean Subsidiaries and, to the knowledge of Andean, there are no pending or threatened reassessments by any Governmental Entity in respect of Taxes owing by Andean or any of the Andean Subsidiaries, and there are no matters of dispute or under discussion with any Governmental Entity relating to Taxes or fines in respect of Taxes asserted by such Governmental Entity against Andean or any of the Andean Subsidiaries. Andean and each of the Andean Subsidiaries has duly and timely withheld all Taxes and other deductions required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any person) and has duly and timely remitted to the appropriate Governmental Entity such Taxes or other amounts required by Law to be remitted by it;
- (s) Andean is not subject to any cease trade or other order of any applicable stock exchange or securities regulatory authority and, to the knowledge of Andean, no investigation or other proceedings involving Andean which may operate to prevent or restrict trading of any securities of Andean are currently in progress or pending before any applicable stock exchange or securities regulatory authority;
- (t) the Andean Companies do not have any material liability or obligation, whether accrued, absolute, contingent or otherwise, not reflected in Andean's latest publicly-disclosed annual financial statements;
- (u) none of the Andean Companies has guaranteed the obligations of any person or has any support obligations or other similar obligations with respect to the obligations of any person;

- (v) there is no bankruptcy, liquidation, winding-up or other similar proceeding, pending or in progress or, to the knowledge of Andean, threatened against any of the Andean Companies before any Governmental Entity;
- (w) Andean has, and Southern Legacy Minerals Inc. had as at June 29, 2012, filed with the securities regulatory authorities, stock exchanges and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certification, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any schedules included therein, are referred to in this subsection as the "**Andean SRA Reports**"). The Andean SRA Reports, at the time filed or, if amended, as of the date of such amendment: (i) did not contain any Misrepresentation and complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all securities regulatory authorities having jurisdiction over Andean. Andean has not filed any confidential material change or other report or other document with any securities regulatory authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential;
- (x) the latest technical report filed by Andean contains all material scientific and technical information in respect of the applicable subject property as of the effective date of the report and as of the date of this Agreement, and otherwise complies with the requirements of National Instrument 43-101;
- (y) Andean and the Andean Subsidiaries have good and marketable title to the mineral properties (other than any properties in which Southern Legacy Minerals Inc. has a direct or indirect interest) described in the Andean SRA Reports (the "**Andean Properties**") and the Andean Properties are free and clear of any and all Liens, other than Permitted Liens and except as disclosed in Andean's latest publicly-disclosed annual financial statements and/or the Andean Disclosure Letter;
- (z) other than as disclosed in Andean's latest publicly disclosed annual financial statements, no person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from the Andean Companies of any of the Andean Properties;
- (aa) each of the mining concessions (the "**Andean Concessions**") comprising the Andean Properties is, and will be, at the date of closing of the Arrangement in good standing;

- (bb) to the best of Andean's knowledge, except as disclosed in Andean's latest publicly disclosed annual financial statements and / or the Andean Disclosure Letter:
 - (i) each Andean Concession has been properly located and recorded in compliance with applicable laws and is comprised of valid and subsisting mining concessions in each case in all material respects;
 - (ii) the Andean Companies are the absolute legal and beneficial owners of and have good and marketable title to and the exclusive right to the Andean Concessions and the Andean Properties, free and clear of all Liens other than Permitted Liens and except as disclosed in the Andean Disclosure Letter, and no other property rights are necessary for the exploration and development of such properties, other than surface rights for the development of such properties;
 - (iii) no person other than the Andean Companies has any material interest in the Andean Concessions and Andean is not aware of any claim or the basis for any claim for such an interest;
 - (iv) the Andean Companies have not received any notice, whether written or oral, from any Governmental Entity or any person with jurisdiction or applicable authority of any revocation or intention to revoke their interests in the Andean Concessions or the real property, including buildings, improvements, fixtures, licenses, leases, rights of way, surface rights, water use rights and all other easements or other real property interests, in each case forming a part of the Andean Properties;
 - (v) the Andean Concessions are in good standing under applicable law and all taxes and fees in respect thereof have been paid or incurred and all filings in respect thereof have been made except where the failure to pay any such taxes or fees, or make any such filings would not reasonably be expected to cause any of the Andean Concessions to no longer be in good standing or cause a Material Adverse Effect on Andean or the Andean Properties; and
 - (vi) the Andean Concessions comprise all of Andean's direct or indirect right, title and interest in or to the Andean Properties;
- (cc) to the best of Andean's knowledge, all work and activities carried out in connection with the Andean Concessions and the other mining concessions and mineral property rights in which the Andean Companies have at any time had an interest by or on behalf of the Andean Companies have been carried out in all material respects in compliance with all applicable laws, permits, licenses or other approvals, and, except as disclosed in Andean's latest publicly-disclosed annual financial statements, the Andean Companies have not received any notice of any breach of any such applicable laws permits, licenses or other approvals;

- (dd) except as disclosed in Andean's latest publicly-disclosed annual financial statements, the Andean Companies have not received any written notice of non-compliance with, or actual or potential liability under, any Environmental Laws, permits, licenses or other approvals, and to the knowledge of Andean, there is no action or proceeding by any Governmental Entity, pending or threatened against the Andean Companies that alleges any violation of any Environmental Law, permit, license or other approval;
- (ee) none of the Andean Companies nor, to the knowledge of Andean, any other person for whose actions any of the Andean Companies may be partially or wholly liable has caused or permitted the release of any Contaminants on or to any of the Andean Concessions or the other mining concessions and mineral property rights in which the Andean Companies have at any time had an interest;
- (ff) none of the Andean Companies nor, to the knowledge of Andean, any of the other parties thereto, is in default or breach of, nor have any of the Andean Companies received any notice of default or breach of, or termination under, any contract to which any Andean Company is party, and, to the knowledge of Andean, there exists no state of facts that after notice or lapse of time or both would constitute a default or breach of any such contract. No consent is required under any material contract to which any Andean Company is party in connection with this Agreement or any of the transactions contemplated hereby, no such contract will terminate or become terminable as a result of or in connection with such transactions and no such contract contains a change of control or similar provision;
- (gg) except as disclosed to Lupaka in the Andean Disclosure Letter as at the date of this Agreement, there is no contract, agreement, undertaking, arbitral award, judgment, injunction, constitutional decree order or decree binding upon Andean or any of the Andean Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted;
- (hh) the maximum aggregate amount of all potential payments to be made to directors, officers, employees and consultants of the Andean Companies upon the completion of the Arrangement, whether pursuant to severance, termination, change of control or other provisions triggered by the completion of the Arrangement, is \$1,089,101 and the Andean Disclosure Letter sets out a schedule of all such payments, and no other fees or payments will become payable by the Andean Companies as a result of the Arrangement other than the financial advisory fee disclosed below;
- (ii) the Andean Disclosure Letter sets forth a complete list of all employees and consultants of Andean and its Subsidiaries, together with their titles, services dates and current wages, salaries or hourly rate of pay, and bonus (whether

monetary or otherwise). A copy of all written employment contracts, other than employment agreements with Peruvian employees that do not contain a change of control or similar provision, with Andean and the Andean Subsidiaries has been provided to Lupaka. Except as set out in the Andean Disclosure Letter, no such employee is on long-term disability leave, extended absence or worker's compensation leave (or similar). Except as set out in the Andean Disclosure Letter, Andean and the Andean Subsidiaries are not a party to any change of control, severance, termination, golden parachute or similar agreement or provision. Andean and each of the Andean Subsidiaries has disclosed to Lupaka and has complied, in all material respects, with the terms of all agreements, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured which are maintained by or binding upon Andean or such Andean Subsidiary or in respect of which Andean or any of the Andean Subsidiaries has any actual or potential liability. None of Andean or the Andean Subsidiaries is party to any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body;

- (jj) as of the date hereof, Andean and the Andean Subsidiaries have such policies of insurance as are listed in the Andean Disclosure Letter. All insurance maintained by Andean or any of the Andean Subsidiaries is in full force and effect and in good standing and neither Andean nor any of the Andean Subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has Andean or any the Andean Subsidiaries failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Andean or any of the Andean Subsidiaries or, except as has been disclosed to Lupaka, not to renew any policy of insurance on its expiry or to increase any deductible or cost;
- (kk) the Andean Companies have not entered into any agreement that would entitle any person to any valid claim against any of them for an advisory fee, broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement except for financial advisory fees payable to Paradigm;
- (ll) as at the date hereof there has not been a material change to Andean's working capital reported as at March 31, 2012;
- (mm) the Andean Companies received, in aggregate, \$1,338,472 as repayment of outstanding demand loans in connection with the closing of the business combination involving Southern Legacy Minerals Inc.;

- (nn) Andean (i) is a “foreign private issuer” as defined in Rule 405 under the 1933 Act, (ii) has no class of securities outstanding that is or is required to be registered under Section 12 of the 1934 Act or that is subject to the reporting requirements of Section 13 or 15(d) of the 1934 Act and (iii) is not registered or required to register as an investment company under the 1940 Act;
- (oo) Paradigm has delivered a written opinion for inclusion in the Andean Circular that, as of June 26, 2012, the consideration under the Arrangement is fair from a financial point of view to the Andean Shareholders, subject to the assumptions and limitations described in such opinion; and
- (pp) no Andean Securityholder has any right to compel Andean to register or otherwise qualify the Andean Common Shares (or any of them) for public sale or distribution.

3.2 Survival of Representations and Warranties

The representations and warranties of Andean contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF LUPAKA

4.1 Representations and Warranties of Lupaka

As an inducement to Andean to enter into this Agreement, Lupaka hereby represents and warrants to Andean as follows and acknowledge that Andean is relying upon such representations and warranties in connection with the matters contemplated by this agreement:

- (a) Lupaka and the Lupaka Subsidiary (collectively with Lupaka, the “**Lupaka Companies**”), are corporations duly organized or formed and validly existing under the laws of their respective jurisdiction of incorporation continuation, organization or formation and, to the extent such concept is legally recognized, is in good standing under the Laws of its jurisdiction of incorporation, continuation, organization or formation, as the case may be, with full corporate or legal power and authority to own, lease and operate its properties and assets and to conduct its businesses as currently owned and conducted. Each of Lupaka and the Lupaka Subsidiary is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties and assets requires it to so qualify
- (b) except for its interest in the Lupaka Subsidiary, Lupaka does not as of the date of this Agreement own, directly or indirectly, any capital stock, membership interest, partnership interest, joint venture interest or other equity interest in any person;

- (c) Lupaka has made available to Andean complete and correct copies of its notice of articles and articles as well as the constating or constitutional documents of each of its Subsidiaries, in each case as in effect on the date of this Agreement;
- (d) Lupaka:
 - (i) is a "reporting issuer" within the meaning of the securities laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, North West Territories, Yukon and Nunavut and is not in material default of its continuous disclosure obligations under any applicable securities laws; and
 - (ii) is in good standing with respect to the filing of annual returns with the Registrar under the *Business Corporations Act* (British Columbia);
- (e) the Lupaka Common Shares are listed on, and Lupaka is not in material default of any rule or policy of, the TSX;
- (f) as of the date hereof:
 - (i) the authorized capital of Lupaka consists of an unlimited number of common shares and an unlimited number of preferred shares. The number of issued and outstanding shares in the capital of Lupaka is set out in the Lupaka Disclosure Letter; and
 - (ii) Lupaka has no options, warrants or other convertible securities issued or outstanding which entitle the holder to purchase shares or any other securities of Lupaka, and there are no conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Lupaka or its Subsidiaries of any shares or other securities, or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any shares or other securities of Lupaka or its Subsidiaries, except as disclosed in the Lupaka Disclosure Letter. The Lupaka Disclosure Letter sets out the date of grant or issuance, number of shares that may be purchased, exercise price and expiry date for each of Lupaka's outstanding stock options and warrants. There are no outstanding contractual or other obligations of Lupaka or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of Lupaka or its Subsidiaries;
- (g) all of the Lupaka Common Shares have been duly authorized and are validly issued as fully paid and non-assessable, were not issued in violation of pre-

emptive or similar rights or any other agreement or understanding binding upon Lupaka and were issued in compliance with applicable corporate Laws, all applicable securities Laws and the constating documents of Lupaka. All of the outstanding shares and other ownership interests of the Subsidiaries of Lupaka, which are held, directly or indirectly, by Lupaka have been duly authorized and are validly issued, fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights, all such shares and other ownership interests are owned directly or indirectly by Lupaka, free and clear of all Liens, except for restrictions on transfers contained in the constating documents of such entities and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing any third party the right to acquire any such shares or other ownership interests in the Lupaka Subsidiary;

- (h) the Lupaka Common Shares issuable pursuant to the Arrangement will, upon their issuance, be validly issued and outstanding, fully paid and non-assessable common shares of Lupaka and will form part of a class of shares that is listed and posted for trading on the TSX;
- (i) Lupaka has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder and the execution and delivery of this Agreement have been authorized by all necessary corporate action of Lupaka and this Agreement constitutes a valid and binding obligation of Lupaka enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to limitations of actions or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and general principles of equity and public policy and to the qualification that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction;
- (j) neither the execution and delivery of this Agreement nor the consummation of the Arrangement will (A) conflict with, or violate any provision of, the constating documents of Lupaka or any of its Subsidiaries; (B) subject to any and all required consents, approvals, orders, authorizations, registrations, declarations or filings being made or obtained, violate or breach any Laws applicable to Lupaka or any of its Subsidiaries; (C) violate or conflict with, or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify or call any obligations or rights under any agreement or instrument to which any of the Lupaka Companies is a party or by which any of the Lupaka Companies or their property is bound or subject; or (D) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any person the right to acquire any of Lupaka's assets or the assets of any of its Subsidiaries, or restrict, hinder, impair or limit the ability of Lupaka or any of its Subsidiaries to carry on their

respective businesses as and where they are now being carried on or as contemplated to be carried on;

- (k) the board of directors of Lupaka has determined by the unanimous approval of all directors (A) that this Agreement and the transactions contemplated hereby are fair to the Lupaka Shareholders and are in the best interests of Lupaka; and (B) to recommend that the Lupaka Shareholders vote in favour of the Issuance Resolution;
- (l) no person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from the Lupaka Companies of any of the material assets of the Lupaka Companies;
- (m) each of the Lupaka Companies has the corporate power, authority and capacity and holds all material licenses and permits required for it to own or lease its property and assets and to carry on its business as now conducted by it except where the failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on the Lupaka Companies;
- (n) there are no actions, suits or proceedings, pending or, to the knowledge of Lupaka, threatened against any of the Lupaka Companies, at law or in equity, or by or before any Governmental Entity, and Lupaka is not aware of any existing grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success;
- (o) the audited consolidated financial statements of Lupaka for the year ended December 31, 2011 and the unaudited consolidated financial statements of Lupaka for the three-months ended March 31, 2012 have been prepared in accordance with International Financial Reporting Standards, in all material respects present fairly the financial condition of Lupaka as at the relevant respective dates of such financial statements, including with respect to the assets and liabilities and revenues, expenses and results of operations of Lupaka for the respective periods;
- (p) Lupaka has filed all Tax Returns which are required to be filed, or has requested extensions thereof, and such Tax Returns filed were complete and correct in all material respects, and each of Lupaka and the Lupaka Subsidiary has paid all Taxes required to be paid by them and any other assessment, fine or penalty levied against it, or any amounts due and payable to any Governmental Entity, to the extent that any of the foregoing is due and payable. Each of Lupaka and the Lupaka Subsidiary has duly and timely collected all amounts on account of any sale, use or transfer Taxes, including goods and services, harmonized sales, provincial and territorial taxes and state and local taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity such amounts required by Law to be remitted by it. Except as set forth in

the latest publicly-disclosed annual financial statements of Lupaka, there are no Taxes or fines in respect of Taxes claimed by any Governmental Entity against Each of Lupaka or the Lupaka Subsidiary or which are known to Lupaka to be due and owing by Lupaka or the Lupaka Subsidiary and, to the knowledge of Lupaka, there are no pending or threatened reassessments by any Governmental Entity in respect of Taxes owing by Lupaka or the Lupaka Subsidiary, and there are no matters of dispute or under discussion with any Governmental Entity relating to Taxes or fines in respect of Taxes asserted by such Governmental Entity against Lupaka or the Lupaka Subsidiary. Lupaka and the Lupaka Subsidiary has duly and timely withheld all Taxes and other deductions required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any person) and has duly and timely remitted to the appropriate Governmental Entity such Taxes or other amounts required by Law to be remitted by it;

- (q) Lupaka is not subject to any cease trade or other order of any applicable stock exchange or securities regulatory authority and, to the knowledge of Lupaka, no investigation or other proceedings involving Lupaka which may operate to prevent or restrict trading of any securities of Lupaka are currently in progress or pending before any applicable stock exchange or securities regulatory authority;
- (r) the Lupaka Companies do not have any material liability or obligation, whether accrued, absolute, contingent or otherwise, not reflected in Lupaka's latest publicly-disclosed annual financial statements;
- (s) none of the Lupaka Companies has guaranteed the obligations of any person or has any support obligations or other similar obligations with respect to the obligations of any person;
- (t) there is no bankruptcy, liquidation, winding-up or other similar proceeding, pending or in progress or, to the knowledge of Lupaka, threatened against any of the Lupaka Companies before any Governmental Entity;
- (u) Lupaka has filed with the securities regulatory authorities, stock exchanges and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certification, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any schedules included therein, are referred to in this subsection as the "**Lupaka SRA Reports**"). The Lupaka SRA Reports, at the time filed or, if amended, as of the date of such amendment: (i) did not contain any Misrepresentation and complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all securities regulatory authorities having jurisdiction over Lupaka. Lupaka has not filed any confidential material change or other report or

other document with any securities regulatory authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential;

- (v) the latest technical report filed by Lupaka contains all material scientific and technical information in respect of the subject property as of the effective date of the report and as of the date of this Agreement, and otherwise complies with the requirements of National Instrument 43-101;
- (w) Minera Pacacorral S.A.C. has good and marketable title to the mineral properties described in the Lupaka SRA Reports (the "**Lupaka Properties**") and the Lupaka Properties are free and clear of any and all Liens other than Permitted Liens and except as disclosed in the Lupaka Disclosure Letter;
- (x) no person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from the Lupaka Companies of any of the Lupaka Properties;
- (y) each of the mining concessions (the "**Lupaka Concession**") comprising the Lupaka Properties is, and will be, at the date of closing of the Arrangement in good standing and each of the mining petitions (the "**Lupaka Petitions**") comprising the Lupaka Properties is in process and the grant of each definitive title in respect thereof is subject to completion and approval of applicable title proceeding by the Peruvian authorities;
- (z) to the best of Lupaka's knowledge, except as disclosed in the Lupaka SRA Reports:
 - (i) each Lupaka Concession has been properly located and recorded in compliance with applicable laws and is comprised of valid and subsisting mining concessions or petitions, as applicable, in each case in all material respects and each Lupaka Petition is in process and subject to the grant of definitive title to mineral concession;
 - (ii) the Lupaka Companies are the absolute legal and beneficial owner of and have good and marketable title to and the exclusive right to the Lupaka Concessions and the Lupaka Properties, free and clear of all Liens other than Permitted Liens and except as disclosed in the Lupaka Disclosure Letter, and no other property rights are necessary for the exploration and development of such properties, other than surface rights for the development of such properties;
 - (iii) no person other than the Lupaka Companies has any material interest in the Lupaka Concessions and Lupaka is not aware of any claim or the basis for any claim for such an interest;

- (iv) the Lupaka Companies have not received any notice, whether written or oral, from any Governmental Entity or any person with jurisdiction or applicable authority of any revocation or intention to revoke their interests in the Lupaka Concessions or the real property, including buildings, improvements, fixtures, licenses, leases, rights of way, surface rights, water use rights and all other easements or other real property interests, in each case forming a part of the Lupaka Properties;
 - (v) the Lupaka Concessions are in good standing under applicable law and all taxes and fees in respect thereof have been paid or incurred and all filings in respect thereof have been made except where the failure to pay any such taxes or fees, or make any such filings would not reasonably be expected to cause any of the Lupaka Concessions to no longer be in good standing or cause a Material Adverse Effect on Lupaka or the Lupaka Properties; and
 - (vi) the Lupaka Concessions and the Lupaka Petitions comprise all of Lupaka's direct or indirect right, title and interest in or to the Lupaka Properties;
- (aa) to the best of Lupaka's knowledge, all work and activities carried out in connection with the Lupaka Concessions and any other mining concessions and mineral property rights in which the Lupaka Companies have at any time had an interest by or on behalf of the Lupaka Companies have been carried out in all material respects in compliance with all applicable laws, permits, licenses or other approvals and the Lupaka Companies have not received any notice of any breach of any such applicable laws, permits, licenses or other approvals;
 - (bb) the Lupaka Companies have not received any written notice of non-compliance with, or actual or potential liability under, any Environmental Laws, permits, licenses or other approvals. To the knowledge of Lupaka, there is no action or proceeding by any Governmental Entity, pending or threatened against the Lupaka Companies that alleges any violation of any Environmental Law, permit, license or other approval;
 - (cc) none of the Lupaka Companies nor, to the knowledge of Lupaka, any other person for whose actions any of the Lupaka Companies may be partially or wholly liable has caused or permitted the release of any Contaminants on or to any of the Lupaka Concessions or any other mining concessions and mineral property rights in which the Lupaka Companies have at any time had an interest;
 - (dd) none of the Lupaka Companies nor, to the knowledge of Lupaka, any of the other parties thereto, is in default or breach of, nor have any of the Lupaka Companies received any notice of default or breach of, or termination under, any contract to which any Lupaka Company is party, and, to the knowledge of Lupaka, there exists no state of facts that after notice or lapse of time or both would constitute a default or breach of any such contract. No consent is required under any material

contract to which any Lupaka Company is party in connection with this Agreement or any of the transactions contemplated hereby and no such contract will terminate or become terminable as a result of or in connection with such transactions;

- (ee) except as disclosed to Andean as at the date of this Agreement, there is no contract, agreement, undertaking, arbitral award, judgment, injunction, constitutional decree order or decree binding upon Lupaka or any of its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted;
- (ff) the Lupaka Disclosure Letter sets forth a complete list of all employees and consultants of Lupaka and the Lupaka Subsidiary, together with their titles, services dates and current wages, salaries or hourly rate of pay, and bonus (whether monetary or otherwise). A copy of all written employment contracts, other than employment agreements with Peruvian employees that do not contain a change of control or similar provision, with Lupaka and the Lupaka Subsidiary has been provided to Andean. No such employee is on long-term disability leave, extended absence or worker's compensation leave (or similar). Except as set out in the Lupaka Disclosure Letter, Lupaka and the Lupaka Subsidiary are not a party to any change of control, severance, termination, golden parachute or similar agreement or provision. Lupaka and the Lupaka Subsidiary have disclosed to Andean and has complied, in all material respects, with the terms of all agreements, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured which are maintained by or binding upon Lupaka or the Lupaka Subsidiary or in respect of which Lupaka or the Lupaka Subsidiary has any actual or potential liability. None of Lupaka or the Lupaka Subsidiary is party to any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body;
- (gg) as of the date hereof, Lupaka and the Lupaka Subsidiary have such policies of insurance as are listed in the Lupaka Disclosure Letter. All insurance maintained by Lupaka or the Lupaka Subsidiary is in full force and effect and in good standing and neither Lupaka nor the Lupaka Subsidiary is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has Lupaka or the Lupaka Subsidiary failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Lupaka or the Lupaka Subsidiary or, except as has been disclosed to

Andean, not to renew any policy of insurance on its expiry or to increase any deductible or cost;

- (hh) the Lupaka Companies have not entered into any agreement that would entitle any person to any valid claim against any of them for an advisory fee, broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement except for financial advisory fees payable to Haywood Securities Inc.;
- (ii) except planned exploration and operating expenditures, as at the date hereof there has not been a material change to Lupaka's working capital reported as at March 31, 2012; and
- (jj) Lupaka (i) is a "foreign private issuer" as defined in Rule 405 under the 1933 Act, (ii) has no class of securities outstanding that is or is required to be registered under Section 12 of the 1934 Act or that is subject to the reporting requirements of Section 13 or 15(d) of the 1934 Act, (iii) is not registered or required to register as an investment company under the 1940 Act and (iv) is not a "shell company", as such term is defined in Rule 405 under the 1933 Act.
- (kk) Haywood has delivered a written opinion for inclusion in the Lupaka Circular that, as of July 5, 2012, the consideration to be paid by Lupaka in connection with the Arrangement, is fair, from a financial point of view, to Lupaka, subject to the assumptions and limitations described in such opinion.

4.2 Survival of Representations and Warranties

The representations and warranties of Lupaka contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5 COVENANTS AND AGREEMENTS

5.1 Covenants of Andean

- (a) Andean agrees as follows from the date of this Agreement until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, in each case except with the consent of Lupaka to any deviation therefrom, or as expressly contemplated in this Agreement or the Plan of Arrangement or in connection with matters disclosed in the Andean Disclosure Letter:
 - (i) Each of Andean and its Subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices, (B) use

commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with those having business dealings with it, and (C) maintain and keep its material properties and assets in as good repair and condition as at the date of this Agreement, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.

- (ii) Andean shall not, and it shall not permit any of its Subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise; (B) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Andean Common Shares), or authorize any of the foregoing, except as required by the terms of any Andean Securities outstanding on the date of this Agreement; or (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.
- (iii) Other than in respect of the previously disclosed proposed disposition of a mill and filters by Andean, Andean will refrain from any asset acquisitions or sales (whether or not in the ordinary course of business) where the amount exceeds \$50,000.
- (iv) Andean will maintain a minimum working capital of \$11,500,000 determined in accordance with International Financial Reporting Standards, and also after deducting, accruing and reserving for all unpaid employee retention payments and severance cost and all of Andean's costs related to the Arrangement, including without limitation financial advisory, fairness opinion and other related fees, regulatory fees, severance and similar costs, legal and accounting costs, costs of due diligence and costs related to the Andean Meeting.
- (v) Andean shall not, nor shall it permit any of its Subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a

portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person.

- (vi) Andean shall not, nor shall it permit any of its Subsidiaries to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets (other than relating to transactions between two or more wholly-owned Andean Subsidiaries, between a wholly-owned Subsidiary and Andean or the previously disclosed proposed disposition of a mill and filters by Andean) except in the ordinary course of business.
- (vii) Andean shall not, nor shall it permit any of its Subsidiaries to, (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a “keepwell” or similar arrangement with respect to, any indebtedness, other than indebtedness between Andean and any of its Subsidiaries, or (B) enter into any material operating lease or create any Liens on the property of Andean or any of its Subsidiaries in connection with any indebtedness.
- (viii) Except as required by applicable Law or any agreement to which Andean or any of its Subsidiaries is a party on the date of this Agreement, Andean shall not, nor shall it permit any of its Subsidiaries to:
 - (A) without the consent of Lupaka, such consent not to be unreasonably withheld, appoint any directors or officers or increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of Andean or any of its Subsidiaries;
 - (B) without the consent of Lupaka, such consent not to be unreasonably withheld, increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of Andean or any of its Subsidiaries;
 - (C) amend, vary or modify the Andean Stock Option Plan or any options outstanding thereunder; or
 - (D) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or

future director, officer or employee of Andean or any of its Subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.

- (ix) Andean shall not, nor shall it permit any of its Subsidiaries to, amend or propose to amend its constating documents.
- (x) Andean shall not, nor shall it permit any of its Subsidiaries to, pay, discharge, satisfy, compromise or settle any claims, obligations or liabilities prior to the same being due.
- (xi) Except in the ordinary course of business, Andean shall not, nor shall it permit any of its Subsidiaries to, (A) enter into, terminate or waive any provision of, exercise any option or relinquish any contractual rights under, or modify in any material respect any contract, agreement, guarantee, lease commitment or arrangement material to it; or (B) waive, transfer, grant or release any claims or potential claims of material value or (C) waive any benefits of, or agree to modify in any respect, or terminate, release or fail to enforce, or consent to any material matter with respect to which consent is required, under, any confidentiality, standstill or similar agreement to which Andean or any of its Subsidiaries is a party or which Andean or any of its Subsidiaries is a beneficiary.
- (xii) Andean shall not, nor shall it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Andean or any Subsidiary of Andean except as required by Law or by Canadian generally accepted accounting principles or International Financial Reporting Standards as advised by Andean's or such Subsidiary's regular independent accountants, as the case may be.
- (xiii) Andean shall not, nor shall it permit any of its Subsidiaries to, (A) make, change or rescind any material tax election, (B) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax (except as otherwise required by Law), (C) settle any material Tax claim or assessment, (D) surrender any right or claim to a Tax refund, or (E) amend any of its transfer pricing policies.
- (xiv) Andean shall not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any take-over Law or other Law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Lupaka and its Subsidiaries) or any action taken thereby including any take-over bid, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom. Andean shall not nor shall it permit any Subsidiary to, enter into any confidentiality or

standstill agreement except as permitted by Section 5.5, amend, release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.

- (xv) Andean shall not, nor shall it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Andean's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in Section 6.2(c) not to be satisfied.
 - (xvi) Andean shall not, nor shall it permit any of its Subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice or in respect of any acquisition or disposition of any non-material property, plant and/or equipment in the ordinary course of business.
 - (xvii) Andean shall not, nor shall it permit any of its Subsidiaries to, (A) cancel any material indebtedness, or (B) waive, transfer, grant or release any claims or potential claims of material value.
 - (xviii) Andean shall not, nor shall it permit any of its Subsidiaries to, enter into any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body other than with the prior approval of Lupaka, acting reasonably.
- (b) Andean shall promptly advise Lupaka in writing:
- (i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Andean contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);
 - (ii) of any Material Adverse Effect on Andean or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Andean;
 - (iii) of any breach by Andean of any covenant, obligation or agreement contained in this Agreement; and
 - (iv) of any event or state of facts which occurrence or failure would, or would be reasonably expected to, result in the failure to comply with or satisfy

any covenant, condition or agreement to be complied with or satisfied by any party hereunder prior to the Effective Time.

- (c) Andean shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its Subsidiaries to, perform all obligations required to be performed by Andean or any of its Subsidiaries, as applicable, under this Agreement, cooperate with Lupaka in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Andean shall:
- (i) subject to Sections 5.5 and 5.6 solicit from the Andean Shareholders proxies in favour of approval of the Arrangement Resolution (in a commercially reasonable manner) and use commercially reasonable efforts to obtain the approval by Andean Shareholders of the Arrangement Resolution;
 - (ii) subject to the last sentence of Section 5.6(a), not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Andean Meeting without Lupaka's prior written consent except as required by Law or, in the case of adjournment, as may be required by Andean Shareholders as expressed by majority resolution;
 - (iii) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in Article 6 hereof which are to be satisfied by Andean or which Andean may assist in causing to be satisfied;
 - (iv) as soon as practicable apply for and use commercially reasonable efforts to obtain all Appropriate Regulatory Approvals required to be obtained by Andean or any of its Subsidiaries in order for Andean to consummate the transactions contemplated hereby and, in doing so, to keep Lupaka reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Appropriate Regulatory Approvals, including, but not limited to, providing Lupaka the opportunity to be present for all communications with any Governmental Entity and providing Lupaka with copies of all related applications and notifications, in draft and final form, in order for Lupaka to provide its reasonable comments and all such applications and notifications shall be subject to the prior approval of Lupaka, acting reasonably and without delay;
 - (v) apply for and use commercially reasonable efforts to obtain the Interim Order and the Final Order, which Final Order shall be applied for on the

basis that it shall be effective only upon Andean notifying the Court that the Appropriate Regulatory Approvals have been obtained;

- (vi) carry out the terms of the Interim Order and the Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on Andean or its Subsidiaries with respect to the transactions contemplated hereby and by the Arrangement;
 - (vii) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
 - (viii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;
 - (ix) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Andean or any of its Subsidiaries in connection with the transactions contemplated hereby;
 - (x) consult with Lupaka prior to making publicly available its financial results for any period after the date of this Agreement and prior to filing any Andean SRA Reports; and
 - (xi) use commercially reasonable efforts to obtain any waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Andean or a Subsidiary of Andean to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Andean or its Subsidiaries to consummate the transactions contemplated hereby.
- (d) The board of directors of Andean shall recommend to the Andean Shareholders the approval of the Arrangement Resolution, provided that, notwithstanding any other provision of this Agreement, the board of directors of Andean may withdraw, modify or change its recommendation if such withdrawal, modification or change is permitted by, and made in accordance with, the provisions of Section 5.5 and prior to the approval of the Arrangement Resolution by the Andean Shareholders.

5.2 Covenants of Lupaka

- (a) Lupaka agrees as follows from the date of this Agreement until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, in each case except with the consent of Andean to any deviation

therefrom, or as expressly contemplated in this Agreement or the Plan of Arrangement:

- (i) Each of Lupaka and its Subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices, (B) use commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with those having business dealings with it, and (C) maintain and keep its material properties and assets in as good repair and condition as at the date of this Agreement, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.
- (ii) Lupaka shall not, and it shall not permit any of its Subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise; (B) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Lupaka Common Shares), or authorize any of the foregoing, except as required by the terms of any Lupaka Securities outstanding on the date of this Agreement; or (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.
- (iii) Lupaka will refrain from any asset acquisitions or sales (whether or not in the ordinary course of business) where the amount exceeds \$50,000, except with the consent of Andean, such consent not to be unreasonably withheld.
- (iv) Lupaka will maintain a minimum working capital of \$2,000,000 determined in accordance with International Financial Reporting Standards, and also after deducting, accruing and reserving for all of Lupaka's costs related to the Arrangement, including without limitation financial advisory, fairness opinion and other related fees, regulatory fees, legal and accounting costs, costs of due diligence and costs related to the special meeting of shareholders of Lupaka;

- (v) Lupaka shall not, nor shall it permit any of its Subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person.
- (vi) Lupaka shall not, nor shall it permit any of its Subsidiaries to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets (other than relating to transactions between two or more wholly-owned Subsidiaries of Lupaka or between a wholly-owned Subsidiary and Lupaka) except in the ordinary course of business.
- (vii) Lupaka shall not, nor shall it permit any of its Subsidiaries to, (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a “keepwell” or similar arrangement with respect to, any indebtedness, other than indebtedness between Lupaka and any of its Subsidiaries and another of its Subsidiaries, or (B) enter into any material operating lease or create any Liens on the property of Lupaka or any of its Subsidiaries in connection with any indebtedness.
- (viii) Except as required by applicable Law or any agreement to which Lupaka or any of its Subsidiaries is a party on the date of this Agreement, Lupaka shall not, nor shall it permit any of its Subsidiaries to:
 - (A) without the consent of Andean, such consent not to be unreasonably withheld, appoint any directors or officers or increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of Lupaka or any of its Subsidiaries;
 - (B) without the consent of Andean, such consent not to be unreasonably withheld, increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of Lupaka or any of its Subsidiaries;
 - (C) amend, vary or modify the Lupaka Stock Option Plan or any options outstanding thereunder; or

- (D) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of Lupaka or any of its Subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.
- (ix) Lupaka shall not, nor shall it permit any of its Subsidiaries to, amend or propose to amend its constating documents.
- (x) Lupaka shall not, nor shall it permit any of its Subsidiaries to, pay, discharge, satisfy, compromise or settle any claims, obligations or liabilities prior to the same being due.
- (xi) Except in the ordinary course of business, Lupaka shall not, nor shall it permit any of its Subsidiaries to, (A) enter into, terminate or waive any provision of, exercise any option or relinquish any contractual rights under, or modify in any material respect any contract, agreement, guarantee, lease commitment or arrangement material to it; or (B) waive, transfer, grant or release any claims or potential claims of material value or (C) waive any benefits of, or agree to modify in any respect, or terminate, release or fail to enforce, or consent to any material matter with respect to which consent is required, under, any confidentiality, standstill or similar agreement to which Lupaka or any of its Subsidiaries is a party or which Lupaka or any of its Subsidiaries is a beneficiary.
- (xii) Lupaka shall not, nor shall it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Lupaka or any Subsidiary of Lupaka except as required by Law or by International Financial Reporting Standards as advised by Lupaka's or such Subsidiary's regular independent accountants, as the case may be.
- (xiii) Lupaka shall not, nor shall it permit any of its Subsidiaries to, (A) make, change or rescind any material tax election, (B) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax (except as otherwise required by Law), (C) settle any material Tax claim or assessment, (D) surrender any right or claim to a Tax refund, or (E) amend any of its transfer pricing policies.
- (xiv) Lupaka shall not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any take-over Law or other Law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Lupaka and its Subsidiaries) or any action taken thereby including any take-over bid,

which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom. Lupaka shall not nor shall it permit any Subsidiary to, enter into any confidentiality or standstill agreement except as permitted by Section 5.5, amend, release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.

- (xv) Lupaka shall not, nor shall it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Lupaka's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in Section 6.3(b) not to be satisfied.
 - (xvi) Lupaka shall not, nor shall it permit any of its Subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice.
 - (xvii) Lupaka shall not, nor shall it permit any of its Subsidiaries to, (A) cancel any material indebtedness, or (B) waive, transfer, grant or release any claims or potential claims of material value.
 - (xviii) Lupaka shall not, nor shall it permit any of its Subsidiaries to, enter into any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body other than with the prior approval of Andean, acting reasonably.
- (b) Lupaka shall promptly advise Andean in writing:
- (i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Lupaka contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);
 - (ii) of any Material Adverse Effect on Lupaka or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Lupaka;
 - (iii) of any breach by Lupaka of any covenant, obligation or agreement contained in this Agreement; and

- (iv) of any event or state of facts which occurrence or failure would, or would be reasonably expected to, result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder prior to the Effective Time.
- (c) Lupaka shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause the Lupaka Subsidiary to, perform all obligations required to be performed by Lupaka or the Lupaka Subsidiary, as applicable, under this Agreement, cooperate with Andean in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Lupaka shall:
 - (i) subject to Sections 5.5 and 5.6 solicit from the Lupaka Shareholders proxies in favour of approval of the Issuance Resolution (in a commercially reasonable manner) and use commercially reasonable efforts to obtain the approval by Lupaka Shareholders of the Issuance Resolution;
 - (ii) subject to the last sentence of Section 5.6(a), not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Lupaka Meeting without Andean's prior written consent except as required by Law or, in the case of adjournment, as may be required by Lupaka Shareholders as expressed by majority resolution;
 - (iii) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in Article 6 hereof which are to be satisfied by Lupaka or which Lupaka may assist in causing to be satisfied;
 - (iv) as soon as practicable apply for and use commercially reasonable efforts to obtain all Appropriate Regulatory Approvals required to be obtained by Lupaka in order for Lupaka to consummate the transactions contemplated hereby and, in doing so, to keep Andean reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Appropriate Regulatory Approvals, including, but not limited to, providing Andean the opportunity to be present for all communications with any Governmental Entity and providing Andean with copies of all related applications and notifications, in draft and final form, in order for Andean to provide its reasonable comments and all such applications and notifications shall be subject to the prior approval of Andean, acting reasonably and without undue delay;

- (v) carry out the terms of the Interim Order and the Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on Lupaka with respect to the transactions contemplated hereby and by the Arrangement;
- (vi) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (vii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;
- (viii) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Lupaka or any of its Subsidiaries in connection with the transactions contemplated hereby;
- (ix) consult with Andean prior to making publicly available its financial results for any period after the date of this Agreement and prior to filing any Lupaka SRA Reports; and
- (x) use commercially reasonable efforts to obtain any waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Lupaka or a Subsidiary of Lupaka to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Lupaka or its Subsidiaries to consummate the transactions contemplated hereby.

5.3 Access to Information

- (a) Subject to Section 5.3(b) and applicable Laws, each of Andean and Lupaka shall (and shall cause each of its Subsidiaries and their respective representatives, officers, directors, employees and agents to) afford the officers, employees, and other authorized representatives and advisors (including financial advisors, counsel & accountants) (collectively the “**Representatives**”) of the other party access, during normal business hours from the date of this Agreement and until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, to its respective properties, books, contracts and records, as well as to its management personnel; provided that such access shall be provided on a basis that minimizes the disruption to the operations of Andean and Lupaka, as applicable. During such period, Andean and Lupaka, as applicable, shall (and shall cause each of its Subsidiaries to) furnish promptly to the other party all information concerning Andean’s or Lupaka’s, as the case may be, and its Subsidiaries’ business, properties and personnel as is reasonably requested.

- (b) Lupaka and Andean acknowledge that certain information received pursuant to Section 5.3(a) will be non-public or proprietary in nature and as such will be deemed to be “Confidential Information” for purposes of the Confidentiality Agreements, as applicable. Lupaka and Andean further acknowledge their obligation to maintain the confidentiality of such Confidential Information in accordance with the applicable Confidentiality Agreement. If any material is withheld by Lupaka or Andean or their respective Subsidiaries because of the confidential nature of such material, or otherwise, each shall inform the other as to the general nature of what is being withheld.

5.4 Indemnification and Insurance; Employment Obligations

- (a) Lupaka agrees that all rights to indemnification existing as of the date of this Agreement for acts or omissions occurring on or prior to the Effective Time in favour of the directors or officers of Andean as provided in its constating documents or in written contracts in effect on the date of this Agreement, shall survive the Arrangement and shall continue in full force and effect until the earlier of the expiration of the applicable statute of limitations with respect to any claims against directors or officers of Andean arising out of such acts or omissions and the sixth anniversary of the Effective Date, and Lupaka hereby assumes, effective upon consummation of the Arrangement, all such liability with respect to any matters arising prior to the Effective Time.
- (b) Lupaka will, or will cause Andean and its subsidiaries to, maintain in effect without any reduction in scope or coverage for six years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by Andean and its subsidiaries which are in effect immediately prior to the Effective Date (provided that any such policies entered into or obtained after the date of the Binding LOI have been approved by Lupaka, such approval not to be unreasonably withheld or delayed) and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date; provided, however, that Lupaka acknowledges and agrees that prior to the Effective Date, Andean may, in the alternative, with the prior approval of Lupaka which approval will not be unreasonably withheld or delayed, purchase run off directors' and officers' liability insurance for a period of up to six years from the Effective Date.
- (c) The provisions of Sections 5.4(a) and (b) are intended for the benefit of, and shall be enforceable by, each insured or indemnified person, his or her heirs and his or her legal representatives and, for such purpose, Andean hereby confirms that it is acting as agent and trustee on their behalf.
- (d) Following completion of the Arrangement, Lupaka shall cause Andean to honour all obligations under employment agreements to which Andean is a party including, without limitation, by paying to the individuals party to such

agreements, in each case, such amounts as are owing as a result of the completion of the Arrangement as disclosed to Lupaka by Andean in the Andean Disclosure Letter.

5.5 **Covenants Regarding Non-Solicitation**

Subject to Section 5.6 and except as otherwise mutually agreed upon by the parties, from the date of this Agreement until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, Lupaka and Andean agree that they will not, directly or indirectly, and will not authorize or permit any Representative thereof to, directly or indirectly: (a) solicit, initiate, encourage, engage in or respond to any inquiries or proposals regarding any Acquisition Proposal, (b) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal, (c) agree to, approve or recommend an Acquisition Proposal, or (d) enter into any agreement related to an Acquisition Proposal; provided, however, that nothing shall prevent Lupaka or Andean from furnishing non-public information to, or entering into a confidentiality agreement and/or discussions with, any person in response to a bona fide unsolicited Acquisition Proposal that is submitted by such person after the date hereof and did not result from a breach of this Section and which is not withdrawn if (i) the board of directors of Lupaka or Andean, as the case may be, conclude in good faith, after consultation with its financial advisor and outside legal counsel, that the Acquisition Proposal is reasonably likely to constitute a Superior Proposal; (ii) the board of directors of Lupaka or Andean, as the case may be, conclude in good faith, after consultation with its financial advisor and outside legal counsel, that such action is required in order for them to comply with their fiduciary obligations under applicable Law; (iii) prior to furnishing such non-public information to, entering into a confidentiality agreement with, or entering into discussions with, such person, Lupaka or Andean, as the case may be, gives the other of them, written notice of its intention to furnish non-public information to, enter into a confidentiality agreement with, or enter into discussions with, such person; and (iv) prior to furnishing such non-public information to, or entering into discussions with, such person, Lupaka or Andean, as the case may be, obtains a confidentiality and standstill agreement from such person that is on terms no more favourable to such person than the confidentiality agreement between the parties hereto including a standstill provision at least as stringent as contained in such confidentiality agreement provided that it shall not preclude such person from making a Superior Proposal. Lupaka and Andean shall immediately after the execution hereof terminate all existing discussions or negotiations with any person (other than the other of them) with respect to any potential Acquisition Proposal. Lupaka and Andean shall promptly notify the other of them of any future Acquisition Proposal which any director, senior officer or agent thereof is or becomes aware of, any amendment to any of the foregoing or any request for non-public information relating to them. Such notice shall include a description of the material terms and conditions of any such proposal and the identity of the person making such proposal, inquiry, request or contact.

5.6 **Right to Accept a Superior Proposal**

- (a) Either Lupaka or Andean (the “**Terminating Party**”) or the directors thereof may accept, approve or recommend, and/or enter into any agreement to effect an Acquisition Proposal (the party hereto other than the Terminating Party

hereinafter referred to as the “**Non-Terminating Party**”) that did not result from a breach of Section 5.5 if: (A) such Acquisition Proposal constitutes a Superior Proposal; (B) the Non-Terminating Party has been provided with a copy of the document containing such Superior Proposal (with such deletions as are necessary to protect any confidential portions of such document, provided that material terms and conditions of, and the identity of the person making, such Superior Proposal may not be deleted); (C) five Business Days have elapsed from the later of the date on which the Non-Terminating Party received notice of the determination of the Terminating Party to accept, approve or recommend or to enter into an agreement in respect of such Superior Proposal (the “**Notice of Superior Proposal**”) and the date the Non-Terminating Party receives a copy of the document containing such Superior Proposal and the Non-Terminating Party has not, within such five Business Day period, agreed to amend this Agreement so that the consideration hereunder will at least match such Superior Proposal, as determined by the directors of the Terminating Party in good faith; and (D) if the Non-Terminating Party has not matched the Superior Proposal, the Terminating Party terminates this Agreement pursuant to Section 7.2(l) hereof and pays the Break Fee (as defined below) in accordance with Section 7.3(c) hereof. In the event that the Terminating Party provides the Non-Terminating Party with a Notice of Superior Proposal on a date that is less than five Business Days prior to a shareholder meeting to approve the Arrangement or matters which must be approved to complete the Arrangement, such meeting shall be adjourned to a date that is not less than seven Business Days and not more than 30 Business Days after the Notice of Superior Proposal.

- (b) During the five Business Day period referred to in Section 5.6(a)(C), the Terminating Party agrees that the Non-Terminating Party shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The board of directors of the Terminating Party will review any proposal by the Non-Terminating Party to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether the Non-Terminating Party’s amended proposal upon acceptance by the Terminating Party would result in such Superior Proposal ceasing to be a Superior Proposal. If the board of directors of the Terminating Party so determines, it will enter into an amendment agreement to this Agreement with the Non-Terminating Party reflecting the Non-Terminating Party’s amended proposal. If the board of directors of the Terminating Party continues to believe, in good faith and after consultation with financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects the Non-Terminating Party’s amended proposal, the Terminating Party may, on termination of this Agreement in accordance with Section 7.2(l) and payment of the sum of \$1,150,000 (the “**Break Fee**”) as required pursuant to 7.3(c), accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.

- (c) Lupaka and Andean also acknowledge and agree that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of Section 5.6 and the requirement under clause (C) of Section 5.6(a) to initiate an additional five Business Day notice period.

5.7 Board of Directors of Lupaka

In conjunction with the completion of the Arrangement, Lupaka shall increase the number of directors of Lupaka to eight, effective as of the Effective Time, with the board of directors to be comprised of the existing six directors of Lupaka and David Rae and Jean-Pierre Chauvin or, failing them, two other nominees of Andean acceptable to Lupaka, acting reasonably.

5.8 Officers of Lupaka

Lupaka and Andean hereby agree that, upon completion of the Arrangement, the existing management of Lupaka will continue as the management of Lupaka with any additional management appointees determined by the newly constituted board of directors of Lupaka.

5.9 Closing Matters

Each of Lupaka and Andean shall deliver, at the Effective Time, such customary certificates, resolutions and other closing documents as may be required by the other parties hereto, acting reasonably.

5.10 Privacy Matters

- (a) Each of Andean and Lupaka acknowledges that certain information provided to the other party in connection with the transactions contemplated hereunder constitutes Personal Information (the “**Disclosed Personal Information**”), that the disclosure of the Disclosed Personal Information relates solely to the carrying on of the business, or the completion of the Arrangement and that, as contemplated by the terms of the Confidentiality Agreements, such Disclosed Personal Information:
 - (i) may not be used for any purpose other than those related to the performance of this Agreement;
 - (ii) must be kept strictly confidential and Andean and Lupaka shall ensure that access to such Personal Information shall be restricted to those Representatives of the recipient of such Personal Information who have a bona fide need to access such information and shall instruct those Representatives to protect the confidentiality of such information in a manner consistent with such party’s obligations hereunder; and
 - (iii) upon the expiry or termination of this Agreement, or otherwise upon the request of the disclosing party, the recipient party shall forthwith cease all

use of the Disclosed Personal Information acquired by recipient party in connection with this Agreement and will return to the disclosing party or, at the disclosing party's request, destroy in a secure manner the Disclosed Personal Information (and any copies).

- (b) In addition to the foregoing obligations contained in the Confidentiality Agreements:
 - (i) each of Andean and Lupaka agrees to employ appropriate technology and procedures to prevent accidental loss or corruption of such Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of the Disclosed Personal Information;
 - (ii) each of Andean and Lupaka agrees to promptly notify the other of all inquiries, complaints, requests for access, and claims of which it is made aware in connection with the Disclosed Personal Information. Andean and Lupaka shall fully co-operate with one another, with the persons to whom the Disclosed Personal Information relates, and any Governmental Entity charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims; and
 - (iii) if the Arrangement is completed, each of Andean and Lupaka may disclose additional Personal Information of their respective employees, customers, directors and officers to the other party and its Representatives on condition that:
 - (A) Andean and Lupaka and their respective Representatives must only use or disclose such Personal Information for the same purposes for which it was collected, used or disclosed by the disclosing party, and
 - (B) the employees, customers, directors, officers and shareholders whose Personal Information is disclosed are notified that:
 - (I) the Arrangement has taken place, and
 - (II) the personal information about them has been disclosed to the other party and its Representatives.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions Precedent

The respective obligations of the parties hereto to consummate the Arrangement shall be subject to the satisfaction of the following conditions on or before the Effective Date:

- (a) if required by the TSX or any other applicable regulatory authority, approval of the Lupaka Shareholders of the Issuance Resolution in accordance with applicable corporate law, stock exchange requirements and any required court proceedings;
- (b) the Arrangement shall have been approved by the Andean Shareholders at the Andean Meeting in the manner required by applicable Laws (including any conditions imposed by the Interim Order);
- (c) the Interim Order and the Final Order shall have been obtained in a form and on terms satisfactory to each of Lupaka and Andean, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (d) the acceptance of the TSX, the TSXV and all other applicable securities and corporate regulatory approvals;
- (e) Lupaka shall have received all United States state securities or “blue sky” authorizations necessary to issue or assume, as applicable, Lupaka Common Shares, Arranged Options and Andean Warrants pursuant to the Arrangement;
- (f) no provision of any applicable Laws and no judgment, injunction, order or decree shall be in effect which restrains or enjoins or otherwise prohibits the consummation of the Arrangement or the transactions contemplated by this Agreement;
- (g) the securities of Lupaka issuable at the Effective Time pursuant to the Arrangement shall be issued pursuant to exemptions from the registration and prospectus requirements of applicable Canadian securities Laws and issued in a transaction exempt from registration under the 1933 Act pursuant to Section 3(a)(10) of the 1933 Act;
- (h) the Appropriate Regulatory Approvals shall have been obtained and be in full force and effect and shall not be subject to any stop-order or proceeding seeking a stop-order or revocation;
- (i) the Lupaka Common Shares to be issued under the Plan of Arrangement and issuable upon the exercise or conversion of the Arranged Options and the Andean Warrants shall have been conditionally approved for listing on the TSX, subject to official notice of issuance to the TSX;

- (j) all other consents, waivers, permits, orders and approvals of any Governmental Entity, and the expiry of any waiting periods, in connection with, or required to permit, the consummation of the Arrangement, the failure to obtain which or the non-expiry of which would constitute a criminal offense, or would, individually or in the aggregate, have a Material Adverse Effect on Lupaka or Andean after the Effective Time, shall have been obtained or received;
- (k) there shall not be any action taken, any Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any Appropriate Regulatory Approval or otherwise (i) seeking to prohibit or restrict the acquisition by Lupaka or any of its Subsidiaries of any Andean Common Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Andean or Lupaka any damages that are material in relation to Andean and its Subsidiaries taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by Lupaka or any of its Subsidiaries of any material portion of the business or assets of Lupaka, Andean or any of their respective Subsidiaries or to compel Lupaka or any of its Subsidiaries to dispose of or hold separate any material portion of the business or assets of Lupaka or Andean or any of their respective Subsidiaries, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Lupaka or any of its Subsidiaries to acquire or hold, or exercise full rights of ownership of, any Andean Common Shares, including the right to vote the Andean Common Shares purchased by it on all matters properly presented to the shareholders of Andean, (v) seeking to prohibit Lupaka or any of its Subsidiaries from effectively controlling in any material respect the business or operations of Andean and its Subsidiaries or (vi) imposing any condition or restriction that in the judgment of Lupaka, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Lupaka or Andean after the Effective Time; and
- (l) other than in the normal course of business, (i) except as otherwise agreed to by Lupaka and Andean, there shall have been no material change in the employment arrangements of any senior officer of either Lupaka or Andean or any Subsidiary thereof from the date hereof and (ii) neither Lupaka nor Andean nor any Subsidiary thereof shall have hired any additional senior officers.

6.2 Additional Conditions Precedent to the Obligations of Lupaka

The obligations of Lupaka to consummate the Arrangement shall be subject to the satisfaction of the following conditions (each of which is for the exclusive benefit of Lupaka and may be waived by Lupaka) on or before the Effective Date:

- (a) Andean Shareholders holding not more than 3% of the Andean Common Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) in respect of the Arrangement;

- (b) Andean shall have performed and complied in all respects with Section 5.1(a)(iv) and in all material respects with all of the other covenants and obligations thereof required to be performed by it on or before the Effective Time;
- (c) each of the representations and warranties of Andean under this Agreement shall be true and correct in all material respects on the date of this Agreement and as of the Effective Date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date);
- (d) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Andean or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Andean or which would materially and adversely affect the ability of Andean to consummate the transactions contemplated hereby;
- (e) Lupaka shall have received a certificate of Andean addressed to Lupaka and dated the Effective Date, signed on behalf of Andean by two authorized signatories of Andean, confirming that the conditions in Sections 6.2(a), (b), (c) and (d) have been satisfied;
- (f) Andean shall not have disposed of an interest in any of its properties or otherwise have entered into any material transaction with, or have incurred any material liability to, any other person or have agreed to do any of the foregoing or have performed any act or have entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, other than as contemplated in this Agreement, without the consent of Lupaka thereto, such consent not to be unreasonably withheld; and
- (g) [redacted – condition precedent]

6.3 Additional Conditions Precedent to the Obligations of Andean

The obligations of Andean to consummate the Arrangement shall be subject to satisfaction of the following conditions (each of which is for the exclusive benefit of Andean and may be waived by Andean) on or before the Effective Date:

- (a) Lupaka shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by them on or before the Effective Time;
- (b) the representations and warranties of Lupaka under this Agreement shall be true and correct in all material respects on the date of this Agreement and as of the

Effective Date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date);

- (c) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Lupaka or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Lupaka or which would materially and adversely affect the ability of Lupaka to consummate the transactions contemplated hereby;
- (d) Andean shall have received a certificate of Lupaka addressed to Andean and dated the Effective Date, signed on behalf of Lupaka by two authorized signatories of Lupaka, confirming that the conditions in Sections 6.3(a), (b) and (c) and, if applicable, Section 6.3(f), have been satisfied;
- (e) Lupaka shall not have disposed of an interest in any of its properties or otherwise have entered into any material transaction with, or have incurred any material liability to, any other corporation or person or have agreed to do any of the foregoing or have performed any act or have entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, other than as contemplated in this Agreement, without the consent of Andean thereto, such consent not to be unreasonably withheld; and
- (f) if the Lupaka Shareholders are required to be provided with dissent rights pursuant to applicable Law, Lupaka Shareholders holding not more than 3% of the Lupaka Common Shares shall have exercised their dissent rights (and not withdrawn such exercise) in respect of the Issuance Resolution.

6.4 Satisfaction of Conditions Precedent

The conditions precedent set out in Sections 6.1, 6.2 and 6.3 shall be conclusively deemed to have been satisfied, waived or released at the Effective Time.

ARTICLE 7 AMENDMENT AND TERMINATION

7.1 Amendment

This Agreement may, at any time and from time to time before or after the Meeting Date but not later than the Effective Time, be amended by mutual written agreement of the parties hereto and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties, including an extension of the Termination Date;

- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; and
- (d) waive compliance with or modify any conditions precedent herein contained.

7.2 **Termination**

This Agreement may be terminated:

- (a) by mutual agreement between Lupaka and Andean;
- (b) by Lupaka, provided that Lupaka is not in default of any provision of this Agreement, if the Arrangement is not completed by the Termination Date;
- (c) by Andean, provided that Andean is not in default of any provision of this Agreement, if the Arrangement is not completed by the Termination Date;
- (d) by Lupaka if any condition in Section 6.1 or 6.2 is not satisfied or waived on or prior to the completion of the Arrangement, without detracting from the rights of Lupaka arising from any breach by Andean but for which the condition would have been satisfied;
- (e) by Andean if any condition in Section 6.1 or 6.3 is not satisfied or waived on or prior to the completion of the Arrangement, without detracting from the rights of Andean arising from any breach by Lupaka but for which the condition would have been satisfied;
- (f) by Lupaka if (A) the board of directors of Andean shall have failed to recommend, or has withdrawn, modified, qualified or changed in a manner adverse to Lupaka, its approval or recommendation of the Arrangement or the Arrangement Resolution by or in any manner which could reasonably be expected to reduce the likelihood of such resolution being approved at the Andean Meeting; or (B) the board of directors of Andean shall have approved or recommended an Acquisition Proposal;
- (g) by Lupaka if Andean shall have failed to hold the Andean Meeting on or before the Meeting Date unless such failure results from: (A) an adjournment of the Andean Meeting for not more than 21 Business Days due to its obligation to adjourn the Andean Meeting in the circumstances described in Section 5.6(a); or (B) reasons beyond the control of Andean (which may include, without limitation, a delay in the receipt of any required approval from the TSXV for the Arrangement or the Andean Circular) so long as Andean is in material compliance with the terms and conditions of this Agreement and it has been and continues to

be using all reasonable best efforts to hold the Andean Meeting as soon as practicable after the Meeting Date;

- (h) be terminated by Lupaka or Andean if the approval of the shareholders of Andean shall not have been obtained by reason of the failure to obtain the required vote on the Arrangement Resolution at the Andean Meeting;
- (i) by Andean if (A) the board of directors of Lupaka shall have failed to recommend, or has withdrawn, modified, qualified or changed in a manner adverse to Lupaka, its approval or recommendation of the Arrangement or the Issuance Resolution by or in any manner which could reasonably be expected to reduce the likelihood of such resolution being approved at the Lupaka Meeting; or (B) the board of directors of Lupaka shall have approved or recommended an Acquisition Proposal;
- (j) by Andean if Lupaka shall have failed to hold the Lupaka Meeting (if required) on or before the Meeting Date unless such failure results from: (A) an adjournment of the Lupaka Meeting for not more than 21 Business Days due to its obligation to adjourn the Lupaka Meeting in the circumstances described in Section 5.6(a); or (B) reasons beyond the control of Lupaka (which may include, without limitation, a delay in the receipt of any required approval from the TSX for the Arrangement or the Lupaka Circular) so long as Lupaka is in material compliance with the terms and conditions of this Agreement and it has been and continues to be using all reasonable best efforts to hold the Lupaka Meeting as soon as practicable after the Meeting Date;
- (k) by Andean or Lupaka if the approval of the shareholders of Lupaka shall not have been obtained by reason of the failure to obtain the required vote on the Issuance Resolution at the Lupaka Meeting (if required);
- (l) by Lupaka or Andean in order to enter into a definitive written agreement with respect to a Superior Proposal in accordance with Section 5.6(a);
- (m) by Lupaka if there is an intentional, willful or deliberate breach of the covenants in Section 5.5 by Andean, any of its subsidiaries or any of their respective Representatives; and
- (n) by Andean if there is an intentional, willful or deliberate breach of the covenants in Section 5.5 by Lupaka, any of its subsidiaries or any of their respective Representatives.

The date upon which this Agreement is terminated pursuant to this section is referred to herein as the "**Date of Termination**".

7.3 Break Fee

- (a) If this Agreement is terminated by Lupaka pursuant to Section 7.2(f), (g) or (m) or by either party pursuant to Section 7.2(h), then Andean shall pay to Lupaka an amount equal to the Break Fee within two Business Days of the Date of Termination.
- (b) If this Agreement is terminated by Andean pursuant to Section 7.2(i), (j) or (n) or by either party pursuant to Section 7.2(k), then Lupaka shall pay to Andean an amount equal to the Break Fee within two Business Days of the Date of Termination.
- (c) If a party terminates this Agreement in order to enter into a Superior Proposal then the Terminating Party shall pay to the Non-Terminating Party the Break Fee concurrently with such termination.
- (d) All payments will be in immediately available Canadian funds. The obligations pursuant to this Section 7.3 shall survive the termination of this Agreement. Lupaka and Andean hereby each acknowledge that the Break Fee is a payment of liquidated damages which is a pre-estimate of the damages which it will suffer or incur as a result of the event giving rise to such damages and the resultant non-completion of the Arrangement and is not a penalty. Lupaka and Andean hereby irrevocably waive any right they may have to raise as a defence that any such liquidated damages are excessive or punitive.

7.4 Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 7.2, no party shall have any further liability to perform its obligations hereunder or under the Andean Lock-up Agreements or the Lupaka Lock-Up Agreements, except for the provisions of this section 7.4 and Sections 5.3(a), 5.10, 7.3, 8.6, 8.8, 8.10, 8.11, 8.13 and 8.14 of this Agreement; provided that notwithstanding anything set out herein neither the termination of this Agreement nor anything contained in this Section 7.4 shall relieve any party from liability for any breach of this Agreement accruing prior to termination or any Andean Locked-up Party from liability for any breach of its Andean Lock-up Agreement accruing prior to termination or any Lupaka Locked-up Party from liability for any breach of its Lupaka Lock-up Agreement accruing prior to termination.

7.5 Cure Provision

Neither party may exercise its right to terminate this Agreement by reason of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the other party unless the party intending to rely thereon has delivered a written notice to the other party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a party is proceeding diligently to cure such matter and such matter is capable of being cured, no party may terminate this Agreement until the expiration of a period of five Business Days from such notice, and then only if such matter has not been cured by such

date. If such notice has been delivered prior to either the making of the application for the Final Order or the filing of a copy of the Final Order with the BCBCA Registrar, such application and such filing shall be postponed until the expiry of such period. For greater certainty, in the event that such matter is cured within the time period referred to herein, this Agreement may not be terminated as a result of the cured breach.

ARTICLE 8 GENERAL

8.1 Investigation

Any investigation by a party hereto and its advisors shall not mitigate, diminish or affect the representations and warranties of any other party to this Agreement.

8.2 Notices

All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally, telecopied (which is confirmed) or dispatched (postage prepaid) to a nationally recognized overnight courier service with overnight delivery instructions, in each case addressed to the particular party at:

(a) If to Andean, at:

Andean American Gold Corp.
Suite 101 – 2275 Upper Middle Road East
Oakville, Ontario L6H 0C3
Attention: President
Fax No.: 905-491-6801

(b) If to Lupaka, at:

Lupaka Gold Corp.
428-800 West Pender Street
Vancouver, BC V6C 2V6
Attention: President
Telecopier No.: 604-637-8794

or at such other address of which any party may, from time to time, advise the other parties by notice in writing given in accordance with the foregoing.

8.3 Assignment

No party hereto may assign this Agreement or any of its rights, interests or obligations under this Agreement or the Arrangement (whether by operation of law or otherwise) without the written consent of the other parties hereto.

8.4 Binding Effect

Subject to Section 8.3, this Agreement and the Arrangement shall be binding upon, enure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

8.5 Waiver and Modification

Andean and Lupaka may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.6 No Personal Liability

- (a) No director or officer of Lupaka or any of their respective Subsidiaries shall have any personal liability whatsoever to Andean under this Agreement, or any other document delivered in connection with the Arrangement on behalf of Lupaka.
- (b) No director or officer of Andean or any of its Subsidiaries shall have any personal liability whatsoever to Lupaka under this Agreement, or any other document delivered in connection with the Arrangement on behalf of Andean.

8.7 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.8 Expenses

Except as otherwise provided herein, the parties agree that all expenses of the parties relating to this Agreement and the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, all disbursements of advisors, and printing and mailing costs, shall be paid by the party incurring such expenses.

8.9 Public Announcements

The initial press release concerning the Arrangement shall be a joint press release and thereafter, subject to Andean complying with applicable Laws, Lupaka and Andean agree to consult with each other prior to issuing any news releases or public statements with respect to this Agreement or the Arrangement, and to use their respective reasonable best efforts not to issue any news releases or public statements inconsistent with the results of such consultations.

Subject to applicable Laws, each party shall use its reasonable best efforts to enable the other parties to review and comment on all such news releases prior to the release thereof. The parties agree to issue jointly a news release with respect to this Agreement as soon as practicable following the execution of this Agreement. Lupaka and Andean also agree to consult with each other in preparing and making any filings and communications in connection with any Appropriate Regulatory Approvals.

8.10 Governing Laws; Consent to Jurisdiction

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the Laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract. Each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

8.11 Remedies

The parties acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any party or its representatives and any such breach would cause the non-breaching party irreparable harm. Accordingly, the parties hereto agree that, in the event of any breach or threatened breach of this Agreement by one of the parties, the parties will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, provided such party is not in material default hereunder. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the parties.

8.12 Time of Essence

Time shall be of the essence in this Agreement.

8.13 Entire Agreement

This Agreement including the disclosure letters, the agreements and other documents referred to herein constitute the entire agreement among the parties hereto and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties hereto with respect to the matters hereof and thereof, including the Binding LOI.

8.14 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal

or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

8.15 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective as of the date first written above.

LUPAKA GOLD CORP.

By: "Eric Edwards"
Name: Eric Edwards
Title: President & Chief Executive Officer

ANDEAN AMERICAN GOLD CORP.

By: "David Rae"
Name: David Rae
Title: President & Chief Executive Officer

SCHEDULE A

APPROPRIATE REGULATORY APPROVALS

To be obtained by Lupaka

- conditional approval of the TSX to the Arrangement and the listing of Lupaka Common Shares to be issued under the Arrangement
- any required United States state securities or “blue sky” authorizations necessary to issue the securities to be issued or assumed pursuant to the Arrangement

To be obtained by Andean

- conditional approval of the TSXV to the Arrangement

SCHEDULE B

FORM OF ARRANGEMENT RESOLUTION

RESOLUTION OF THE HOLDERS OF COMMON SHARES OF ANDEAN AMERICAN GOLD CORP. (the “Company”)

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (as may be modified or amended, the “**Arrangement**”) under Division 5 of Part 9 of the British Columbia *Business Corporations Act* involving Andean American Gold Corp. (the “**Company**”) and its shareholders, all as more particularly described and set forth in the plan of arrangement (as may be modified or amended, the “**Plan of Arrangement**”) attached as Appendix [●] to the Management Information Circular of the Company dated [●], 2012 (the “**Information Circular**”), is hereby authorized, approved and adopted;
2. The Arrangement Agreement dated July 16, 2012 among Lupaka Gold Corp. and the Company, as it may be amended from time to time (the “**Arrangement Agreement**”), the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder be, and they are hereby confirmed, ratified, authorized and approved;
3. Notwithstanding that this resolution has been passed (and the Arrangement approved and adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company be, and they are hereby, authorized and empowered without further approval of the shareholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement at any time prior to the Effective Time (as defined in the Arrangement Agreement); and
4. Any one director or officer of the Company be, and is hereby, authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person’s opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

SCHEDULE C

FORM OF PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9 OF THE BRITISH COLUMBIA *BUSINESS CORPORATIONS ACT*

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

- (a) “**Andean**” means Andean American Gold Corp., a corporation existing under the laws of the Province of British Columbia;
- (b) “**Andean Common Shares**” means the common shares in the capital of Andean;
- (c) “**Andean Meeting**” means the meeting of the Andean Shareholders held for the purpose of considering and approving, among other things, the Arrangement and the transactions contemplated by the Arrangement Agreement by way of the Arrangement Resolution;
- (d) “**Andean Options**” means outstanding options (whether vested or unvested) to acquire Andean Common Shares under the stock option plan of Andean or otherwise;
- (e) “**Andean Optionholder**” means a holder of Andean Options;
- (f) “**Andean Warrants**” means the common share purchase warrants to acquire Andean Common Shares;
- (g) “**Andean Warrantholder**” means a holder of Andean Warrants;
- (h) “**Andean Securityholders**” means, collectively, the holders of Andean Common Shares, Andean Options and Andean Warrants;
- (i) “**Andean Shareholder**” means a Holder of Andean Common Shares;
- (j) “**Arrangement**” means an arrangement under the provisions of Division 5 of Part 9 of the BCBCA, on the terms and conditions set forth in this Plan of Arrangement and any amendment, variation or supplement thereto made (i) in accordance with Section 7.1 of the Arrangement Agreement, (ii) in accordance with Section 6.1 hereof, or (iii) at the direction of the Court in the Final Order with the consent of Lupaka and Andean, acting reasonably;

- (k) **“Arrangement Resolution”** means the special resolution of the Andean Shareholders approving the Arrangement in accordance with the BCBCA;
- (l) **“BCBCA”** means the Business Corporations Act (British Columbia), as amended;
- (m) **“BCBCA Registrar”** means the Registrar appointed under Section 400 of the BCBCA;
- (n) **“BCSA”** means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;
- (o) **“Business Day”** means any day on which commercial banks are generally open for business in Vancouver, British Columbia and Toronto, Ontario other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia or Toronto, Ontario under the Laws of the Province of British Columbia, Ontario or the federal Laws of Canada;
- (p) **“Circular”** means the notice of the Andean Meeting and accompanying management proxy circular including all schedules and exhibits thereto, to be sent by Andean to the Andean Shareholders in connection with the Andean Meeting;
- (q) **“Arrangement Agreement”** means the agreement made as of July 16, 2012 between Andean and Lupaka to which this Plan of Arrangement is attached as Schedule C, as the same may be supplemented or amended from time to time;
- (r) **“Court”** means the Supreme Court of British Columbia;
- (s) **“Depository”** means Computershare Investor Services Inc.;
- (t) **“Dissent Rights”** means the Dissent Rights in respect of the Arrangement described in Section 4.1;
- (u) **“Dissenting Shares”** means the Andean Common Shares held by Dissenting Shareholders;
- (v) **“Dissenting Shareholders”** means holders of Andean Common Shares who have duly and validly exercised their Dissent Rights pursuant to Article 4 and the Interim Order;
- (w) **“Effective Date”** means the date agreed upon by Lupaka and Andean or, in the absence of agreement, one Business Day following the satisfaction or waiver of all of the conditions to the completion of the Arrangement as set out in Sections 6.1, 6.2 and 6.3 of the Arrangement Agreement and the delivery of all documents agreed to be delivered thereunder to the satisfaction of the recipient, acting reasonably, provided however the Effective Date shall be no later than the Termination Date;

- (x) **“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date;
- (y) **“Final Order”** means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (z) **“Former Andean Shareholder”** means a Holder of Andean Common Shares immediately prior to the Effective Time;
- (aa) **“Holder”** means a registered holder of Andean Common Shares or any person who surrenders to the Depositary certificates representing such Andean Common Shares duly endorsed for transfer to such person in accordance with the Letter of Transmittal;
- (bb) **“Interim Order”** means an order of the Court providing for, among other things, the calling and holding of the Andean Meeting, as such order may be amended, supplemented or varied by the Court;
- (cc) **“In the Money Amount”** means in respect of a stock option at any time, the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price under the option;
- (dd) **“ITA”** means the *Income Tax Act* (Canada), the regulations promulgated thereunder, as now in effect and as may be amended from time to time prior to the Effective Date;
- (ee) **“Letter of Transmittal”** means the letter of transmittal form to be delivered by Andean to the Andean Shareholders providing for the delivery of the Andean Common Shares to the Depositary;
- (ff) **“Liens”** means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, right of third parties or other charge or encumbrance whatsoever;
- (gg) **“Lupaka”** means Lupaka Gold Corp., a corporation existing under the laws of the Province of British Columbia;
- (hh) **“Lupaka Common Shares”** means common shares in the capital of Lupaka;
- (ii) **“Lupaka Stock Option Plan”** means Lupaka’s 2010 Stock Option Incentive Plan approved by shareholders of Lupaka on September 20, 2010;
- (jj) **“Notice of Dissent”** means a notice of dissent duly and validly given by a Holder exercising Dissent Rights as contemplated in the Interim Order and as described in Article 4; and

- (kk) **“Plan of Arrangement”, “hereof”, “herein”, “hereunder”** and similar expressions means this plan of arrangement, including any appendices hereto, and any amendments, variations or supplements hereto made from time to time in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “Article”, “Section” or “paragraph” followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders.

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Letter of Transmittal and Election Form are local time (Vancouver, British Columbia) unless otherwise stipulated herein or therein.

1.6 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2 EFFECT OF THE ARRANGEMENT

2.1 The Arrangement shall be binding upon Andean, all registered and beneficial Andean Securityholders and Lupaka as and from the Effective Time.

ARTICLE 3 ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, the following events or transactions shall occur sequentially in the order set out unless otherwise noted and shall be deemed to occur without any further act or formality required on the part of any person, except as expressly provided herein:

- (a) the Dissenting Shares shall be deemed to have been transferred to Lupaka, free and clear of all Liens, and the Dissenting Shareholders shall cease to have any rights as shareholders of Andean other than the right to be paid the fair value of their Andean Common Shares in accordance with Article 4;
- (b) at the time of the step contemplated in Section 3.1(a), with respect to each Andean Common Share transferred pursuant to Section 3.1(a):
 - (i) the Holder of such Andean Common Share shall cease to be the holder of such Andean Common Share;
 - (ii) the Holder's name will be removed from the central securities register of Andean with respect to such Andean Common Share;
 - (iii) legal and beneficial title to such Andean Common Share will rest in Lupaka and Lupaka will be and be deemed to be the transferee of such Andean Common Share and such Andean Common Share shall be cancelled;
 - (iv) the certificate representing such Andean Common Share shall be deemed to have been cancelled; and
 - (v) the Holder of such Andean Common Share shall be deemed to have executed and delivered all consents, assignments and waivers, statutory or otherwise, required to effect such transfer;
- (c) each Andean Common Share held by a Former Andean Shareholder (other than a Dissenting Shareholder or any subsidiary of Andean) shall be transferred to Lupaka, free and clear of all Liens, and in exchange therefor Lupaka shall issue Lupaka Common Shares on the basis of 0.245 of a fully paid and non-assessable Lupaka Common Share for each Andean Common Share, subject to Article 5;
- (d) at the time of the step contemplated in Section 3.1(b), with respect to each Andean Common Share transferred pursuant to Section 3.1(b):
 - (i) the Holder of such Andean Common Share shall cease to be the holder of such Andean Common Share;

- (ii) the Holder's name will be removed from the central securities register of Andean with respect to such Andean Common Share;
 - (iii) legal and beneficial title to such Andean Common Share will rest in Lupaka and Lupaka will be and be deemed to be the transferee of such Andean Common Share and such Andean Common Share shall be cancelled;
 - (iv) the certificate representing such Andean Common Share shall be deemed to have been cancelled; and
 - (v) the Holder of such Andean Common Share shall be deemed to have executed and delivered all consents, assignments and waivers, statutory or otherwise, required to effect such transfer;
- (e) all Andean Options granted to a person in their capacity as an employee, director or officer of Andean shall be deemed to be exchanged for stock options of Lupaka issued under the Lupaka Stock Option Plan to purchase Lupaka Common Shares and each former holder of such Andean Options shall, in respect of each such Andean Option, be entitled to receive upon the exercise thereof 0.245 of a Lupaka Common Share in lieu of one Andean Common Share, subject to Sections 5.4 and 5.5, on the same terms and conditions, including as to vesting, as the original Andean Option, except that the exercise price per Lupaka Common Share shall be adjusted to an amount (rounded up to the nearest one-hundredth of a cent) determined by dividing the exercise price per Andean Common Share subject to such Andean Option immediately before the Effective Time by 0.245, provided that the aforesaid exchange ratio and exercise price shall be adjusted to the extent, if any, required to ensure that the In the Money Amount of the option to purchase Lupaka Common Shares immediately after the exchange will be equal to the In the Money Amount of the original Andean Option immediately before the exchange;
- (f) all Andean Options other than those described in Section 3.1(e) outstanding immediately prior to the Effective Time shall entitle the holder thereof to receive upon exercise 0.245 Lupaka Common Shares in lieu of one Andean Common Share, subject to Sections 5.4 and 5.5, and otherwise on the same terms and conditions, including as to vesting, as the original Andean Option, except that the exercise price per Lupaka Common Share shall be adjusted to an amount (rounded up to the nearest one-hundredth of a cent) determined by dividing the exercise price per Andean Common Share subject to such Andean Option immediately before the Effective Time by 0.245; and
- (g) each Andean Warrant outstanding immediately prior to the Effective Time shall entitle the holder thereof to receive upon exercise 0.245 Lupaka Common Shares in lieu of one Andean Common Share, subject to Sections 5.4 and 5.5, and otherwise on the same terms and conditions as the original Andean Warrant,

except that the exercise price per Lupaka Common Share shall be adjusted to an amount (rounded up to the nearest one-hundredth of a cent) determined by dividing the exercise price per Andean Common Share subject to such Andean Warrant immediately before the Effective Time by 0.245; and

provided that none of the foregoing will occur or be deemed to occur unless all of the foregoing occurs.

For United States Federal income tax purposes, the Arrangement as set forth in the Plan of Arrangement is intended to qualify as a "reorganization" under Section 368(a) of the United States Internal Revenue Code of 1986, as amended, and the parties hereby adopt this Plan of Arrangement as a "Plan of reorganization" within the meaning of United States Treasury Regulations Section 1.368-2(g). Notwithstanding any representations, statements and covenants set forth in the Arrangement Agreement, it is understood that neither Lupaka nor Andean are providing any assurances to any Andean Securityholders regarding the United States income tax consequences of the Arrangement to any Andean Securityholders.

3.2 Letter of Transmittal

The Letter of Transmittal shall be prepared by Lupaka and shall be sent by Andean to each Holder of Andean Common Shares together with the Circular.

ARTICLE 4 DISSENT RIGHTS

4.1 Dissent Rights

A Holder may exercise dissent rights ("**Dissent Rights**") conferred by the Interim Order in connection with the Arrangement in the manner set out in Section 242 of the BCBCA, as modified by the Interim Order, provided the Notice of Dissent is received by Andean by no later than 4:30 p.m. (Vancouver time) on the date which is two Business Days prior to the date of the Andean Meeting. Without limiting the generality of the foregoing, Holders who duly exercise such Dissent Rights and who are ultimately determined to be entitled to be paid fair value for their Andean Common Shares shall be deemed to have transferred such Andean Common Shares, as of the Effective Time, without any further act or formality, to Lupaka in consideration of their entitlement to be paid the fair value of the Andean Common Shares under the Dissent Rights. In no case shall Andean or Lupaka be required to recognize such Holders as Andean Shareholders at and after the Effective Time, and the names of such Holders shall be removed from Andean's central securities register as of the Effective Time.

4.2 Rights of Dissenting Shareholders

In the event a Holder gives a Notice of Dissent but is not entitled, for any reason, to be paid the fair value of the Andean Common Shares in respect of which the Notice of Dissent was given as contemplated in 242 of the BCBCA and the Interim Order, such Holder shall be

deemed to have participated in the Arrangement on the same basis as a non-dissenting Andean Shareholder.

ARTICLE 5 LUPAKA CERTIFICATES

5.1 Effect of Arrangement

After the Effective Time, certificates formerly representing Andean Common Shares shall represent only the right to receive any certificates representing Lupaka Common Shares which the former Holder of such Andean Common Shares is entitled to receive pursuant to Article 3 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 5.

5.2 Right of Holder to Receive Lupaka Common Shares

- (a) At or prior to the Effective Time, Lupaka shall deposit with the Depositary, for the benefit of the Andean Shareholders, a certificate or certificates representing the aggregate number of Lupaka Common Shares which the Andean Shareholders are entitled to receive hereunder (calculated without reference to whether any Andean Shareholders have exercised or may exercise Dissent Rights). Following the later of the Effective Date and the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Andean Common Shares that were exchanged under the Arrangement, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Andean Shareholder of such surrendered certificate will be entitled to receive in exchange therefor, the Lupaka Common Shares which such Andean Shareholder has the right to receive under the Arrangement for such Andean Common Shares, less any amounts withheld pursuant to Section 5.5 and any certificate so surrendered will forthwith be cancelled.
- (b) Subject to Section 5.3, as soon as practicable following the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and the certificates representing the Andean Common Shares or other documentation as provided in the Letter of Transmittal pursuant to Section 5.2(a), Lupaka shall cause the Depositary to:
 - (i) forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address specified in the Letter of Transmittal; or
 - (ii) if requested by the Holder in the Letter of Transmittal, make available at the Depositary for pick-up by the Holder; or
 - (iii) if the Letter of Transmittal neither specifies an address nor contains a request as described in (ii), forward or cause to be forwarded by first

class mail (postage prepaid) to the Holder at the address of such Holder as shown on the share register maintained by Andean as at the Effective Time,

certificates representing the number of Lupaka Common Shares, if any, issuable to such Andean Shareholder as determined in accordance with the provisions hereof, subject to any withholding obligation under applicable tax laws.

- (c) No Holder shall be entitled to receive any consideration with respect to the Andean Common Shares other than the certificates representing the Lupaka Common Shares, if any, which they are entitled to receive in accordance with Article 3 of this Plan of Arrangement and, for greater certainty, no Holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.
- (d) Until such time as a former Holder of Andean Common Shares complies with the provisions of Section 5.2(a), all certificates representing Lupaka Common Shares to which such Holder is entitled, if any, shall, subject to Section 5.3, in each case be delivered to the Depositary to be held in trust for such Holder for delivery to the Holder, upon delivery of the Letter of Transmittal and the certificates representing the Andean Common Shares in accordance with Section 5.2(a).

5.3 Surrender of Rights

Any certificate formerly representing Andean Common Shares not duly surrendered on or prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature against Lupaka or Andean by a former Holder. On such date, all Lupaka Common Shares to which the former Holder of such certificates was entitled shall be deemed to have been surrendered to Lupaka.

5.4 Fractional Shares

No fractional Lupaka Common Shares shall be issued to any former Andean Securityholder and any former Andean Securityholder who would otherwise be entitled to receive a fractional Lupaka Common Share will have its Lupaka Common Shares rounded up to the nearest whole Lupaka Common Share in the event that such Holder is entitled to a fractional share representing 0.5 or more of a Lupaka Common Share and rounded down to the nearest whole Lupaka Common Share in the event that such Holder is entitled to a fraction share representing less than 0.5 a Lupaka Common Share.

5.5 Withholding Rights

Lupaka, Andean and the Depositary shall be entitled to deduct and withhold from the consideration payable to any Holder such amounts as Lupaka, Andean or the Depositary is required, entitled or permitted to deduct and withhold with respect to such payment under the ITA, the *United States Internal Revenue Code of 1986*, as amended, or any provisions of any

applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

5.6 Former Andean Optionholders' Right to Receive Evidence of Lupaka Options

Each person who was an Andean Optionholder until such person's Andean Options were exchanged for stock options of Lupaka pursuant to the Arrangement shall, upon exchange of the Andean Options on the Effective Date, be entitled to receive documentation evidencing the applicable number of stock options of Lupaka granted under the Lupaka Stock Option Plan on the terms described in Section 3.1(e) hereof.

5.7 Registers

As soon as practicable following the Effective Date, Lupaka shall:

- (a) in the case of Andean Optionholders entitled to receive stock options of Lupaka pursuant to Section 3.1(e), cause to be reflected on the register maintained by or on behalf of Lupaka in respect of the stock options of Lupaka the number of stock options of Lupaka that each such Andean Optionholder is entitled to receive pursuant to Section 3.1(e), less any amounts required to be withheld pursuant to Section 5.5;
- (b) in the case of Andean Optionholders entitled to receive Lupaka Common Shares upon exercise of Andean Options pursuant to section 3.1(f), cause to be reflected on a register maintained by or on behalf of Lupaka that number of Lupaka Common Shares that such Andean Optionholders are entitled to receive pursuant to Section 3.1(f) upon such exercise, less any amounts required to be withheld pursuant to Section 5.5.; and
- (c) in the case of the Andean Warrantholders, cause to be reflected on a register maintained by or on behalf of Lupaka that number of Lupaka Common Shares that such Andean Warrantholders are entitled to receive upon exercise of Andean Warrants pursuant to Section 3.1(g), less any amounts required to be withheld pursuant to Section 5.5.

ARTICLE 6 AMENDMENT

6.1 Amendment of Plan of Arrangement

- (a) Andean and Lupaka reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any amendment, modification or supplement must be contained in a written document

which is filed with the Court and, if made following the Andean Meeting, approved by the Court and communicated to Holders in the manner required by the Court (if so required).

- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Andean and Lupaka at any time prior to or at the Andean Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Andean Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Andean Meeting shall be effective only if it is consented to by Andean and Lupaka (acting reasonably).
- (d) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.
- (e) Notwithstanding the foregoing provisions of this Section 6.1, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.

ARTICLE 7 FURTHER ASSURANCES

7.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to document or evidence any of the transactions or events set out herein.



July 16, 2011

Andean American Gold Corp.
Suite 101 – 2275 Upper Middle Road East
Oakville, Ontario L6H 0C3

Dear Sirs:

**Re: Arrangement Agreement between Lupaka Gold Corp. ("Lupaka") and
Andean American Gold Corp. ("Andean")- Disclosure Letter**

We refer to the arrangement agreement (the "**Agreement**") effective as of the date hereof between Lupaka and Andean. This disclosure letter (the "**Disclosure Letter**") is being delivered to you pursuant to the Agreement. Capitalized terms used in this Disclosure Letter that are not otherwise defined shall have the meanings ascribed to them in the Agreement unless otherwise stated. Any references in this Disclosure Letter to section numbers or paragraphs are to sections or paragraphs of the Agreement unless otherwise stated. Unless otherwise noted, all references herein to "\$" or dollars are to Canadian dollars. This Disclosure Letter supersedes and replaces any previous disclosure letters, materials or information provided (in writing, verbally, electronically or otherwise) to you or your representatives.

Any matter disclosed under any section or paragraph of this Disclosure Letter with respect to the corresponding section or paragraph of the Agreement shall be deemed to have been disclosed with respect to such other sections or paragraphs of the Agreement to which such matter, on its face, would reasonably pertain in light of the form and substance of the disclosure made.

The following matters are specifically disclosed:

Agreement Reference	Disclosure
Section 4.1(f)(i) and (ii)	See Schedule 4.1(f)(i) and (ii)
Section 4.1(w) and (z)(ii)	See Schedule 4.1(w) and (z)(ii)
Section 4.1(ff)	See Schedule 4.1(ff)
Section 4.1(gg)	See Schedule 4.1(gg)

Yours truly,

LUPAKA GOLD CORP.

By: *"Eric Edwards"*

Name: Eric Edwards
Title: President and CEO

Accepted as the date first written above:

ANDEAN AMERICAN GOLD CORP.

By: *"David Rae"*

Name: David Rae
Title: President and CEO

SCHEDULE 4.1 (f)(i) and (ii)

As at the date of the Agreement, there are issued and outstanding:

1. 44,762,451 common shares in the capital of Lupaka;
2. no preferred shares in the capital of Lupaka;
3. options exercisable to acquire up to 3,647,000 common shares of Lupaka;
4. warrants exercisable to acquire up to 7,466,667 common shares of Lupaka; and
5. no other convertible securities.

In addition, Lupaka has an obligation to issue common shares to K-Rok Minerals Inc. pursuant to the Assignment and Assumption Agreement dated July 26, 2010 between the Lupaka and K-Rok Minerals Inc., together with Addendum No. 1 to the Assignment and Assumption Agreement dated effective July 26, 2010 and as amended by Amendment No. 1 to Assignment and Assumption Agreement dated effective March 17, 2011 and by Amendment No. 2 to the Assignment and Assumption Agreement dated effective May 7, 2011, a copy of which has been provided to Andean.

The following is a list of Lupaka's subsidiaries:

Minera Pacacorral S.A.C., a Peruvian Company (100% owned)

List of Options outstanding as of the date of the Agreement:

Grant Date	Expiry Date	Price	Outstanding Options @ June 30, 2012
19-Oct-10	19-Oct-15	\$0.50	1,700,000
16-Nov-10	19-Oct-15	\$0.50	200,000
24-Jan-11	19-Oct-15	\$0.50	300,000
15-Jan-11	15-Jan-16	\$0.50	175,000
9-Nov-11	9-Nov-16	\$1.21	1,222,000
1-Apr-12	1-Apr-17	\$1.23	50,000
	TOTAL		3,647,000

List of Warrants outstanding as of the date of the Agreement:

Issue Date	Expiry Date	Price	Outstanding Warrants @ June 30, 2012
28-Jun-11	28-Jun-13	2.25	800,000
28-Jun-11	28-Jun-14	2.25	6,666,667
	TOTAL		7,466,667

SCHEDULE 4.1(w) and (z)(ii)

List of Liens:

Royalty Interest

The only royalty or financial encumbrance to which the Crucero Property is subject, other than maintenance fees and pre-production penalties, is a NSR agreement (the "**Concession Assignment Agreement**") dated September 12, 2008 between Minera Pacacorral and CEDIMIN S.A.C., the owner of Mina Crucero 10 and Mina Crucero 4, and CEDIMIN S.A.C.'s parent company, Compania de Minas Buenaventura S.A.A., the owner of Mina Crucero 2007.

The amount of this NSR is dependent upon the price of gold and can rise to a maximum of five percent (5%).

The Concession Assignment Agreement is similar to a lease agreement and expires in September 2038.

Under the Concession Assignment Agreement, Minera Pacacorral also agreed to pay the annual payments required to maintain the Assigned Concessions and to complete a 3,000 meter drilling program on the Assigned Concessions, which drill program has been completed. .

As consideration for the Concession Assignment Agreement, Minera Pacacorral agreed to pay a net smelter returns royalty on all gold and other minerals produced from the Assigned Concessions of:

- 1% if the average monthly price of an ounce of gold is greater than US\$300 and less than or equal to US\$400;
- 2% if the average monthly price of an ounce of gold is greater than US\$400 and less than or equal to US\$600;
- 3% if the average monthly price of an ounce of gold is greater than US\$600 and less than or equal to US\$800; and
- 5% if the average monthly price of the ounce of gold is greater than US\$800.

SCHEDULE 4.1(ff)

Employees and Consultants

Name	Position / Company	Agreement	Service Start Date	Current Salary Per Annum
Gordon Ellis	Executive Chairman of Lupaka	Consulting Agreement with Gordann Consultants Ltd., dated July 1, 2010 and amended January 31, 2012.	July 1, 2010	\$60,000
Eric Edwards	President, Chief Executive Officer of Lupaka	Employment Agreement	January 1, 2011	\$175,000
Darryl Jones	Chief Financial Officer	Employment Agreement	October 1, 2010	\$144,000
[REDACTED]	[REDACTED]	Employment Agreement	January 1, 2011	\$90,000
[REDACTED]	[REDACTED]	Employment Agreement	January 15, 2011	\$96,000
[REDACTED]	[REDACTED]	Employment Agreement	April 1, 2011	\$75,000
[REDACTED]	[REDACTED]	[REDACTED]	July 1, 2010	\$120,000
[REDACTED]	[REDACTED]	n/a	July 1, 2010	\$100,000
[REDACTED]	[REDACTED]	Employment Agreement	November 1, 2011	US\$134,000

Notes:

- All amounts are referenced in Canadian dollars except where noted.
- Bonuses are granted at the discretion of the Board.

Termination / Change of Control

Pursuant to the terms of the employment agreement between the Company and Mr. Edwards, Mr. Edwards is entitled to terminate the employment agreement upon 30 days' written notice to the Company. In the event the Company terminates the employment agreement for any reason other than cause, Mr. Edwards is entitled to an amount equal to three times his annual base salary and an amount equal to 24 months of his group health

insurance and other benefit plan costs. Such termination fee is only payable if Mr. Edwards delivers a general release in favour of the Company.

In the event of a "change of control" of the Company, if Mr. Edward's employment is terminated within 90 days of the change of control, he is entitled to receive three times his then current annual base salary and an amount equal to 24 months of his group health insurance and other benefit plan costs. If Mr. Edwards resigns for any reason within 90 days following a change of control, he is entitled to receive this termination payment. If Mr. Edwards is terminated without cause, the Company agrees to engage Mr. Edwards as a consultant for one year on an "if, as and when required" basis at daily compensation rates consistent with his compensation prior to termination so that his stock options will, unless otherwise exercised or terminated, continue during such period. A "change of control" is defined as an acquisition by any person or group of persons acting jointly or in concert of direct or indirect beneficial ownership of securities representing 50% or more of the Company's voting securities; completion of a business combination which results in the Company's shareholders holding less than 50% of the voting securities of the resulting or successor corporation; or the current directors of the Company ceasing to represent a majority of the members of the Board of Directors as a result of a proxy solicitation other than by management.

Pursuant to the terms of the employment agreement between the Company and Darryl Jones, Mr. Jones is entitled to the same termination and change of control payments as contained in Mr. Edwards' employment agreement.

Pursuant to the terms of the employment agreement between the Company and [REDACTED], [REDACTED] is entitled to payments of one-times her annual base salary and 12 months group health insurance upon termination or change of control, otherwise she is subject to the same terms as contained in [REDACTED] employment agreement.

Pursuant to the terms of the employment agreement between the Company and [REDACTED], [REDACTED] is entitled to payments of one-times his annual base salary and 12 months group health insurance upon termination or change of control, otherwise he is subject to the same terms as contained in [REDACTED] employment agreement.

Pursuant to the terms of the employment agreement between the Company and [REDACTED], [REDACTED] is entitled to payments of one-times his annual base salary and 12 months group health insurance upon termination or two-times his annual base salary and 24 months of group health insurance upon change of control, otherwise he is subject to the same terms as contained in [REDACTED] employment agreement.

Pursuant to the terms of the employment agreement between the [REDACTED] and [REDACTED], the employment agreement may be terminated upon not less than 30 days written notice by either [REDACTED] or the Company, during which time [REDACTED] shall comply and perform his obligations thereunder, as directed by the Company. A "change of control" is defined as an acquisition by any person or group of persons acting jointly or in concert of direct or indirect beneficial ownership of securities representing 50% or more of the Company's voting securities; completion of a business combination which results in the Company's shareholders holding less than 50% of the voting securities of the resulting or successor corporation; in such an event [REDACTED] is terminated or resigns within 90 days of the change in control he shall receive one-times his then-current annual base salary

in lump sum payments to be made within 30 days of termination together with payment of an amount equal to 12 months medical insurance coverage in Peru.

Pursuant to the terms of the consulting services agreement between the Company and Gordann Consultants, Gordann Consultants may terminate the consulting agreement on not less than 90 days' written notice to the Company. In such event, the Company has the right to elect to terminate the Consultant's engagement prior to the date of resignation by paying the Consultant an amount equal to the time remaining in the notice period (not to exceed 90 days). In the event that within six months following a change of control, Gordann Consultants is terminated other than for cause, is required to perform services consistent with a position of lesser stature than Executive Chairman, or is required to relocate more than 75 kilometers from the Company's head office location, then at the Consultant's election the consulting agreement will be terminated and the Company shall pay a fee of \$60,000 to the Consultant. All outstanding options will vest prior to a change of control.

Pursuant to the terms of the consulting services agreement between the Company and [REDACTED] may terminate the consulting agreement on not less than 90 days' written notice to the Company. In such event, the Company has the right to elect to terminate the Consultant's engagement prior to the date of resignation by paying the Consultant an amount equal to the time remaining in the notice period (not to exceed 90 days). There are no change-in-control provisions.

Lupaka Gold Corp. has redacted information in this schedule relating to identification of certain employees for privacy reasons.

SCHEDULE 4.1(gg)

Schedule of Insurance:

Policy Type	Coverage Limit (Expiry)	Deductible	Exclusions
VANCOUVER			
D&O Liability	\$5 million (May 2013)	\$25,000	US Securities (Pink Sheet) Listing Nuclear Energy Liability
Office Contents and Comprehensive Liability	Office Contents (replacement per submitted list) \$2 million - Bodily injury and property damage (Dec 2011)	\$1,500 n/a	Negligence
PERU			
Office Contents and Comprehensive Liability	USD220,000 Contents and Acts of Terrorism USD100,000 Civil (September 2012)	USD200 – 1,500 10%, minimum USD500	Negligence
Mobile Equipment – Project	USD100,000 (September 2012)	USD2,500	
Vehicle	USD20,000 – 100,000 (3 rd party), dependent upon occurrence (September 2012)	10%, minimum USD200 - 500	Operators having certain (listed) medical conditions

Lupaka Gold Corp. has redacted information on this schedule as it believes that the disclosure of such information would be seriously prejudiced to its interests.



July 16, 2012

Lupaka Gold Corp.
428-800 West Pender Street
Vancouver, BC V6C 2V6

Dear Sirs:

Re: Arrangement Agreement between Lupaka Gold Corp. ("Lupaka") and Andean American Gold Corp. ("Andean")- Disclosure Letter

We refer to the arrangement agreement (the "**Agreement**") effective as of the date hereof between Lupaka and Andean. This disclosure letter (the "**Disclosure Letter**") is being delivered to you pursuant to the Agreement. Capitalized terms used in this Disclosure Letter that are not otherwise defined shall have the meanings ascribed to them in the Agreement unless otherwise stated. Any references in this Disclosure Letter to section numbers or paragraphs are to sections or paragraphs of the Agreement unless otherwise stated. Unless otherwise noted, all references herein to "\$" or dollars are to Canadian dollars. This Disclosure Letter supersedes and replaces any previous disclosure letters, materials or information provided (in writing, verbally, electronically or otherwise) to you or your representatives.

Any matter disclosed under any section or paragraph of this Disclosure Letter with respect to the corresponding section or paragraph of the Agreement shall be deemed to have been disclosed with respect to such other sections or paragraphs of the Agreement to which such matter, on its face, would reasonably pertain in light of the form and substance of the disclosure made.

The following matters are specifically disclosed:

Agreement Reference	Disclosure
Section 3.1(a) and (g)(i) and (ii)	See Schedule 3.1(a) and (g)(i) and (ii)
Section 3.1(y) and (bb)	See Schedule 3.1(y) and (bb)
Section 3.1(gg)	See Schedule 3.1(gg)
Section 3.1(hh) and (ii)	See Schedule 3.1(hh) and (ii)
Section 3.1(jj)	See Schedule 3.1(jj)

Yours truly,

ANDEAN AMERICAN GOLD CORP.

By: "David Rae"

Name: David Rae

Title: President and CEO

Accepted as the date first written above:

LUPAKA GOLD CORP.

By: "Eric Edwards"

Name: Eric Edwards

Title: President and CEO

SCHEDULE 3.1(a) and (g)(i) and (ii)

As at the date of the Agreement, there are issued and outstanding:

1. 150,976,810 common shares in the capital of Andean;
2. no preferred shares in the capital of Andean;
3. options exercisable to acquire up to 6,850,000 common shares of Andean;
4. warrants exercisable to acquire up to 2,500,000 common shares of Andean; and
5. no other convertible securities.

Andean has a shareholders' rights plan dated August 10, 2011.

The following is a list of Andean's Subsidiaries:

- Invicta Mining Corp S.A.C., a Peruvian Company (100% owned)
- Andean Exploraciones S.A.C., a Peruvian Company (100% owned)
- Greenhydro S.A.C., a Peruvian Company (100% owned)
- El Misti Gold (1995) Ltd. a British Columbia company (100% owned)
- Richards Metals Ltd., a Barbados company (100% owned)

El Misti Gold (1995) Ltd. was dissolved for failure to file on March 26, 2012.

ANDEAN AMERICAN MINING CORP
STOCK OPTIONS
PERIOD ENDING JUNE 30, 2012

Date of Grant	Date of Expiry	Optionee	June 30, 2012	
			Number of Options	Exercise Price
Oct 31-07	Oct 29, 2012		50,000	0.71
Oct 31-07	Oct 29, 2012		50,000	0.71
Oct 31-07	Oct 29, 2012		400,000	0.71
Oct 31-07	Oct 29, 2012		50,000	0.71
Oct 29-07	Oct 29, 2012		200,000	0.71
Oct 29-07	Oct 29, 2012		50,000	0.71
Oct 29-07	Oct 29, 2012		50,000	0.71
Sept-26-08	Sept 26, 2013		200,000	0.30
Sept 16-09	Sept 16, 2014		100,000	0.30
Sept 16-09	Sept 16, 2014		100,000	0.30
Sept 16-09	Sept 16, 2014		50,000	0.30
Dec 07-09	Dec 7, 2014		250,000	0.39
Mar 18-10	Mar 18, 2013		70,000	0.40
Mar 18-10	Mar 18, 2013		24,000	0.40
Mar 18-10	Mar 18, 2013		20,000	0.40
May 13-10	May 13, 2015		250,000	0.42
May 13-10	May 13, 2015		500,000	0.42
June 15-10	June 15, 2015		500,000	0.45
Sept 10-10	Sept 10, 2015		100,000	0.80
Sept 10-10	Sept 10, 2015		50,000	0.80
Sept 10-10	Sept 10, 2015		50,000	0.80
Sept 10-10	Sept 10, 2015		50,000	0.80
Sept 10-10	Sept 10, 2015		76,000	0.80
Sept 10-10	Sept 10, 2015		60,000	0.80
Sept 10-10	Sept 10, 2015		30,000	0.80
Sept 10-10	Sept 10, 2015		20,000	0.80
Sept 10-10	Sept 10, 2015		20,000	0.80
Nov-30-10	Nov 30, 2015		30,000	1.00
Jan 1-11	Jan 1, 2016		100,000	0.95
Feb 11-11	Feb 11, 2016		100,000	0.89
Feb 11-11	Feb 11, 2016		100,000	0.89
Mar 11-11	Mar 11, 2016		250,000	0.79
Apr 20 -11	Apr 20, 2013		100,000	0.49
Sept 15, 2011	Sept 15, 2016		125,000	0.49
Sept 15, 2011	Sept 15, 2016		100,000	0.49
Sept 15, 2011	Sept 15, 2016		100,000	0.49
Sept 15, 2011	Sept 15, 2016		100,000	0.49
Sept 15, 2011	Sept 15, 2016		850,000	0.49
Sept 15, 2011	Sept 15, 2016		700,000	0.49
Sept 15, 2011	Sept 15, 2016		125,000	0.49
Sept 15, 2011	Sept 15, 2016		400,000	0.49
Sept 15, 2011	Sept 15, 2016		125,000	0.49
Sept 15, 2011	Sept 15, 2016		75,000	0.49
Nov 14, 2011	Nov 13, 2016		100,000	0.42
			6,850,000	

Schedule of Andean Warrants:

ANDEAN AMERICAN MINING CORP

Warrants

PERIOD ENDING JUNE 30, 2012

Date of Grant	Date of Expiry	Warrant Holder	Number of warrants June 30-12	Exercise Price
Feb 12-10	Feb 12, 2015		1,250,000	0.46
Feb 12-10	Feb 12, 2015		1,250,000	0.46
			2,500,000	

SCHEDULE 3.1(y) and (bb)

The Andean Concessions and the Andean Properties, free and clear of all Liens, with the exception of the mining concessions "Victoria Uno", "Victoria Dos", "Victoria Tres", "Victoria Cuatro" and "Victoria Siete", each of which are subject to a NSR royalty in the amount of US\$ 800,000 in favor of Minera Barrick Misquichilca S.A., duly registered in the electronic cards of such mining concessions. This payment obligation is guaranteed by a mortgage granted in favor of Minera Barrick Misquichilca S.A. for the amount of US\$ 1'600,000.

The Company is required to pay Barrick a 1% Net Smelter Royalty ("NSR") capped at US\$1 million. The agreement called for advanced annual royalty payments of US\$100,000 commencing on the date of exercising the option and every anniversary thereafter. To date the Company has paid US\$500,000. Also, and in addition to the advanced royalty payment, and only on the commencement of production, the Company will be required to pay Barrick on a quarterly basis an amount of US\$50,000, which is capped at a total of US\$800,000.

SCHEDULE 3.1(gg)

Confidentiality Agreement with Bridgeport Ventures: Andean entered into a confidentiality agreement with Bridgeport which will expire on February 29, 2013. Pursuant to this agreement, neither Andean nor its Affiliates (includes a company that directly or indirectly controls Andean) are permitted to acquire any interest in lands within the area within 2 km of the external boundaries of any of the properties in which Bridgeport or any of its Affiliates holds an interest, without the prior written consent of Bridgeport.

SCHEDULE 3.1(hh) and (ii)

Andean Severances and related expenses

Severances - Canada

\$
\$
\$

\$ 822,128

Medical benefits

\$
\$
\$

\$ 15,789

Severances - Peru

\$ 160,916

Total

\$ 998,833

Andean Consultants and Salaries per annum

Payroll - Canada

	Annual Income	Bonus
	\$	40%
	\$	40%
	\$	30%
	\$	633,475
CPP and EI	\$	
Medical aid	\$	
	\$	656,475

Salaries - Peru

	40%
	40%

Essulad at 9%

\$	764,622
\$	68,816
\$	833,438

Total

\$	1,489,913
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SCHEDULE 3.1(jj)

Insurance			
Policy Type	Coverage Limit (Expiry)	Deductible	Exclusions
Oakville			
D&O Liability	\$5 million (April 2013)	\$25,000	
Peru			
Multi-risk:	Single and combined limit		
Fire and allied lines, Earthquake	US\$ 219,000	US\$ 1,000 1% of building value, min US\$ 2,500	
Political Risk		10% of claim, min US\$ 1,000	
Machinery Breakdown	US\$ 30,000	10% of claim, min US\$ 500	Underground machinery
Electronic equipment	US\$ 30,000	10% of claim, min US\$ 150	
C.A.R.	US\$ 30,000	10% of claim, min US\$ 500	
Incidental Transport	US\$ 30,000	10% of claim, min US\$ 200	
Business Interruption	US\$ 25,000		
New acquisitions	US\$ 30,000		
Extraordinary expenses	US\$ 40,000		
Comprehensive Liability	US\$ 300,000 (December 16, 2012)	10% of claim, min US\$ 200	Any inventory
3D (Destruction, Disappearance, Dishonesty)			
Employees dishonesty	US\$ 20,000	10% of claim, min US\$ 500	
Disappearance in premises	US\$ 5,000		
Theft out of premises	US\$ 5,000		
Falsification of checks & similar	US\$ 50,000		
Robbery of assets and inventory	US\$ 45,000 (December 16, 2012)		

VEHICLES

Auto Volkswagen Mod. Passat	US\$12,000	10% of claim, min US\$ 150
Liabilities	US\$150,000	
Daños propios a la unidad	US\$12,000	
	(October 10, 2012)	

VEHICLES

Auto Toyota Mod. Yaris	US\$10,000	10% of claim, min US\$ 150
Liabilities	US\$150,000	
Daños propios a la unidad	US\$10,000	
	(August 18, 2012)	