

**HOCHSCHILD MINING PLC**

and

**1334940 B.C. LTD.**

and

**AMARILLO GOLD CORPORATION**

and

**LAVRAS GOLD CORP.**

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**ARRANGEMENT AGREEMENT**

Dated as of November 29, 2021

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**Stikeman Elliott LLP**

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## ARRANGEMENT AGREEMENT

**THIS AGREEMENT** is made as of November 29, 2021

AMONG:

**HOCHSCHILD MINING PLC,**  
a company existing under the laws of England and Wales  
(the “**Parent**”)

- and -

**1334940 B.C. LTD.,**  
a corporation existing under the laws of the Province of British Columbia  
(the “**Purchaser**”)

- and -

**AMARILLO GOLD CORPORATION,**  
a corporation existing under the laws of the Province of British Columbia  
(the “**Company**”)

- and -

**LAVRAS GOLD CORP.,**  
a corporation existing under the laws of the Province of British Columbia  
(the “**SpinCo**”)

**WHEREAS** the Purchaser, an indirect wholly-owned subsidiary of the Parent, desires to acquire all of the Shares (as hereinafter defined) in exchange for consideration to the Company Shareholders (as hereinafter defined) (other than the Parent) consisting of the Cash Consideration (as hereinafter defined) and the SpinCo Share Consideration (as hereinafter defined);

**AND WHEREAS** the board of directors of the Company (the “**Board**”) has unanimously determined, upon the recommendation of the Special Committee (as hereinafter defined) and after consultation with its legal and Financial Advisor (as hereinafter defined) that the Arrangement (as hereinafter defined) is in the best interests of the Company; and the Board has unanimously resolved to recommend approval of the Arrangement Resolution (as hereinafter defined) to Company Shareholders, all on the terms and subject to the conditions contained herein;

**AND WHEREAS** all of the members of the Board, officers and certain other insiders of the Company who beneficially own Shares or own any securities convertible into, or exchangeable or exercisable for Shares have concurrently with the execution and delivery of this Agreement entered into the Voting and Support Agreements (as hereinafter defined);

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

**“1933 Act”** means the United States Securities Act of 1933.

**“Acquisition Proposal”** means, other than the transactions contemplated by this Agreement and other than any transaction between the Company and/or one or more of its wholly-owned Subsidiaries, any written or oral offer, proposal, inquiry or expression of interest from any Person or group of Persons other than the Purchaser or the Parent (or an affiliate of the Purchaser or the Parent or any Person acting jointly or in concert with the Purchaser or the Parent or any affiliate of the Purchaser or the Parent) relating to, in each case whether in a single transaction or a series of related transactions: (i) any direct or indirect sale or disposition (or any alliance, joint venture, lease, license, long-term supply agreement or other arrangement having a similar economic effect as a sale or disposition) of assets (including shares of any Subsidiary of the Company) of the Company or any of its Subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated annual revenue of the Company and its Subsidiaries; (ii) any direct or indirect acquisition, purchase, take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of the Company or any of its Subsidiaries (or securities convertible into or exchangeable for such voting or equity securities) then outstanding; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding-up involving the Company or any of its Subsidiaries; or (iv) any other transaction or series of transactions involving the Company or any of its Subsidiaries that would have a similar effect as the foregoing.

**“Affected Securityholders”** means, collectively, Company Shareholders and the holders of Options.

**“affiliate”** means, with respect to any Person, any other Person which directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For the purposes of this definition and the definition of **“Subsidiary”**, **“control”** (including with correlative meanings, the terms **“controlled by”** and **“under common control with”**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

**“Agreement”** means this arrangement agreement.

**“Arrangement”** means an arrangement under Section 288 of the BCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

**“Arrangement Filings”** means the records and information provided to the Registrar under Subsection 292(a) of the BCA, together with a copy of the entered Final Order.

**“Arrangement Resolution”** means the special resolution approving the Plan of Arrangement to be considered at the Meeting, substantially in the form set out in Schedule “B” .

**“Authorization”** means, with respect to any Person, any order, permit, approval, consent, waiver, registration, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

**“BCA”** means the *Business Corporations Act*, S.B.C. 2002, c. 57.

**“Board”** has the meaning ascribed thereto in the preamble hereto.

**“Board Recommendation”** has the meaning ascribed thereto in Section 2.4(2).

**“Breaching Party”** has the meaning ascribed thereto in Section 4.11(2).

**“Bump Transactions”** has the meaning ascribed thereto in Section 4.9(4).

**“Business Day”** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario, London, England, or Vancouver, British Columbia.

**“Cash Consideration”** means \$0.40 in cash for each Share.

**“Change of Control Payments”** has the meaning ascribed thereto in Section 31(e) of Schedule “C”.

**“Change in Parent Recommendation”** has the meaning ascribed thereto in Section 7.2(1)(c)(iii).

**“Change in Recommendation”** has the meaning ascribed thereto in Section 7.2(1)(d)(ii).

**“Closing”** has the meaning ascribed thereto in Section 2.7(2).

**“Collective Agreements”** means all collective bargaining agreements or union agreements applicable to the Company or any of its Subsidiaries and all related letters or memoranda of understanding applicable to the Company or any of its Subsidiaries which impose obligations upon the Company or any of its Subsidiaries.

**“Company”** has the meaning ascribed thereto in the preamble hereto.

**“Company Assets”** means (i) all right, title, interest and benefit in and to the assets of the Company (other than the SpinCo Assets) and (ii) all Tax assets of the Company.

**“Company Budget”** means the consolidated operating budget of the Company and its Subsidiaries from October 1, 2021 until April 30, 2022, as set forth in Section 1.1(a) of the Company Disclosure Letter, as may be amended from time to time by the agreement of the Company and the Purchaser.

**“Company Circular”** means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to Affected Securityholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

**“Company Contractor”** means an independent contractor or consultant who provides services to the Company or any of its Subsidiaries.

**“Company Disclosure Letter”** means the disclosure letter dated the date of this Agreement and all schedules, exhibits and appendices thereto, delivered by the Company to the Parent and the Purchaser with this Agreement.

**“Company Employees”** means the officers and employees of the Company and its Subsidiaries.

**“Company Filings”** means all documents filed by or on behalf of the Company on SEDAR since January 1, 2019.

**“Company Related Party”** means the Company, its Subsidiaries and each of their respective shareholders (other than the Parent and its affiliates), partners, members, directors, officers, employees and agents.

**“Company Shareholders”** means the registered and/or beneficial holders of the Shares, as the context requires.

**“Company’s Constating Documents”** means the notice of articles and articles of the Company and all amendments thereto, true and complete copies of which are contained in the Data Room.

**“Confidentiality Agreement”** means the confidentiality agreement between the Company and Hochschild Mining Holdings Limited (a Subsidiary of Parent) dated as of March 27, 2020, as amended.

**“Consideration”** means the consideration to be paid or delivered pursuant to the Plan of Arrangement consisting, in respect of each Share that is issued and outstanding immediately prior to the Effective Time, of the sum of (i) the Cash Consideration, and (ii) the SpinCo Share Consideration.

**“Contract”** means, with respect to the Company or any of its Subsidiaries, any agreement, arrangement, commitment, understanding, engagement, contract, franchise, licence, lease, obligation, undertaking or joint venture, partnership, note, instrument, or other right or obligation, whether written or oral, to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

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

**“Data Room”** means the material contained in the virtual data room established by the Company as at 5:00 p.m. on November 29, 2021.

**“Depository”** means Computershare Trust Company of Canada or such other Person as the Company may appoint to act as depository in relation to the Arrangement, with the approval of the Purchaser, acting reasonably.

**“Dissent Rights”** means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

**“Effective Date”** means the date upon which the Arrangement becomes effective, as set out in Section 2.7(1).

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

**“Employee Agreement”** means any employment, compensation, severance, retention, termination or change of control Contract by and between the Company or any of its Subsidiaries and any Company Employee, former Company Employee or director or former director of the Company or any of its Subsidiaries.

**“Employee Plans”** means all health, welfare, supplemental unemployment benefit, vacation, bonus, retention, change of control, profit sharing, fringe benefit, commissions, termination payments, severance, option, stock appreciation, savings, insurance, incentive, compensation, deferred compensation, share purchase, share compensation, disability, pension or supplemental retirement plans and other compensation or benefit plans, agreements or arrangements for the benefit of any director or former director of the Company or any of its Subsidiaries, Company Contractor or former Company Contractor, and/or any Company Employee or former Company Employee, which are maintained by or binding upon the Company or any of its Subsidiaries or pursuant to which the Company or any of its Subsidiaries has any liability or is required to contribute to, whether funded or unfunded, insured or self-insured, registered or unregistered, written or oral, or in respect of which the Company or any of its Subsidiaries has any actual or potential liability, other than plans maintained by a Governmental Entity.

**“Environmental Laws”** means all Laws, agreements with Governmental Entities and all other legally enforceable requirements relating to public, occupational or workplace health and safety, noise control, pollution, reclamation or the protection of the environment or any workplace in which or site where the Company or any of its Subsidiaries has carried on business, or to the generation, production, installation, use, storage, treatment, transportation, Release or threatened Release, or presence of Hazardous Substances, and all Authorizations issued pursuant to such Laws, agreements or other statutory requirements.

**“Fairness Opinion”** means the opinion of the Financial Advisor to the effect that, as of the date of such opinion and based on and subject to the limitations, qualifications and assumptions set forth therein, the consideration to be received by Company Shareholders (other than the Parent) pursuant to the Arrangement is fair, from a financial point of view, to such holders.

**“FCA”** means the United Kingdom Financial Conduct Authority.

**“Final Order”** means the final order of the Court pursuant to section 291(4) of the BCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

**“Financial Advisor”** means Research Capital Corporation.

**“Financing Sources”** means any investor, lender, agent, trustee, arranger or other Person that commits to provide, or otherwise enters into agreements with the Purchaser, Parent or any of their respective affiliates in connection with, any debt financing, including any

commitment letters, engagement letters, credit agreements, loan agreements or indentures relating thereto, together with each affiliate thereof and each officer, director, employee, partner, controlling person, advisor, attorney, agent and representative of each such Person or affiliate or their respective successors or assigns.

**“Governmental Entity”** means: (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, in Canada or otherwise; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (iv) any arbitrator or arbitration tribunal; (v) any Securities Authority; or (vi) any stock exchange including the TSX-V.

**“Government Official”** means any member, officer or employee of a Governmental Entity (including any business or institution that is owned or controlled, directly or indirectly, by a Governmental Entity) or of a public international organization, any political party, party official, or candidate thereof, and any Person acting in an official capacity for or on behalf of any of the foregoing.

**“Hazardous Substances”** means any element, waste or other substance, whether natural or artificial and whether consisting of gas, liquid, solid or vapour, that is prohibited, listed, defined, judicially interpreted, regulated, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to, or that could give rise to liability under, any applicable Environmental Laws, including petroleum and all derivatives thereof or synthetic substitutes therefor, naturally occurring radioactive material, poly- and perfluoroalkyl substances, and asbestos or asbestos-containing materials or any substance which is designated or deemed under Environmental Laws to be deleterious to natural resources or worker or public health or having an adverse effect on the environment or human life or health.

**“IFRS”** means International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted in Canada.

**“Indebtedness”** of any Person means all obligations of such Person: (i) for money borrowed, whether or not evidenced by bonds, debentures, notes or other similar instruments (including obligations to reimburse any other Person under any letter of credit, banker’s acceptance, performance bond, surety bond or related reimbursement agreement, whether such instruments have been drawn or realized upon or not); (ii) relating to any lease that is classified as a capital lease liability on the balance sheet of such Person in accordance with IFRS (including for certainty any sale and leaseback transaction, whether or not included as a liability on the balance sheet of such Person); (iii) for amounts owing or due under any interest rate, foreign currency, or commodity, metals or other price protection agreement, derivative instrument, **“swap”** agreement, hedge or similar agreement (valued on a mark-to-market value basis); (iv) in respect of the deferred purchase price of property, assets or services; (v) to guarantee or be liable for obligations of the types described in clauses (i), (ii), (iii) or (iv), of any other Person; and (vi) for any accrued interest, prepayment premium or penalty or other costs, fees or expenses related to any of the foregoing.

**“Intellectual Property”** means all intellectual property rights, including any of the following: (i) patents and patent applications; (ii) registered and unregistered trademarks, service marks and trade names and pending trademark and service mark registration applications; (iii)

registered and unregistered copyrights, and applications for registration of copyrights; (iv) internet domain names; and (v) trade secrets.

**“Interim Order”** means the interim order of the Court pursuant to Section 291(2) of the BCA, to be issued following the application therefor contemplated by Section 2.2, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably.

**“Initial SpinCo Share”** means one SpinCo Share issued to the Company at a price of \$1.00.

**“Investment Canada Act”** means the *Investment Canada Act* (Canada).

**“Lavras do Sul Option Agreement”** means, collectively, the option agreements and the asset purchase agreements in respect of the Lavras do Sul Project entered into by the Company and the Company’s subsidiary, Amarillo Mineração do Brasil Ltda., as applicable

**“Lavras do Sul Project”** means the gold project in southern Brazil in the state of Rio Grande do Sul near to the town of Lavras do Sul, and known as the “Lavras do Sul Project”.

**“Law”** means, with respect to any Person, any and all applicable statute, law, constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, decision or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, in each case as amended unless expressly specified otherwise.

**“Legal Proceedings”** means any action, claim, arbitration, audit, hearing, investigation or inquiry (including subpoenas and requests for documents and information by or from any Governmental Entity), litigation, proceeding, or suit (whether civil, criminal, administrative, judicial, or investigative, public or private) commenced, threatened, brought, conducted, or heard or to be heard by or before any Governmental Entity.

**“Lien”** means any mortgage, charge, pledge, encumbrance, statutory or deemed trust, hypothec, security interest, prior claim, right of first refusal or first offer, occupancy right, covenant, contractual right of set-off, right of distraint, assignment, lien (statutory or otherwise), defect of title, restriction, adverse right or claim, third party interest or other encumbrance of any kind, in each case, whether contingent or absolute.

**“Listing Rules”** means the listing rules made by the FCA, as from time to time amended.

**“Mara Rosa Project”** means the gold project located in Goiás state, central Brazil, approximately 6km north of the town of Mara Rosa, and also generally known and referred to as the “Mara Rosa Project, “Posse Deposit” or the “Posse Gold Project”.

**“Matching Period”** has the meaning ascribed thereto in Section 5.4(1)(g).

**“Material Adverse Effect”** means any result, fact, change, event, occurrence, effect, circumstance or development that, individually or in the aggregate with other such results, facts, changes, events, occurrences, effects, circumstances or developments, has, has had or would reasonably be expected to have, a material and adverse effect on (x) the business,

assets, liabilities (including any contingent liabilities), results of operations, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, or (y) the Company Assets, including with respect to any underlying properties, operations or assets, or (z) the ability of the Company to perform its obligations hereunder and consummate the transactions contemplated hereby; provided, however, that “**Material Adverse Effect**” shall not include any result, fact, change, event, occurrence or development, arising out of, resulting from or attributable to: (i) conditions or effects that generally affect the global mining industry; (ii) any regional, national or international economic, financial, banking, inflationary, capital, regulatory, social, political, labour or market conditions (including the outbreak or escalation of hostilities, acts of war (declared or undeclared), sabotage or acts of terrorism) (including changes therein); (iii) any earthquakes, floods, hurricanes, or other natural disasters or acts of God; (iv) pandemics (including COVID-19 or derivatives), epidemics, national health emergencies, forced quarantines, lockdowns or similar events; (v) changes in interest, currency or exchange rates or the price of any commodity, security or market index; (vi) changes in Laws or IFRS or authoritative interpretations thereof; (vii) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); (viii) the execution, announcement, pendency or performance of this Agreement or consummation of the Arrangement; (ix) the failure of the Company to meet any internal, published or public projections, forecasts, guidance or estimates, including without limitation of revenues, earnings or cash flows (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred); or (x) any matter that has been disclosed in the Company Filings or in the Company Disclosure Letter, except, in the case of each of clauses (i), (ii), (iii), (iv), (v) and (vi), to the extent such change, event, occurrence, circumstance or development has a disproportionate effect on the Company and its Subsidiaries, taken as a whole, compared to other participants in the gold mining industry and provided further, however, that references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a Material Adverse Effect has occurred.

“**Material Contract**” means the Royalty Agreements and any other Contract: (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect; (ii) that is a partnership agreement, limited liability company agreement, joint venture agreement or similar agreement or arrangement, relating to the formation, creation or operation of any partnership, limited liability company or joint venture in which the Company or any of its Subsidiaries is a partner, member or joint venturer (or other participant); (iii) under which indebtedness for borrowed money in excess of \$250,000 is or may become outstanding; (iv) under which a supplier, consultant, independent contractor or other counterparty of the Company or its Subsidiaries received payments from the Company and its Subsidiaries in excess of \$100,000 for the fiscal year ended December 31, 2020 or which obligates the Company or Subsidiary to pay such Person in excess of \$100,000 for the remaining term of the Contract; (v) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds \$100,000; (vi) that contains exclusivity or non-solicitation obligations of the Company or any of its Subsidiaries; (vii) between the Company and any Company Related Party; (viii) that provides for rights of indemnification to any director, officer or employee of the Company or any of its Subsidiaries; (ix) providing for any change of control payments (or other payment that would be triggered by the transactions contemplated herein) to any director, officer, Company Employee or former Company Employee or Company Contractor or former Company Contractor or agent of the Company or any of its Subsidiaries or to any other Person; (x) that relates to the purchase or

sale of gold or any other metal or mineral; or (xi) that limits or restricts (A) the ability of the Company or any Subsidiary to engage in any line of business or carry on business in any geographic area, or (B) the scope of Persons to whom the Company or any of its Subsidiaries may carry on business or otherwise transact with; or (xii) that is otherwise material to the Company and its Subsidiaries taken as a whole.

**“Meeting”** means the special meeting of Company Shareholders, including any adjournment or postponement thereof in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser (provided that the Purchaser acknowledges that the Company Circular may include annual meeting of shareholder matters which are in form and substance satisfactory to the Purchaser, acting reasonably).

**“Money Laundering Laws”** has the meaning ascribed thereto in Paragraph (36) of Schedule “C”.

**“Misrepresentation”** means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

**“MI 61-101”** means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

**“NI 43-101”** means National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

**“Options”** means options to purchase Shares issued pursuant to and governed by the Stock Option Plan.

**“Order”** means any order, writ, judgment, temporary, preliminary or permanent injunction, decree, ruling, stipulation, determination, or award made by, or entered into by or with, any Governmental Entity.

**“Ordinary Course”** means, with respect to an action taken by the Company or any of its Subsidiaries, that such action is consistent with the past practices of the Company or its Subsidiaries, as applicable, and is taken in the ordinary course of the normal day to day operations of the business of the Company and its Subsidiaries.

**“Outside Date”** means April 30, 2022.

**“Parent”** has the meaning ascribed thereto in the preamble hereto.

**“Parent Board”** means the board of directors of Parent.

**“Parent Board Recommendation”** has the meaning ascribed thereto in Section 4.6(1).

**“Parent Intervening Event”** means any event, development, circumstance, change, effect, condition or occurrence that, as of the date of this Agreement, was not known to the Parent Board.

**“Parent Intervening Event Notice”** has the meaning ascribed thereto in Section 4.6(3)(b).

**“Parent Intervening Event Period”** has the meaning ascribed thereto in Section 4.6(3)(b).

**“Parent Notice and Circular”** means the Parent Notice of Meeting and Class 1 Circular in connection with the Parent Shareholder Meeting.

**“Parent Shareholder Approval”** means the approval of the Parent Shareholders who vote at the Parent Shareholder Meeting by the requisite majority in favour of the resolutions required to implement the transaction contemplated by the Arrangement.

**“Parent Shareholder Meeting”** means the extraordinary meeting of Parent Shareholders, including any adjournment or postponement of such extraordinary meeting in accordance with the terms of this Agreement, to be called and held for the purpose of seeking the Parent Shareholder Approval.

**“Parent Shareholders”** means the registered or beneficial holders of the Parent Shares, as the context requires.

**“Parent Shares”** means the ordinary shares of Parent as presently constituted.

**“Parent’s Constating Documents”** means Parent’s articles of association, and all amendments to such articles or by-laws.

**“Parties”** means, collectively, the Company, SpinCo, the Parent and the Purchaser and **“Party”** means any one of them.

**“Permitted Liens”** means, as of any particular time and in respect of the Company and any of its Subsidiaries, each of the following Liens:

- (a) Liens for Taxes which are not delinquent or that are being contested in good faith by appropriate proceedings, and that have been adequately reserved on the Company’s or its Subsidiary’s financial statements in accordance with IFRS, provided that if such Liens or Taxes are being contested, the payment has been made so that the contest of such Liens or Taxes does not subject the property or the Company or its Subsidiary to interest, penalty or forfeiture;
- (b) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, license, franchise, grant or Authorization of the Company or any of its Subsidiaries, to terminate any such lease, license, franchise, grant or Authorization, or to require annual or other payments as a condition of their continuance;
- (c) easements, rights-of-way, encroachments, restrictions, covenants, conditions and other similar matters that, individually or in the aggregate, do not materially and adversely impact the Company’s and its Subsidiaries’ current or contemplated use, occupancy, utility or value of the applicable real property;
- (d) Liens disclosed in the Company Filings;
- (e) any conditions that reasonably would be expected to be shown by a current survey or public search; and
- (f) Liens listed in Section 1.1(b) of the Company Disclosure Letter.

**“Person”** includes any individual, partnership, association, body corporate, company, corporation, organization, trust, estate, trustee, executor, administrator, legal representative,

government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

**“Plan of Arrangement”** means the plan of arrangement, substantially in the form set out in Schedule “A”, subject to any amendments or variations to such plan made in accordance with this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

**“Pre-Acquisition Reorganization”** has the meaning ascribed thereto in Section 4.9.

**“Purchaser”** has the meaning ascribed thereto in the preamble hereto.

**“Purchaser Reimbursement Event”** has the meaning ascribed thereto in Section 8.4(1).

**“Purchaser Reimbursement Payment”** has the meaning ascribed thereto in Section 8.4(1).

**“Registrar”** means the Person appointed as the Registrar of Companies under Section 400 of the BCA.

**“Regulatory Approvals”** means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with the Arrangement and including, without limitation, those required by the TSX-V.

**“Release”** means any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the environment.

**“Representatives”** means, in respect of any Person, such Person's affiliates and such Persons' and its affiliates' respective directors, officers, employees, agents, investment bankers, attorneys, accountants, financing sources or potential financing sources, accountants or other advisors or representatives.

**“Required Shareholder Approval”** has the meaning ascribed thereto in Section 2.2(1)(c).

**“Reverse Break Fee”** has the meaning ascribed thereto in Section 8.3(1).

**“Reverse Break Fee Event”** has the meaning ascribed thereto in Section 8.3(1).

**“Royalty Agreements”** means the royalty agreements listed in Section 1.1(d) of the Company Disclosure Letter.

**“Section 85 Elections”** has the meaning ascribed thereto in Section 4.3(7).

**“Securities Authority”** means the Ontario Securities Commission and any other applicable securities commissions or other securities regulatory authorities in each of the provinces or territories of Canada.

**"Securities Laws"** means the *Securities Act* (Ontario), all other applicable securities Laws of a province, territory or state, together with the rules and regulations and published policies thereunder, now in effect and as they may be promulgated from time to time, and includes the rules and policies of the TSX-V.

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval.

**"Shares"** means the common shares or, following completion of Section 2.4(j) of the Plan of Arrangement, the Class A shares in the capital of the Company, as the context dictates, and includes, for greater certainty, any common shares issued upon the valid exercise of any Options.

**"Software"** means software, firmware, middleware, and computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code, object code, executable or binary code.

**"Special Committee"** means the independent committee of the Board established to consider and make recommendations to the Board regarding the Arrangement and any Acquisition Proposal.

**"SpinCo"** has the meaning ascribed thereto in the preamble hereto.

**"SpinCo Assets"** has the meaning ascribed thereto in the Contribution Agreement.

**"SpinCo Contribution Agreement"** has the meaning ascribed thereto in Section 4.3(1).

**"SpinCo Liabilities"** has the meaning ascribed thereto in the Contribution Agreement.

**"SpinCo Royalty"** means the 2.0% net smelter revenue royalty on certain exploration properties in the form set out in Schedule "F" hereto.

**"SpinCo Share Consideration"** means one SpinCo Share per Share, comprising a 100% interest in SpinCo in the aggregate.

**"SpinCo Transactions"** means, collectively, and without duplication: (i) the consummation of any transaction contemplated by the SpinCo Contribution Agreement, (ii) the transactions or actions contemplated by Section 4.3 of this Agreement and (iii) the transactions or actions described in Sections 2.4(b),(e),(g),(h), and (j) of the Plan of Arrangement.

**"SpinCo Shares"** means common shares in the capital of SpinCo.

**"Stock Option Plan"** means the Rolling Stock Option Plan adopted by Company Shareholders on September 25, 2019 and re-approved by the Company Shareholders on October 1, 2020.

**"Subsidiary"** means, with respect to any Person, any other Person which is controlled directly or indirectly by that Person.

**"Superior Proposal"** means any unsolicited bona fide written Acquisition Proposal made after the date of this Agreement by a third party or third parties acting jointly: (i) that complies with Securities Laws and did not result from a breach of Securities Laws or Article 5 of this Agreement; (ii) to acquire not less than 100% of the outstanding Shares or all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis; (iii) in respect of which the Board determines, in its good faith judgment, after receiving the advice of its

outside legal and financial advisors, that 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 or group of Persons making such proposal; (iv) that is not subject to any financing condition, and in respect of which it has been demonstrated to the reasonable satisfaction of the Board that adequate arrangements have been made in respect of any financing required to ensure that the required funds will be available to effect payment in full for all the Shares or all or substantially all of the assets, as the case may be, and to complete such Acquisition Proposal at the time specified therein; (v) that is, at the date the Company provides the Superior Proposal Notice to the Purchaser, not subject to any due diligence condition; and (vi) in respect of which the Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal would, if consummated in accordance with its terms and conditions (but without assuming away the risk of non-completion), result in a transaction which is more favourable, from a financial point of view, to Company Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2)).

**“Superior Proposal Notice”** has the meaning ascribed thereto in Section 5.4(1)(e).

**“Supporting Shareholders”** means, collectively: (i) each director and executive officer of the Company who holds Shares and/or Options; and (ii) those Company Shareholders identified in Section 1.1(e) of the Company Disclosure Letter.

**“Tax Act”** means the *Income Tax Act* (Canada).

**“Tax Returns”** means any and all returns, reports, declarations, estimates, elections, notices, forms, designations, filings, declarations of estimated Tax, information statements and returns, statements and other similar documents filed or required to be filed with any Governmental Entity in connection with any Taxes (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) and any schedules, attachments, supplements, appendices and exhibits thereto, whether in tangible, electronic or other form.

**“Taxes”** means: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever, however denominated, imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, domestic or foreign federal income taxes and provincial/state or local income taxes), gains taxes, capital gains taxes, production taxes, windfall taxes, surplus taxes, recapture taxes, capital stock taxes, payroll and employee withholding taxes, employment insurance premiums, unemployment insurance premiums, social insurance taxes, social security taxes, Canada Pension Plan or other governmental pension plan premiums or contributions, payroll contributions and taxes, sales and use taxes, value added taxes, goods and services taxes, harmonized sales taxes, Quebec sales taxes, ad valorem taxes, excise taxes, franchise taxes, gift taxes, wealth taxes, net worth taxes, inheritance taxes, gross receipts taxes, municipal taxes, environmental taxes, capital taxes, corporate minimum taxes, withholding taxes, health taxes, employee health taxes, education taxes, utility taxes, severance taxes, surtaxes, customs, import and export taxes, business taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, special assessments, transfer taxes, land transfer taxes, workers' compensation premiums or contributions, regulatory fees, foreign exchange and loan operations, and other governmental charges (including, without limitation, all license and registration fees) and other obligations of the same or of a similar nature to any of the foregoing, which are required to be

paid, deducted, withheld, remitted or collected; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any agreement with or other express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

**“Terminating Party”** has the meaning ascribed thereto in Section 4.11(3).

**“Termination Fee”** has the meaning ascribed thereto in Section 8.2(1).

**“Termination Fee Event”** has the meaning ascribed thereto in Section 8.2(1).

**“Termination Notice”** has the meaning ascribed thereto in Section 4.11(3).

**“Third Party Beneficiaries”** has the meaning ascribed thereto in Section 8.9(1)

**“Trade Control Laws”** has the meaning ascribed thereto in Paragraph (37) of Schedule C.

**“TSX-V”** means the TSX Venture Exchange.

**“Voting and Support Agreements”** means the voting agreements (including all amendments thereto) executed by the Supporting Shareholders setting forth the terms and conditions upon which they have agreed, among other things, to vote their Shares in favour of the Arrangement Resolution.

**“Willful Breach”** means an act or a failure to act undertaken by the breaching party with the knowledge that such act or failure to act would, or would reasonably be expected to, cause a breach of this Agreement such that any of the conditions in Article 6 would not be satisfied.

## **Section 1.2 Certain Rules of Interpretation**

(1) In this Agreement, unless otherwise specified:

- (a) Headings, etc. The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (b) Currency. Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.
- (c) Gender and Number. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (d) Certain Phrases, etc. The word or words (i) **“including”, “includes” and “include”** mean **“including (or includes or include) without limitation,”** (ii) **“the aggregate of”, “the total of”, “the sum of”,** or a phrase of similar meaning means **“the aggregate (or total or sum), without duplication, of”,** (iii) unless stated otherwise, **“Article”, “Section”, and “Schedule”** followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement, (iv) **“will”** shall be construed to have the same meaning as **“shall”**, and (v) unless the context otherwise

requires, “or” shall be construed in the inclusive sense of “and/or”. The term “**Agreement**” and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated in accordance with its terms and includes all schedules to it. The term “**made available**” means copies of the subject materials were included in the Data Room no later than two (2) Business Days prior to the date hereof.

- (e) Capitalized Terms. All defined terms used in any Schedule or in the Company Disclosure Letter have the meanings ascribed to them in this Agreement.
- (f) Knowledge. Where any representation or warranty is qualified by reference to the knowledge of the Company, it is deemed to refer to the actual knowledge after due and diligent inquiry of each of Mike Mutchler, Chief Executive Officer, Hemdat Sawh, Chief Financial Officer, and Arao Portugal and Paulo Serpa, Country Managers for the Company’s Brazilian subsidiaries, and is deemed to include the knowledge that any such persons would have had if due and diligent inquiry had been made. Where any representation or warranty is qualified by reference to knowledge of the Parent, it is deemed to refer to the actual knowledge after due and diligent inquiry of each of Ignacio Bustamante, Chief Executive Officer of Parent, and Ramon Barua, Chief Financial Officer of Parent, and is deemed to include the knowledge that any such persons would have had if due and diligent inquiry had been made.
- (g) Accounting Terms. All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company and its Subsidiaries required to be made shall be made in a manner consistent with IFRS.
- (h) Statutes. Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (i) Computation of Time. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (j) Time References. References to time are to local time in Toronto, Ontario.
- (k) Schedules. The schedules attached to this Agreement and the Company Disclosure Letter form an integral part of this Agreement for all purposes of it.

## **ARTICLE 2 THE ARRANGEMENT**

### **Section 2.1 Arrangement**

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement. The Parties agree that: (a) the Arrangement shall result in the acquisition by the Purchaser of all of the Shares on the basis of the

payment or delivery of the Consideration, comprising the Cash Consideration and the SpinCo Share Consideration for each Share (other than Shares held by the Parent and its affiliates which shall be dealt with as set forth in the Plan of Arrangement); and (b) all Options shall be dealt with as set forth herein and in the Plan of Arrangement.

## **Section 2.2 Interim Order**

- (1) As soon as reasonably practicable after the date of this Agreement, but in any event, in sufficient time to permit the Meeting to be convened and held in accordance with Section 2.3(a), the Company shall apply in a manner reasonably acceptable to the Purchaser pursuant to Section 291 of the BCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:
  - (a) for the classes of persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;
  - (b) for a record date for purposes of determining Company Shareholders entitled to receive notice of and vote at the Meeting (which date shall be fixed and published by the Company in consultation with the Purchaser);
  - (c) that the requisite approval for the Arrangement Resolution shall be (i) 66 2/3% of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy at the Meeting and entitled to vote at the Meeting, voting together as a single class, and (ii) a majority of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class, excluding for purposes of (ii) votes attached to Shares held by the Parent, its affiliates and any other Person described in items (a) through (d) of Section 8.1(2) of MI 61-101 (collectively (i) and (ii), the **"Required Shareholder Approval"**);
  - (d) that, in all other respects, other than as may be ordered by the Court, the terms, restrictions and conditions of the Company's Constatting Documents, including quorum requirements and all other matters, shall apply in respect of the Meeting;
  - (e) for the grant of Dissent Rights to those Company Shareholders who are registered Company Shareholders as contemplated in the Plan of Arrangement;
  - (f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
  - (g) that the Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court; and
  - (h) for such other matters as the Company and Purchaser may reasonably require (each with the prior written consent of the other, such consent not to be unreasonably withheld, conditioned or delayed).
- (2) The Company shall request from the Court that the Interim Order include a provision that the record date for Persons entitled to receive notice of and to vote at the Meeting will not change as a result of any adjournment or postponement of the Meeting.

## **Section 2.3 The Meeting**

The Company shall:

- (a) convene and conduct the Meeting in accordance with the Interim Order, the Company's Constatting Documents and Law as soon as reasonably practicable and in any event on or before March 1, 2022, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Meeting without the prior written consent of the Purchaser: (i) except as required or permitted under Section 4.11(3) or Section 5.4(4); (ii) except as required for quorum purposes (in which case, the Meeting shall be adjourned and not cancelled and reconvened as soon as reasonably practicable); (iii) except as required by such Law or Governmental Entity for no more than the minimum period required by Law or by the Governmental Entity; or (iv) except for postponements or adjournments for not more than ten (10) Business Days in the aggregate for the purposes of attempting to solicit proxies to obtain the requisite approval of the Arrangement Resolution (it being understood that the Company may not postpone or adjourn the Meeting more than two times pursuant to clauses (ii) or (iv) of this paragraph without the Purchaser's prior written consent);
- (b) subject to the terms of this Agreement, solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement including, if so requested by the Purchaser, and at the expense of the Purchaser, engaging the services of a proxy solicitation services firm to solicit proxies in favour of the approval of the Arrangement Resolution and cooperating with any other Person engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;
- (c) provide the Purchaser with copies of or access to information regarding the Meeting generated by any proxy solicitation services firm, as requested from time to time by the Purchaser;
- (d) consult with the Purchaser in fixing and publishing a record date for purpose of determining Company Shareholders entitled to receive notice of and vote at the Meeting;
- (e) consult with the Purchaser in fixing the date of the Meeting, give notice to the Purchaser of the Meeting and allow the Purchaser's Representatives and legal counsel to attend the Meeting;
- (f) permit the Purchaser to, directly or through a soliciting dealer, actively solicit proxies in favour of the Arrangement on behalf of management of the Company and disclose in the Company Circular that the Purchaser may make such solicitation;
- (g) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Meeting, and promptly following receipt of proxy tallies over the last two (2) Business Days prior to the date of the Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;
- (h) not propose or submit for consideration at the Meeting any business other than the Arrangement without the Purchaser's written consent (other than annual general

meeting matters which are in form and substance satisfactory to the Purchaser, acting reasonably);

- (i) promptly advise the Purchaser of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the Arrangement including a notice of dissent or purported exercise by any Company Shareholder of Dissent Rights received by the Company in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by the Company and provide the Purchaser with a reasonable opportunity to review and comment upon any written communications sent by or on behalf of the Company to any Company Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and to participate in any discussions, negotiations or proceedings with or including such Persons. The Company shall not make any payment or settlement offer, or agree to any such settlement, prior to the Effective Time with respect to any such notice of dissent or purported exercise of Dissent Rights unless the Purchaser shall have given its prior written consent to such payment, settlement offer or settlement as applicable;
- (j) not change the record date for Company Shareholders entitled to vote at the Meeting in connection with any adjournment or postponement of the Meeting unless required by Law or as otherwise contemplated under the terms of this Agreement or the Interim Order; and
- (k) unless this Agreement is validly terminated and regardless of whether the Company has made any disclosure permitted under Section 5.4(5), the Company shall continue to take all reasonable steps necessary to hold the Meeting and to cause the Arrangement to be voted on at the Meeting and not to propose to adjourn, postpone or cancel the Meeting other than as contemplated by Section 2.3(a).

## **Section 2.4 The Company Circular**

- (1) Subject to the Purchaser's compliance with Section 2.4(4), the Company shall, as promptly as reasonably practicable, prepare and complete, in consultation with the Purchaser, the Company Circular together with any other documents required by Law in connection with the Meeting and the Arrangement, and the Company shall as soon as reasonably practicable, after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Affected Securityholder and other Persons as required by the Interim Order and Law, in each case so as to permit the Meeting to be held by the date specified in Section 2.3.
- (2) The Company shall ensure that the Company Circular complies in all material respects with Law and the Interim Order, does not contain any Misrepresentation (provided that the Company shall not be responsible for the accuracy of any information furnished by the Parent or the Purchaser in writing specifically for purposes of inclusion in the Company Circular pursuant to Section 2.4(4)) and provides Company Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Meeting. Without limiting the generality of the foregoing, the Company Circular must include:
  - (i) a summary and copy of the Fairness Opinion;
  - (ii) a statement that the Special Committee has unanimously recommended that the Board approve the Arrangement Agreement and recommend to Company Shareholders that they vote their Shares in favour of the Arrangement Resolution;
  - (iii) a statement that the Board after consulting with outside legal and financial advisors and the recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of the Company, and unanimously

recommends that Company Shareholders vote in favour of the Arrangement Resolution (the **"Board Recommendation"**); and (iv) a statement that each of the Supporting Shareholders has entered into the Voting and Support Agreements and intends to vote all of their Shares in favour of the Arrangement Resolution.

- (3) The Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by them, and agrees that all information relating solely to the Parent, the Purchaser or any of their affiliates included in the Company Circular must be in a form and content satisfactory to the Purchaser, acting reasonably. The Company shall provide the Purchaser with a final copy of the Company Circular prior to mailing to Company Shareholders.
- (4) The Purchaser shall provide the Company, on a timely basis, all information concerning the Parent and the Purchaser and its affiliates required by Law to be included in the Company Circular, and shall ensure that such information does not contain any Misrepresentation.
- (5) Each Party shall promptly notify the other Parties if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate, in accordance with Law, any such amendment or supplement to Company Shareholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.
- (6) The Company shall promptly notify the Purchaser upon the receipt of any correspondence, whether written or oral, from any Securities Authority or the staff of a Securities Authority with respect to the Company Circular, or any request from any Securities Authority or the staff of a Securities Authority for information related to the Company Circular or the Meeting or amendments or supplements to the Company Circular, and shall promptly provide the Purchaser with copies of all correspondence between the Company and its Representatives, on the one hand, and the Securities Authority or the staff of the Securities Authority, on the other hand. The Company shall use its reasonable best efforts to respond as promptly as reasonably practicable to any correspondence from any Securities Authority or the staff of a Securities Authority with respect to the Company Circular, and the Company shall consult with the Purchaser and its counsel prior to submitting to the Securities Authority or the staff of the Securities Authority any response to any such correspondence. In connection with the filing of the Company Circular or the dissemination thereof to Company Shareholders, or submitting to any Securities Authority or the staff of a Securities Authority any response to any correspondence from the Securities Authority or the staff of the Securities Authority with respect thereto, the Company shall provide the Purchaser and its counsel a reasonable opportunity to review and comment on such documents and responses, and the Company will incorporate any reasonable comments of the Purchaser and/or its counsel prior to such filing, dissemination or submission.

## **Section 2.5 Final Order**

If the Interim Order is obtained and the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order, the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the BCA, as soon as reasonably practicable, but in any event not later than five (5) Business Days after the Arrangement Resolution is passed at the Meeting.

## **Section 2.6 Court Proceedings**

- (1) In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:
- (a) diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order including pursuing any appeals therefrom;
  - (b) provide the Purchaser and its legal counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with pursuing the Interim Order and the Final Order in relation to the Arrangement, including by providing on a timely basis a description of any information required to be supplied by the Parent and the Purchaser for inclusion in such material, prior to the service and filing of that material, and will accept the reasonable comments of the Purchaser and its legal counsel with respect to the materials to be filed, and will accept the comments of the Purchaser and its legal counsel with respect to any information required to be supplied by the Parent and the Purchaser and included in such material and any other matters contained therein;
  - (c) provide legal counsel to the Purchaser, on a timely basis, with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;
  - (d) ensure that all material filed with the Court in connection with the Arrangement is consistent with this Agreement and the Plan of Arrangement;
  - (e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, provided the Purchaser is not required to agree or consent to any increase in or variation in the form of the Consideration or other modification or amendment to such filed or served materials that expands or increases the obligations of the Parent or the Purchaser, or diminishes or limits the rights of the Parent or the Purchaser, set forth in any such filed or served materials or under this Agreement;
  - (f) oppose any proposal from any Person that the Interim Order or the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Interim Order, Final Order or by Law to return to Court with respect to the Interim Order or Final Order do so only after notice to, and in consultation and cooperation with, the Purchaser;
  - (g) if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, the Purchaser; and
  - (h) not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order (and in any related proceedings) as such counsel considers appropriate, provided that the Purchaser advises the Company of the nature of any such submissions prior to the

hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement.

## **Section 2.7 Arrangement Filings and Effective Date**

- (1) The Company shall file the Arrangement Filings, and the Effective Date shall occur, on the date that is five (5) Business Days after the date on which the conditions set out in Article 6 have been satisfied or waived (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction, or where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties. From and after the Effective Time, the Arrangement will have all of the effects provided by Law, including the BCA.
- (2) The closing of the Arrangement (the “**Closing**”) will take place at the offices of Stikeman Elliott LLP, in Toronto, Ontario, at 9:00 a.m. (Toronto time) or such other time and place as may be agreed upon by the Parties.

## **Section 2.8 Payment of Consideration**

- (1) Following receipt of the Final Order and immediately prior to the filing by the Company of the Arrangement Filings as contemplated in Section 2.7(1):
  - (a) the Purchaser shall deliver or cause to be delivered to the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) sufficient cash to pay the aggregate Cash Consideration as provided in and in the amount specified in the Plan of Arrangement; and
  - (b) the Company shall deliver, or cause to be delivered in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably), to the Depositary certificates representing such number of SpinCo Shares sufficient to satisfy the aggregate SpinCo Share Consideration as provided in and in the amount specified in the Plan of Arrangement.

## **Section 2.9 Adjustment to Consideration**

Notwithstanding any restriction or any other matter in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time the Company sets a record date for any dividend or other distribution on the Shares that is prior to the Effective Time or pays any dividend or other distribution on the Shares prior to the Effective Time, then: (i) to the extent that three times the amount of such dividends or distributions per Share (the “**Adjustment Amount**”) does not exceed the amount of the Cash Consideration, the Cash Consideration shall be reduced by the Adjustment Amount; and (ii) to the extent that the Adjustment Amount exceeds the Cash Consideration, the Purchaser shall make such adjustment to the Consideration as it determines, acting reasonably and in good faith, to be necessary to achieve an effect economically equivalent to reducing the Consideration by an aggregate value equal to the Adjustment Amount.

## **Section 2.10 Withholding Taxes**

The Parent, the Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration or amount otherwise payable or deliverable to any Person under the Plan of Arrangement or this Agreement, including to any Person exercising Dissent Rights, such

amounts as the Parent, the Purchaser, the Company or the Depositary, as applicable, are required to deduct and withhold, or reasonably believe to be required to deduct and withhold, under any provision of Laws in respect of Taxes. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity or other applicable Person. To the extent that the amount so required or reasonably believed to be required to be deducted or withheld from any consideration or amount otherwise payable or deliverable to any former holder of Shares or Options exceeds the cash component, if any, of the consideration otherwise payable to such holder, the Parent, the Purchaser, the Company or the Depositary are hereby authorized to sell or otherwise dispose of, on behalf of such holder, or to make arrangements with a broker or other similar third party to sell or otherwise dispose of, on behalf of such holder, any portion of the SpinCo Share Consideration payable or deliverable to such holder as is necessary to provide sufficient funds to enable the Parent, the Purchaser, the Company or the Depositary, as applicable, to comply with such deduction or withholding requirement. The Parent, the Purchaser, the Company or the Depositary shall notify the holder thereof and remit the applicable portion of the net proceeds of such sale (after deduction of all fees, commissions or costs in respect of such sale, which for greater certainty, shall be paid and borne by the applicable holder) to the appropriate Governmental Entity and shall remit to such holder any unapplied balance of the net proceeds of such sale. Any sale will be made at prevailing market prices and none of the Parent, the Purchaser, the Company or the Depositary shall be under any obligation to obtain or indemnify any former holder of Shares or Options in respect of a particular price for the SpinCo Share Consideration so sold. Notwithstanding the foregoing, in lieu of having the SpinCo Share Consideration sold or otherwise disposed of, (i) any former holder of Shares or Options may provide cash to the Parent, the Purchaser, the Company or the Depositary, as applicable, to fund any required withholding taxes, provided the cash delivered is sufficient to satisfy any remittance in full and is received at least five business days before the remittance by the Parent, the Purchaser, the Company or the Depositary, as applicable, of any withholding is due or (ii) the former holder of Shares or Options may direct the Company or the Purchaser to deduct any required withholding taxes from any amount owing by the Company to the former holder of Shares or Options to fund all or any portion of such required withholding taxes.

## **Section 2.11 Stock Option Plan Matters**

- (1) The Parties acknowledge and agree that all Options shall be treated in accordance with the provisions of the Plan of Arrangement and the Company shall take all such steps as may be necessary or desirable to give effect to the foregoing.
- (2) The Parties acknowledge that no deduction will be claimed by the Company or any Person not dealing at arm's length with the Company in respect of any payment made to a holder of Options in respect of the Options who is a resident of Canada or who is employed in Canada (all within the meaning of the Tax Act), in computing the Company's, or such Person's, taxable income under the Tax Act if and to the extent that such Options are not "non-qualified securities" for purposes of paragraph 110(1)(e) of the Tax Act, and the Purchaser shall cause the Company and each applicable Person not dealing at arm's length with the Company to: (i) where applicable, make an election pursuant to subsection 110(1.1) of the Tax Act in respect of the cash payments made in exchange for the surrender of Options; and (ii) provide evidence in writing of such election to holders of Options, it being understood that holders of Options will be entitled to claim any deductions available to such persons pursuant to the Tax Act in respect of the calculation of any benefit arising from the surrender of Options.

## **Section 2.12 Guarantee**

The Parent hereby unconditionally and irrevocably guarantees in favour of the Company the due and punctual performance by the Purchaser of each and every of the Purchaser's covenants, obligations and undertakings hereunder, including the payment of the aggregate Cash Consideration payable to Company Shareholders in accordance with the terms of this Agreement and the Plan of Arrangement, which guarantee will remain in force until all such covenants, obligations and undertakings have been satisfied in full or terminated in accordance with this Agreement and agrees to be jointly and severally liable with the Purchaser for the accuracy of all of the Purchaser's representations and warranties hereunder. The Parent hereby agrees that its guarantee is continuing in nature and full and unconditional, and no release or extinguishments of the Purchaser's liabilities (other than in accordance with the terms of this Agreement), whether by decree in any bankruptcy proceeding or otherwise, will affect the continuing validity and enforceability of the Parent's guarantee. The Parent hereby agrees that the Company shall not have to proceed first against the Purchaser in respect of any such matter before exercising its rights under this guarantee against the Parent and the Parent agrees to be jointly and severally liable with the Purchaser for all guaranteed obligations as if it were the principal obligor of such obligations. The Parent acknowledges that the Company is relying on this Section 2.12 in entering into this Agreement.

## **Section 2.13 U.S. Securities Law Matters**

- (1) The Parties agree that the Arrangement will be carried out with the intention that all SpinCo Shares issued or distributed on completion of the Arrangement will be issued or distributed by SpinCo in reliance on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereunder. In order to ensure the availability of the exemption under Section 3(a)(10) of the 1933 Act, the Company agrees that the Arrangement will be carried out on the following basis:
  - (a) the procedural and substantive fairness of the Arrangement will be subject to the approval of the Court;
  - (b) the Court will be advised as to the intention of the Parties to rely on the exemption under Section 3(a)(10) of the 1933 Act prior to the hearing required to approve the procedural and substantive fairness of the Arrangement;
  - (c) the Court will be required to satisfy itself as to the procedural and substantive fairness of the Arrangement to the persons entitled to receive SpinCo Shares thereunder;
  - (d) the Company will ensure that each Person entitled to receive SpinCo Shares pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the procedural and substantive fairness of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
  - (e) each Person entitled to receive SpinCo Shares pursuant to the Arrangement will be advised that the SpinCo Shares issued pursuant to the Arrangement have not been registered under the 1933 Act and will be issued by SpinCo in reliance on the exemption under Section 3(a)(10) of the 1933 Act; and
  - (f) the Interim Order approving the Meeting will specify that each person entitled to receive SpinCo Shares pursuant to the Arrangement 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.

## **Section 2.14 Employment Matters**

- (1) Prior to the Effective Time, the Company shall cause, and it shall cause its Subsidiaries to cause, all directors, officers, employees and consultants of the Company and its Subsidiaries, other than those individuals specifically identified by the Purchaser as being retained by the Purchaser, to provide resignations and releases of all claims against the Company or shall terminate such officers effective as at the Effective Time. All Change of Control Payments will be made by the Company at the Effective Time.
- (2) The Purchaser agrees that the Company, its Subsidiaries and any successor to the Company (including any Surviving Corporation) shall honour and comply with the terms of all of the severance payment obligations of the Company or its Subsidiaries under applicable Law and the existing employment, consulting, change of control and severance agreements of the Company or its subsidiaries that are fully and completely disclosed in the Company Disclosure Letter, in exchange for the execution of full and final releases of the Company and its Subsidiaries from all liability and obligations including in respect of the change of control entitlements in favour of the Company and in form and substance satisfactory to the Purchaser, acting reasonably. The total amount agreed to in the Company Disclosure Letter will be deposited with and held in trust by the Company's legal counsel at the Effective Time.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

### **Section 3.1 Representations and Warranties of the Company**

- (1) The Company represents and warrants to the Parent and the Purchaser as set forth in Schedule "C" and acknowledges and agrees that each of the Parent and the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) Except for the representations and warranties set forth in this Agreement, neither the Company nor any other Person has made or makes, and neither the Parent nor the Purchaser has relied upon, any other express or implied representation and warranty, either written or oral, on behalf of the Company.
- (3) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated at the Effective Time.

### **Section 3.2 Representations and Warranties of the Parent and the Purchaser**

- (1) Each of the Parent and the Purchaser represent and warrant to the Company as set forth in Schedule "D" and acknowledges and agrees that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) Except for the representations and warranties set forth in this Agreement, neither the Purchaser, the Parent nor any other Person has made or makes, and the Company has not relied upon, any other express or implied representation and warranty, either written or oral, on behalf of the Purchaser or the Parent.
- (3) The representations and warranties of each of the Parent and the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated at the Effective Time.

## **ARTICLE 4 COVENANTS**

### **Section 4.1 Conduct of Business of the Company**

- (1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, the Company shall, and shall cause its Subsidiaries to, (a) except with the prior written consent of the Purchaser, comply with and adhere to the Company Budget, including as to scope, time and cost, (provided that any individual purchase order greater than \$500,000 shall require the prior consent of the Purchaser notwithstanding whether such purchase would otherwise be in compliance with the amounts allocated to such expenditures in the Company Budget), (b) except: (i) with the prior written consent of the Purchaser; (ii) as expressly required or permitted by this Agreement, including pursuant to a Pre-Acquisition Reorganization; (iii) as required by Law; or (iv) as expressly disclosed in Section 4.1(2) of the Company Disclosure Letter or the Company Budget, conduct its business in the Ordinary Course and in accordance with Law, (c) use commercially reasonable efforts to preserve intact and maintain its and its Subsidiaries' business organization, assets, goodwill, employment relationships and business relationships with other Persons with which the Company or any of its Subsidiaries has business relations; and (d) use best efforts consistent with current practice to (x) obtain the applicable Authorizations, such as construction and deforestation licences (licenças de instalação, autorizações de supressão de vegetação e licenças de exploração florestal, as applicable) required for the Project to be fully-permitted and construction ready on or before April 1, 2022; (y) acquire ownership or possession rights over all of the real estate properties required for the construction of the Project on or before April 1, 2022; and (z) diligently comply with all conditions and technical requirements made by any Governmental Entity, in connection or not with any Authorizations, which includes the licences and permits existing on the date of this Agreement.
- (2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser; (ii) as expressly required or permitted by this Agreement, including pursuant to any Pre-Acquisition Reorganization; (iii) as required by Law; or (iv) for matters expressly permitted in Section 4.1(2) of the Company Disclosure Letter or the Company Budget, the Company shall not, and shall cause each of its Subsidiaries not to, directly or indirectly:
  - (a) amend any of the Company's Constatting Documents or the articles, by-laws or similar organizational documents of any of its Subsidiaries;
  - (b) adjust, split, subdivide, combine or reclassify any shares or other equity or voting interests of the Company or of any of its Subsidiaries;
  - (c) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of capital stock of the Company or any of its Subsidiaries, except pursuant to the exercise or settlement of existing Options;
  - (d) declare, set a record date for, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof);
  - (e) reduce the stated capital of the Shares;

- (f) issue, grant, deliver, sell, pledge or otherwise encumber (other than Permitted Liens), or authorize the issuance, grant, delivery, sale, pledge or other encumbrance of (other than Permitted Liens), or otherwise modify the terms of, any shares of capital stock or other equity interests or any options, warrants or other rights exercisable or exchangeable for or convertible into such capital stock or equity interests, of the Company or any of its Subsidiaries, except for the issuance of Shares issuable upon the exercise or settlement of the currently outstanding Options;
- (g) acquire or commit to acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, any other Person or any equity or partnership interest therein, or any assets, securities, properties, interests (including, without limitation, any stream, royalty or similar interests) or businesses;
- (h) enter into any joint venture, partnership, limited liability corporation or similar arrangement with any Person, or amend any existing such arrangement;
- (i) sell, lease, license, assign, let lapse, abandon, exchange, mortgage, pledge or otherwise transfer or dispose of, or permit a Lien to exist on (other than Permitted Liens), directly or indirectly, in one transaction or in a series of related transactions, any of the Company's or its Subsidiaries' assets, tangible or intangible, securities, properties or interests (including, without limitation, any stream, royalty or similar interests);
- (j) reorganize, amalgamate, consolidate or merge the Company, or any Subsidiary of the Company, with any Person;
- (k) adopt a plan of liquidation, dissolution or winding up or otherwise take steps relating to effect any liquidation, dissolution or winding up of the Company or any of its Subsidiaries;
- (l) make, amend, change or revoke any Tax election or designation, amend any Tax Return, settle or compromise any Tax claim, assessment, reassessment, liability, action, suit, litigation, proceeding, arbitration, investigation, audit, or controversy, enter into any material agreement with a Governmental Entity with respect to Taxes, surrender any right to claim a material Tax abatement, reduction, deduction, exemption, credit or refund, consent to the extension or waiver of the limitation period applicable to any material Tax matter or amend or change any of its methods of reporting income, deductions or accounting for income Tax purposes;
- (m) enter into or change any Tax sharing, Tax advance pricing agreement, Tax allocation or Tax indemnification agreement;
- (n) make a request for a Tax ruling to any Governmental Entity;
- (o) make any "investment" (within the meaning of subsection 212.3(10) of the Tax Act) in a corporation that is not resident in Canada (within the meaning of the Tax Act), other than (i) in the Ordinary Course consistent with past practice provided that the Company first provides prior notice of such investment to the Purchaser and reasonably consults with the Purchaser as to the form and manner of such investment; (ii) as part of a Pre-Acquisition Reorganization; or (iii) a transaction or action requested in writing by the Purchaser;

- (p) unless requested in writing by the Purchaser or as part of a Pre-Acquisition Reorganization, knowingly take any action or permit inaction or enter into any transaction that if such action could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost “bump”, if any, pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of Amarillo Mineração do Brasil Ltda and other nondepreciable capital property owned by the Company or Amarillo Mineração do Brasil Ltda on the date hereof, upon an amalgamation or winding-up of the Company or any of its Subsidiaries (or any of their respective successors);
- (q) incur, authorize, agree or otherwise commit to incur, any Indebtedness or any other liability or obligation (except for trade payables incurred in the ordinary course of business consistent with past practice), or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other Person or make any loans or advances, except in each case for such liabilities that will become SpinCo Liabilities or for which SpinCo will be solely liable;
- (r) incur any liability that would not be a SpinCo Liability;
- (s) make any change in the Company’s accounting principles, except as required by concurrent changes in IFRS;
- (t) (i) grant any increase in, or otherwise modify, any compensation or benefits, including with respect to wages, salaries, fees and bonuses, of any Company Employee or director, or Company Contractor of the Company or any of its Subsidiaries except as may be required by applicable Law, or (ii) solicit, incentivize or otherwise request or require any employees of the Company or Amarillo Mineração do Brasil Ltda to become employees of LDS Mineração do Brasil Ltda or SpinCo;
- (u) enter into, amend or terminate (other than for cause) any Employee Agreement or Contract with any Company Contractor or hire or retain the services of any Person for any purpose whatsoever;
- (v) enter into, amend, adopt or terminate any Employee Plan or amend or modify an existing Employee Plan or pay any benefit not required by (or accelerate the time of payment, vesting or funding of, any payment becoming due under) such Employee Plan as in effect as of the date of this Agreement;
- (w) commence, waive, release, assign, settle or compromise any claims, litigation, proceedings or governmental investigations;
- (x) amend or modify in any material respect or terminate or waive any right under any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;
- (y) except as contemplated in Section 4.12, amend, modify, terminate, cancel or let lapse any insurance (or re-insurance) policy of the Company or any Subsidiary in effect on the date of this Agreement, unless (x) simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies for substantially similar premiums are in full force and effect, and (y) the Parent was provided a reasonable opportunity to review and comment on the terms of any such replacement

policies and the Company provided reasonable and due consideration to all such comments;

- (z) abandon, let lapse or fail to diligently pursue any application for any Authorizations, leases, permits or registrations or renewals thereof or take any action, or fail to take any action, that could lead to the termination of any Authorizations, leases or registrations;
- (aa) enter into, novate, amend, assume or otherwise become liable for any interest rate, currency, equity or commodity swaps, hedges, derivatives or similar financial instruments;
- (bb) make, or promise to make, any bonus, retention or similar payment of any kind to any Person;
- (cc) cancel, waive, release, assign, settle or compromise any material claims or rights;
- (dd) create any new Subsidiaries;
- (ee) enter into or amend any Contract with any broker, finder or investment banker, including any material amendment to the existing agreements with the Financial Advisor but other than any agreement with a proxy advisory firm for purposes of soliciting proxies in favour of the transactions contemplated by this Agreement; or
- (ff) authorize, agree or resolve to do any of the foregoing.

Nothing in this Agreement, including any of the restrictions set forth herein, will be interpreted in such a way as to place any Party in violation of Law.

#### **Section 4.2 Covenants of the Company Relating to the Arrangement**

- (1) Subject to Section 4.5 hereto which shall govern in relation to Regulatory Approvals, the Company shall perform, and shall cause its Subsidiaries to perform, all obligations required to be performed by the Company or any of its Subsidiaries under this Agreement, co-operate with the Purchaser 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 by this Agreement and, without limiting the generality of the foregoing, the Company shall and, where applicable, shall cause each of its Subsidiaries to:
  - (a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement;
  - (b) take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;
  - (c) use all commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) necessary to be obtained under the Material Contracts in connection with the Arrangement or (ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, and without paying,

and without committing itself or the Purchaser to pay, any consideration or incurring any liability or obligation without the prior written consent of the Purchaser; the Company shall not engage in any discussions with any counterparties or its affiliates to a Material Contract (or their affiliates) regarding this Agreement or the transactions contemplated hereby without prior consultation with and approval by the Purchaser and the Company shall promptly provide copies of all correspondence received by it in relation thereto and cooperate with the Company in all matters relating thereto;

- (d) use all commercially reasonable efforts to effect all necessary registrations, filings, prior approvals and submissions of information required by Governmental Entities from the Company and its Subsidiaries relating to the Arrangement;
  - (e) other than in connection with the Regulatory Approvals, which shall be governed by the provisions of Section 4.5, use all commercially reasonable efforts to, upon reasonable consultation with the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement so as to enable Closing to occur as soon as reasonably practical in accordance with this Agreement, provided that neither the Company nor any of its Subsidiaries will consent to the entry of any judgement or settlement with respect to any such proceeding without the prior written consent of the Purchaser; and
  - (f) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.
- (2) The Company shall promptly notify the Purchaser in writing of:
- (a) any Material Adverse Effect;
  - (b) any filings, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving the Company or any of its Subsidiaries or that relate to this Agreement or the Arrangement;
  - (c) any notice or other communication from any Person (i) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the transactions contemplated hereby, (ii) alleging that this Agreement or the transactions contemplated hereby create or trigger a right of first offer or refusal or other rights of a third party, or (iii) that such Person is terminating, may terminate, or is otherwise materially adversely modifying or may materially adversely modify its relationship with the Company or any of its Subsidiaries as a result of this Agreement or the Arrangement; or
  - (d) any notice or other communication from a Governmental Entity in connection with this Agreement or the Arrangement (and, subject to Law, contemporaneously provide a copy of any such written notice or communication to the Purchaser).

- (3) Each of the Parties covenant and agree to cooperate and consult with the other Parties in good faith with respect to any required Tax filings or related matters with the competent Tax authority pursuant to Law relating to the Arrangement.
- (4) The Company shall use its commercially reasonable efforts to procure, effective upon Closing, resignations and customary releases in form and substance satisfactory to the Purchaser acting reasonably from the directors, officers, employees and contractors of the Company.
- (5) The Company shall provide, and shall cause its Subsidiaries to provide, and use its commercially reasonable efforts to cause their respective Representatives to provide, reasonable and timely cooperation in connection with the arrangement of any debt financing, and the satisfaction of the terms and conditions thereunder as may be reasonably requested by the Parent (provided that such request is made on reasonable notice).

#### **Section 4.3 Covenants regarding the Spin-Out Transaction**

- (1) On the day prior to the Effective Date, provided that the Purchaser has confirmed that all conditions in its favour in Section 6.2 have been satisfied or waived (except, in each case, any conditions that are not required to have been, or cannot be completed by the day prior to the Effective Date), each of the Company and SpinCo shall enter into the reorganization and contribution agreement substantially in the form attached hereto as Schedule “E” (the **“SpinCo Contribution Agreement”**).
- (2) The Company and SpinCo shall cooperate with and consult with the Purchaser in good faith with respect to all matters relating to SpinCo contemplated by this Agreement and the SpinCo Contribution Agreement. All material decisions relating to the foregoing must be approved in advance by the Purchaser, provided that such approval shall not be unreasonably withheld or delayed. SpinCo shall not have any issued and outstanding shares other than the Initial SpinCo Share, and SpinCo shall not have carried on any business prior to the Effective Date.
- (3) The Company and SpinCo shall use its commercially reasonable efforts to cause the SpinCo Shares to be issued as the SpinCo Share Consideration to be conditionally approved for listing on the TSX-V, subject to official notice of issuance, prior to the Effective Time.
- (4) For 24 months following the Effective Time, none of (a) SpinCo, (b) any Person controlled directly or indirectly by SpinCo, (c) any Person that does not deal at arm’s length with SpinCo or (d) any corporation (or partnership treated as a corporation for the purposes of subparagraph 88(1)(c)(vi)) in which SpinCo (or any Person controlled directly or indirectly by SpinCo) is a “specified shareholder” for the purpose of subparagraph 88(1)(c)(vi) of the Tax Act will own, purchase or acquire, directly or indirectly, any shares, partnership interests, loans, indebtedness, or any other forms of securities (including options to acquire the foregoing) in the Parent or the Purchaser or any of their affiliates, and will not knowingly own, purchase or acquire, directly or indirectly, any other form of interest (including any form or derivative interest) which provides direct or indirect exposure to shares or assets of the Parent, the Purchaser or any of their affiliates.
- (5) SpinCo shall indemnify and hold harmless the Company, the Parent and the Purchaser (including, in each case, any successors thereof) from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgements and penalties, including Taxes, suffered or incurred by any of them (or any successors thereof) in connection with or as a result of any breach of Section 4.3(4) (including any out of pocket costs and expenses for filing fees and external counsel and auditors which may be incurred by the Company, the Parent or the Purchaser (including, in each case, any successors thereof)). The

indemnity provided herein shall survive the termination of this Agreement in accordance with Section 7.3 (unless the Agreement is terminated prior to the Effective Time) and shall be enforceable by the Company, the Parent and the Purchaser (including, in each case, any successors thereof) against SpinCo (and any successor thereto) from and after the Effective Time. Any indemnity payment hereunder shall be reduced by any Tax benefit actually realized by the indemnified Person in connection with the indemnity claim and increased by any Taxes incurred by the indemnified Person as a result of receiving the indemnity payment.

- (6) The Purchaser shall cause the Company to make the election referred to in subsection 256(9) of the Tax Act, and comparable provisions of applicable provincial or territorial legislation, and to file such election(s) for the Company's taxation year ending as a result of the Purchaser acquiring control (for purposes of the Tax Act) of the Company as a result of the completion of the Plan of Arrangement.
- (7) SpinCo and the Company shall, and the Purchaser and the Parent shall cause the Company to, execute and file any elections under section 85 of the Tax Act (the "**Section 85 Elections**") and any similar provisions of any applicable provincial or territorial tax statute in Canada in respect of transactions included in the SpinCo Contribution Agreement to which such Section 85 Elections are applicable; provided that the amount agreed on in each Section 85 Election shall be (i) selected or determined with objective of minimizing any Taxes arising as a result of the SpinCo Transactions, and (ii) within the limitations provided for in the Tax Act.

#### **Section 4.4 Covenants of the Parent and the Purchaser Relating to the Arrangement**

- (1) Subject to Section 4.5 hereto, which shall govern in relation to Regulatory Approvals, the Parent and the Purchaser shall perform all obligations required to be performed by them under this Agreement, reasonably co-operate with the Company 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 by this Agreement and, without limiting the generality of the foregoing, the Parent and the Purchaser shall:
  - (a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement;
  - (b) take all steps set forth in the Interim Order and Final Order applicable to them and comply promptly with all requirements imposed by Law on them with respect to this Agreement or the Arrangement;
  - (c) other than in connection with obtaining the Regulatory Approvals, which shall be governed by the provisions of Section 4.7, use its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from them relating to the Arrangement;
  - (d) other than in connection with obtaining the Regulatory Approvals, which shall be governed by the provisions of Section 4.7, use its commercially reasonable efforts, upon reasonable consultation with the Company, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which they are a party or brought against them or their directors or officers challenging the Arrangement or this Agreement so as to enable Closing to occur as soon as reasonably practicable in accordance with this Agreement; and

- (e) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or would reasonably be expected to prevent, delay or materially impede the completion of the Arrangement.
- (2) The Purchaser shall promptly notify the Company in writing of:
- (a) any material filings, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving the Parent or the Purchaser that relate to this Agreement or the Arrangement;
  - (b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement; or
  - (c) any notice or other communication from a Governmental Entity in connection with this Agreement or the Arrangement (and, subject to Law, contemporaneously provide a copy of any such written notice or other communication to the Company).

#### **Section 4.5 Parent Shareholder Meeting**

- (1) Subject to the terms of this Agreement:
- (a) Parent agrees, subject to the prior approval of the Parent Notice and Circular by the FCA, to convene and conduct the Parent Shareholder Meeting in accordance with Parent's Constatng Documents and the Listing Rules as soon as reasonably practicable.
  - (b) Except as required for quorum purposes, *bona fide* security reasons or because a physical event outside of the Parent Board's control renders the holding of the Parent Shareholder Meeting impossible or impracticable or as otherwise permitted under this Agreement, Parent shall not adjourn (except as required by Law or by valid Parent Shareholder action), postpone or cancel (or propose or permit the adjournment (except as required by Law or by valid Parent Shareholder action), postponement or cancellation of) the Parent Shareholder Meeting without the Company's prior consent.
  - (c) Parent agrees to provide notice to the Company of the record date fixed for purpose of determining Parent Shareholders entitled to receive notice of and vote at the Parent Shareholder Meeting.
  - (d) Parent agrees to give notice to the Company of the Parent Shareholder Meeting and allow the Company's Representatives and legal counsel to attend the Parent Shareholder Meeting.
  - (e) Parent agrees to promptly advise the Company, at such times as the Company may reasonably request and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Parent Shareholder Meeting, and promptly following receipt of proxy tallies over the last two (2) Business Days prior to the date of the Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement.

- (f) Parent agrees to not propose or submit for consideration at the Parent Shareholder Meeting any business other than the Arrangement without the Company's written consent (other than annual general meeting matters which are in form and substance satisfactory to the Company, acting reasonably).
- (g) Unless this Agreement is validly terminated, the Parent shall continue to take all reasonable steps necessary to hold the Parent Shareholder Meeting and to cause the Arrangement to be voted on at the Meeting and not to propose to adjourn, postpone or cancel the Meeting other than as contemplated by Section 4.5(1)(b).

#### **Section 4.6 Parent Notice of Meeting and Circular**

- (1) Subject to the prior approval of the Parent Notice and Circular by the FCA, as promptly as reasonably practicable following execution of this Agreement, Parent shall (i) prepare the Parent Notice and Circular together with any other documents required by applicable Laws and the Listing Rules, and (ii) mail the Parent Notice and Circular as required in accordance with all applicable Laws and the Listing Rules.
- (2) The Parent shall ensure that the Parent Notice and Circular complies in all material respects with Law, does not contain any Misrepresentation (provided that the Purchaser shall not be responsible for the accuracy of any information furnished by the Company in writing specifically for purposes of inclusion in the Parent Notice and Circular pursuant to Section 4.6(7)) and provides Parent Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Parent Shareholder Meeting. Without limiting the generality of the foregoing, and subject to Section 4.6(3) and Section 4.6(4), the Parent Notice and Circular must include: (i) a statement that the board of directors of the Parent has recommended that the Parent Shareholders vote their Parent Shares in favour of the Arrangement; (ii) a statement that the board of directors of the Parent, after consulting with outside financial advisors, has determined that the Arrangement is in the best interests of Parent Shareholders as a whole, and recommends that Parent Shareholders vote in favour of the Arrangement (the "**Parent Board Recommendation**"); and (iii) a statement that Eduardo Hochschild has entered into a voting and support agreement and intends to vote all of his Parent Shares in favour of the Arrangement
- (3) Notwithstanding the foregoing, the Parent Board shall be permitted to effect a Change in Parent Recommendation in response to a Parent Intervening Event if and only if:
  - (a) the Parent Board shall have determined in good faith (after consultation with its financial advisors and outside legal counsel) that the failure to effect a Change in Parent Recommendation would be inconsistent with the Parent Board's fiduciary duties under applicable Laws;
  - (b) the Parent has notified the Company in writing at least five (5) Business Days (the "**Parent Intervening Event Period**") before effecting a Change in Parent Recommendation that it intends to effect a Change in Parent Recommendation in response to a Parent Intervening Event, describing in reasonable detail the underlying facts giving rise to, and the reasons for making, such Change in Parent Recommendation (a "**Parent Intervening Event Notice**") (it being understood that the Parent Intervening Event Notice shall not constitute a Change in Parent Recommendation for purposes of this Agreement); for the purposes of Section 4.5(1)(b), and in the event that a Parent Intervening Event occurs on (or after) the fourth Business Day prior to the scheduled date for the Parent Shareholder Meeting, then Parent may adjourn the scheduled date of the Parent Shareholder Meeting so as

to allow negotiations with the Company to be conducted and/or for any written, binding offer to alter the terms or conditions of this Agreement to be delivered by the Company as contemplated by the sub-Sections immediately below;

- (c) if requested by the Company immediately following delivery by the Parent to the Company of the Parent Intervening Event Notice, the Parent shall have engaged in good faith negotiations with the Company and its Representatives with respect to adjustments to the terms and conditions of this Agreement proposed by the Company to obviate the need for a Change in Parent Recommendation; and
  - (d) if the Company shall have delivered to the Parent a written, binding offer to alter the terms or conditions of this Agreement within five (5) Business Days of receipt of the Parent Intervening Event Notice, the Parent Board shall have determined in good faith (after consultation with its financial advisors and outside legal counsel), after considering the modifications to this Agreement proposed by the Company, that the failure to effect a Change in Parent Recommendation would still be inconsistent with its fiduciary duties under applicable Laws.
- (4) Nothing contained in this Agreement shall prohibit the Parent Board (acting in good faith and upon advice of its outside legal and financial advisors) from making any disclosure to Parent Shareholders as required by applicable Laws, provided, however, that if any such disclosure has the substantive effect of withdrawing or modifying the Parent Board Recommendation in a manner adverse to the Company, such disclosure shall be deemed to be a Change in Parent Recommendation for the purposes of this Agreement.
- (5) The Parent shall give the Company and its legal counsel a reasonable opportunity to review and comment on drafts of the Parent Notice and Circular and other related documents, and shall give reasonable consideration to any comments made by them, and agrees that all information relating solely to the Company, SpinCo or any of their affiliates included in the Parent Notice and Circular must be in a form and content satisfactory to the Company, acting reasonably. The Purchaser shall provide the Company with a final copy of the Parent Notice and Circular prior to mailing.
- (6) The Parent shall ensure that the Parent Notice and Circular complies in all material respects with all Laws and the Listing Rules (except that Parent shall not be responsible for any information relating to the Company, SpinCo and their affiliates, including the Shares).
- (7) The Company shall (and shall cause its affiliates to) provide to Parent and/or its affiliates, as soon as reasonably practicable, all information and assistance (including access to and ensuring the provision of assistance by the Company's professional advisers) regarding the Company, SpinCo and their affiliates and the Shares as may be reasonably requested by Parent in order to satisfy the requirements of any applicable Laws or the Listing Rules in connection with the preparation of the Parent Notice and Circular, or any amendments or supplements to such Parent Notice and Circular. Without limiting the foregoing, such information or assistance shall include any matters required to verify the contents of the Parent Notice and Circular (or any matters required by applicable Laws and/or the Listing Rules in respect of the Parent Notice and Circular. The Company shall also obtain (or cause its affiliates to obtain) any necessary consents from any of its auditors and any other advisors or consultants to the use of any financial, technical or other expert information required to be included in the Parent Notice and Circular (or any amendments or supplements to such Parent Notice and Circular) and to the identification in the Parent Notice and Circular (or any amendments or supplements to such Parent Notice and Circular) of each such auditor or

advisor. The Company shall ensure that no such information will include any Misrepresentation concerning the Company, SpinCo and the Shares.

- (8) If requested in writing by Parent prior to publication and/or posting of the Parent Notice and Circular, the Company shall provide a written undertaking to Parent that any information relating to the Company, SpinCo and their respective affiliates (including the Shares) contained in the Parent Notice and Circular does not contain any Misrepresentation.
- (9) If, after publication and/or posting of the Parent Notice and Circular, the Company (or any of its affiliates) becomes aware of any new fact or circumstance or any mistake or inaccuracy in relation to the contents thereof which would or would be reasonably likely to result in a requirement of Parent to publish or post any amendment or supplement to such Parent Notice and Circular or to make an announcement under applicable Laws and/or the Listing Rules, the Company will, as soon as reasonably practicable, notify Parent of the relevant matter. If, for any reason, any amendment or supplement to the Parent Notice and Circular is required to be published or posted (as the case may be) or an announcement is required to be made, the Company undertakes to comply with the remaining provisions of this Section 4.6 *mutatis mutandis* in respect of such amendment or supplement to the Parent Notice and Circular.

#### **Section 4.7 Regulatory Approvals**

- (1) As soon as reasonably practicable after the date hereof, the Purchaser and the Company shall: (i) identify any Regulatory Approvals required to discharge their respective obligations under this Agreement; and (ii) make or cause to be made all notifications, filings, applications and submissions required or advisable in order to obtain and maintain the Regulatory Approvals, and (iii) use all reasonable efforts to promptly respond to any information requests made by any Governmental Entity in connection with the Regulatory Approvals and to obtain and maintain the Regulatory Approvals in a timely manner so as to enable the Closing to occur as soon as reasonably practicable (and in any event no later than the Outside Date).
- (2) Without limiting the generality of the foregoing, the Purchaser shall pay any filing fee payable to a Governmental Entity in connection with obtaining the Regulatory Approvals.
- (3) The Company and the Purchaser shall consult in good faith regarding the desirability of informing and consulting with any Governmental Entities about the transactions contemplated hereby. With the prior consent of the Purchaser the Company may, and upon the instruction of the Purchaser, the Company shall communicate or arrange a meeting with such Governmental Entities regarding the transactions contemplated hereby. The Company shall consult and cooperate with the Purchaser in connection with all meetings and communications relating to the foregoing and resulting matters in the same manner as provided for in Section 4.7(4) with respect to Regulatory Approvals.
- (4) Subject to Law, the Parties will (i) coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 4.7, including providing each other or the other Party's counsel with advance copies and reasonable opportunity to comment on all notices and information or other correspondence supplied to or filed with any Governmental Entity, and all notices and correspondence received from any Governmental Entity (subject to applicable legal privileges), and (ii) promptly notify the other of any communication from any Governmental Entity in respect of the Arrangement or this Agreement, and shall not make any submissions or filings, respond to any information request, or participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the transactions contemplated by this Agreement unless it consults with the other Party in advance. To the extent that any

information or documentation to be provided to a Party pursuant to this Section 4.7 is competitively sensitive, such information may be provided to external counsel for the other Party on an external counsel only basis. The Parties will provide each other with copies of any substantive written electronic communication received from Governmental Entities with respect to all applications, filings or other processes related to the Regulatory Approvals and will give each other the opportunity to attend and participate in all substantive meetings, telephone calls or other discussions with Governmental Entities in respect of the Regulatory Approvals.

- (5) Each Party shall promptly notify the other Parties if it becomes aware that any (i) application, filing, document or other submission made in relation to a Regulatory Approval contains a Misrepresentation, or (ii) any Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Company shall, in consultation with and subject to the prior approval of the Purchaser, cooperate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.
- (6) If any objections are asserted by any Governmental Entity under any Law with respect to the transactions contemplated by this Agreement, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with any Law or as not satisfying any applicable legal test under a Law necessary to obtain the Regulatory Approvals, the Parties shall use all reasonable efforts consistent with the terms of this Agreement to resolve or avoid such proceeding so as to allow Closing to occur as soon as reasonably practical in accordance with this Agreement.

#### **Section 4.8 Access to Information; Confidentiality**

- (1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to Law and the terms of any existing Contracts, the Company shall and shall cause its Subsidiaries to: (i) give to the Purchaser and its Representatives reasonable access during normal business hours to the offices, premises, property and assets, Contracts, books and records, senior personnel, or other information with respect to the financial condition, assets or business of the Company or the Subsidiaries, and (ii) furnish to the Parent, the Purchaser and their Representatives such financial and operating data and other information as such Persons may reasonably request, including, on no less than a bi-weekly basis, providing a report to the Purchaser as to (i) the Company's expenditures and cash position over such two week period relative to the Company Budget, and (ii) the Company's forecasted expenditures and cash position over the following 15 day period, in a form reasonably acceptable to the Purchaser.
- (2) Investigations made by or on behalf of the Parent, the Purchaser or the Financing Sources, whether under this Section 4.8 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in this Agreement.
- (3) For greater certainty, the Parent and the Purchaser shall treat, and shall cause their respective Representatives to treat, all information furnished to the Purchaser and/or the Parent or any of their respective Representatives in connection with the transactions contemplated by this Agreement or pursuant to the terms of this Agreement in accordance with the terms of the Confidentiality Agreement. Without limiting the generality of the foregoing, the Parties each acknowledge and agree that the Company Disclosure Letter and all information contained therein is confidential and shall be treated in accordance with the terms of the Confidentiality

Agreement, provided that the Purchaser may disclose such information to the Financing Sources and their respective affiliates and representatives in accordance with the Confidentiality Agreement.

#### **Section 4.9 Pre-Acquisition Reorganization**

- (1) The Company agrees that, upon a reasonable written request of the Purchaser that is delivered to the Company subsequent to the execution of the Agreement and which specifically references this Section 4.9, the Company shall use, and shall cause each of its Subsidiaries to use, commercially reasonable efforts to: (i) effect such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions, including amalgamation or liquidation, as the Purchaser may request, including the reorganization steps set out in Section 4.9(1) of the Company Disclosure Letter (each a “**Pre-Acquisition Reorganization**”), (ii) co-operate with the Purchaser and its advisors in order to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken, (iii) cooperate with the Purchaser and its advisors, including the provision of information and the execution and filing of certificates and forms as reasonably requested by Purchaser, to evaluate and/or mitigate the Taxes resulting from the Pre-Acquisition Reorganization including, without limitation, withholding Taxes resulting from the Pre-Acquisition Reorganization and (iv) not take any action that would prevent or materially impair any Pre-Acquisition Reorganization; provided that any Pre-Acquisition Reorganization: (A) is not, after taking into account Section 4.9(2), prejudicial to the Company or its securityholders in any material respect; (B) does not require the Company to obtain the approval of securityholders of the Company (other than as properly put forward and approved at the Meeting) or proceed absent any required consent of any third party (including under any Authorization); (C) does not impair, prevent or delay in any material respect the consummation of the Arrangement or the ability of the Purchaser to obtain any financing required by it in connection with the transactions contemplated by this Agreement; (D) is effected as close as reasonably practicable prior to the Effective Time; (E) does not result in any breach by the Company or any of its Subsidiaries of any Contract, Authorization, organizational documents or Law; (F) does not result in Taxes being imposed on, or any adverse Tax or other consequences to, the Company and/or any securityholder of the Company greater than would otherwise apply if such Pre-Acquisition Reorganization did not occur; and (G) shall not become effective unless the Parent and the Purchaser each has waived or confirmed in writing the satisfaction of all conditions in its favour under this Agreement, other than conditions that, by their terms, are to be satisfied on the Effective Date, but subject to the satisfaction, or where not prohibited, the waiver by the applicable Party of such conditions, and shall have confirmed in writing that each of them is prepared, and able, to promptly and without condition proceed to effect the Arrangement. The Parent and the Purchaser hereby waive any breach of a representation, warranty or covenant by the Company, where such breach is a result of an action taken by the Company or a Subsidiary which is expressly pursuant to a request by the Purchaser in accordance with this Section 4.9. The Purchaser shall provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least fifteen (15) Business Days prior to the Effective Time. Upon receipt of such notice, the Purchaser and the Company shall work co-operatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do all such other acts and things as are reasonably necessary, including making amendments to this Agreement or the Plan of Arrangement (provided that such amendments do not require the Company to obtain approval of securityholders of the Company (other than as properly put forward and approved at the Meeting)), to give effect to such Pre-Acquisition Reorganization.
- (2) The Purchaser agrees that it will be responsible for all costs and expenses (including, for greater certainty, Taxes) associated with any Pre-Acquisition Reorganization (including, for

greater certainty, any and all costs incurred by the Company in connection with a Pre-Acquisition Reorganization and all ancillary matters related thereto) and shall indemnify and save harmless the Company and its Subsidiaries and their respective directors and officers from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgements and penalties suffered or incurred by any of them in connection with or as a result of any such Pre-Acquisition Reorganization (including in respect of any reversal, modification or termination of a Pre-Acquisition Reorganization and including any out of pocket costs and expenses for filing fees and external counsel and auditors which may be incurred) if after participating in any Pre-Acquisition Reorganization the Arrangement is not completed other than due to a breach by the Company of the terms and conditions of this Agreement.

- (3) The Purchaser agrees that any Pre-Acquisition Reorganization will not be considered in determining whether a representation or warranty of the Company under this Agreement has been breached.
- (4) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may make designations pursuant to paragraph 88(1)(c) and (d) of the Tax Act or enter into transactions ancillary or incidental thereto (collectively, the **"Bump Transactions"**) in order to step up the Tax basis in certain capital property of the Company for purposes of the Tax Act and agrees to provide information reasonably requested by the Purchaser in this regard on a timely basis and to assist in the obtaining of any such information.

#### **Section 4.10 Public Communications**

The Parties agree to jointly issue a press release with respect to this Agreement as soon as practicable after its due execution, the text of which shall be approved by each Party in advance, acting reasonably and in good faith. The Parties shall co-operate in the preparation of presentations, if any, to Company Shareholders or Parent Shareholders regarding the Arrangement. Except as required by Law or pursuant to stock exchange rules (including, in the case of Parent, the Listing Rules), a Party shall not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the other Parties, or make any filing with any third party or Governmental Entity with respect to this Agreement or the Arrangement, in each case without first providing the other Parties a reasonable opportunity to review or comment on such public statement, filing or other disclosure (other than with respect to confidential information contained in such statement, filing or other disclosure), and if such prior notice is not permitted by Law, shall give such notice immediately following the making of such disclosure. The Party making such public statement, filing or other disclosure shall give reasonable consideration to any comments made by the other Parties. For the avoidance of doubt, none of the foregoing shall prevent any Party from making internal announcements to employees and having discussions with shareholders, financial analysts and other stakeholders, in each case so long as such announcements and discussions are limited to and consistent in all material respects with the most recent press releases, public disclosures or public statements made by such Party. The Parties consent to this Agreement being filed on SEDAR as soon as practicable after the public announcement of the transactions contemplated hereby with such redactions as agreed by the Parties, acting reasonably, subject to Securities Laws.

#### **Section 4.11 Notice and Cure Provisions**

- (1) Each Party shall promptly notify the other Parties of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:
  - (a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time if such failure to be true or accurate would

cause any condition in Section 6.2(1) *[Company Reps and Warranties Conditions]* or Section 6.3(1) *[Purchaser and Parent Reps and Warranties Conditions]*, as applicable, to not be satisfied; or

- (b) result in the failure to comply with any covenant or agreement to be complied with by such Party under this Agreement if such failure to comply would cause any condition in Section 6.2(2) *[Company Covenants Condition]* or Section 6.3(2) *[Purchaser and Parent Covenants Condition]* to not be satisfied.
- (2) Notification provided under this Section 4.11 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement. In addition, the failure by any Party to provide a notification pursuant to Section 4.11(1) shall not be considered in determining whether any condition in Section 6.2(1), Section 6.2(2), Section 6.3(1) or Section 6.3(2) has been satisfied.
- (3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i), unless the Party seeking to terminate this Agreement (the “**Terminating Party**”) has delivered a written notice (“**Termination Notice**”) to the applicable other Party (the “**Breaching Party**”) specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any Willful Breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earliest of (a) the Outside Date, (b) the date that is thirty (30) days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date, and (c) the date that the Breaching Party ceases or fails to exercise and continues to exercise commercially reasonable efforts to cure such breach. If the Terminating Party delivers a Termination Notice prior to the date of the Meeting, unless the Parties mutually agree otherwise, the Company shall postpone or adjourn the Meeting to the earlier of (a) ten (10) Business Days prior to the Outside Date and (b) the date that is thirty (30) days following receipt of such Termination Notice by the Breaching Party.

#### **Section 4.12 Insurance and Indemnification**

- (1) Prior to the Effective Date, the Company shall, in reasonable consultation with the Purchaser, purchase customary “tail” or “run off” policies of directors’ and officers’ liability insurance providing protection no less favourable in the aggregate than the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser will, or will cause the Company and its Subsidiaries to maintain such policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided that the cost of such policies shall not exceed 300% of the current annual premium for the Company directors and officers insurance.
- (2) The Purchaser shall, from and after the Effective Time, honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries and acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

- (3) If the Purchaser, the Company or any of its Subsidiaries or any of their respective successors or assigns following the Effective Time (i) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any Person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of the Company or its Subsidiaries) assumes all of the obligations set forth in this Section 4.12.

## **ARTICLE 5**

### **ADDITIONAL COVENANTS REGARDING NON-SOLICITATION**

#### **Section 5.1 Non-Solicitation**

- (1) Except as expressly provided in this Article 5 or to the extent that the Purchaser, in its sole and absolute discretion, has otherwise consented to in writing, the Company shall not, and shall cause its Subsidiaries not to, directly or indirectly, through any of its or its Subsidiaries' Representatives, and shall not permit any such Person to:
- (a) solicit, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
  - (b) enter into or otherwise engage or participate directly or indirectly in any discussions or negotiations with any Person (other than with the Parent and the Purchaser or any Person acting jointly or in concert with the Purchaser or the Parent) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; provided that, for greater certainty, the Company shall be permitted to: (i) communicate with any Person solely for purposes of clarifying the terms of any inquiry, proposal or offer made by such Person; (ii) advise any Person of the restrictions of this Agreement; and (iii) advise any Person making an Acquisition Proposal that the Board has determined that such Acquisition Proposal does not constitute or is not reasonably expected to constitute or lead to a Superior Proposal;
  - (c) make a Change in Recommendation;
  - (d) accept, approve, endorse or recommend or publicly propose to accept, approve, endorse or recommend, any Acquisition Proposal, or take no position or remain neutral with respect to any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced or otherwise publicly disclosed Acquisition Proposal for a period of no more than five (5) Business Days following the public announcement or public disclosure of such Acquisition Proposal will not be considered to be in violation of this Section 5.1 provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five (5) Business Day period or in the event that the Meeting is scheduled to occur within such five (5) Business Day period, prior to the third (3rd) Business Day before the Meeting); or
  - (e) accept, enter into or publicly propose to accept or enter into (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.1(3)) any letter

of intent, memorandum of understanding, merger agreement, plan of arrangement, acquisition agreement or other Contract in respect of an Acquisition Proposal.

- (2) The Company shall, and shall cause its Subsidiaries and instruct its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion or negotiation or other activities with any Person (other than with the Parent and the Purchaser and their Representatives) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection with such termination shall:
  - (a) promptly discontinue access to and disclosure of all information, including the Data Room and any confidential information, properties, facilities, books and records of the Company or any of its Subsidiaries; and
  - (b) to the extent that such information has not previously been returned or destroyed, within two (2) Business Days after the date of this Agreement, request and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any of its Subsidiaries provided to any Person (other than Parent or the Purchaser) in respect of a possible Acquisition Proposal, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any of its Subsidiaries, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.
- (3) The Company represents and warrants that the Company has not waived any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party except to permit submissions of expressions of interest prior the date of this Agreement, and further covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries has entered into prior to the date hereof, and (ii) neither the Company, nor any Subsidiary of the Company nor any of their respective Representatives will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company, or any of its Subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party (it being acknowledged by the Parent and Purchaser that the automatic termination or release of any standstill restrictions of any such agreements as a result of the entering into an announcement of this Agreement shall not be a violation of this Section 5.1(3)).

## **Section 5.2 Notification of Acquisition Proposals**

If the Company or any of its Subsidiaries receives or becomes aware of, or to the knowledge of the Company any of their respective Representatives receives or becomes aware of, any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any of its Subsidiaries (including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any Subsidiary) that is related to or could potentially result in an Acquisition Proposal, the Company shall promptly notify the Purchaser, at first orally (promptly and in any event within 24 hours) and then in writing (promptly and in any event within 48 hours) of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions if not provided in written or electronic form and the

identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request and shall provide the Purchaser with copies of all written agreements, documents, correspondence and other materials received in respect of, from or on behalf of such Persons. The Company shall keep the Purchaser fully informed, on a prompt basis, of the status of all developments, discussions and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request, and shall provide to the Purchaser copies of all correspondence if in written or electronic form, and if not in written or electronic form, a description of the terms of such correspondence communicated to the Company by or on behalf of any Person making any such Acquisition Proposal, inquiry, proposal offer or request (other than non-substantive communications that are not, or could not reasonably be considered by the Purchaser or the Parent to be, material or otherwise relevant to the Purchaser or the Parent) and shall respond as promptly as practicable to all reasonable inquiries by the Purchaser with respect thereto.

### **Section 5.3 Responding to an Acquisition Proposal**

- (1) Notwithstanding Section 5.1, if, at any time prior to obtaining the Required Shareholder Approval, the Company receives a bona fide written Acquisition Proposal, the Company and its Representatives may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and, subject to entering into a confidentiality and standstill agreement with such Person containing confidentiality, standstill and other terms that are no less favourable to the Company than those contained in the Confidentiality Agreement and which do not restrict the Company from complying with this Article 5 (it being understood and agreed that such confidentiality and standstill agreement need not restrict the making of a confidential Acquisition Proposal and related communications to the Company or the Board), the Company and its Representatives may provide copies of, access to or disclosure of information, properties, facilities, books or records of the Company or its Subsidiaries which has already been provided (or is simultaneously provided) to the Purchaser (provided that the Company provides a copy of such confidentiality and standstill agreement to the Purchaser prior to providing such Person with any such copies, access or disclosure and makes such information available to the Parent substantially simultaneously to the extent such information was not previously made available to the Parent), if and only if:
  - (a) the Board first determines in good faith, after consultation with its outside financial and legal advisors, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;
  - (b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its Subsidiaries;
  - (c) such Acquisition Proposal did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5; and
  - (d) the Company has been, and continues to be, in compliance with its obligations under Article 5 in all material respects.

### **Section 5.4 Right to Match**

- (1) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Shareholder Approval, the Board may, subject to compliance with

Section 8.2(1)(d)(iii), make a Change in Recommendation and/or authorize the Company to accept, approve or enter into a definitive agreement with respect to such Superior Proposal, if and only if:

- (a) the Superior Proposal did not result from a breach by the Company of its obligations under this Article 5;
- (b) the Company has been, and continues to be, in compliance with its obligations under Article 5 in all material respects;
- (c) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;
- (d) the Acquisition Proposal did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5;
- (e) the Company or its Representatives have delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement and make a Change in Recommendation, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the “**Superior Proposal Notice**”);
- (f) the Company or its Representatives have provided to the Purchaser a copy of the proposed definitive agreement for the Superior Proposal (including any financing commitments or other documents containing material terms and conditions of such Superior Proposal) and all supporting materials supplied to the Company and its Subsidiaries in connection therewith;
- (g) at least five (5) Business Days (the “**Matching Period**”) have elapsed from the date that is the later of (i) the date on which the Purchaser received the Superior Proposal Notice, and (ii) the date on which the Purchaser received the materials set out in Section 5.4(1)(f);
- (h) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
- (i) after the Matching Period, the Board has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (and, if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2));
- (j) the Board has determined, in good faith, after consultation with the Company’s outside legal counsel, that the failure to make a Change in Recommendation and terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and

- (k) prior to entering into such definitive agreement the Company terminates this Agreement pursuant to Section 7.2(1)(c)(ii) and pays the Termination Fee pursuant to Section 8.2(1)(d)(iii).
- (2) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Purchaser shall have the opportunity (but not the obligation) to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal; (b) the Board shall, in good faith, and in consultation with its outside legal and financial advisors, review any offer made by the Purchaser to amend the terms of this Agreement and the Arrangement in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (c) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company, the Parent and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (3) Each successive amendment to any Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded an additional Matching Period in connection therewith.
- (4) If the Company provides a Superior Proposal Notice to the Purchaser on a date that is less than ten (10) Business Days before the Meeting or if the Meeting is to be held during a Matching Period, the Company shall either proceed with or shall postpone the Meeting, as directed by the Purchaser acting reasonably, to a date that is not more than ten (10) Business Days after the scheduled date of the Meeting but in any event the Meeting shall not be postponed to a date which would prevent the Effective Date from occurring on or prior to the Outside Date.
- (5) Nothing contained in this Agreement shall prohibit the Board from making any disclosure to any securityholders of the Company prior to the Meeting, if, in the good faith judgment of the Board, after consultation with outside legal counsel, failure to make such disclosure would be inconsistent with the Board's exercise of its fiduciary duties or disclosure is otherwise required by law; provided that the Purchaser and its counsel shall be provided with a reasonable opportunity to review and comment on any such disclosure and the Board shall give reasonable consideration to such comments. Nothing contained in this Section 5.4(5) shall (a) permit the Board to make a Change in Recommendation other than as permitted by Section 5.4 and (b) limit in any way (i) the rights of the Purchaser pursuant to Section 7.2(1)(d)(ii) or (ii) the obligations of the Company contained in this Agreement, including the obligation to convene and hold the Meeting in accordance with Section 2.3.

## **Section 5.5 Breach by Subsidiaries and Representatives**

Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and its Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by the Company, its Subsidiaries or Representatives shall be deemed to be a breach of this Article 5 by the Company.

## ARTICLE 6 CONDITIONS

### Section 6.1 Mutual Conditions Precedent

- (1) The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:
- (a) Arrangement Resolution. The Arrangement Resolution has been approved and adopted by Company Shareholders at the Meeting in accordance with the Interim Order and Law.
  - (b) Interim Order and Final Order. The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement and have not been set aside.
  - (c) Parent Shareholder Approval. The Parent Shareholder Approval shall have been obtained.
  - (d) Illegality. No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Parent, the Purchaser, SpinCo or the Company from consummating the Arrangement.
  - (e) TSX-V Approval. The TSX-V shall have approved or accepted notice for filing of the Arrangement, subject to compliance with customary conditions of the TSX-V.

### Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) Representations and Warranties. (i) The representations and warranties of the Company set forth in this Agreement are true and correct as of the Effective Time in all respects, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect (and, for this purpose, any reference to “material”, “Material Adverse Effect” or other concepts of materiality in such representations and warranties shall be ignored), (ii) the representations and warranties of the Company set forth in Paragraphs (1) *[Organization and Qualification]*, (2) *[Corporate Authorization]*, (3) *[Execution and Binding Obligation]*, (5(a)) *[Non-Contravention]*, (6) *[Capitalization]* (in respect of all matters except for the number of securities of the Company outstanding as of the date of this Agreement), (8) *[Subsidiaries]*, and (41) *[Brokers]* of Schedule “C” are true and correct as of the Effective Time in all respects, (iii) the representations and warranties of the Company set forth in Paragraph (35) *[Taxes]* of Schedule “C” are true and correct as of the Effective Time in all material respects (and, for this purpose, any reference to “material”, “Material Adverse Effect” or other concepts of materiality in such representations and warranties shall be ignored), and (iv) the representations and warranties of the Company set forth in Paragraph (6) *[Capitalization]* (in respect of the number of securities of the Company outstanding as of the date of this Agreement only) of Schedule “C” are true and correct as of the Effective Time in all respects (other than *de minimis* inaccuracies), in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Company has delivered a certificate confirming same to the Purchaser, executed

by two (2) senior officers of the Company (in each case without personal liability) addressed to the Parent and the Purchaser and dated the Effective Date.

- (2) Performance of Covenants. The Company has fulfilled or complied with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time in all material respects and the Company has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (3) Deposit. The Company shall have deposited or caused to be deposited with the Depositary in escrow in accordance with Section 2.8, the SpinCo Shares required to effect payment in full of the SpinCo Share Consideration to be paid pursuant to the Arrangement and the Depositary shall have confirmed to the Purchaser in writing the receipt of such SpinCo Share Consideration.
- (4) No Legal Action. There is no claim, action or proceeding pending or threatened by any Governmental Entity or other Person against the Parent, the Purchaser or the Company to:
  - (a) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, the Shares, including the right to vote the Shares; or
  - (b) prohibit or restrict the direct or indirect ownership or operation of or benefit of the rights relating to any of the Company Assets by the Purchaser or compel the Purchaser or the Company to dispose of or hold separate any of the Company Assets; or
  - (c) condition in any way or prohibit the Closing.
- (5) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred and be continuing a Material Adverse Effect.
- (6) Dissent Rights. Holders of not more than 5% of the issued and outstanding Shares shall have validly exercised Dissent Rights in respect of the Arrangement and have not withdrawn such exercise as of the Effective Date.
- (7) Pre-Acquisition Reorganizations. The Company shall have provided Parent with evidence satisfactory to Parent, acting reasonably, of the completion of (i) the Pre-Acquisition Reorganizations set out in Section 4.9(1) of the Company Disclosure Letter, and (ii) subject to the provisions of Section 4.9(1), each other Pre-Acquisition Reorganization requested by the Purchaser in accordance with Section 4.9(1).
- (8) Assignment of Lavras do Sul Option Agreement. The Company shall have provided Parent with evidence satisfactory to Parent, acting reasonably, of the assignment of the Lavras do Sul Option Agreement to Lavras do Sul Mineração Ltda.

### **Section 6.3 Additional Conditions Precedent to the Obligations of the Company**

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

- (1) Representations and Warranties. The representations and warranties of the Parent and the Purchaser set forth in this Agreement are true and correct (disregarding for the purposes of

this Section any materiality qualification contained in such representations and warranties) as of the Effective Time (except for such representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct would not, individually or in the aggregate, materially impede the completion of the Arrangement, and each of the Parent and the Purchaser has delivered a certificate confirming same to the Company, executed by two (2) of its senior officers (in each case without personal liability) addressed to the Company and dated the Effective Date.

- (2) Performance of Covenants. The Parent and the Purchaser have fulfilled or complied with each of the covenants of the Parent and the Purchaser contained in this Agreement to be fulfilled or complied with by them on or prior to the Effective Time in all material respects, and each of the Parent and the Purchaser have delivered a certificate confirming same to the Company, executed by two (2) of its senior officers (in each case without personal liability) addressed to the Company and dated the Effective Date.
- (3) Deposit. The Purchaser shall have deposited or caused to be deposited with the Depositary in escrow in accordance with Section 2.8, the funds required to effect payment in full of the Cash Consideration to be paid pursuant to the Arrangement and the Depositary shall have confirmed to the Company in writing the receipt of such Cash Consideration.

#### **Section 6.4 Satisfaction of Conditions**

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

### **ARTICLE 7 TERM AND TERMINATION**

#### **Section 7.1 Term**

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

#### **Section 7.2 Termination**

- (1) This Agreement may be terminated prior to the Effective Time by:
  - (a) the mutual written agreement of the Parties; or
  - (b) either the Company or the Purchaser if:
    - (i) the Meeting is duly convened and held and the Arrangement Resolution is voted on by Company Shareholders and not approved by Company Shareholders as required by the Interim Order and Law;
    - (ii) the Parent Shareholder Approval shall not have been obtained at the Parent Shareholder Meeting;
    - (iii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, SpinCo, the Parent or the Purchaser from consummating the Arrangement, and such Law has, if

applicable, become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) has used its commercially reasonable efforts to, as applicable, prevent, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement and provided further that the enactment, making, enforcement or amendment of such Law was not primarily due to the fault of such Party to perform any of its covenants or agreements under this Agreement;

- (iv) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iv) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party (or in the case of the Purchaser, a breach by the Purchaser or the Parent) of any of its representations or warranties or the failure of such Party (or in the case of the Purchaser, a breach by the Purchaser or the Parent) to perform any of its covenants or agreements under this Agreement; or

(c) the Company if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or the Parent under this Agreement occurs that would cause any condition in Section 6.3(1) *[Purchaser and Parent Reps and Warranties Condition]* or Section 6.3(2) *[Purchaser and Parent Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.11(2) provided that any Willful Breach shall be deemed to be incapable of being cured, and the Company is not then in breach of this Agreement so as to cause any condition in Section 6.2(1) *[Company Reps and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied; or
- (ii) prior to obtaining the Required Shareholder Approval, the Board authorizes the Company to enter into a written agreement with respect to a Superior Proposal in accordance with Section 5.4, provided that prior to or concurrent with such termination the Company pays the Termination Fee in accordance with Section 8.2(2).;
- (iii) the Parent Board (A) fails to recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify the Parent Board Recommendation in a manner adverse to the Company; or (B) fails to convene and conduct the Parent Shareholder Meeting in accordance with Section 4.5 (collectively (A) and (B), a “**Change in Parent Recommendation**”);or

(d) the Purchaser if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1) *[Company Reps and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.11(2); provided that any Willful

Breach shall be deemed to be incapable of being cured, and neither the Parent nor the Purchaser are then in breach of this Agreement so as to cause any condition in Section 6.3(1) *[Purchaser and Parent Reps and Warranties Condition]* or Section 6.3(2) *[Purchaser and Parent Covenants Condition]* not to be satisfied;

- (ii) the Board or the Special Committee thereof (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify the Board Recommendation in a manner adverse to the Parent and the Purchaser; (B) accepts, approves, endorses or recommends or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced Acquisition Proposal for more than five (5) Business Days (or beyond the third (3rd) Business Day prior to the date of the Meeting, if sooner); (C) accepts, approves, endorses, recommends or executes or enters into or publicly proposes to accept, approve, endorse, recommend or execute or enter into any letter of intent, memorandum of understanding, merger agreement, plan of arrangement, acquisition agreement or other Contract, other than a confidentiality and standstill agreement as permitted by Section 5.3) in respect of an Acquisition Proposal; or (D) fails to publicly reaffirm the Board Recommendation (without qualification) within five (5) Business Days after having been requested in writing by the Purchaser to do so (it being understood the Board will have no obligation to make such reaffirmation on more than five (5) separate occasions) (collectively (A), (B), (C) and (D), a **"Change in Recommendation"**); or
  - (iii) the Company shall have breached Article 5 in any material respect;
  - (iv) a Material Adverse Effect shall have occurred after the date of this Agreement which is incapable of being cured on or prior to the Outside Date; or
  - (v) prior to obtaining the Parent Shareholder Approval, the Parent Board makes a Change in Parent Recommendation.
- (2) Subject to Section 4.11(2), if applicable, the Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

### **Section 7.3 Effect of Termination/Survival**

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1 as a result of the Effective Time occurring, each of Section 4.12, Section 4.3(4), Section 4.3(5) and this Section 7.3 shall survive following such termination; and (b) in the event of termination under Section 7.2, Section 2.12, this Section 7.3 and Section 8.2 through to and including Section 8.18 shall survive, and provided further that no Party shall be relieved of any liability for any breach by it of this Agreement.

## ARTICLE 8 GENERAL PROVISIONS

### Section 8.1 Amendments

- (1) This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of Company Shareholders, and any such amendment may, subject to the Interim Order and Final Order and Laws, without limitation:
- (a) change the time for performance of any of the obligations or acts of the Parties;
  - (b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;
  - (c) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or
  - (d) modify any conditions contained in this Agreement;

provided that such amendment does not: (i) invalidate any required approval of the Arrangement by the Affected Securityholders or the Parent Shareholder Approval; or (ii) after the holding of the Meeting, result in an adverse change in the quantum or form of consideration that Affected Securityholders will receive pursuant to the Arrangement.

### Section 8.2 Termination Fee

- (1) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs, the Company shall pay to the Parent the Termination Fee in accordance with Section 8.2(1)(d)(iii) in consideration for the disposition by the Parent of its rights under this Agreement. For the purposes of this Agreement, “**Termination Fee**” means \$5,000,000 and “**Termination Fee Event**” means the termination of this Agreement:
- (a) by the Purchaser, pursuant to Section 7.2(1)(d)(ii) *[Change in Recommendation]* or Section 7.2(1)(d)(iii) *[Breach of Non-Solicitation]*;
  - (b) pursuant to any subsection of Section 7.2, if at such time the Purchaser is entitled to terminate this Agreement pursuant to Section 7.2(1)(d)(ii) *[Change in Recommendation]*;
  - (c) by the Company pursuant to Section 7.2(1)(c)(ii) *[Superior Proposal]*; or
  - (d) by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) *[Failure of Company Shareholders to Approve]* or Section 7.2(1)(b)(iv) *[Outside Date]* or by the Purchaser pursuant to Section 7.2(1)(d)(i) *[Breach of Reps and Warranties or Covenants by Company]* if:
    - (i) prior to such termination, an Acquisition Proposal is publicly proposed, offered or made or publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or any of its affiliates) or any Person (other than the

Purchaser or any of its affiliates) shall have publicly announced an intention to make an Acquisition Proposal; and

- (ii) within (12) twelve months following the date of such termination, (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and such Acquisition Proposal is later consummated (whether or not within twelve (12) months after such termination).
  - (iii) For purposes of the foregoing, the term “**Acquisition Proposal**” shall have the meaning assigned to such term in Section 1.1, except that references to “20% or more” shall be deemed to be references to “50% or more”.
- (2) The Termination Fee shall be paid by the Company to the Parent as follows, by wire transfer of immediately available funds to an account designated by the Parent, if a Termination Fee Event occurs due to:
- (a) a termination of this Agreement described in Section 8.2(1)(a) or Section 8.2(1)(b), within two (2) Business Days of the occurrence of such Termination Fee Event;
  - (b) a termination of this Agreement described in Section 8.2(1)(c), prior to or concurrently with such termination; or
  - (c) a termination of this Agreement described in Section 8.2(1)(d), on or prior to consummation of the Acquisition Proposal referred to in Section 8.2(1)(d);
- (3) In no event shall the Company be obligated to pay the Termination Fee on more than one occasion.

### **Section 8.3 Reverse Break Fee**

- (1) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Reverse Break Fee Event occurs, the Parent shall pay to the Company the Reverse Break Fee in accordance with Section 8.3(2) in consideration for the disposition by the Company of its rights under this Agreement. For the purposes of this Agreement, “**Reverse Break Fee**” means \$2,500,000 and “**Reverse Break Fee Event**” means the termination of this Agreement:
- (a) by the Company or the Purchaser pursuant to Section 7.2(1)(b)(ii) [*Failure of Parent Shareholder Approval*]; or
  - (b) the Company pursuant to Section 7.2(1)(c)(iii) [*Change in Parent Recommendation*]; or
  - (c) by the Purchaser pursuant to Section 7.2(1)(d)(v) [*Change in Parent Recommendation*].
- (2) The Reverse Break Fee shall be paid by the Parent to the Company as follows, by wire transfer of immediately available funds to an account designated by the Company, if a Reverse Break

Fee Event occurs, within two (2) Business Days of the occurrence of such Reverse Break Fee Event.

- (3) In no event shall the Purchaser be obligated to pay the Reverse Break Fee on more than one occasion.

#### **Section 8.4 Expenses**

- (1) If a Purchaser Reimbursement Event occurs, the Company shall pay (or cause to be paid) all reasonable documented expenses incurred by the Parent and the Purchaser in connection with this Arrangement up to a maximum of \$2,500,000 (the “**Purchaser Reimbursement Payment**”) by wire transfer in immediately available funds to an account designated by the Parent no later than two (2) Business Days after the date of such termination; provided that in no event shall the Company be required to pay under Section 8.2(1), on the one hand, and this Section 8.4(1), on the other hand, in the aggregate, an amount in excess of the Termination Fee. For purposes of the foregoing, “**Purchaser Reimbursement Event**” means the termination of this Agreement by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) *[Failure of Required Shareholder Approval]*.
- (2) Except as otherwise provided herein, all costs and expenses incurred by a Party in connection with this Agreement shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is consummated.

#### **Section 8.5 Notices**

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or email and addressed:

- (a) to the Company and SpinCo at:

Amarillo Gold Corporation  
82 Richmond Street East  
Suite 201  
Toronto, ON M5C 1P1  
Canada

Attention: Mike Mutchler  
Email: President & Chief Executive Officer

with a copy (which shall not constitute notice) to:

Irwin Lowy LLP  
217 Queen Street West  
Suite 401  
Toronto, ON M5V 0R2  
Canada

Attention: Eric Lowy  
Email: [REDACTED]

and:

Osler, Hoskin & Harcourt LLP

Suite 1700, Guinness Tower  
1055 West Hastings Street  
Vancouver, BC V6E 2E9  
Canada

Attention: Alan Hutchison  
Email: [REDACTED]

(b) to the Parent and the Purchaser:

Hochschild Mining PLC  
17 Cavendish Square  
London, United Kingdom  
W1G 0PH

Attention: Ignacio Bustamante, Chief Executive Officer  
Email: [REDACTED]

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP

5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9  
Canada

Attention: Ivan Grbešić / Steven D. Bennett  
Email: [REDACTED]

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by email, on the Business Day following the date of email. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

#### **Section 8.6 Time of the Essence**

Time is of the essence in this Agreement.

#### **Section 8.7 Further Assurances**

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the Arrangement becomes effective, to document or evidence any of the transactions or events set out in the Plan of Arrangement.

## **Section 8.8 Injunctive Relief, Specific Performance and Remedies**

- (1) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.
- (2) Each Party acknowledges that the agreements contained in Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that any payments made pursuant to Section 8.2 are made in consideration for the disposition of the recipient's rights under this Agreement, and that the amounts set out in Section 8.2 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, reputational damages and expenses, which the Purchaser will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. The Purchaser irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. Notwithstanding anything to the contrary set forth in this Agreement, but subject to the Parties rights set forth in Section 8.8(1), in the event of the termination of this Agreement by the Purchaser or the Company in circumstances that constitute a Termination Fee Event, the receipt of the Termination Fee by the Purchaser shall be the sole and exclusive remedy (including damages, specific performance and injunctive relief) of the receiving Party and their respective affiliates against the paying Party, its affiliates and any of their respective former, current or future directors, officers, employees, affiliates, shareholders, managers, members or agents for all breaches of any representation, warranty, covenant or agreement contained in this Agreement or any transaction contemplated hereby and the failure of the transactions contemplated herein to be consummated (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach or failure to perform hereunder). For the avoidance of doubt, it is agreed that the Company and the Purchaser shall be entitled to pursue an injunction, or other form of specific performance or equitable relief, solely as provided in Section 8.8(1).
- (3) The Parties acknowledge that the agreements contained in Section 8.2 and Section 8.3 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement; accordingly, if either the Company fails to pay the Termination Fee or the Purchaser fails to pay the Reverse Break Fee, as applicable, when due and, in order to obtain such payment, the Party entitled to such payment commences a suit that results in a judgment against the other Party for the Termination Fee or the Reverse Break Fee, as applicable, the breaching Party shall pay to the other Party its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of such or portion thereof at the prime rate of the Royal Bank of Canada in effect on such date such payment was required to be made through the date of payment.

## **Section 8.9 Third Party Beneficiaries**

- (1) Except as provided in Section 4.12 which, without limiting its terms, is intended as a stipulation for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.8(3), as the "**Third Party Beneficiaries**") and except for the rights of the Affected Securityholders to receive the applicable consideration following the Effective Time pursuant to the Arrangement (for which purpose the Company hereby confirms that it is acting

as agent on behalf of the Affected Securityholders), the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

- (2) Despite the foregoing, the Parties acknowledge to each of the Third Party Beneficiaries their direct rights against the applicable Party under Section 4.12, which are intended for the benefit of, and shall be enforceable by, each Third Party Beneficiary, his or her heirs and his or her legal representatives, and for such purpose, the Company confirms that it is acting as agent on their behalf, and agrees to enforce such provisions on their behalf.

#### **Section 8.10 Waiver**

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

#### **Section 8.11 Entire Agreement**

This Agreement, together with the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

#### **Section 8.12 Successors and Assigns**

- (1) This Agreement becomes effective only when executed by the Company, the Parent and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company, the Parent and the Purchaser and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties. Notwithstanding the foregoing, the Company (including on behalf of the Company Related Parties) agrees that the Parent or the Purchaser (i) may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that it shall continue to be liable jointly and severally with such affiliate for all of its obligations hereunder, and (ii) may assign their rights under this Agreement in whole or in part without the prior written consent of the Company to the Financing Sources as collateral security for the obligations of the Parent or the Purchaser to such Financing Sources.

#### **Section 8.13 Severability**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties 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 the transactions contemplated hereby are fulfilled to the fullest extent possible. For greater certainty, if any provision of this Agreement or the Plan of Arrangement is interpreted by a Securities Authority in a manner that would result in the intentions set out in the Voting and Support Agreements with respect to the voting of the Shares subject to such Voting and Support Agreements not being achieved, it will be deemed to be incapable of being enforced to the extent necessary so that such intentions can be realized.

#### **Section 8.14 Governing Law**

- (1) This Agreement and any disputes relating to this Agreement and the transaction contemplated thereby will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.
- (3) The Parent appoints Stikeman Elliott LLP as agent for the service of process in British Columbia in any legal proceeding with respect to this Agreement or the transactions contemplated hereby; provided that in the case of any such service upon the Purchaser, the Party affecting such service shall also deliver a copy thereof to the other Parties in the manner provided in Section 8.4. Nothing herein shall affect the right of any Party to service process in any manner permitted by Law.

#### **Section 8.15 Rules of Construction**

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

#### **Section 8.16 No Liability**

The Company acknowledges and agrees that the obligations and liabilities under this Agreement, or in any document delivered in connection therewith, are not personally binding upon and resort shall not be had to, nor shall recourse or satisfaction be sought from the private property of any of the shareholders, constituent members, limited partners, officers, directors, trustees, employees or agents of the Purchaser or the Parent but only the property of the Parent and the Purchaser shall be bound.

#### **Section 8.17 Language**

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

#### **Section 8.18 Counterparts**

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or similar executed electronic copy) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

**IN WITNESS WHEREOF** the Parties have executed this Arrangement Agreement as of the date first written above.

**HOCHSCHILD MINING PLC**

By: "Ignacio Bustamente"  
Authorized Signing Officer

**1334940 B.C. LTD.**

By: "Jose Palma"  
Authorized Signing Officer

**AMARILLO GOLD CORPORATION**

By: "Hemdat Sawh"  
Authorized Signing Officer

**LAVRAS GOLD CORP.**

By: "Hemdat Sawh"  
Authorized Signing Officer

**Schedule "A"**  
**PLAN OF ARRANGEMENT**

**SCHEDULE A  
PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT**

**made pursuant to**

**Division 5 of Part 9 of the *Business Corporations Act* (British Columbia)**

**ARTICLE 1  
INTERPRETATION**

**Section 1.1 Definitions**

In this Plan of Arrangement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

**“Affected Securityholders”** means, collectively, Shareholders and Optionholders;

**“Amalco”** has the meaning specified in Section 2.4(p);

**“Amalgamation”** has the meaning specified in Section 2.4(p);

**“AMB”** means Amarillo Mineracao do Brasil Ltda;

**“Arrangement”** means the arrangement under Division 5 of Part 9 of the BCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or Article 6 hereof or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

**“Arrangement Agreement”** means the agreement dated as of November [29], 2021 among the Company, the Purchaser, the Parent and SpinCo, together with the schedules attached thereto, as amended, supplemented, or restated in accordance therewith prior to the Effective Date, providing for, among other things, the Arrangement;

**“Arrangement Resolution”** means the special resolution approving the Plan of Arrangement considered at the Meeting;

**“BCA”** means the *Business Corporations Act*, S.B.C. 2002, c. 57;

**“Business Day”** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario, London, England, or Vancouver, British Columbia;

**“Cash Consideration”** means \$0.40 in cash per Share, as adjusted pursuant to Section 2.6;

**“Cash-Out Option”** means an Option (other than an Exercised Option) in respect of which the exercise price payable under such Option by the holder thereof to acquire each Share underlying such Option is not greater than the Cash Consideration;

**“Cancelled Option”** means an Option (other than an Exercised Option) that is not a Cash-Out Option;

**“Class A Shares”** means the Class A Shares in the capital of the Company to be created and issued pursuant to the terms hereof;

**“Company”** means Amarillo Gold Corporation;

**“Company Circular”** means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, sent to Affected Securityholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

**“Consideration”** means the consideration to be received by Shareholders (other than Dissenting Shareholders) pursuant to this Plan of Arrangement consisting, in respect of each Share that is issued and outstanding immediately prior to the Effective Time, of: (i) the Cash Consideration and (ii) the SpinCo Share Consideration;

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

**“Depository”** means Computershare Trust Company of Canada or such other Person as the Company may appoint to act as depository in relation to the Arrangement, with the approval of the Purchaser, acting reasonably;

**“Dissent Rights”** has the meaning specified in Section 3.1;

**“Dissenting Shareholder”** means a registered holder of Shares who has validly exercised its Dissent Rights in accordance with the Interim Order and who, as of the Effective Time, has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which such Dissent Rights are validly exercised by such holder;

**“Dissenting Shares”** means the Shares held by Dissenting Shareholders;

**“Effective Date”** means the date upon which the Arrangement becomes effective, as set out in Section 2.7(1) of the Arrangement Agreement.

**“Effective Time”** means 12:01 a.m. (Pacific Time) on the Effective Date;

**“Exercised Option”** means an Option for which an Optionholder has, prior to the Effective Time, (i) executed and delivered to the Company an applicable exercise form, (ii) paid to the Company the aggregate exercise price payable under such Option, and (iii) paid to the Company all withholding taxes and any other applicable source deductions that will arise in respect of the exercise of such Option, but excluding for greater certainty an Option for which a Share has been issued to its Optionholder prior to the Effective Time;

**“Exercised Option Shares”** has the meaning specified in Section 2.4(f);

**“Final Order”** means the final order of the Court pursuant to section 291(4) of the BCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the

Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

**“Funding Loan”** means a non-interest bearing demand loan from the Purchaser to the Company in an amount equal to the additional funds required by the Company to effect the step in Section 2.4(e) (including any required withholding tax or other applicable source deductions in connection therewith);

**“Governmental Entity”** means: (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, in Canada or otherwise; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (iv) any arbitrator or arbitration tribunal; (v) any Securities Authority; or (vi) any stock exchange including the TSX-V;

**“Interim Order”** means the interim order of the Court pursuant to section 291(2) of the BCA, to be issued following the application therefor contemplated by Section 2.2 of the Arrangement Agreement, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably;

**“ITA”** means the *Income Tax Act* (Canada), as amended;

**“LDS”** means LDS Mineracao do Brasil Ltda;

**“Letter of Transmittal”** means the letter of transmittal for use by the Shareholders, in the form accompanying the Company Circular;

**“Liens”** means any mortgage, charge, pledge, encumbrance, statutory or deemed trust, hypothec, security interest, prior claim, right of first refusal or first offer, occupancy right, covenant, contractual right of set-off, right of distraint, assignment, lien (statutory or otherwise), defect of title, or restriction, or adverse right or claim, or other third party interest or other encumbrance of any kind, in each case, whether contingent or absolute;

**“Meeting”** means the special meeting of Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser;

**“Options”** means options to purchase Shares issued pursuant to and governed by the Stock Option Plan;

**“Optionholders”** means the holders of Options;

**“Parent”** means Hochschild Mining PLC;

**“Person”** includes any individual, partnership, association, body corporate, company, corporation, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status;

**“Plan of Arrangement”** means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement and Article 6 hereof or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

**“Purchaser”** means 1334940 B.C. Ltd.;

**“Purchaser Common Shares”** means the common shares in capital of the Purchaser.

**“Shareholders”** means the registered and/or beneficial holders of the Shares, as the context requires;

**“Shares”** means the common shares in the capital of the Company or, following completion of Section 2.4(j) of the Plan of Arrangement, the common shares or Class A shares in the capital of the Company, as the context dictates, and includes, for greater certainty, any common shares issued upon the valid exercise of any Options;

**“SpinCo”** means a company to be incorporated under the laws of the Province of British Columbia prior to the Effective Time;

**“SpinCo Contribution Agreement”** means the agreement entered into between the Company, AMB, LDS and SpinCo dated as of the Effective Date concerning the transfer of the SpinCo Assets to, and the assumption of SpinCo Liabilities by, SpinCo pursuant to the Arrangement;

**“SpinCo Liabilities”** has the meaning ascribed thereto in the SpinCo Contribution Agreement;

**“SpinCo Royalty”** means the 2.0% net smelter revenue royalty on certain exploration properties in the form set out in Schedule “F” to the Arrangement Agreement;

**“SpinCo Share Consideration”** means one SpinCo Share per Share, comprising a 100% interest in SpinCo in the aggregate;

**“SpinCo Shares”** means common shares in the capital of SpinCo;

**“SpinCo Transactions”** means, collectively, and without duplication: (i) the consummation of any transaction contemplated by the SpinCo Contribution Agreement, (ii) the transactions or actions contemplated by Section 4.3 of the Arrangement Agreement and (iii) the transactions described in Section 2.4(b), Section 2.4(e), Section 2.4(g), Section 2.4(h), and Section 2.4(j) hereof;

**“Stock Option Plan”** means the Rolling Stock Option Plan adopted by the Shareholders on September 25, 2019 and re-approved by the Shareholders on October 1, 2020.

**“TSX-V”** means the TSX – Venture Exchange.

Any capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Arrangement Agreement.

## **Section 1.2 Sections and Headings**

The division of this Plan of Arrangement into sections and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Plan of Arrangement. Unless otherwise indicated, any reference in this Plan of Arrangement to a section or a schedule refers to the specified section of or schedule to this Plan of Arrangement.

## **Section 1.3 Number and Gender**

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

## **Section 1.4 Date for any Action**

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

## **Section 1.5 Time**

Time shall be of the essence in every matter or action contemplated hereunder. All times express herein or in any letter of transmittal contemplated herein are local time (Vancouver, British Columbia) unless otherwise stipulated herein or therein. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

## **Section 1.6 Statutory Reference**

Any reference in this Plan of Arrangement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

## **Section 1.7 Certain Phrases, etc.**

The words (i) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (ii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,” and (iii) unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

## **Section 1.8 Currency**

Unless otherwise stated, all references in this Plan of Arrangement to amounts of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

## **Section 1.9 Schedules**

The following schedules are attached to this Plan of Arrangement and are incorporated in and form part hereof:

Schedule A – Special Rights or Restrictions Attached to Class A Shares

## **ARTICLE 2 ARRANGEMENT**

### **Section 2.1 Arrangement Agreement**

This Plan of Arrangement is made pursuant to the provisions of the Arrangement Agreement and constitutes an arrangement as referred to in Section 288 of the BCA.

### **Section 2.2 Binding Effect**

This Plan of Arrangement and the Arrangement become effective at, and will be binding at and after, the Effective Time on the Company, the Purchaser, the Parent, SpinCo, all Shareholders (including Dissenting Shareholders), all holders of Options, the registrar and transfer agent of the Company, the Depositary and all other Persons, without any further act or formality required on the part of any Person, except as expressly provided in the BCA or this Plan of Arrangement.

### **Section 2.3 Preliminary Steps Prior to the Arrangement**

The following preliminary steps shall occur prior to the Effective Time:

- (a) the Company shall have incorporated SpinCo under the BCA;
- (b) the Company shall have subscribed for the Initial SpinCo Share for \$1.00 and SpinCo shall have issued the Initial SpinCo Share to the Company;
- (c) the initial directors of SpinCo shall be appointed and shall have consented to act as directors of SpinCo, to hold office until the next annual meeting of the shareholders of SpinCo or until their successors are elected or appointed;
- (d) the Company, AMB, LDS and SpinCo shall have entered into the SpinCo Contribution Agreement; and
- (e) SpinCo shall not have any issued and outstanding shares other than the Initial SpinCo Share, and SpinCo shall not have carried on any business prior to the Effective Date.

### **Section 2.4 Arrangement**

At the Effective Time, each of the events set out below shall occur and be deemed to occur consecutively in five (5) minute increments in the following order, unless specifically noted, without any further authorization, act or formality:

- (a) Each Dissenting Share in respect of which Dissent Rights have been validly exercised by Dissenting Shareholders shall be deemed to have been transferred to the Purchaser (free and clear of any Liens) without any further act or formality in exchange for a debt claim

against the Purchaser to be paid fair value in respect of such Shares as set out in Section 3.1 and:

- (i) each such Dissenting Shareholder shall cease to be a holder of each such Dissenting Share and to have any rights as a holder of such Dissenting Share other than the right to be paid fair value for such Dissenting Share as set out in Section 3.1;
  - (ii) each such Dissenting Shareholder's name shall be removed as a holder of such Dissenting Shares from the central securities register of Shares maintained by or on behalf of the Company; and
  - (iii) the Purchaser shall be and shall be deemed to be the holder of all of the outstanding Dissenting Shares (free and clear of all Liens), and the Purchaser shall be entered in the central securities register of Shares maintained by or on behalf of the Company as the holder of such Dissenting Shares;
- (b) All of the transactions and actions contemplated by the SpinCo Contribution Agreement shall be completed and be effective without any further act or formality, including:
- (i) the acquisition by SpinCo of the SpinCo Assets;
  - (ii) the assumption by SpinCo of the SpinCo Liabilities; and
  - (iii) the issuance by SpinCo to the Company of such number of SpinCo Shares as is equal to (A) the number of Shares issued and outstanding immediately prior to the Effective Time, plus (B) the number of SpinCo Shares, if any, deliverable pursuant to Section 2.4(e), plus (C) the number of SpinCo Shares, if any, deliverable pursuant to Section 2.4(h), less (D) the number of Shares transferred to the Purchaser pursuant to Section 2.4(a), less (E) the number of SpinCo Shares issued and outstanding immediately prior to this Section 2.4(b);

in each case, all as is more specifically described in the SpinCo Contribution Agreement. In connection with such transfers, a joint election may be filed under subsection 85(1) of the ITA and under any relevant provincial legislation in accordance with the SpinCo Contribution Agreement;

- (c) The Purchaser shall make the Funding Loan to the Company;
- (d) Each Cancelled Option will be cancelled without any payment in respect thereof and the holder thereof will cease to be the holder of such Option, will cease to have any rights as a holder of such Option, will be removed from the register of such Options, and all option agreements, grants and similar instruments relating thereto will be cancelled, and none of the Company, SpinCo nor the Purchaser shall have any further liabilities or obligations to the former Optionholders with respect thereto;
- (e) Each Cash-Out Option will be surrendered to the Company and cancelled in consideration for (i) a cash payment from the Company equal to the product of the Cash Consideration multiplied by the number of Shares that the Optionholder thereof is entitled to acquire on the exercise of such Cash-Out Option, less the aggregate exercise price of such Cash-Out Option, and (ii) the delivery by the Company to the Optionholder of such number of

SpinCo Shares equal to the number of Shares that the Optionholder thereof is entitled to acquire on the exercise of such Cash-Out Option; provided that, all such consideration shall be net of applicable source deductions and withholdings as contemplated by Section 4.2;

- (f) Each Exercised Option will be deemed to be exercised by the holder thereof and the Company shall issue to such holder such number of Shares (each an “**Exercised Option Share**”) that the holder is entitled to receive on the exercise of such Exercised Option;
- (g) Each Exercised Option Share will be transferred by the holder thereof to the Purchaser in consideration for:
  - (i) a cash payment from the Purchaser to the holder equal to the Cash Consideration, and
  - (ii) the Purchaser causing delivery to the holder of one SpinCo Share (which SpinCo Share shall be delivered to such holder as contemplated by, and pursuant to, Section 2.4(h)).
- (h) Contemporaneous with Section 2.4(g), and in satisfaction of the obligation of the Purchaser described in Section 2.4(g)(ii), the Company shall transfer and deliver to each holder of an Exercised Option Share one SpinCo Share for each Exercised Option Share transferred to the Purchaser pursuant to Section 2.4(g), and in consideration therefor, the Purchaser shall issue a non-interest bearing demand promissory note (the “**SpinCo Share Delivery Note**”) to the Company equal to the aggregate fair market value of all such SpinCo Shares delivered pursuant to this Section 2.4(h).
- (i) The capital of the Company shall be reorganized by amending the notice of articles and articles of the Company to create a new class of shares without par value designated as “Class A Shares”, in an unlimited number, having the special rights or restrictions set out in Schedule A attached hereto;
- (j) In the course of a reorganization of the Company’s issued and outstanding share capital, each then issued and outstanding Share (excluding (i) those Shares acquired by the Purchaser pursuant to Section 2.4(a) and (ii) those Exercised Option Shares acquired by the Purchaser pursuant to Section 2.4(f)) will be deemed to be exchanged (without any action on the part of the holder of such Share) for one Class A Share (free and clear of all Liens) and one SpinCo Share (free and clear of all Liens) and each such Share so exchanged shall thereupon be cancelled. No other consideration will be received by any holder of the Shares. The Company will not file a joint election under subsection 85(1) or subsection 85(2) of the ITA, or any relevant provincial legislation, with any holder of Shares in respect of this share exchange.
- (k) Upon the exchange contemplated by Section 2.4(j), the capital account maintained in respect of the Shares shall be reduced, in respect of the Shares exchanged pursuant to Section 2.4(j), by an amount equal to the capital attributable to such Shares immediately prior to the time at which the step in Section 2.4(j) is effective, and, notwithstanding section 73 of the BCA, the capital account maintained in respect of Class A Shares shall be equal to:
  - (i) the amount by which the capital account of the Shares is reduced pursuant to this Section 2.4(k), less

- (ii) the fair market value of the SpinCo Shares transferred to former holders of Shares pursuant to Section 2.4(j).

Upon the exchange contemplated by Section 2.4(j), each holder of Shares so exchanged shall be deemed to cease to be the holder of the Shares so exchanged, shall cease to have any rights with respect to such Shares and shall be deemed to be the holder of the number of Class A Shares issued to such holder. The name of each such registered holder shall be removed from the central securities register of the Company in respect of the Shares so exchanged and shall be added to the central securities register of the Company as the holder of the number of Class A Shares so issued to such holder, and each such holder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such shares as described in Section 2.4(j);

- (l) Each issued and outstanding Class A Share (other than those held by the Purchaser, if any) shall be, and shall be deemed to be, transferred to the Purchaser (free and clear of any Liens), in exchange for the Cash Consideration; and
  - (i) the holders of such Class A Shares immediately prior to such transfer shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to be paid the Cash Consideration per Class A Share in accordance with this Plan of Arrangement;
  - (ii) the name of each such registered holders shall be removed from the central securities register of the Company with respect to such Class A Shares; and
  - (iii) the Purchaser shall, and shall be deemed to be, the transferee of such Class A Shares (free and clear of any Liens) and shall be entered in the central securities register of the Company as the holder thereof;
- (m) The amount owing by the Purchaser to the Company, if any, pursuant to the SpinCo Share Delivery Note shall be set-off and applied in repayment of the same amount owing by the Company to the Purchaser pursuant to the Funding Loan, to the maximum extent possible, and any remaining balance of either the SpinCo Share Delivery Note or the Funding Loan, as applicable, after giving effect to such set-off, shall remain outstanding;
- (n) If, after the completion of the step described in Section 2.4(m), a balance under the Funding Loan remains owing by the Company to the Purchaser, then the Funding Loan shall be exchanged (and thereupon be released and extinguished) by the Purchaser with the Company for such number of Class A Shares equal to the quotient obtained by dividing the amount owing under the Funding Loan at the time of this Section 2.4(n) by the Cash Consideration, rounded down to the nearest whole number of Class A Shares, and the Company shall, and shall be deemed to have, issued such number of Class A Shares to the Purchaser on such exchange;
- (o) The capital of the Company in respect of the Shares and the Class A Shares shall be reduced to \$1.00 per class without any repayment of capital or distributions thereon;
- (p) At 4:30 p.m. (Pacific Time) on the Effective Date, the Purchaser and the Company shall amalgamate to form one company (“**Amalco**”) with the same effect as if they had amalgamated under Division 3 of Part 9 of the BCA (the “**Amalgamation**”), except that (A) the legal existence of the Company shall not cease and the Company shall survive the

Amalgamation as Amalco and (B) the separate legal existence of the Purchaser shall cease without the Purchaser being liquidated or wound-up, and the Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act;

- (q) From and after the time of the Amalgamation described in Section 2.4(p) above:
- (i) Amalco will own and hold the property, rights and interests of the Company and the Purchaser (other than Shares and Class A Shares held, immediately prior to the Amalgamation, by the Purchaser, which shall be cancelled at the time contemplated in Section 2.4(p) above without any repayment of capital);
  - (ii) Amalco will continue to be liable for all of the liabilities and obligations of the Company and the Purchaser and, without limiting the provisions hereof, all rights of creditors or others will be unimpaired by such Amalgamation, and all liabilities and obligations of the Company and the Purchaser (other than any amounts owing by the Company to the Purchaser or by the Purchaser to the Company), whether arising by contract or otherwise, may be enforced against Amalco to the same extent as if such obligations had been incurred by Amalco;
  - (iii) all rights, contracts, permits and interests of the Company and the Purchaser will continue as rights, contracts, permits and interests of Amalco as if the Company and the Purchaser continued and, for greater certainty, the Amalgamation will not constitute a transfer, assignment or any other disposition of the property, rights, interests or obligations of either the Company or the Purchaser under any such rights, contracts, permits and interests;
  - (iv) any existing cause of action, claim or liability to prosecution will be unaffected;
  - (v) a civil, criminal, quasi-criminal, administrative or regulatory action or proceeding being prosecuted or pending by or against either the Company or the Purchaser may be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco;
  - (vi) a conviction against, or ruling, order or judgment in favour of or against, either the Company or the Purchaser may be enforced against Amalco;
  - (vii) each issued and outstanding Purchaser Common Share will be exchanged for one fully-paid and non-assessable common share of Amalco which shall be issued by Amalco, all of the Shares and Class A Shares held by the Purchaser will be cancelled without repayment of capital in respect thereof, and the capital of the common shares of Amalco is, at the time of the Amalgamation, the amount that was the capital of the Purchaser Common Shares immediately before the Amalgamation;
  - (viii) the name of Amalco shall be [●];
  - (ix) the registered office of Amalco shall be [●];
  - (x) the articles and notice of articles of Amalco shall be in the form of the articles and notice of articles of the Purchaser, subject to such changes as may be approved by the Purchaser and the Company;

- (xi) the first annual general meeting of Amalco or resolutions in lieu thereof shall be held within 18 months from the Effective Date; and
- (xii) the resignations referred to in Section 5.1 shall become effective;
- (xiii) the first directors of Amalco following the Amalgamation shall be: [●];

it being expressly provided that the events provided for in this Section 2.4 will be deemed to occur on the Effective Date, notwithstanding that certain procedures related thereto may not be completed until after the Effective Date, provided that none of the foregoing shall occur unless all of the foregoing occur.

## **Section 2.5 Transfers Free and Clear**

Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

## **Section 2.6 Adjustment to Consideration**

Notwithstanding any restriction or any other matter in the Arrangement Agreement to the contrary, if, between the date of the Arrangement Agreement and the Effective Time, the Company sets a record date for any dividend or other distribution on the Shares that is prior to the Effective Time or pays any dividend or other distribution on the Shares prior to the Effective Time, then: (i) to the extent that three times the amount of such dividends or distributions per Share (the “**Adjustment Amount**”) does not exceed the Cash Consideration, the Cash Consideration shall be reduced by the Adjustment Amount; and (ii) to the extent that the Adjustment Amount exceeds the Cash Consideration, the Purchaser shall make such adjustment to the Consideration as it determines, acting reasonably and in good faith, to be necessary achieve an effect economically equivalent to reducing the Consideration by an aggregate value equal to the Adjustment Amount.

## **Section 2.7 U.S. Securities Law Matters**

The Parties agree that this Plan of Arrangement will be carried out with the intention that all SpinCo Share Consideration issued to Company Securityholders on completion of this Plan of Arrangement will be issued or distributed by SpinCo in reliance on the exemption from the registration requirements of the United States Securities Act of 1933, as amended, as provided by Section 3(a)(10) thereunder.

# **ARTICLE 3 RIGHTS OF DISSENT**

## **Section 3.1 Rights of Dissent for Shareholders**

Registered holders of Shares may exercise rights of dissent with respect to Shares (“**Dissent Rights**”) pursuant to and in the manner set forth in Division 2 of Part 8 of the BCA and this Section 3.1 in connection with the Arrangement, as modified by the Interim Order and the Final Order and this Section 3.1; provided that the written notice setting forth the objection to the Arrangement must be received by Company not later than 4:30 p.m. (Pacific time) two (2) Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise Dissent Rights shall be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens (other than the right to be paid fair value for such Shares as set out in this Section 3.1), as provided in Section 2.4(a), and if they:

- (a) ultimately are entitled to be paid fair value for their Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.4(a)); (ii) will be entitled to be paid the fair value of such Shares by the Purchaser, which fair value, notwithstanding anything contrary contained in Section 245 of the BCA, shall be determined as of the close of business on the Business Day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any SpinCo Share Consideration or Cash Consideration to which such holder would have been entitled under the Arrangement had such holder not exercised Dissent Rights in respect of such Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares.

### **Section 3.2 Recognition of Dissenting Holders**

- (a) In no circumstances shall the Purchaser, the Parent or the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall the Purchaser, the Parent or the Company or any other Person be required to recognize any Dissenting Shareholders as holders of Shares in respect of which Dissent Rights have been validly exercised after the completion of the step in Section 2.4(a), and the names of such Dissenting Shareholders shall be removed from the registers of holders of the Shares in respect of which Dissent Rights have been validly exercised at the same time as the step described in Section 2.4(a) occurs. In addition to any other restrictions under Division 2 of Part 8 of the BCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of any Options; and (ii) Shareholders who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution (but only in respect of such Shares).

## **ARTICLE 4 CERTIFICATES AND PAYMENTS**

### **Section 4.1 Share Certificates and Payment of Consideration**

- (a) On or immediately prior to the Effective Date, the Purchaser shall (i) (A) deposit, or cause to be deposited with the Depositary, for the benefit of Shareholders, cash in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement for the purchase of all Shares pursuant to Section 2.4(a), Section 2.4(g) and Section 2.4(l), with the amount per Dissenting Share in respect of which Dissent Rights have been exercised being deemed to be the Consideration per Share for this purpose; and (B) deliver or cause to be delivered to the Depositary in escrow certificates representing such number of SpinCo Shares sufficient to satisfy the aggregate SpinCo Share Consideration as provided in and in the amount specified in Section 2.4(g) and Section 2.4(j), which cash and certificates shall be held by the Depositary as agent and nominee for the Shareholders for distribution to the Shareholders, as applicable, in accordance with this Section 4.1; and (ii) deposit, or cause to be deposited with the Company cash in the amount equal to the Funding Loan.
- (b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to

Section 2.4(a), Section 2.4(g), Section 2.4(j) and Section 2.4(l), as the case may be, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, (i) a cheque (or other form of immediately available funds) representing the consideration which such holder has the right to receive under this Plan of Arrangement for such Shares, as applicable, and (ii) a certificate representing SpinCo Shares representing the consideration such holder has the right to receive under this Plan of Arrangement, less any amounts withheld pursuant to Section 4.2, and any certificate so surrendered shall forthwith be cancelled.

- (c) After the Effective Time and until surrendered for cancellation as contemplated in Section 4.1(b), each certificate formerly representing Shares shall represent only the right to receive the ultimate consideration which the former holder of such Shares is entitled to receive pursuant to Section 2.4 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 4.
- (d) As soon as practicable on or following the Effective Date, the Company shall deliver to each holder of Options, as reflected on the register maintained by or on behalf of the Company in respect of the Stock Option Plan, (i) a cheque (or other form of immediately available funds) representing the consideration which such holder has the right to receive under this Plan of Arrangement for such Options, and (ii) a certificate representing SpinCo Shares representing the consideration such holder has the right to receive under this Plan of Arrangement, in each case, net of applicable withholding taxes and source deductions. From the time that the step described in Section 2.4(e) occurs until the delivery described in this Section 4.1(d)(i), the Company will hold and will be deemed to hold, on behalf of and as agent for such holders of Options, a portion of its funds (including, for greater certainty, any funds received by it pursuant to the Funding Loan, if applicable) equal to the total amount to be delivered by it pursuant this 4.1(d)(i).
- (e) To the extent certificates have been issued in respect thereof, after the Effective Time, each certificate formerly representing Options shall represent only the right to receive the ultimate consideration which the former holder of such Options is entitled to receive pursuant to Section 2.4 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 4.
- (f) No holder of Shares or Options shall be entitled to receive any consideration with respect to such Shares or Options other than any consideration to which such holder is entitled to receive in accordance with Section 2.4 and this Section 4.1 less any amounts withheld pursuant to Section 4.2 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

## **Section 4.2 Withholding Rights**

The Parent, the Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration or amount otherwise payable or deliverable to any Person under the Plan of Arrangement or this Agreement, including to any Person exercising Dissent Rights, such amounts as the Parent, the Purchaser, the Company or the Depositary, as applicable, are required to deduct and withhold, or reasonably believe to be required to deduct and withhold under any provision of Laws in respect of Taxes. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall

be treated for all purposes hereof as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity or other applicable Person. To the extent that the amount so required or reasonably believed to be required to be deducted or withheld from any consideration or amount otherwise payable or deliverable to any former holder of Shares or Options exceeds the cash component, if any, of the consideration otherwise payable to such holder, the Parent, the Purchaser, the Company or the Depositary are hereby authorized to sell or otherwise dispose of, on behalf of such holder, or to make arrangements with a broker or other similar third party to sell or otherwise dispose of, on behalf of such holder, any portion of the SpinCo Share Consideration payable or deliverable to such holder as is necessary to provide sufficient funds to enable the Parent, the Purchaser, the Company or the Depositary, as applicable, to comply with such deduction or withholding requirement. The Parent, the Purchaser, the Company or the Depositary shall notify the holder thereof and remit the applicable portion of the net proceeds of such sale (after deduction of all fees, commissions, or costs in respect of such sale, which for greater certainty, shall be paid and borne by the applicable holder) to the appropriate Governmental Entity and shall remit to such holder any unapplied balance of the net proceeds of such sale. Any sale will be made at prevailing market prices and none of the Parent, the Purchaser, the Company, or the Depositary shall be under any obligation to obtain or indemnify any former holder of Shares or Options in respect of a particular price for the SpinCo Share Consideration so sold. Notwithstanding the foregoing, in lieu of having the SpinCo Share Consideration sold or otherwise disposed of, (i) any former holder of Shares or Options may provide cash to the Parent, the Purchaser, the Company or the Depositary as applicable, to fund any required withholding taxes, provided the cash delivered is sufficient to satisfy any remittance in full and is received at least five business days before the remittance by the Parent, the Purchaser, the Company or the Depositary, as applicable, of any withholding is due or (ii) the former holder of Shares or Options may direct the Company or the Purchaser to deduct any required withholding taxes from any amount owing by the Company to the former holder of Shares or Options to fund all or any portion of such required withholding taxes.

#### **Section 4.3 No Fractional SpinCo Shares and Rounding of Cash Consideration**

- (c) In no event shall any fractional SpinCo Shares be issued under this Plan of Arrangement. Where the aggregate number of SpinCo Shares to be issued to a Company Shareholder or Optionholder, as applicable, as consideration under this Plan of Arrangement would result in a fraction of a SpinCo Share being issuable, then the number of SpinCo Shares to be issued to such Company Shareholder shall, without any additional compensation, be rounded down to the nearest whole SpinCo Share.
- (d) If the aggregate Cash Consideration which a Shareholder or an Optionholder, as applicable, is entitled to receive pursuant to Section 2.4(e), Section 2.4(g) and Section 2.4(l) would otherwise include a fraction of \$0.01, then the aggregate cash amount which such Shareholder shall, without any additional compensation, be entitled to receive shall be rounded down to the nearest whole \$0.01.

#### **Section 4.4 Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Section 2.4 shall have been lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the Person claiming such certificate

to be lost, stolen or destroyed and who was listed immediately prior to the Effective Time as the registered holder thereof on the securities registers maintained by or on behalf of the Company, the Depositary will issue in exchange for such lost, stolen or destroyed certificate the Consideration that such holder has the right to receive in accordance with Section 2.4 and such holder's Letter of Transmittal. When authorizing such exchange for any lost, stolen, or destroyed certificate, the Person to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Parent, the Purchaser and the Depositary (each acting reasonably) in such sum as the Parent, the Purchaser and the Depositary may direct, or otherwise indemnify the Parent, the Purchaser and the Depositary in a manner satisfactory to the Parent, the Purchaser and the Depositary (each acting reasonably) against any claim that may be made against Parent, the Purchaser or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

#### **Section 4.5     Extinction of Rights**

If any instrument or certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 2.4 (or an affidavit of loss and bond or other indemnity pursuant to Section 4.4), together with such other documents or instruments that are required to be delivered by such former Shareholder in order to receive payment for its Shares, are not deposited on or prior to the second anniversary of the Effective Date, such instrument and certificate shall cease to represent a claim or interest of any kind or nature against the Company, the Purchaser or the Parent. On such date, the aggregate Consideration to which the former Shareholder referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to the Purchaser and shall be returned to the Purchaser (or any successor) by the Depositary.

#### **Section 4.6     Calculations**

All calculations and determinations made by the Parent, the Purchaser and the Company or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final and binding.

### **ARTICLE 5 RESIGNATIONS**

#### **Section 5.1     Resignations**

At the effective time of the step in Section 2.4(q)(xii), all directors of the Company shall be deemed to have resigned from such positions and to have been replaced by the new directors specified by the Purchaser, but, for greater clarity, nothing in this Section 5.1 shall affect the status or role of any of them insofar as they are officers of such or any other entity.

### **ARTICLE 6 AMENDMENTS**

#### **Section 6.1     Amendments to Plan of Arrangement**

- (a) The Parent, the Purchaser and the Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing; (ii) approved by the Parent, the Purchaser and the Company in writing (in each case, acting reasonably); (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to Affected Securityholders 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 the Parent, the Purchaser or the Company at any time prior to the Meeting (provided that the other Parties shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if (i) it is consented to in writing by each of the Parent, the Purchaser and the Company (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made at any time after receipt of the Final Order but prior to the Effective Time, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, the Parent and the Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Affected Securityholders, and such amendment, modification or supplement need not be filed with the Court or communicated to Affected Securityholders.
- (e) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Parent or the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Parent or the Purchaser, as the case may be, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Affected Securityholders, and such amendment, modification or supplement need not be filed with the Court or communicated to Affected Securityholders.

## **ARTICLE 7 MISCELLANEOUS**

### **Section 7.1 Further Assurances**

Notwithstanding that the transactions and events set out herein shall occur and shall 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 either of them in order further to document or evidence any of the transactions or events set out herein.

### **Section 7.2 Paramountcy**

From and after the Effective Time:

- (f) this Plan of Arrangement shall take precedence and priority over any and all rights related to any Incentive Securities issued and outstanding prior to the Effective Time;
- (g) the rights and obligations of the holders of Shares, the holders of any Incentive Securities, the Depositary and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and

- (h) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Shares or any Incentive Securities shall be deemed to have been settled, compromised, released and determined without any liability except as set forth herein.

**SCHEDULE A  
TO PLAN OF ARRANGEMENT  
SPECIAL RIGHTS OR RESTRICTIONS ATTACHED TO CLASS A SHARES**

**27. Special Rights or Restrictions Attached to the Class A Shares**

**27.1 Voting.**

The holders of the Class A Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall have two votes for each Class A Share held at all meetings of the shareholders of the Company, except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

**27.2 Quorum for a Meeting of holders of Class A Shares**

The quorum for the transaction of business at a meeting of holders of Class A Shares is those number of individuals who are shareholders, proxy holders representing shareholders or duly authorized representatives of corporate shareholders personally present, holding at least fifty percent (50%) of the issued Class A Shares.

**27.3 Dissolution, Liquidation or Winding-up.**

In the event of the dissolution, liquidation or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, the holders of the Class A Shares shall, subject to the prior rights of any shares ranking in priority to the Class A Shares in respect of priority in the distribution of assets upon the dissolution, liquidation or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, be entitled to receive the remaining assets and property of the Company.

**Schedule “B”**  
**ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

2. The arrangement (**the “Arrangement”**) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the “**BCA**”) of Amarillo Gold Corporation (the “**Company**”), pursuant to the arrangement agreement (the “**Arrangement Agreement**”) among Hochschild Mining PLC, 1334940 B.C. Ltd., the Company and Lavras Gold Corp. dated November 29, 2021, all as more particularly described and set forth in the management information circular of the Company dated ● (the “**Circular**”), accompanying the notice of this meeting (as the Arrangement may be modified or amended in accordance with its terms) is hereby authorized, approved and adopted.
3. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the “**Plan of Arrangement**”)), the full text of which is set out in Appendix ● to the Circular, is hereby authorized, approved and adopted.
4. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
5. The Company be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the “**Court**”) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
6. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered to, at their discretion, without notice to or approval of the shareholders of the Company: (i) amend, modify or supplement the Arrangement Agreement or the Plan 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 and related transactions.
7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver any and all documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
8. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

**Schedule "C"**  
**REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

1. Organization and Qualification. The Company and each of its Subsidiaries is a corporation or other entity duly incorporated or organized, as applicable, and validly existing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has the requisite power and capacity to own, lease and operate its assets and properties and conduct its business as now conducted. Except as would not, individually or in the aggregate, have a Material Adverse Effect, the Company and each of its Subsidiaries is duly registered, licensed, or otherwise authorized to carry on business and is now in good standing in each jurisdiction in which the character of its assets and properties, whether owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, registration, licensing or other authorization necessary and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted.
2. Corporate Authorization. Each of the Company and SpinCo has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and, subject to obtaining the approval of the Arrangement Resolution in the manner required by the Interim Order and Law and approval of the Arrangement by the Court to complete the transactions contemplated by this Agreement. The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation by each of the Company and SpinCo of the Arrangement and the other transactions contemplated hereby have been duly authorized by the Board and the board of directors of SpinCo and no other corporate proceedings on the part of the Company or SpinCo are necessary to authorize the execution and delivery by it of this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than approval by the Board of the Company Circular, approval by Company Shareholders in the manner required by the Interim Order and approval by the Court.
3. Execution and Binding Obligation. This Agreement has been duly executed and delivered by each of the Company and SpinCo, and constitutes a legal, valid and binding agreement of each of the Company and SpinCo enforceable against it in accordance with its terms subject to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. Governmental Authorization. The execution, delivery and performance by each of the Company and SpinCo of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Company or by any of its Subsidiaries other than: (i) the Interim Order and any filings required in order to obtain, and any approvals required by, the Interim Order; (ii) the Final Order, and any filings required in order to obtain the Final Order; (iii) filings with the Registrar under the BCA; and (iv) any filings or other authorizations required pursuant to Securities Laws.
5. Non-Contravention. The execution, delivery and performance by each of the Company and SpinCo of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

- (a) contravene, conflict with, or result in any violation or breach of the Company's Constatng Documents or the organizational documents of any of its Subsidiaries or SpinCo;
- (b) assuming compliance with the matters referred to in Paragraph (4) above, contravene, conflict with or result in a violation or breach of any Law applicable to the Company or any of its Subsidiaries or any of their respective properties or assets;
- (c) contravene, conflict with, or result in a violation or breach of, or allow an Person to exercise any rights, require any consent or approval to be obtained or notice to be given under, or constitute a default under, or cause or give rise to a third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, or other change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Authorization or Material Contract to which the Company or any of its Subsidiaries is a party or to which it or any of its properties or assets are bound; or
- (d) result in the creation or imposition of any Lien (other than Permitted Liens) upon any of the properties or assets of the Company or its Subsidiaries;

except in the case of (b), (c) and (d) above would not, individually or in the aggregate, have a Material Adverse Effect.

#### 6. Capitalization.

- (a) The authorized capital of the Company consists of an unlimited number of Shares. As of the date of this Agreement, there are 386,073,694 Shares issued and outstanding. All outstanding Shares have been duly authorized and validly issued, are fully paid and non-assessable. No Shares have been issued in violation of any Law or any pre-emptive or similar rights applicable to them.
- (b) As of the date of this Agreement, there are 25,215,000 Options outstanding.
- (c) Except as set out in Section 6(c) of the Company Disclosure Letter, there are no:
  - (i) options, warrants, subscriptions, equity-based awards, calls, rights, profits, contingent value rights, phantom stock, convertible securities or similar securities convertible into or exchangeable or exercisable for Shares, warrants, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind to which the Company or any of its Subsidiaries are a party that obligate the Company or any of its Subsidiaries to, directly or indirectly, issue or sell any securities of the Company or of any of its Subsidiaries (or securities convertible into or exchangeable for such securities or equity interests), or give any Person a right to subscribe for or acquire, any securities of the Company or of any of its Subsidiaries;
  - (ii) obligations of the Company or of any of its Subsidiaries to repurchase, redeem or otherwise acquire any securities of the Company or of any of its Subsidiaries (or securities convertible into or exchangeable for such securities or equity interests), or qualify securities for public distribution in Canada or elsewhere,

or, other than as contemplated by this Agreement, with respect to the voting or disposition of any securities of the Company or of any of its Subsidiaries; or

- (iii) notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of Shares on any matter except as required by Law.
  - (d) Except as set forth in this Paragraph (6), neither the Company nor any of its Subsidiaries has outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or that are convertible into or exercisable for securities having the right to vote) with Company Shareholders on any matter.
  - (e) There are no voting agreements, voting trusts, stockholders agreements, proxies or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock or other equity interest of, or providing for registration rights with respect to, the Company or any of its Subsidiaries.
7. Shareholders' and Similar Agreements. Neither the Company nor any of its Subsidiaries is subject to, or affected by, any unanimous shareholders agreement involving a Person other than the Company or any of its Subsidiaries and is not a party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of the Company or of any of its Subsidiaries or pursuant to which any Person other than the Company or any of its Subsidiaries may have any right or claim in connection with any existing or past equity interest in the Company or in any of its Subsidiaries.
8. Subsidiaries.
- (a) The following information with respect to each Subsidiary is accurately set out in Section 8(a) of the Company Disclosure Letter: (i) its name; (ii) the percentage owned directly or indirectly by the Company and the percentage owned by registered holders of capital stock or other equity interests if other than the Company and its Subsidiaries; and (iii) its jurisdiction of incorporation, organization or formation.
  - (b) Except as set out in Section 8(a) of the Company Disclosure Letter, the Company is, directly or indirectly, the registered and beneficial owner of all of the outstanding common shares or other equity interests as reflected as being owned by the Company, directly or indirectly, of each of its Subsidiaries, free and clear of any Liens, other than Permitted Liens, and all such shares or other equity interests so owned by the Company have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights.
  - (c) Except for the shares or other equity interests owned by the Company in any Subsidiary, the Company does not own, beneficially or of record, any equity interests of any kind in any other Person.
9. Corporate Records. The corporate records and minute books for each of the Company and each of the Subsidiaries contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders of the Company and the Subsidiaries held since incorporation.

10. Registrar and Transfer Agent. Computershare Trust Company of Canada, at its principal offices in Toronto, Ontario, has been duly appointed as registrar and transfer agent for the Shares.
11. Securities Law Matters. The Company is a “**reporting issuer**” in each of the provinces of Canada, other than Quebec. The Shares are listed and posted for trading on the TSX-V. None of the Company’s Subsidiaries are subject to any continuous or periodic, or other disclosure requirements under any Securities Laws in any jurisdiction. The Company is not in default of any material requirements of any Securities Laws or the rules and regulations of the TSX-V. The Company has not taken any action to cease to be a reporting issuer in any province of Canada nor has the Company received notification from any Securities Authority seeking to revoke the reporting issuer status of the Company. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company is pending, in effect or, to the knowledge of the Company, has been threatened, and the Company is not currently subject to any formal review, enquiry, investigation or other proceeding relating to any such order or restriction. The Company has timely filed all material forms, reports, schedules, statements and other documents required to be filed under Securities Laws with the appropriate Governmental Entity since January 1, 2019. As of their respective dates (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, as of the date of such subsequent filing), the Company Filings (i) complied as to form, in all material respects, with the applicable requirements of Securities Laws, and (ii) did not contain any Misrepresentation. The Company has not filed any confidential material change report which at the date of this Agreement remains confidential. The issuance and distribution of the SpinCo Shares as contemplated under the Arrangement will not breach (or require any filing, notification or registration under) US state securities laws.
12. Financial Statements.
- (a) The Company’s audited consolidated financial statements as at and for the fiscal years ended December 31, 2020 and 2019 and condensed interim consolidated financial statements as at and for the fiscal quarters ended September 30, 2021 and 2020 (in each case including any of the notes or schedules thereto, the auditor’s report thereon, as applicable, and related management’s discussion and analysis) included in the Company Filings: (i) were prepared in accordance with IFRS; and (ii) present fairly, in all material respects, the financial position of the Company and its Subsidiaries on a consolidated basis as at the respective dates thereof and the revenues, results of operations, changes in shareholders’ equity and cash flow of the Company and its Subsidiaries on a consolidated basis for the period covered thereby (except as may be indicated in the notes to such financial statements and subject in the case of unaudited financial statements to normal, year-end audit adjustments).
- (b) The financial books, records and accounts of the Company and each of its Subsidiaries (i) have been maintained in all material respects in accordance with IFRS or the accounting principles generally accepted in the country of domicile of each such entity on a basis consistent with prior years; (ii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Company and its Subsidiaries, and (iii) accurately and fairly reflect the basis of the Company’s financial statements in all material respects.
13. Internal Controls and Financial Reporting. The Company and its Subsidiaries have established and maintain a system of internal accounting controls sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. To the knowledge of the

Company (i) there are no material weaknesses in the design and implementation or maintenance of the internal control over financial reporting of the Company or any of its Subsidiaries that are reasonably likely to adversely affect the ability of the Company or any of its Subsidiaries to record, process, summarize and report financial information, (ii) there is no fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of the Company and its Subsidiaries, and (iii) none of the Company or any of its Subsidiaries, or any of their respective directors, officers, auditors, accountants or representatives has received or otherwise obtained knowledge of any complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any complaint, allegation, assertion, or claim that the Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices, or any expression of concern from its employees regarding questionable accounting or auditing matters.

14. Auditors. The auditors of the Company are independent public accountants as required pursuant to Law and there is not now, and there has never been, any reportable event (as defined in National Instrument 51-102 – Continuous Disclosure Obligations) with the present or any former auditors of the Company.
15. Forward-Looking Information. With respect to all forward-looking information in the Company Filings: the Company has a reasonable basis for such forward-looking information, all such forward-looking information is identified as such, and any Company Filings containing forward-looking information caution users of forward-looking information that actual results may vary from the forward-looking information, identify material risk factors that could cause actual results to differ materially from the forward-looking information, and accurately state the material factors or assumptions used to develop the forward-looking information contained therein.
16. No Undisclosed Liabilities. Other than as set out in Section 16 of the Company Disclosure Letter, there are no liabilities or obligations of the Company or of any of its Subsidiaries of any nature whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise required by IFRS to be set forth on a consolidated balance sheet of the Company, other than liabilities or obligations: (i) disclosed in the financial statements of the Company and its Subsidiaries as at and for the fiscal quarter ended September 30, 2021 as filed on SEDAR; (ii) incurred in connection with this Agreement (including any transaction expenses); (iii) incurred in the ordinary course since September 30, 2021, (iv) that relate to Taxes (which are the subject of Paragraph (35), or (v) that are fully reflected in the Company Budget.
17. Absence of Certain Changes or Events. Since December 31, 2020, other than the transactions contemplated by this Agreement, the business of the Company and of each of its Subsidiaries has been conducted in the Ordinary Course and there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.
18. Long-Term and Derivative Transactions. Neither the Company nor any of its Subsidiaries has any obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions or currency options or production sales transactions having terms greater than ninety (90) days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.

19. Related Party Transactions. Neither the Company nor any of its Subsidiaries is indebted to any director, officer, employee or agent of, or independent contractor to, the Company, any of its Subsidiaries or any of their respective affiliates or associates (except for amounts due in the Ordinary Course as salaries, bonuses or director's fees or the reimbursement of Ordinary Course expenses). There are no Contracts (other than employment arrangements or other terms of engagement) with, or advances, loans, guarantees, liabilities or other obligations to, on behalf or for the benefit of, any officer or director of the Company or any of its Subsidiaries, or any of their respective affiliates or associates. To the knowledge of the Company, other than the Persons listed in Section 19 of the Company Disclosure Letter, no related party of the Company (within the meaning of MI 61-101) will receive a "**collateral benefit**" (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement.
20. Compliance with Laws. The Company and each of its Subsidiaries is, and since January 1, 2018 has been, in compliance with Law, except for any such non-compliances which would not, individually or in the aggregate, be material to the Company and its Subsidiaries, taken as a whole. Neither the Company nor any of its Subsidiaries has been charged or threatened to be charged with, or has received written notice of, any violation or potential violation of any Law from any Governmental Entity, and, to the knowledge of the Company, neither the Company nor any of its Subsidiaries has been under investigation with respect to any violation or potential violation of any Law by any Governmental Entity.
21. Authorizations and Licenses. The Company and each of its Subsidiaries own, possess or have obtained all Authorizations that are required by Law in connection with the operation of the business of the Company and of each of its Subsidiaries as presently conducted, except where the failure to own, possess or obtain any such Authorization would not, individually or in the aggregate, have a Material Adverse Effect. The Company or its Subsidiaries, as applicable, lawfully hold, own or use, and have complied with, all such Authorizations, except as would not, individually or in the aggregate, have a Material Adverse Effect. Each such Authorization is valid and in full force and effect, and is renewable by its terms or in the Ordinary Course, except as would not, individually or in the aggregate, have a Material Adverse Effect. As of the date hereof, no Legal Proceeding is pending, or to the knowledge of the Company, threatened, against the Company or any of its Subsidiaries in respect of or regarding any such Authorization that could reasonably be expected to result in the suspension, loss or revocation of any such Authorizations.
22. Material Contracts.
- (a) Section 22 of the Company Disclosure Letter sets out a complete and accurate list of all Material Contracts. True and complete copies of such Material Contracts have been disclosed in the Data Room.
  - (b) Each Material Contract is legal, valid, binding and in full force and effect, unamended, and is enforceable by the Company or a Subsidiary, as applicable, in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity). Neither the Company nor any of its Subsidiaries, or to the knowledge of the Company, any counterparty thereto is in breach of and there exists no default or event of default or event, occurrence, condition or act, which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Material Contract or otherwise provide a counterparty to any Material Contract a termination right.

- (c) The Company and its Subsidiaries have performed all of the obligations required to be performed by each of them and are entitled to all benefits under such Material Contracts and none of the Company or any of its Subsidiaries has knowledge of, or has received notice of, any actual or alleged breach or default under nor, to the knowledge of the Company, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under any such Material Contract by any other party to a Material Contract.
  - (d) None of the Company or any of its Subsidiaries has received any written notice, that any party to a Material Contract intends to cancel, terminate or not renew its relationship with the Company or with any of its Subsidiaries, and, to the knowledge of the Company, no such action is threatened.
- 23. Permits and Licenses. The Company and each of its Subsidiaries holds in good standing all material permits, licenses, registrations and qualifications, necessary for the conduct of its business as presently conducted. The Company is in compliance, in all material respects, with each licence and permit held by it and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination of any such permit or license or has resulted, or after notice or lapse of time would result, in any other material impairment of the rights of the holder of any such permit or license.
- 24. Personal Property. To the knowledge of the Company, the Company or its Subsidiaries have good title to all material personal property of any kind or nature which the Company or any of its Subsidiaries purports to own, free and clear of all Liens (other than Permitted Liens). The Company and its Subsidiaries, as lessees, have the right under valid and subsisting leases to use, possess and control all personal property leased by and material to the Company or any of its Subsidiaries as used, possessed and controlled by the Company or its Subsidiaries, as applicable.
- 25. Real Property.
  - (a) Section 25(a) of the Company Disclosure Letter contains a true, complete and correct list, as of the date of this Agreement, of all of the existing leases, subleases, licenses or other agreements, such as servitudes, pursuant to which the Company or any of its Subsidiaries uses or occupies, or has the right to use or occupy, now or in the future, any real property (such property, the “**Leased Real Property**,” and each such lease, sublease, license or other agreement, a “**Lease**”). The Company has made available in the Data Room true, correct and complete copies of all Leases (including all modifications, amendments and supplements thereto). With respect to the Leased Real Property: (i) each Lease constitutes a legal, valid and binding obligation of the Company or its Subsidiary, as the case may be, enforceable against the Company or such Subsidiary, as the case may be, in accordance with its terms and is in full force and effect, and, to the knowledge of the Company, the Company or one of its Subsidiaries has valid leasehold estates in the Leased Real Property, free and clear of all Liens (other than Permitted Liens); (ii) neither the Company nor any of its Subsidiaries, as the case may be, is in breach of or default under any such Lease and no event has occurred which, without the giving of notice or lapse of time, or both, would constitute a breach of or default under any such Lease; (iii) to the knowledge of the Company, no counterparty to any such Lease is in default thereunder and there are no disputes with respect to any such Lease; and (iv) neither the Company nor any of its Subsidiaries has collaterally assigned or granted any other security interest in any such Lease or any interest therein, and there are no Liens (other than Permitted liens) on the estate or interest created by any such Lease.

- (b) Section 25(b) of the Company Disclosure Letter contains a true, complete and correct list, as of the date of this Agreement, real or immovable property, owned by the Company or its Subsidiaries (the “**Owned Real Property**”). The Company or its Subsidiaries have valid, good fee simple and marketable title to all of the Owned Real Property free and clear of all Liens (other than Permitted Liens). There are no reversionary rights or outstanding options or rights of first refusal to purchase, no existing contracts, options, rights of first refusal, leases or otherwise, to sell, transfer, lease or otherwise dispose of, or to purchase or acquire, any Owned Real Property, or any portion thereof or interest therein. The Company has no knowledge of and has received no notice of any condemnation or eminent domain proceedings, or litigation that would impact the continued use of the Owned Real Property. There has been no fire or casualty that has not been restored of any Owned Real Property. The present uses of the Owned Real Property do not violate any Permitted Liens or Law. The Company maintains the insurance policies for the Owned Real Property as set forth in Section 25(b) of the Company Disclosure Letter. The Owned Real Property is used by the Company and its Subsidiaries in the conduct of their business and is not leased to any unaffiliated entities except as set forth in Section 25(b) of the Company Disclosure Letter. There are no outstanding claims or litigation pending against the Company or any of its Subsidiaries as the owner of any Owned Real Property.
- (c) The Leased Real Property and the Owned Real Property constitute the only real property used by the Company and its Subsidiaries in the conduct of their businesses.
26. Mineral Reserves and Resources. With respect to information set forth in the Company Filings with respect to the Mara Rosa Project: (i) the estimated proven and probable mineral reserves, and estimated measured, indicated and inferred mineral resources have been prepared and disclosed in accordance with NI 43-101 in all material respects; (ii) there has been no material reduction in the aggregate amount of estimated mineral reserves or estimated mineral resources from the amounts most recently disclosed in the Company Filings; (iii) the methods used in estimating the mineral reserves and mineral resources are in accordance with accepted mineral reserve and mineral resource estimation practices in all material respects; and (iv) the Company has duly filed with the Securities Authorities in compliance with Securities Laws all reports required by NI 43-101 to be filed with the Securities Authorities and all such reports comply with the requirements of NI 43-101 in all material respects.
27. Intellectual Property. Except as would not, individually or in the aggregate, have a Material Adverse Effect, the Company and/or its Subsidiaries is the legal and beneficial owner of all Intellectual Property owned by it, free and clear of all Liens, and is not party to or bound by any Contract or other obligation that limits or impairs its ability to sell, transfer, assign or convey, or that otherwise affects, such Intellectual Property. All Intellectual Property that is owned by or licensed to the Company and/or its Subsidiaries (the “**Company Intellectual Property**”) are sufficient, in all material respects, for conducting the business now operated by it. To the knowledge of the Company there is no, and has not been any, infringement or breach of any Intellectual Property of any other Person by the Company or any of its Subsidiaries, and there is no, and has not been any, infringement, misappropriation or violation of any of the rights of the Company and its Subsidiaries in the Company Intellectual Property except, in each case, for any such infringement, misappropriation or violation that would not individually or in the aggregate have a Material Adverse Effect. No legal proceedings have been instituted or, to the knowledge of the Company, are pending or threatened, and no written claim has been received by the Company or any Subsidiary of the Company, alleging such infringement, misappropriation or violation, except, in each case, as would not individual or in the aggregate have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries

have granted any licence, non-assert or other right in or to any material item of Company Intellectual Property.

28. Litigation. There are no Legal Proceedings pending, or to the knowledge of the Company, threatened, against or relating to the Company or any of its Subsidiaries, including with respect to any Environmental Law, that, if determined adverse to the interests of the Company or its Subsidiaries, could reasonably be expected to (i) result in (a) liabilities or losses (including attorney's fees and other costs and expenses but excluding insurance coverage) in excess of \$200,000, (b) material injunctive relief ordered against the Company or any of its Subsidiaries, or (c) any criminal or regulatory sanction or fine by any Governmental Entity or (ii) prevent or materially delay the consummation of the Arrangement or the transactions contemplated hereby. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of the Company, threatened against or relating to the Company or any of its Subsidiaries before any Governmental Entity. Neither the Company nor any of its Subsidiaries is subject to any material outstanding or unsatisfied judgment, order, writ, injunction or decree. To the knowledge of the Company there are no investigations or audits by any Governmental Entity in progress with respect to the Company or its Subsidiaries nor is there any valid basis for any such investigation.
29. Insolvency. No act or proceeding has been taken by or against the Company or any of its Subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of the Company or its Subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of the Company or its Subsidiaries or any of their respective properties or assets, nor, to the knowledge of the Company, is any such act or proceeding threatened. Neither the Company nor any of its Subsidiaries has sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. Neither the Company nor any of its Subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of the Company or its Subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof, or that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or would reasonably be expected to prevent or significantly impede or delay the completion of the Arrangement.
30. Environmental Matters.
- (a) Except as would not, individually or in the aggregate, have a Material Adverse Effect: (i) there exists no fact, condition or, occurrence that has or would reasonably be expected to result in any non-compliance with, obligation, liability or other consequence under Environmental Laws affecting the Company or its Subsidiaries; (ii) there have been no Releases or threatened Releases, nor the presence, of Hazardous Substances at, on, about, under or migrating to or from any real property (including any buildings, structures or improvements located thereon or thereunder) currently or, to the knowledge of the Company, formerly owned, leased or operated by the Company or its Subsidiaries, that would reasonably be expected to give rise to liabilities or obligations under any Environmental Laws; (iii) no unresolved notice or violation, citation, summons or order has been issued to the Company or any of its Subsidiaries alleging any violation by or liability of the Company or any of its Subsidiaries with respect to any Environmental Law; (iv) the operation of the business of the Company and its Subsidiaries is, and since January 1, 2018 has been, in compliance with Environmental Laws, and the Company and its Subsidiaries have made all appropriate filings for issuance or renewal of any Authorizations required pursuant to Environmental Law for the operation of the business; (v) has fully complied

with the terms and conditions of the order issued by the Public Prosecutors Office of Goiás in connection with the environmental legacies relating to the Zacarias Mines; and (vi) none of the Company or any of its Subsidiaries has assumed or retained, by contract or operation of Law, any liability or obligation under any Environmental Law.

- (b) The Company has made available to the Purchaser all material environmental reports, assessments, records, agreements or correspondence in its possession relating to environmental matters affecting the Company or any of its Subsidiaries or any real property owned or leased by the Company or any of its Subsidiaries.

31. Employees and Contractors.

- (a) Section 31(a) of the Company Disclosure Letter contains a list of (i) each Company Employee, and (ii) each Company Contractor, together with each Company Employee and Company Contractor's position or function date, date of hire or engagement, annual base salary or fees, as applicable, any incentive or bonus arrangement, any banked time or vacation pay entitlement, whether any employee is on a layoff or leave of absence and, for any leave of absence, the type of leave and expected date of return to work.
- (b) Section 31(b) of the Company Disclosure Letter lists all Contracts with Company Employees and Company Contractors and true, complete and current copies of all written Contracts with Company Employees and Company Contractors have been disclosed in the Data Room. Except as set out in Section 31(b) of the Company Disclosure Letter, no such Company Employee or Company Contractor has notified the Company in writing or, to the knowledge of the Company, any of its Subsidiaries, that he or she intends to resign, retire or terminate his or her engagement with the Company or Subsidiary.
- (c) The Company and its Subsidiaries are in compliance in all material respects with all terms and conditions of labour and employment and all Laws respecting labour and employment, including pay equity, employment equity, work classification, immigration, work permits/authorizations, wages, hours of work, overtime, human rights, discrimination and occupational health and safety. All amounts due or accrued to Company Employees and Company Contractors for all salary, wages, fees, bonuses, commissions, vacation with pay, sick days and benefits, including under any Employee Plans, and other similar accruals have either been paid or are accurately reflected in the books and records of the Company or of the applicable Subsidiary. There is no unfair labour practice, human rights, or other labour or employment Law related claim, complaint, grievance or arbitration proceeding in progress or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries.
- (d) Except as disclosed in Section 31(d) of the Company Disclosure Letter, no Company Employee has any agreement as to length of notice or termination or severance payment required to terminate his or her employment (other than such as results by Law from the employment of an employee without an agreement as to notice or termination or severance).
- (e) Except as disclosed in Section 31(e) of the Company Disclosure Letter, there are no change of control payments, retention payments or termination or severance payments ("**Change of Control Payments**") or agreements with any Company Employee or Company Contractor providing for cash or other compensation or benefits

upon the consummation of, or relating to, the Arrangement or any other transaction contemplated by this Agreement, including a change of control of the Company or of any of its Subsidiaries.

- (f) Except as disclosed in Section 31(f) of the Company Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the Arrangement (either alone or upon the occurrence of any additional or subsequent events) will (i) result in any payment or benefit becoming due to any Company Employee, Company Contractor or current or former director of the Company or any of its Subsidiaries, (ii) increase any benefits under any Employee Plan or (iii) result in the acceleration of the time of payment, vesting or funding of, or other rights in respect of, any benefits or payments under any Employee Plan, Employee Agreement or Contract with a Company Contractor.
- (g) Each Company Contractor has been properly classified as an independent contractor and neither the Company nor any Subsidiary has received any notice from any Governmental Entity disputing such classification.
- (h) Neither the Company nor any Subsidiary has received any notice from any Governmental Entity disputing the classification of Company Employees as exempt from all Laws requiring payment of overtime for hours worked in a day or a week.
- (i) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and neither the Company nor any of its Subsidiaries has been reassessed in any respect under such legislation since January 1, 2019 and no audit of the Company or any of its Subsidiaries is currently being performed pursuant to any applicable workplace safety and insurance legislation.

32. Collective Agreements.

- (a) There is no Collective Agreement in force with respect to any employee of the Company nor is there any Contract with any employee association in respect of any employee of the Company nor are any such Collective Agreements or Contracts with employee associations currently being negotiated by the Company or any of its Subsidiaries.
- (b) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent or any other Person holds bargaining rights with respect to any employee of the Company by way of certification, interim certification, voluntary recognition or successor rights, or to the knowledge of the Company, has applied to be certified as the bargaining agent of any employee of the Company.
- (c) There are no threatened or, to the knowledge of the Company, pending union organizing activities involving any employee of the Company and no such activities have been undertaken since January 1, 2019. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries and no such event has occurred since January 1, 2019.
- (d) No trade union has applied to have the Company or any of its Subsidiaries declared a common, related or successor employer pursuant to the *Labour Relations Act*

(Ontario) or any similar legislation in any jurisdiction in which the Company or any of its Subsidiaries carries on business.

33. Employee Plans.

- (a) Section 33(a) of the Company Disclosure Letter lists all Employee Plans. The Company has disclosed in the Data Room true, current and complete copies of all such written Employee Plans, or, if not written, a description thereof, together with all related material documentation. No commitments to improve or otherwise amend or terminate any Employee Plan have been made.
- (b) The Company has, in all material respects, established, maintained, and administered each Employee Plan, and made all contributions and paid all premiums in respect of each Employee Plan, in accordance with Law and the terms of the applicable Employee Plan. There are no claims (other than routine claims for benefits), inquiries, audits or other proceeding by a Governmental Entity or any other Person against or in respect of any Employee Plan which could reasonably be expected to result in any material liability to the Company or any of its Subsidiaries.
- (c) No Employee Plan provides benefits or coverage in the nature of health, life or disability insurance or benefits following retirement or other termination of employment, other than coverage or benefits required to be provided by Law.
- (d) No Company Employee employed in Canada is entitled to benefits under, or otherwise participates in, a “**registered pension plan**” as defined in the Tax Act or any supplemental retirement benefit plans or programs, other than plans or programs required by Law.

34. Insurance. The Company and each of its Subsidiaries, as applicable, is insured by reputable third-party insurers with reasonable and prudent policies appropriate for the size and nature of the business of the Company and its Subsidiaries. The Company has disclosed in the Data Room true, correct and complete copies of all such insurance policies. The Company maintains, and is in good standing in respect of such fire, boiler, public liability, property damage and rental insurance covering any real property leased by the Company or its Subsidiaries as would be maintained by a prudent owner of a similar property and as required by any applicable lease in respect thereof to which the Company or any of its Subsidiaries is a party. To the knowledge of the Company, each such insurance policy currently in effect that insures the physical properties, business, operations and assets of the Company and its Subsidiaries is valid and binding and in full force and effect. To the knowledge of the Company, there is no material claim pending under any such insurance policy that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover any material portion of such claims.

35. Taxes.

- (a) The Company and each of its Subsidiaries has duly and timely filed all material income and other Tax Returns required to be filed by each entity, respectively, with any Governmental Entity and each such Tax Return was complete and correct in all material respects and reflect accurately all liabilities for Taxes of the Company and each of its Subsidiaries for the periods covered thereby..
- (b) The Company and each of its Subsidiaries has paid or caused to be paid on a timely basis and to the appropriate Governmental Entity, all material Taxes which are due

and payable, all assessments and reassessments, and all other material Taxes due and payable by them, other than those which are being or have been contested in good faith by appropriate proceedings and in respect of which reserves have been provided in the most recently published consolidated financial statements of the Company in accordance with IFRS. The Company and its Subsidiaries have provided adequate accruals in accordance with IFRS in the most recently published consolidated financial statements of the Company for any Taxes of the Company and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. The Company and each of its Subsidiaries has not received any refund of Taxes to which it was not entitled.

- (c) Since the publication date of the most recently published consolidated financial statements of the Company, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued.
- (d) There are no material actions, claims, suits, audits, investigations, examinations, assessments, reassessments or other proceedings in progress or, to the knowledge of the Company, asserted or threatened against the Company or any of its Subsidiaries in respect of Taxes and, in particular, there are no currently outstanding reassessments, deficiencies, claims or written enquiries which have been issued by any Governmental Entity to the Company or any of its Subsidiaries in respect of Taxes. Neither the Company nor any of its Subsidiaries is negotiating any final or draft assessment or reassessment in respect of Taxes with any Governmental Entity and neither the Company nor any of its Subsidiaries has received any indication in writing from any Governmental Entity that an assessment or reassessment is proposed or may be proposed in respect of any Taxes.
- (e) There are no material Liens (other than Permitted Liens) filed or existing with respect to Taxes upon any of the assets of the Company or any of its Subsidiaries.
- (f) Neither the Company nor any of its Subsidiaries has made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns that could, in and of itself, require a material amount to be included in the income of the Company or its Subsidiaries for any period ending after the Effective Date.
- (g) The Company and each of its Subsidiaries has in all material respects duly withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has duly and timely remitted all such amounts to the appropriate Governmental Entity when required by Law to do so. The Company and its Subsidiaries, to the extent applicable, have remitted all Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, employer health taxes, payroll taxes and other Taxes payable by it in respect of its employees, agents and consultants, as applicable, and has remitted such amounts to the appropriate Governmental Entity within the time required under applicable Laws. The Company and its Subsidiaries have, to the extent required under applicable Laws, duly charged, collected and remitted on a timely basis all Taxes on any sale, supply or delivery whatsoever, made by it.
- (h) There are no currently effective elections, arrangements, agreements, waivers or objections extending the statutory period or providing for an extension of time with

respect to the assessment or reassessment of any Taxes, the filing of any Return or any payment of Taxes by the Company or any of its Subsidiaries.

- (i) No Governmental Entity of a jurisdiction where neither the Company nor any of its Subsidiaries file a Tax Return has made a written claim that the Company or its Subsidiaries is, or may be, subject to Tax in such jurisdiction.
- (j) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to the Company or any of the Subsidiaries. There are no rulings or closing agreements relating to the Company or its Subsidiaries which may affect the Company or its Subsidiaries' liability for Taxes for any taxable period commencing after the Effective Date.
- (k) The Company is a "Taxable Canadian Corporation", as that term is defined in subsection 89(1) of the Tax Act. Each of the Subsidiaries is a non-resident of Canada for purposes of the Tax Act.
- (l) As of the date of this Agreement, the aggregate "paid-up capital", within the meaning of subsection 89(1) of the Tax Act, of the Shares is not less than \$129,000,000.
- (m) The Shares have not, in the last 60 months, derived more than 50% of their fair market value from (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, or (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (i) – (iii), whether or not the property exists.
- (n) The Company and each of its Subsidiaries has made available to the Purchaser true, correct and complete copies of all material Tax Returns for taxable periods, or transactions consummated, for which the applicable statutory periods of limitation have not expired.
- (o) For all transactions between (i) the Company and its Subsidiaries and (ii) the Company and any other person who is not resident in Canada for purposes of the Tax Act with whom the Company was not dealing at arm's length for purposes of the Tax Act, in each case, the Company has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (p) No circumstances exist or may reasonably be expected to arise as a result of matters existing before the Effective Date that may result in the Company or any Subsidiary being subject to Section 160 of the Tax Act.
- (q) There are no circumstances existing which could result in, and no circumstances have existed that have resulted in, the application of Sections 17, 78, 79, or 80 to 80.04, or Subsection 90(6) of the Tax Act, or any equivalent provision under any other Law, to the Company or any of its Subsidiaries for any taxation year ending on or prior to the Effective Time.
- (r) The Company has not claimed, any reserve under any provision of the Tax Act or any equivalent provincial provision, if any amount could be included in the income of the Company for any period ending after the Effective Time.

- (s) Except as disclosed in Section 35(s) of the Company Disclosure Letter, the Company and its Subsidiaries do not hold or enjoy any Tax incentives, Tax benefits, or special Tax regimes related to Taxes.
36. Money Laundering. The operations of the Company and of each of its Subsidiaries are, and have since January 1, 2019, been, conducted in compliance with applicable financial recordkeeping and reporting requirements and money laundering Laws and the rules and regulations thereunder and any related or similar Laws, rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity relating to money laundering (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.
37. Economic Sanctions and Export Controls. Each of the Company, its Subsidiaries, and their respective directors and officers, and, to the knowledge of the Company, the employees, agents and representatives of the Company and its Subsidiaries are, and since January 1, 2019 have been, in compliance with economic sanctions, anti-terrorism, customs and export and technology transfer control laws, including the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act*, the *Criminal Code* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Foreign Extraterritorial Measures Act*, the *Export and Import Permits Act* (Canada), the *Defence Production Act* (Canada), the *Justice for Victims of Corrupt Foreign Officials Act* and the *Customs Act* (Canada), as well as any sanctions or export controls administered or enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of State, or the Bureau of Industry and Security of the U.S. Department of Commerce, and Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, the *USA PATRIOT Act* of 2001, the *Trading with the Enemy Act* (12 U.S.C. §95), the *International Emergency Economic Powers Act* (50 U.S.C. §§1701-1707), and all other applicable U.S. economic sanctions, anti-terrorism, customs and export and technology transfer control Laws, including any regulations or orders issued under the foregoing, and similar applicable economic sanctions, anti-terrorism, customs and export and technology transfer control laws of other jurisdictions (collectively, “**Trade Control Laws**”). Each of the Company and its Subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance with such legislation, including those for the detection, prevention and reporting of violations. The operations of each of the Company and its Subsidiaries have been conducted at all times in compliance with Trade Control Laws and since January 1, 2019 there has been no suit, action, investigation (including any internal investigation), inquiry, litigation or proceeding by or before any Governmental Entity, customer, business partner or any arbitrator involving each of the Company or any of its Subsidiaries or any of their respective directors, officers, employees, agents or representatives with respect to Trade Control Laws or pending or threatened, and there are no circumstances likely to lead or give rise to any such suit, action, investigation, inquiry, litigation or proceeding.
38. Anti-Corruption. Neither the Company nor any of its Subsidiaries, nor any of its or their respective directors, executives, officers, representatives, agents or employees has: (i) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal or failed to disclose fully any contribution, in violation of any Law; (ii) used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, the *Corruption of Foreign Public Officials Act* (Canada) or any applicable Law of similar effect; (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or

other properties; or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

39. Fairness Opinion. The Board and the Special Committee have received the Fairness Opinion.
40. Security Breaches. To the knowledge of the Company, neither the Company nor any of its Subsidiaries has experienced any breach of security of, or any unauthorized access to, any confidential information of the Company or any of its Subsidiaries, including any personal information in the possession, custody or control of the Company or any of its Subsidiaries.
41. Brokers. Except for the engagement letters between the Company and the Financial Advisor and the fees payable under or in connection with such engagement and to legal counsel, no investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries or is entitled to any fee, commission or other payment from the Company or any of its Subsidiaries in connection with this Agreement or any other transaction contemplated by this Agreement. The Company has made true and complete disclosure to the Purchaser of all fees, commissions or other payment that may be incurred and has provided true and complete copies of the engagement letters between the Company and the Financial Advisor or that otherwise may be issuable to the Financial Advisor.
42. Board and Special Committee Approval.
- (a) As of the date hereof, the Special Committee, after consultation with legal and financial advisors, has unanimously recommended that the Board approve the Arrangement and recommend to Company Shareholders that they vote in favour of the Arrangement Resolution.
  - (b) As of the date hereof, the Board, after consultation with legal and financial advisors, has: (i) unanimously determined that the Arrangement is fair to such holders and that the Arrangement is in the best interests of the Company; (ii) resolved to unanimously recommend that Company Shareholders vote in favour of the Arrangement Resolution; and (iii) authorized the entering into of this Agreement and the performance by the Company of its obligations under this Agreement, and no action has been taken to amend, or supersede, such determinations, resolutions or authorizations.
  - (c) Each of the directors and executive officers of the Company has advised the Company and the Company believes that they intend to vote or cause to be voted all Shares beneficially held by them in favour of the Arrangement Resolution and the Company shall make a statement to that effect in the Company Circular.
43. Company Budget. The Company Budget sets forth, as of the date hereof, all expected expenditures and fundings of any kind of the Company and its Subsidiaries on a month-to-month basis through to April 30, 2022. The Company Budget has been prepared by the Company in good faith and in a commercially reasonable manner, and to the knowledge of the Company as of the date hereof no material expenditures or fundings of any kind of the Company or its Subsidiaries are expected on or prior to April 30, 2022 (or the entering into of any commitments in respect thereof) which are not reflected in the Company Budget.

**Schedule "D"**  
**REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE PURCHASER**

1. Organization and Qualification. Each of the Purchaser and the Parent is a corporation or other entity duly incorporated or organized, as applicable, and validly existing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has the requisite power and capacity to own and lease its assets and properties and conduct its business as now conducted. The Purchaser is, directly or indirectly, a wholly-owned subsidiary of the Parent. The Purchaser has not conducted any business prior to the date hereof and has no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the transactions contemplated by this Agreement.
2. Corporate Authorization. Each of the Purchaser and the Parent has the requisite corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement and to complete the transactions contemplated by this Agreement. The execution, delivery and performance by each of the Purchaser and the Parent of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Purchaser and the Parent and no other corporate proceedings on the part of the Purchaser or the Parent are necessary to authorize the execution and delivery by each of them of this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than the Parent Shareholder Approval.
3. Execution and Binding Obligation. This Agreement has been duly executed and delivered by each of the Purchaser and the Parent, and constitutes a legal, valid and binding agreement of the Purchaser and the Parent enforceable against each of them in accordance with its terms subject to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. Governmental Authorization. The execution, delivery and performance by each of the Purchaser and the Parent of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Purchaser or the Parent other than: (i) the Interim Order and any filings required in order to obtain, and any approvals required by, the Interim Order, (ii) the Final Order, and any filings required in order to obtain the Final Order; (iii) filings with the Registrar under the BCA; (iv) filings with the Securities Authorities; (v) Regulatory Approvals; and (vi) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not taken or made, would not be reasonably expected to, individually or in the aggregate, prevent or materially impede the ability of the Purchaser or the Parent to consummate the Arrangement and the transactions contemplated hereby.
5. Non-Contravention. The execution, delivery and performance by each of the Purchaser and the Parent of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not and will not:
  - (a) contravene, conflict with, or result in any violation or breach of the organizational documents of the Purchaser or the Parent; or
  - (b) assuming compliance with the matters referred to in Paragraph 4 above, contravene, conflict with or result in a violation or breach any applicable Laws.

6. Litigation. There are no claims, actions, suits, arbitrations, inquiries, investigations or proceedings pending, or, to the knowledge of the Purchaser and Parent, threatened, against or involving the Purchaser or the Parent or any of their affiliates by or before any Governmental Entity nor is the Purchaser or the Parent or any of their affiliates subject to any outstanding judgment, order, writ, injunction or decree that, either individually or in the aggregate, is reasonably likely to prevent or materially delay consummation of the Arrangement and the transactions contemplated hereby.
7. Security Ownership. Neither the Purchaser and the Parent nor any of their respective affiliates or any other Person acting jointly or in concert with any of them, beneficially owns or controls, or will prior to the Effective Date beneficially own or control, any Shares or any securities that are convertible into or exchangeable or exercisable for Shares.
8. Investment Canada Act. Purchaser and Parent are WTO investors or trade agreement investors within the meaning of the Investment Canada Act.
9. Financing. Parent has made suitable arrangements so that Purchaser will have at the Effective Time, sufficient funds available to satisfy the aggregate Consideration payable to the Company Shareholders pursuant to the Arrangement in accordance with the terms of this Agreement and the Plan of Arrangement, and to satisfy all other obligations payable by it pursuant to this Agreement and the Arrangement.
10. Board Approval. The Parent's board of directors has unanimously approved this Agreement and recommends to Parent Shareholders that they vote in favour of the transactions contemplated by the Arrangement.

**Schedule "E"**  
**FORM OF SPINCO CONTRIBUTION AGREEMENT**

See attached.

**AMARILLO GOLD CORPORATION**

**as Vendor**

**- and -**

**AMARILLO MINERACAO DO BRASIL LTDA.**

**as AMB**

**- and –**

**LDS MINERACAO DO BRASIL LTDA.**

**as LDS**

**- and –**

**LAVRAS GOLD CORP.**

**as Purchaser**

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**REORGANIZATION AND CONTRIBUTION AGREEMENT**

**[Date]**

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**STIKEMAN ELLIOTT LLP**

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## ADDENDA

Schedule "A" VENDOR SPINCO ASSETS  
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## REORGANIZATION AND CONTRIBUTION AGREEMENT

THIS AGREEMENT is made as of the ● day of ●, ●.

### AMONG:

**AMARILLO GOLD CORPORATION**, a corporation existing under the laws of the Province of British Columbia (the “**Vendor**”)

- and –

**AMARILLO MINERACAO DO BRASIL LTDA**, a corporation existing under the laws of Brazil (“**AMB**”)

- and -

**LDS MINERACAO DO BRASIL LTDA**, a corporation existing under the laws of Brazil (“**LDS**”)

- and -

**LAVRAS GOLD CORP.**, a corporation existing under the laws of the Province of British Columbia (the “**Purchaser**”)

### WHEREAS:

- A. 1334940 B.C. Ltd. (“**BidCo**”), an indirect wholly-owned subsidiary of the Parent, has agreed to acquire all of the issued and outstanding common shares of the Vendor pursuant to a plan of arrangement under Section 288 of the *Business Corporations Act* (British Columbia) (the “**Arrangement**”).
- B. In connection with the Arrangement, each of the Parties wishes to enter into the transactions contemplated hereunder, on the terms and subject to the conditions contained in this Agreement.

**NOW THEREFORE**, the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms

As used in this Agreement, the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

“**Agreement**” means this Reorganization and Contribution Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“**AMB**” has the meaning set forth on the cover page of this Agreement;

“**AMB Consideration**” has the meaning set forth in Section 2.1(1);

**“AMB Intercompany Loan”** means the intercompany loan in the principal amount of \$●<sup>1</sup> owing from AMB to the Vendor;

**“AMB SpinCo Assets”** means each of those assets set out in Schedule “B”;

**“Arrangement”** has the meaning set forth in the recitals of this Agreement;

**“Arrangement Agreement”** means the arrangement agreement dated as of November 29, 2021 among the Vendor, BidCo, the Parent and the Purchaser, together with the schedules attached thereto, as amended, supplemented or restated in accordance therewith prior to the Effective Date, in respect of the Arrangement;

**“BidCo”** has the meaning set forth in the recitals of this Agreement;

**“Claim”** means any claim, action, cause of action, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing;

**“Effective Date”** has the meaning set forth in the Plan of Arrangement;

**“Effective Time”** has the meaning set forth in the Plan of Arrangement;

**“ETA”** means Part IX of the *Excise Tax Act* (Canada);

**“Governmental Entity”** means: (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, in Canada or otherwise; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any arbitrator or arbitration tribunal.

**“Indemnitee”** has the meaning set forth in Section 8.4;

**“Indemnitor”** has the meaning set forth in Section 8.4;

**“ITA”** means the *Income Tax Act*, R.S.C. 1985 (5th Supp.) c.1, as amended;

**“LDS”** has the meaning set forth on the cover page of this Agreement;

**“LDS Consideration Note”** has the meaning set forth in Section 2.1(1);

**[“LDS Intercompany Loan” means the intercompany loan in the principal amount of \$● owing from LDS to AMB;]<sup>2</sup>**

**“Liabilities”** means any and all liabilities and obligations, bonds, indemnities and similar obligations, covenants, contracts, agreements, promises, omissions, guarantees, damages, penalties or judgements, in each case, of any kind or of any nature whatsoever whether under common law, in equity, under Law or otherwise, whether tortious, contractual, vicarious,

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<sup>1</sup> To be equal to the intercompany balance owing from AMB to the Vendor when this Agreement is signed on the day prior to the Effective Date in accordance with Arrangement Agreement.

<sup>2</sup> To be included if any amounts are owing from LDS to AMB when this Agreement is signed on the day prior to the Effective Date in accordance with Arrangement Agreement. If included, bullet to be equal to such intercompany balance.

statutory or otherwise, whether absolute or contingent and whether based on fault, strict liability or otherwise;

**"Losses"** means, in respect of a Person and in relation to a matter, any and all losses, costs, expenses, assessments, reassessments and damages (including all penalties and fines) which such Person suffers, sustains, pays or incurs in connection with such matter and includes Taxes, interest, reasonable costs of legal counsel (on a full indemnity basis) and other consultants and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained;

**"Parent"** mean Hochschild Mining PLC;

**"Parties"** means the Vendor Parties and the Purchaser Parties and **"Party"** means any one of them;

**"Person"** includes any individual, partnership, association, body corporate, company, corporation, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status;

**"Pre-Closing Taxes"** means without duplication, (a) any liability for Taxes of the Vendor or any of its Subsidiaries in respect of any taxation year or fiscal period of such Vendor or such Subsidiary ending on or before the time of completion of the step set forth in Section 2.4(l) of the Plan of Arrangement; (b) any liability for Taxes of the Vendor or any of its Subsidiaries that is allocable to any portion of a Straddle Period ending at the time of completion of the step set forth in Section 2.4(l) of the Plan of Arrangement; (c) any liability for Taxes of the Vendor or any of its Subsidiaries arising as a result of, or in relation to, the consummation of the SpinCo Transactions; (d) any liability for Taxes of the Vendor or any of its Subsidiaries that arise as a result of, or in relation to, the completion of any of the steps described in Sections 2.4(a) through 2.4(l) of the Plan of Arrangement, including, for greater certainty, any Taxes of the Vendor or any of its Subsidiaries that arise from the disposition by the Vendor of the SpinCo Shares pursuant to the Plan of Arrangement; and (e) any Liability for Taxes of the Purchaser or any of its Subsidiaries for which Parent, BidCo, the Vendor, or any Subsidiaries of the Vendor, are or may be liable; provided however that Pre-Closing Taxes shall not include Taxes payable by the Vendor or the Subsidiary because of section 212.3 of the ITA if such Tax would not have been payable by the Vendor or the Subsidiary if the step set forth in Section 2.4(l) of the Plan of Arrangement would not have been completed. Each of the foregoing shall be calculated on a jurisdiction-by-jurisdiction and entity-by-entity basis in amounts not less than zero;

**"Purchaser"** has the meaning set forth on the cover page of this Agreement;

**"Purchaser Parties"** means the Purchaser and LDS following the transfers contemplated in Section 2.1(3) and **"Purchaser Party"** means any one of them;

**"SpinCo Assets"** means the Vendor SpinCo Assets, the AMB SpinCo Assets and the SpinCo Royalty;

**"SpinCo Books and Records"** means all of the corporate records, books of account, accounting records, financial and other data and information and any books, records, files and data in all formats (including paper and electronic formats), wherever located and whatever nature, to the extent related to the SpinCo Assets or the Purchaser, including corporate minute books and any other books, records, files and data relating to geological information,

geophysical, hydrological, engineering, technical, construction or production reports, records, logs, drawings, data, construction or operating information, audit reports, tax or financial information;

**"SpinCo Cash Allocation"** means \$10,000,000, less (i) any cash amounts held by LDS at the Effective Time, and (ii) any amounts spent on exploration related to the Lavras do Sul Project that are in excess of the amounts allocated for such expenditures in the Company Budget.

**"SpinCo Liabilities"** means (i) all Liabilities arising out of ownership or operation of, or otherwise relating to, the SpinCo Assets, whether incurred or arising before or after the Effective Date and (ii) all Liabilities in respect of the Company Assets which by the terms and conditions thereof were to be paid, discharged, performed or satisfied prior to the Effective Date;

**"SpinCo Royalty Cash Amount"** means [REDACTED];

**"SpinCo Shares"** means common shares in the capital of the Purchaser;

**"SpinCo Transactions"** has the meaning set out in the Arrangement Agreement;

**"Straddle Period"** means any taxable period beginning on or before the Effective Date and ending after the time of completion of the step set forth in Section 2.4(l) of the Plan of Arrangement;

**"Subsidiary"** means, with respect to any Person, any other Person which is controlled directly or indirectly by that Person;

**"Taxes"** means: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever, however denominated, imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, domestic or foreign federal income taxes and provincial/state or local income taxes), gains taxes, capital gains taxes, production taxes, windfall taxes, surplus taxes, recapture taxes, capital stock taxes, payroll and employee withholding taxes, employment insurance premiums, unemployment insurance premiums, social insurance taxes, social security taxes, Canada Pension Plan or other governmental pension plan premiums or contributions, payroll contributions and taxes, sales and use taxes, value added taxes, goods and services taxes, harmonized sales taxes, Quebec sales taxes, ad valorem taxes, excise taxes, franchise taxes, gift taxes, wealth taxes, net worth taxes, inheritance taxes, gross receipts taxes, municipal taxes, environmental taxes, capital taxes, corporate minimum taxes, withholding taxes, health taxes, employee health taxes, education taxes, utility taxes, severance taxes, surtaxes, customs, import and export taxes, business taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, special assessments, transfer taxes, land transfer taxes, workers' compensation premiums or contributions, regulatory fees, foreign exchange and loan operations, and other governmental charges (including, without limitation, all license and registration fees) and other obligations of the same or of a similar nature to any of the foregoing, which are required to be paid, deducted, withheld, remitted or collected; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any agreement

with or other express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

**“Vendor”** has the meaning set forth on the cover page of this Agreement;

**“Vendor Consideration”** has the meaning set forth in Section 2.1(3);

**“Vendor Parties”** means the Vendor and AMB and **“Vendor Party”** means any one of them; and

**“Vendor SpinCo Assets”** means each of those assets set out in Schedule “A”.

## **Section 1.2 Interpretation**

- (1) Capitalized terms not defined herein have those meanings given to them in the Arrangement Agreement.
- (2) The terms “hereunder”, “herein” and “hereof” refer to the provisions of this Agreement as a whole. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and Schedules and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (3) Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) The word or words (i) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (ii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”, (iii) unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement, (iv) “will” shall be construed to have the same meaning as “shall”, and (v) unless the context otherwise requires, “or” shall be construed in the inclusive sense of “and/or”. The term “Agreement” and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated in accordance with its terms and includes all schedules to it.
- (5) Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (6) A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (7) Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.
- (8) All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS.

- (9) References to time are to local time in Toronto, Ontario.
- (10) The Schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.
- (11) Any reference herein to a Person includes a reference to any successor thereto.

### Section 1.3 Schedules

The following schedules are attached to, form part of and are incorporated in this Agreement:

Schedule "A" – Vendor SpinCo Assets

Schedule "B" – AMB SpinCo Assets

## ARTICLE 2 SPINCO TRANSACTION STEPS

### Section 2.1 Transaction Steps.

On the Effective Date at the time specified in the Plan of Arrangement, without any further act or formality, each of the events set out below shall occur and be deemed to occur in the following sequence, upon the terms and subject to the conditions set forth in this Agreement:

- (1) AMB hereby agrees to sell, assign, transfer and convey to LDS and LDS hereby agrees to purchase from AMB, all right, title, interest and benefit of AMB in and to the AMB SpinCo Assets in consideration for an amount equal to the fair market value of the AMB SpinCo Assets, to be satisfied by: (a) the issuance by LDS of promissory note in the principal amount of [REDACTED] to AMB (the "**LDS Consideration Note**"); and (b) the assumption by LDS of the SpinCo Liabilities that relate to the AMB SpinCo Assets (together with the LDS Consideration Note, the "**AMB Consideration**");
- (2) AMB hereby assigns, transfers and sets over unto the Vendor all of AMB's rights and interest under and in respect of the LDS Consideration Note **[and the LDS Intercompany Loan]**<sup>3</sup> and all notes and other documentation executed and delivered by LDS in connection therewith, including without limitation, the right to receive all payments of principal in respect of the LDS Consideration Note **[and the LDS Intercompany Loan]**<sup>4</sup> in accordance therewith, and the Vendor hereby accepts the aforesaid assignment and transfer of the LDS Consideration Note **[and the LDS Intercompany Loan]**<sup>5</sup> as partial payment of the AMB Intercompany Loan and acknowledges and agrees that the outstanding principal balance of the AMB Intercompany Loan is now \$●<sup>6</sup>;
- (3) The Vendor hereby agrees to sell, assign, transfer and convey to the Purchaser and the Purchaser hereby agrees to purchase from the Vendor, all right, title, interest and benefit of the Vendor in and to the Vendor SpinCo Assets in consideration for: (a) the issuance by the

<sup>3</sup> To be included if any amounts are owing from LDS to AMB when this Agreement is signed on the day prior to the Effective Date in accordance with Arrangement Agreement.

<sup>4</sup> To be included if any amounts are owing from LDS to AMB when this Agreement is signed on the day prior to the Effective Date in accordance with Arrangement Agreement.

<sup>5</sup> To be included if any amounts are owing from LDS to AMB when this Agreement is signed on the day prior to the Effective Date in accordance with Arrangement Agreement.

<sup>6</sup> To be equal to the AMB Intercompany Loan amount, less the LDS Consideration Note amount and the LDS Intercompany Loan amount, if applicable.

Purchaser to the Vendor of such number of fully paid and non-assessable SpinCo Shares as set out in Section 2.4(b)(iii) of the Plan of Arrangement; and (b) the assumption by the Purchaser of the SpinCo Liabilities (other than any SpinCo Liabilities that relate to the AMB SpinCo Assets and which were assumed from AMB) (collectively, the “**Vendor Consideration**”); and

- (4) AMB hereby grants LDS the SpinCo Royalty in consideration for the payment to AMB of the SpinCo Royalty Cash Amount by the Purchaser on behalf of LDS, which payment shall be documented and treated as a loan from the Purchaser to LDS; provided that the Purchaser agrees that it will make any Tax elections requested by the Vendor in respect of such loan to LDS, including an election to treat such loan as a “pertinent loan or indebtedness” for purposes of section 212.3 of the ITA.

## **Section 2.2 Assumption of SpinCo Liabilities**

- (1) LDS hereby agrees to assume, pay, discharge, perform and satisfy in full and when due all SpinCo Liabilities that relate to the AMB SpinCo Assets.
- (2) Purchaser hereby agrees to assume, pay, discharge, perform and satisfy in full and when due all SpinCo Liabilities (other than any SpinCo Liabilities that relate to the AMB SpinCo Assets and which were assumed from AMB).

## **ARTICLE 3 TAX MATTERS**

### **Section 3.1 Value-Added and Transfer Taxes**

- (1) The Parties will use their reasonable best efforts to minimize (or eliminate) any Taxes payable under the ETA in respect of the sale of the Vendor SpinCo Assets by the Vendor to the Purchaser under this Agreement by, among other things, making such elections and taking such steps as may be provided for under the ETA (including, for greater certainty, making joint elections in a timely manner under Section 156 of the ETA).
- (2) The Purchaser shall be solely liable for any and all Taxes imposed by a Governmental Entity in respect of the completion of the transfer of the SpinCo Assets and assumption of the SpinCo Liabilities pursuant hereto. If a Vendor Party is required to withhold or collect such Taxes, Purchaser shall pay the aggregate amount of such Taxes to such Vendor Party on demand and in such case such Vendor Party shall remit such amount to the appropriate authorities in accordance with applicable legislation.

### **Section 3.2 Section 85 Election**

- (1) The Parties agree that the transfer of all or some of the property comprising the Vendor SpinCo Assets (other than any Ineligible Property (as defined in Section 3.3)) to the Purchaser shall be made pursuant to the provisions of section 85 of the ITA and the equivalent provisions of any provincial Tax legislation. The “agreed amount” (as referred to in section 85 of the ITA) in respect of each such property shall be the amount determined by Purchaser; provided that such agreed amount is (i) selected or determined with the objective of minimizing any Taxes arising as a result of the SpinCo Transactions and (ii) within the limitations specified for such agreed amount in section 85 of the ITA or such provincial Tax legislation.
- (2) Subject to Section 3.2(1), the Vendor and the Purchaser agree to execute a section 85 election form (or equivalent form for provincial tax purposes) at or following the Effective Time, in the

form prepared by Purchaser and each Party agrees to deliver and file such election form (and any provincial equivalent), in the manner and within the time prescribed by applicable Law. The Parties agree to cooperate to prepare and file the election referenced herein and, where applicable, to file an amended election pursuant to section 85 of the ITA and the equivalent provisions of any provincial Tax legislation.

### **Section 3.3 SpinCo Assets Not Transferred Under Section 85**

No section 85 election will be filed in respect of any cash constituting the Vendor SpinCo Assets or any other property that is not eligible for a section 85 roll-over (collectively, the **"Ineligible Property"**).

### **Section 3.4 Allocation of Consideration**

The Parties agree to allocate the Vendor Consideration amongst the Vendor SpinCo Assets, and the AMB Consideration amongst the AMB SpinCo Assets, in such manner as the Vendor Parties determine, acting reasonably, provided that, for greater certainty, any SpinCo Liability assumed by the Purchaser as described in Section 2.1(3) will be allocated first to any cash transferred to the Purchaser pursuant to the step described in Section 2.1(3). The Parties agree to act in accordance with such allocations for all federal, provincial and foreign Tax purposes, including with respect to any tax returns that may be filed by them and in any section 85 election form (or comparable provincial election) filed by them, and the Parties agree not to take a position before any Governmental Entity charged with the collection of any Taxes or in any judicial proceeding that is in any manner inconsistent with the terms of any such allocation or in the section 85 election form (or comparable provincial election) filed by the Parties.

### **Section 3.5 Consultation**

Notwithstanding the foregoing provisions in Section 3.2, the Vendor shall reasonably consult with the Purchaser with respect to the determination of all amounts and elections contemplated therein.

### **Section 3.6 Assistance, Cooperation and Other Tax Matters**

- (1) After the Effective Date, the Parties (together with their respective affiliates), at their own cost and expense, shall reasonably: (a) assist the other Party in preparing any Tax Returns and statements which such other Party is responsible for preparing and filing; (b) cooperate fully in preparing for and dealing with any Tax audits of, or disputes, contests or proceedings with, taxation authorities regarding any Taxes that are the subject of indemnification hereunder; (c) make available to the other (as reasonably requested) and to any taxation authorities (to the extent required by applicable law) all information, records and documents relating to Tax liabilities that are attributable to any period (or portion thereof) ending on or prior to the Effective Date; (d) preserve all such information, records and documents relating to Tax matters until the expiration of any applicable statutes of limitations or extensions thereof and as otherwise required by law for any period (or portion thereof) ending on or prior to the Effective Date; and (e) make available to the other, as reasonably requested, personnel responsible for preparing or maintaining information, records and documents in connection with Tax matters for any period ending on or prior to the Effective Date or any Straddle Period.
- (2) The Purchaser and Vendor Parties each acknowledge that an election under subsection 256(9) of the ITA will be made in respect of the taxation year of the Vendor ending as a result of the acquisition of the shares of the Vendor by BidCo by way of the Plan of Arrangement.

### **Section 3.7 Straddle Period**

- (1) In the case of any Straddle Period, the amount of Taxes allocable to the portion of the Straddle Period ending at the time of completion of the step set forth in Section 2.4(l) of the Plan of Arrangement shall be:
  - (a) in the case of Taxes imposed on a periodic basis (such as real or personal property Taxes), the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction, the numerator of which is the number of calendar days in the Straddle Period up to and including the day upon which the completion of the step set forth in Section 2.4(l) of the Plan of Arrangement shall have occurred and the denominator of which is the number of calendar days in the entire relevant Straddle Period; and
  - (b) in the case of Taxes not described in (a) above (such as franchise Taxes, Taxes that are based upon or related to income, gain or receipts, Taxes that are based upon occupancy or imposed in connection with any sale or other transfer or assignment of property, or withholding Taxes), the amount of any such Taxes shall be determined as if such taxable period ended after the completion of the step set forth in Section 2.4(k) of the Plan of Arrangement and immediately before the time of completion of the step set forth in Section 2.4(l) of the Plan of Arrangement.

## **ARTICLE 4 CONVEYANCING MATTERS**

### **Section 4.1 Third Party Consents**

To the extent not already completed at the Effective Time, the Vendor Parties shall, following the Effective Time and at the sole expense of the Purchaser, use commercially reasonable efforts to (i) amend, assign or novate all contracts, agreements and documents with respect to the SpinCo Assets into the name of the Purchaser; and (ii) obtain approvals of any Governmental Entity and other Persons required for consummation of the transactions contemplated by this Agreement.

### **Section 4.2 Conveyancing**

- (1) Each Vendor Party hereby acknowledges and confirms that title to the SpinCo Assets which remains in its name following the Effective Date, if any, is held by it as nominee and agent for and bare trustee of the Purchaser Party entitled to such SpinCo Asset pursuant to Section 2.1, and that all beneficial ownership in such SpinCo Assets is held by such Purchaser Party.
- (2) Following the Effective Date, until a Purchaser Party is novated or validly assigned into the agreements and documents that form part of the SpinCo Assets to which such Purchaser Party is entitled pursuant to Section 2.1, the applicable Vendor Party shall act as such Purchaser Party's agent as such Purchaser Party reasonably and lawfully directs. No Vendor Party shall have any liability hereunder in respect of or arising in connection with any acts or omissions of such Vendor Party in its capacity as agent of a Purchaser Party under this Section 4.2 except to the extent resulting from the willful misconduct of such Vendor Party. The Purchaser Parties shall be liable to the Vendor Parties for all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor Parties, and will indemnify and save harmless the Vendor Parties from and against all Claims made against the Vendor Parties in connection with the Vendor Parties acting as agent of the Purchaser Parties under this Section 4.2, except to the extent resulting from the willful misconduct of such Vendor Party. For greater certainty, an act or omission by

a Vendor Party in its capacity as agent of the Purchaser Parties under this Section 4.2 shall not constitute the willful misconduct of such Vendor Party if such act or omission is done at the request of a Purchaser Party or with its express or implied consent or approval.

## **ARTICLE 5 EFFECTIVE DATE**

### **Section 5.1 Transfer of Ownership and Risk**

SpinCo Assets shall constitute property of the applicable Purchaser Party as and from the time specified in Section 2.1 and the transfer of ownership and risk with respect to such SpinCo Assets shall transfer to such Purchaser Party as and from the time specified in Section 2.1.

### **Section 5.2 Deliveries on the Effective Date**

- (1) Deliveries of the Vendor Parties on the Effective Date. At the time specified in Section 2.1, the Vendor Parties shall deliver or cause to be delivered to and in favour of the Purchaser Parties, against those deliveries required to be made by the Purchaser Parties to the Vendor Parties, the following:
  - (a) receipts for payment of the Vendor Consideration and the AMB Consideration;
  - (b) a bill of sale and assumption agreement executed by the Vendor effecting the transactions contemplated under Section 2.1(3) hereof in form and substance satisfactory to each of the Parties, acting reasonably;
  - (c) a bill of sale and assumption agreement executed by AMB effecting the transactions contemplated under Section 2.1(3) in form and substance satisfactory to each of the Parties, acting reasonably; and
  - (d) any and all other documents which are required to be delivered by the Vendor Parties to the Purchaser Parties on the Effective Date pursuant to this Agreement.
- (2) Deliveries of the Purchaser Parties on the Effective Date. At the time specified in Section 2.1, the applicable Purchaser Party shall deliver or cause to be delivered to and in favour of the Vendor Parties, against those deliveries required to be made by the Vendor Parties to the Purchaser Parties, the following:
  - (a) share certificate(s) in the name of the Vendor representing the SpinCo Shares of the Purchaser;
  - (b) a bill of sale and assumption agreement executed by the Purchaser effecting the transactions contemplated under Section 2.1(3) hereof in form and substance satisfactory to each of the Parties, acting reasonably;
  - (c) a bill of sale and assumption agreement executed by LDS effecting the transactions contemplated under Section 2.1(3) in form and substance satisfactory to each of the Parties, acting reasonably; and
  - (d) any and all other documents which are required to be delivered by the Purchaser Parties to the Vendor Parties on the Effective Date pursuant to this Agreement.

### **Section 5.3 Delivery of Books and Records**

- (1) SpinCo Books and Records. To the extent in its possession or control, the Vendor Parties shall deliver the SpinCo Books and Records to the Purchaser as soon as practicable following the Effective Date.

## **ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF THE VENDOR PARTIES**

### **Section 6.1 Disclaimer**

- (1) The Vendor Parties do not make any representations or warranties of any kind or nature, express or implied, at law or in equity and in particular, and without limiting the generality of the foregoing, the Vendor Parties hereby expressly negate and disclaim, and shall not be liable for, any and all representations or warranties which may have been made or alleged to have been made in any other document or instrument or in any statement or information made or communicated to the Purchaser Parties or their respective Representatives or shareholders in any manner.
- (2) The Vendor Parties hereby expressly negate and disclaim, and shall not be liable for, any representations or warranties made or alleged to have been made to the Purchaser Parties or their respective Representatives or shareholders with respect to any of the following matters:
  - (a) the value of the SpinCo Assets or the future cash flow therefrom;
  - (b) the absence of third-party claims to or interests in the SpinCo Assets;
  - (c) the quality, condition, fitness, merchantability or sustainability of use for any purpose, of the SpinCo Assets;
  - (d) title to the SpinCo Assets;
  - (e) any Losses, Liabilities or Claims related to the SpinCo Assets; or
  - (f) any Liens with respect to the SpinCo Assets.
- (3) Each Purchaser Party acknowledges and confirms that: (i) it will accept the SpinCo Assets to which it is entitled pursuant to Section 2.1 on an "as is-where is" basis without representation and warranty whether express or implied, (ii) it has knowledge of the SpinCo Assets and performed its own due diligence and it has not relied on any data, information, statement or advice provided to the Purchaser or its Representatives or shareholders by the Vendor Parties or their respective Representatives, and (iii) in agreeing to enter into and to consummate the transactions contemplated herein, it has relied on its own inspections and evaluations of the SpinCo Assets and the Liabilities and obligations assumed by the Purchaser Parties pursuant hereto.
- (4) Except for its rights under this Agreement, the each Purchaser Party hereby waives all rights and remedies (whether now existing or hereafter arising and including all common law, tort, contractual, equitable and statutory rights and remedies) against the Vendor Parties or their respective Representatives in respect of the SpinCo Assets, the transactions contemplated hereby or any representations or statements made, or information or data furnished, to the Purchaser Parties or any of their respective Representatives or shareholders in connection herewith or otherwise (whether made or furnished by the Vendor Parties or any of their

respective Representatives or third parties and whether made or furnished orally or by electronic, faxed, written or other means).

- (5) The Vendor represents that it is not a non-resident of Canada for purposes of the ITA.

## **ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

### **Section 7.1 Purchaser's Representations**

The Purchaser hereby represents and warrants to the Vendor Parties that:

- (a) Organization. The Purchaser: (i) is a corporation duly organized, validly existing and in good standing under the laws of its place of incorporation; (ii) has the requisite power and authority to own, lease and operate its properties and to conduct its business as it is presently being conducted and proposed to be conducted; and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where the character of the properties to be owned or leased by it or the nature of its activities to be conducted makes such qualification necessary.
- (b) Authority and Enforceability. The Purchaser has the requisite power and authority to enter into and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of the Purchaser and no other proceedings on the part of the Purchaser are necessary to authorize the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Purchaser and all other documents executed and delivered pursuant hereto will, when executed and delivered, be duly authorized, executed and delivered by the Purchaser and this Agreement does, and such documents will when executed and delivered (assuming that this Agreement constitutes a valid and binding obligation of the Vendor Parties) constitute a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as such enforceability may be subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief and other equitable remedies.
- (c) Brokers. No broker, finder, investment banker or other person is or will be, in connection with the transactions contemplated by this Agreement, entitled to any brokerage, finder's or other fee or other similar forms of compensation in respect of the transactions contemplated herein for which the Vendor Parties will have any obligation or liability.
- (d) Taxable Canadian Corporation. The Purchaser is a "taxable Canadian corporation" as such term is defined for the purposes of the ITA.
- (e) Registration Under ETA. The Purchaser will be validly registered for the purposes of the ETA prior to the Effective Date.

## **ARTICLE 8 INDEMNIFICATION**

### **Section 8.1 Purchaser's Indemnification of the Vendor Parties**

The Purchaser shall indemnify, defend and save harmless the Vendor Parties, their respective successors and assigns and each of their respective Representatives, from and against any and all Losses, Liabilities, Taxes and Claims suffered or incurred by any of them or made against any of them arising or resulting from or in connection with, directly or indirectly:

- (a) the SpinCo Assets and/or SpinCo Liabilities;
- (b) any Pre-Closing Taxes; or
- (c) the breach of any representation, warranty, covenant or agreement of the Purchaser Parties set forth herein or a breach of any representation, warranty, covenant or agreement of the Purchaser Parties in any document delivered in connection herewith.

### **Section 8.2 Limitations on Indemnification**

The indemnity provided by the Purchaser under Section 8.1(b) shall survive until the date that is 6 months after the expiration of the period (having regard to any consent, waiver, agreement or other document that extends the period) (the “**tax assessment period**”) during which any tax assessment may be issued by a Governmental Entity in respect of any taxation year in respect of Pre-Closing Taxes. A tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Law.

### **Section 8.3 Responsibility Extends to Settlements**

Notwithstanding any provision to the contrary contained in this Article 8, references to Losses in the liability and indemnification obligations prescribed by Section 8.1 shall extend to settlements, satisfactions or other compromises with respect to Claims by third parties, provided the Indemnitor has consented to such settlement, satisfaction or other compromise in accordance with Section 8.4(1)(d) below.

### **Section 8.4 Indemnification Procedure**

- (1) The following procedures shall be applicable to any claim by a Party (the “**Indemnitee**”) for indemnification pursuant to this Agreement from another Party (the “**Indemnitor**”) in respect of a Claim by a third person:
  - (a) upon the third person Claim being made against or commenced against the Indemnitee, the Indemnitee shall promptly, and in any case within 10 Business Days of its receipt thereof, provide notice thereof to the Indemnitor. The notice shall describe the third person Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable losses that has been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such 10 Business Day period, then such failure shall only lessen or limit the Indemnitee's rights to indemnity hereunder to the extent that the defence of the third person Claim was prejudiced by such lack of timely notice;
  - (b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the third person Claim pursuant

hereto, and in the case of a Claim in respect of Taxes, if the Indemnitor has paid all amounts in respect of Taxes that are required to be paid by the Indemnitee, then the Indemnitor shall have the right to do either or both of the following:

- (i) participate in the investigation and defence of the third person Claim and may also elect to assume carriage of the defence of the third person Claim using legal counsel reasonably satisfactory to the Indemnitee and at its sole cost; and/or
- (ii) settle the third person Claim provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee;
- (c) the Indemnitee and the Indemnitor shall co-operate with the other in the defence of the third person Claim, including making available to the other Party, its directors, officers, employees and consultants whose assistance, testimony or presence is of material assistance in evaluation and defending the third person Claim, and all documents, records and other materials in the possession, control or power of such Party that is material to the defence of the third person Claim;
- (d) the Indemnitee shall not enter into, and the Indemnitor shall not be bound by, any settlement, consent order or other compromise with respect to the third person Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed), unless the Indemnitee waives its rights to indemnification in respect of the third person Claim; and
- (e) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnitee shall subsequently be reimbursed from any source in respect of the third person Claim from any other person, the Indemnitee shall promptly pay the applicable amount of the reimbursement (including interest actually received) to the Indemnitor, net of Taxes required to be paid by the Indemnitee as a result of any such receipt.

#### **Section 8.5 Equitable Remedies**

The Parties acknowledge that the failure to comply with a covenant or obligation contained in this Agreement may give rise to irreparable injury to a Party inadequately compensable in damages. Accordingly, a Party may seek to enforce the performance of this Agreement by injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damage (and without requirement of posting a bond or other security).

#### **Section 8.6 Adjustment to Purchase Price**

Any payment made by the Purchaser pursuant to this ARTICLE 8 will constitute a dollar-for-dollar decrease of the purchase price of the applicable SpinCo Asset.

## **ARTICLE 9 MISCELLANEOUS**

### **Section 9.1 Purchaser Party Transfers**

If, following the Effective Date, a Purchaser Party transfers all or a material part of its properties and assets to any Person, such Purchaser Party shall use reasonable commercial efforts to ensure that provisions have been made so that such transferee assumes its obligations hereunder.

### **Section 9.2 Survival**

The representations, warranties and covenants contained in this Agreement or in any document or instrument delivered pursuant to this Agreement shall survive the completion of the transactions contemplated hereby and the Effective Date. Any and all obligations, covenants, indemnities or agreements of whatever nature of the Parties shall survive the closing of the transactions contemplated herein and continue in full force and effect indefinitely.

### **Section 9.3 Confidential Information**

Following the Effective Date, to the extent that pursuant to this Agreement any Vendor Party obtains or possesses information with respect to the SpinCo Assets, such information shall be retained in confidence and shall not be disclosed or used without the prior written consent of the other Party, provided that this Section shall not apply to the extent such information is:

- (a) already in possession of the public or becomes available to the public other than through the act or omission of the receiving Party; or
- (b) acquired independently from a third party after the Effective Date that represents that it has the right to disseminate such information at the time it is acquired by the receiving Party.

The disclosure restrictions contained in this Section 9.3 do not apply to disclosure that is required by Law, or any order or authority of any Governmental Entity (unless such Law, order or rule permits the Party to refrain from making such disclosure for confidentiality or other reasons), in which case the disclosing Party may disclose only that portion of the confidential information that it is required to be disclosed and must exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment is given to such confidential information disclosed.

### **Section 9.4 Amendment**

This Agreement may not be amended except by a written instrument signed on behalf of each of the Parties.

### **Section 9.5 Notices**

Any notice, communication or statement required, permitted or contemplated hereunder shall be in writing and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 5:00 p.m. on a Business Day at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party when it is delivered;

- (b) by email to a Party to the email address of such Party for notices, in which case, if the notice was emailed prior to 5:00 p.m. on a Business Day at the address of such Party for notices, the notice shall be deemed to have been received by that Party when it was emailed and if it is emailed on a day which is not a Business Day at that address or is emailed after 5:00 p.m. on a Business Day at that address, it shall be deemed to have been received on the next following Business Day at that address; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party on the 5th Business Day at the address of such Party for notices following the date of mailing.

The addresses and fax number for each Party shall be as follows:

- (a) If to a Purchaser Party:

Hochschild Mining PLC  
14 Cavendish Square  
London, United Kingdom  
W1G 0PH

Attention: Ignacio Bustamante, Chief Executive Officer  
Email: [REDACTED]

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9  
Canada

Attention: Ivan Grbešić / Steven D. Bennett  
Email: [REDACTED]

- (b) If to a Vendor Party:

Amarillo Gold Corporation  
82 Richmond Street East  
Suite 201  
Toronto, ON M5C 1P1  
Canada

Attention: Mike Mutchler, President & Chief Executive Officer  
Email: [REDACTED]

with a copy (which shall not constitute notice) to:

Irwin Lowy LLP  
217 Queen Street West  
Suite 401  
Toronto, ON M5V 0R2  
Canada

Attention: Eric Lowy  
Email: [REDACTED]

and:

Osler, Hoskin & Harcourt LLP  
Suite 1700, Guinness Tower  
1055 West Hastings Street  
Vancouver, BC V6E 2E9  
Canada

Attention: Alan Hutchison  
Email: [REDACTED]

#### **Section 9.6 Right to Change Address**

Any Party may change its address for service by notice to the other Parties, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

#### **Section 9.7 Counterparts**

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties by facsimile transmission, electronic delivery, or in original, it being understood that all Parties need not sign the same counterpart.

#### **Section 9.8 Time**

Time shall be of the essence in this Agreement.

#### **Section 9.9 Severability**

Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

#### **Section 9.10 Entire Agreement; No Third Party Beneficiaries**

This Agreement (together with the documents and instruments delivered by the Parties in connection with this Agreement) and the Arrangement Agreement: (a) constitute the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof; and (b) except as expressly provided, are solely for the

benefit of the Parties and their respective successors, legal representatives and assigns and do not confer on any other person any rights or remedies.

#### **Section 9.11 Governing Law**

This Agreement shall in all respects be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Ontario and the federal laws of Canada applicable therein. Each Party accepts the jurisdiction of the courts of the Province of Ontario and all courts of appeal therefrom.

#### **Section 9.12 Waivers**

No provision of this Agreement shall be deemed to be waived unless such waiver is in writing. Any waiver of any default committed by any of the Parties in the observance or performance of any part of this Agreement shall not extend to or be taken in any manner to effect any other default.

#### **Section 9.13 Further Assurances**

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the Arrangement becomes effective, to document or evidence any of the transactions or events set out herein or in the Plan of Arrangement.

#### **Section 9.14 Enurement**

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors, receivers, receiver managers, successors and permitted assigns.

*[Rest of page intentionally left blank]*

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representatives, on the date first written above.

**AMARILLO GOLD CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**LAVRAS GOLD CORP.**

By: \_\_\_\_\_  
Name:  
Title:

**AMARILLO MINERACAO DO BRASIL  
LTDA.**

By: \_\_\_\_\_  
Name:  
Title:

**LDS MINERACAO DO BRASIL LTDA.**

By: \_\_\_\_\_  
Name:  
Title:

**Schedule "A"**  
**VENDOR SPINCO ASSETS**

Vendor SpinCo Assets:

1. All equity interests held by the Vendor in LDS
2. The LDS Consideration Note
3. [REDACTED]
4. [REDACTED];
5. Asset Purchase Agreement dated May 28, 2021 between the Vendor, Border Prospecções Minerais Ltda., and, as intervenors, IAMGOLD Corporation and IAMGOLD Brasil Prospecção Mineral Ltda
6. The SpinCo Cash Allocation
7. The SpinCo Royalty Cash Amount

[REDACTED]

**Schedule "B"**  
**AMB SPINCO ASSETS**

AMB SpinCo Assets:

1. Option Agreement dated October 9, 2006 between [REDACTED]  
[REDACTED], as amended January 28, 2021
2. Maria Lucia Option Agreement dated August 30, 2004 between, [REDACTED]  
[REDACTED]
3. Asset Purchase Agreement dated November 16, 2021 between [REDACTED]  
[REDACTED].

**Schedule "F"**  
**FORM OF SPINCO ROYALTY AGREEMENT**

See attached.

## NET SMELTER RETURNS ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT (this “**Royalty Agreement**”) dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

### AMONG:

**AMARILLO MINERAÇÃO DO BRASIL LTDA**, a corporation existing under the laws of Brazil

(the “**Grantor**”)

### AND:

**LDS MINERAÇÃO DO BRASIL LTDA**, a corporation existing under the laws of Brazil

(the “**Royalty Holder**”)

**WHEREAS** pursuant to that certain reorganization and contribution agreement dated ●, 2022 among Amarillo Gold Corporation, the Grantor, Lavras Gold Corp. and the Royalty Holder (the “**Contribution Agreement**”), the Grantor wishes to grant and convey to the Royalty Holder, and the Royalty Holder desires to purchase and acquire from the Grantor, a net smelter returns royalty on the terms as more specifically set out in this Royalty Agreement;

**AND WHEREAS** the Grantor confirms receipt of the payment of the SpinCo Royalty Cash Amount (as such term is defined in the Contribution Agreement) made in accordance with the Contribution Agreement;

**NOW, THEREFORE**, for good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the Parties), the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Royalty Agreement, unless otherwise provided:

- (a) “**Affiliate**” means, in respect of any person, any other person which, directly or indirectly, Controls, is Controlled by, or is under common Control with such person;
- (a) “**Allowable Deductions**” means the following costs, charges and expenses paid, incurred, or deemed incurred by the Grantor for or with respect to Products, in each case determined without duplication, including:
  - (i) charges for treatment in the smelting and refining processes by an off-site smelter or refinery (including handling, provisional settlement fees, weighing, sampling, assaying, umpire and representation costs, penalties, and other similar deductions made by the smelter or refinery), but for greater certainty, excluding all costs of mining, milling, leaching, concentrating, or other similar processing costs;

- (ii) actual costs of transportation (including loading, freight, insurance, security, surveyor fee, transaction taxes, handling, port fees, demurrage, delay, and forwarding expenses incurred by reason of or in the course of transportation) of raw/intermediate products (other than raw or crushed ore) from the Property to the smelter or refinery; and
- (iii) costs or charges for or in connection with insurance, storage, or representation at a smelter or refinery for Products or refined metals,

provided that in the event that Products are smelted or refined in a facility wholly or partially owned by the Grantor or an Affiliate of the Grantor, Allowable Deductions will not include any costs that are in excess of those that would be incurred on an arm's length basis at market terms, or which would not be Allowable Deductions if those Products were smelted or refined by an independent third Person. For greater certainty, statutory (or contractual) charges or royalties payable to any Governmental Entity will not be considered as Allowable Deductions;

- (b) **"Average Copper Price"** means the average of the LME Settlement Price for Grade "A" Copper Cathode in the case of return of LME Grade "A" Copper Cathode or of the COMEX most nearby spot price in the case of return of COMEX High Grade Copper or the equivalent, as published by the LBMA or COMEX on its website (or should that quotation(s) cease, another similar quotation acceptable to the Royalty Holder, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;
- (c) **"Average Gold Price"** means the average "London Bullion Market Association (LBMA) P.M. Gold Price" (in USD) as published by the LBMA on its website (or should that quotation cease, another similar quotation acceptable to the Royalty Holder, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;
- (d) **"Average Silver Price"** means the average "London Bullion Market Association (LBMA) Silver Price" (in USD) as published by the LBMA on its website (or should that quotation cease, another similar quotation acceptable to the Royalty Holder, acting reasonably) calculated by summing such quoted prices reported for each day (or the average of all such prices reported for each such day, if more than one) and dividing the sum by the number of days for which such prices were reported;
- (e) **"Business Day"** means any day except Saturday, Sunday or any other day on which banks located in London, England, São Paulo, Brazil or Toronto, Ontario are authorized or required by Law to be closed for business;
- (f) **"Contribution Agreement"** has the meaning ascribed thereto in the recitals to this Royalty Agreement;
- (g) **"Control"** means:

- (i) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation or carrying sufficient rights to elect a majority of the directors of such corporation, or the ability of such Person to otherwise elect or appoint a majority of the directors of such corporation or influence their voting through any contract, understanding or other arrangement; and
- (ii) when applied to the relationship between a Person and a partnership, joint venture or other Person, the beneficial ownership by such Person at the relevant time of more than 50% of the ownership interests of the partnership, joint venture or other Person in circumstances where it can reasonably be expected that such Person has the ability to direct the affairs of such partnership, joint venture or other Person;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; provided that a Person (the “**first-mentioned person**”) who Controls a corporation, partnership, joint venture or other Person (the “**second-mentioned person**”) shall be deemed to Control: (i) any corporation, partnership, joint venture or other Person (the “**third-mentioned person**”) which is Controlled by the second-mentioned Person, (ii) any corporation, partnership, joint venture or other person which is Controlled by the third-mentioned Person, and (iii) so on;

- (h) “**Copper Production**” means the quantity of refined copper out-turned during a calendar month to the Grantor’s pool account by a refinery in respect of Products, on either a provisional or final settlement basis;
- (i) “**Gold Production**” means the quantity of refined gold out-turned during a calendar month to the Grantor’s pool account by a refinery in respect of Products, on either a provisional or final settlement basis;
- (j) “**Governmental Entity**” means (a) any multinational, federal, central, provincial, state, regional, municipal, local, or other government, governmental or public department, central bank, ministry, regulatory body, tax authority, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board or authority of any of the foregoing, (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, supervision, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange;
- (k) “**Grantor**” has the meaning ascribed thereto in the recitals to this Royalty Agreement;
- (l) “**Gross Proceeds**” means, subject to the provisions of Section 3.7 of this Royalty Agreement, proceeds received by the Grantor or its Affiliates for the Sale (or deemed Sale) of Products from the Property, whether processed on or off of the Property, determined as follows:

- (i) if Products are Sold by the Grantor in the form of Raw Products and/or Intermediate Products, then the Gross Proceeds in respect of such Raw Products and/or Intermediate Products will be equal to the value of the payable metals before Allowable Deductions with respect to such shipment of Raw Products and/or Intermediate Products;
  - (ii) if Products are Sold (or deemed to be Sold pursuant to Section 1(gg)) by the Grantor in the form of refined gold, then such gold will be deemed to have been sold at the Average Gold Price for the calendar month in which the Products were produced, and the Gross Proceeds in respect of gold will be determined by multiplying Gold Production for such calendar month by the Average Gold Price for such calendar month;
  - (iii) if Products are Sold (or deemed to be sold pursuant to Section 1(gg)) by the Grantor in the form of refined silver, then such silver will be deemed to have been sold at the Average Silver Price for the calendar month in which the Products were produced, and the Gross Proceeds in respect of silver will be determined by multiplying Silver Production for such calendar month by the Average Silver Price for such calendar month;
  - (iv) if Products are Sold (or deemed to be sold pursuant to Section 1(gg)) by the Grantor in the form of refined copper, then such copper will be deemed to have been sold at the Average Copper Price for the calendar month in which the Products were produced, and the Gross Proceeds in respect of silver will be determined by multiplying Copper Production for such calendar month by the Average Copper Price for such calendar month; and
  - (v) if Products are Sold (or deemed to be sold pursuant to Section 1(gg)) by the Grantor in the form of refined metals other than gold, silver or copper, then the Gross Proceeds will be equal to the amount of the proceeds actually received by the Payor or its Affiliates during the calendar month from the Sale of such refined metals;
- (m) **"Indemnified Parties"** has the meaning provided in Section 6.1 of this Royalty Agreement;
- (n) **"Intermediate Products"** means concentrates (including leachates, precipitates and other concentrates), doré and other intermediate products, if any, produced from Raw Products, but shall not include cathode or other Refined Products.
- (o) **"Law"** or **"Laws"** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including, where applicable the any applicable stock exchange), and the term "applicable" with respect to such laws and in a context that refers to one or more persons, means such laws as are applicable to such person or its business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

- (p) **“Loss”** means an insurable loss of or damage to Products, whether or not occurring on or off the Property and whether the Products are in the possession of the Grantor or otherwise;
- (q) **“Materials”** has the meaning provided in Section 4.4 of this Royalty Agreement;
- (r) **“Minerals”** means all ores, mineral resources and concentrates or metals derived therefrom, containing precious, base and industrial minerals and that are found in, on or under the Property and may lawfully be explored for, mined and sold pursuant to the rights granted by the Mineral Rights and other instruments of title under which the Property is held;
- (s) **“Net Smelter Returns”** means:
  - (i) Gross Proceeds less Allowable Deductions; and/or
  - (ii) if there is a Loss of Products, the sum of the insurance proceeds in respect of such Loss.
- (t) **“NI 43-101”** means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators as now in effect and as amended from time to time;
- (u) **“Notice”** has the meaning provided in Section 9.5 of this Royalty Agreement;
- (v) **“Operations Report”** has the meaning provided in Section 5.2 of this Royalty Agreement;
- (w) **“Parties”** means the parties to this Royalty Agreement and **“Party”** means any one of them;
- (x) **“Person”** means an individual, a partnership, a corporation, a Governmental Entity, a trustee, any unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual and words importing “Person” have similar meaning;
- (y) **“Prime Rate”** means at any particular time the annual rate of interest announced from time to time by JPMorgan Chase Bank, N.A, as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective;
- (z) **“Products”** means Raw Products, Intermediate Products and Refined Products produced from ores extracted, mined and removed from the Property, it being the intent that all commercially saleable Minerals mined from the Property, and that generate revenues to the Grantor and/or its Affiliates, shall be included in this definition, including without limitation, all saleable precious metals, copper, zinc, lead, molybdenum, and other metallic products produced and sold from the Property or any tailings held under or pursuant to any Mineral Rights; provided, however, that Products shall not include any material mined and removed from the Property for use by the Grantor for roads, foundations, concrete or other

construction or industrial uses relating to the Property or material that is processed that did not originate from the Property;

- (aa) **“Property”** means the mining concessions, beneficiation concessions and mineral claims set out in Appendix “A” to this Royalty Agreement together with any and all mineral rights, surface rights, leases, licences, permits or other rights or forms of tenure (including, but not limited to, unpatented claims, licences of occupation, patented freehold claims and patented leasehold claims) resulting from present or future renewals, extensions, modifications, divisions, substitutions, amalgamations, successions, severances, conversions, demise to lease, renaming or variation of any of those mineral claims or additional acquired interests that derive directly from those mineral claims or additional acquired concessions, rights or interests (whether granting or conferring the same, similar or any greater rights and whether extending over the same or a greater or lesser domain) and shall automatically include any portion of the Property abandoned by Grantor or an Affiliate and which is subsequently acquired (in whole or in part) by Grantor, an Affiliate of Grantor or any Person with which Grantor or Affiliate of Grantor are acting jointly or in concert;
- (bb) **“Raw Products”** means ore produced from the Property in the form of run of mine ore, direct shipment ore and other similar crude or raw ore produced from the Property without further processing other than crushing;
- (cc) **“Refined Products”** means refined gold, silver, cathode and refined copper and other Products produced from Raw Products and/or Intermediate Products through subsequent smelting and/or refining and the outturned metal therefrom which meets the relevant specifications for refined Products that have prices regularly quoted on the LME;
- (dd) **“Royalty”** means the royalty interest in and to all gold and silver within, upon and under the Property, reserved by, and granted to, the Royalty Holder pursuant to this Royalty Agreement, which royalty interest will be calculated as the Royalty Rate multiplied by Net Smelter Returns, exclusive of any and all taxes;
- (ee) **“Royalty Agreement”** means this Net Smelter Returns Royalty Agreement, including the appendices thereto;
- (ff) **“Royalty Holder”** has the meaning ascribed thereto in the recitals to this Royalty Agreement;
- (gg) **“Sale” or “Sold” means the earlier of:**
  - (i) Sale, conveyance or transfer of title to Products from the Grantor to a buyer (and includes a transfer of title to Products transported off the Property that Grantor elects to have credited to or held for its account by a smelter, refiner or broker), or
  - (ii) any Loss prior to any transfer or deemed transfer of title to Products,

and a “Sale” shall be deemed to occur (A) upon a sale to an affiliate as provided in Section 3.6; and (B) if Grantor produces as a final product, refined gold or refined

silver, or has produced through a tolling/refining contract or any other transaction where title does not transfer, refined gold or refined silver;

- (hh) **“Silver Production”** means the quantity of refined silver out-turned during a calendar month to the Grantor’s pool account by a refinery in respect of Products, on either a provisional or final settlement basis; and
- (ii) **“Trading Activities”** has the meaning provided in Section 3.7 of this Royalty Agreement.

## **1.2 Appendices**

- 1.2.1 Appendix “A”, which is attached to this Royalty Agreement, is incorporated into and forms part of this Royalty Agreement.

## **1.3 Performance on Holidays**

- 1.3.1 If any action is required to be taken pursuant to this Royalty Agreement on or by a specified date which is not a Business Day, then such action will be valid if taken on or by the next Business Day.

## **1.4 Calculation of Time**

- 1.4.1 In this Royalty Agreement, a period of days will be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. (Toronto time) on the last day of the period. If, however, the last day of the period does not fall on a Business Day, the period will terminate at 5:00 p.m. (Toronto time) on the next Business Day.

## **1.5 Currency**

- 1.5.1 Unless otherwise indicated, all references to currency herein, including “\$” are to lawful money of the United States.

## **1.6 Consent**

- 1.6.1 Whenever a provision of this Royalty Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

## **1.7 Headings**

- 1.7.1 The headings to the articles and sections of this Royalty Agreement are inserted for convenience only and will not affect the construction hereof.

## **1.8 Other Matters of Interpretation**

In this Royalty Agreement:

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa;

- (c) references to “Article”, “Section”, “Subsection” and “Schedule” are to articles, sections, subsections and schedules of this Royalty Agreement, respectively;
- (d) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words “covenants” or “agrees” or “promises”;
- (e) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its Control or otherwise; and
- (f) the words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions when used in this Royalty Agreement refer to the whole of this Royalty Agreement and not to any particular Article, Section, Subsection, Schedule or portion thereof.

## ARTICLE 2 NET SMELTER RETURNS ROYALTY

### 2.1 Net Smelter Returns Royalty

- 2.1.1 The Grantor hereby grants to the Royalty Holder, a royalty interest in and to all Minerals within, upon and under the Property, calculated at the rate of 2.0% (the “**Royalty Rate**”) of Net Smelter Returns. Grantor agrees to pay to the Royalty Holder, amounts equal to the Royalty payments on and subject to the terms of this Royalty Agreement.

### 2.2 Interest in the Property

- 2.2.1 The Parties intend that the Royalty, to the extent permissible under applicable Law, constitutes an interest in the Property and agree that:
  - (a) the Royalty will run with the title to the Property, and any disposition or transfer of the Property, or any interest therein, shall be subject to the Royalty;
  - (b) any sale or other disposition by the Grantor of any interest in the Property will be effective only in accordance with Section 8.2 of this Royalty Agreement;
  - (c) the Grantor will, from time to time, upon request by the Royalty Holder, at Grantor’s sole cost, sign and deliver to the Royalty Holder, and the Royalty Holder may register or otherwise record against the Property, this Royalty Agreement, a mortgage or other security agreement, and any other similar document or documents as the Royalty Holder may reasonably request that will have the effect of giving notice of the existence of the Royalty to third Persons, protecting the Royalty Holder’s right to receive the Royalty, and securing payment of the Royalty and the covenants and obligations of the Grantor under this Royalty Agreement;
  - (d) where any portion of the Property consists of a form of tenure which is recorded with a mineral titles, land titles or land registry office, the Grantor will assist the Royalty Holder in recording this Royalty Agreement or notice thereof, with the applicable office in a form and substance acceptable to the Royalty Holder; and

- (e) the Grantor shall give prompt written notice to the Royalty Holder of the substitution, renewal, division or replacement of any portion of the Property by a similar or different form of tenure (including, but not limited to, unpatented claims, licences of occupation, patented freehold claims, patented leasehold claims, rights, leases, licences or permits (whether extending over a greater or lesser area)) and shall enter into such documents as may be reasonably requested by Royalty Holder to confirm the grant of Royalty in and to the new tenure.

## **2.3 Term**

- 2.3.1 This Royalty Agreement and the Royalty will continue in perpetuity. If any right, power or interest of either Party under this Royalty Agreement would violate the rule against perpetuities, then such right, power or interest will terminate at the expiration of twenty (20) years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Execution Date of this Royalty Agreement.

## **ARTICLE 3 PAYMENTS**

### **3.1 Accrual of Payment Obligation**

- 3.1.1 For each calendar quarter, the Grantor must calculate the aggregate amount payable to the Royalty Holder; and pay the Royalty, less any applicable withholding taxes required by Law, in accordance with the provisions of this Article 3 of this Royalty Agreement.
- 3.1.2 Where the Sale (or deemed Sale) of Products is made on a provisional basis, the amount of the Royalty payable will be based upon the provisional payment received or amount of refined metal (or other Products) credited by such provisional settlement, but will be adjusted to account for the final payment received or the amount of refined metal (or other Products) established by final settlement by the refinery or by the purchaser of other Products, as the case may be.

### **3.2 Payments**

- 3.2.1 All Royalty payments, less any applicable withholding taxes required by Law, will be due and payable quarterly on the last day of the next month following the end of the calendar quarter in which the obligation to pay the same accrued. Each Royalty payment will be made for the aggregate amount payable to the Royalty Holder. The Royalty payments will be accompanied by an Operations Report. All Royalty payments shall bear interest at a rate per annum equal to the Prime Rate, calculated and payable monthly, both before and after judgment, with interest on overdue interest at the same rate, from the date that the applicable Royalty payment becomes due and payable to the date of payment of the applicable Royalty payment by the Grantor to the Royalty Holder.

### **3.3 Audit and Adjustments**

- 3.3.1 All Royalty payments will be considered final and in full satisfaction of all obligations of the Grantor unless the Royalty Holder give the Grantor written Notice describing and setting forth an objection to the determination or calculation of the Royalty within two years after receipt by the Royalty Holder of the Operations Report referred to in Section 5.2 of this Royalty Agreement that relates to the Royalty payment in question. If the Royalty Holder

object to a particular Operations Report, then the Royalty Holder shall have the right, for a period of 120 days after the Grantor receives Notice of such objection, upon reasonable Notice and at all reasonable times, to have the Grantor's accounts and records relating to the calculation of the Royalty in question audited by an independent firm of certified public accountants selected by the Royalty Holder. If such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due. The Royalty Holder will pay all costs of such audit unless a deficiency of 2% or more of the amount due to the Royalty Holder is determined to exist. The Grantor will pay the costs of such audit if a deficiency of 2% or more of the amount due to the Royalty Holder is determined to exist. Failure on the part of the Royalty Holder to make claim on the Grantor for adjustment in the two-year period following receipt by the Royalty Holder of the Operations Report will establish the correctness of the Royalty payment and preclude the filing of exceptions thereto or making of claims for adjustment thereon; provided however that if fraud, mistake of fact or negligence is reasonably determined by the Royalty Holder to exist in respect of any Royalty payment or any Operations Report, then no time limit shall preclude audits and adjustments on past Royalty payments.

### **3.4 Currency and Wire Transfer**

- 3.4.1 All Royalty payments must be made in United States dollars without demand, notice, set-off, or reduction, via the transfer of immediately available funds to such bank account(s) as the Royalty Holder may nominate in writing to the Grantor from time to time.

### **3.5 Grantor to use Commercial Endeavours**

- 3.5.1 The Grantor must use its best commercial endeavours to sell Product derived from the Property as soon as commercially reasonable and, subject to this Royalty Agreement, on such terms, including *bona fide* Trading Activities that the Grantor in its sole discretion determines.

### **3.6 Sales to or Processing by Affiliates**

- 3.6.1 The Grantor will be permitted to sell Products in the form of raw ore, doré, precipitates or other intermediate products or concentrates to an Affiliate of the Grantor, provided that such Sales will be deemed, for the purposes of this Royalty Agreement, to have been Sold at prices and on terms no less favourable to the Grantor than those that would be extended by an unaffiliated third Person in an arm's length transaction under similar circumstances. The Grantor will be permitted to contract with an Affiliate of the Grantor or an unaffiliated third Person for the smelting or other processing of Products, provided that such contract is on an arm's length basis at market terms.

### **3.7 Trading Activities of the Grantor**

- 3.7.1 The Grantor will have the right to market and sell refined metals and other Products in any manner it may elect, and will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, price protection, and speculative arrangements (collectively, "**Trading Activities**") which may involve the possible physical delivery of Products. The Royalty will not apply to, and the Royalty Holder will not be entitled or required to participate in, any gain or loss of the Grantor or its Affiliate in Trading Activities or in the actual marketing or Sales of Products delivered pursuant to Trading

Activities. In determining the Royalty payable on any Products delivered pursuant to Trading Activities, the Grantor will not be entitled to deduct from Gross Proceeds any losses suffered by the Grantor or its Affiliates in Trading Activities. In the event that the Grantor engages in Trading Activities, the Royalty will be determined on the basis of the value of Products produced and without regard to the price or proceeds actually received by the Grantor, for or in connection with the Sale, or the manner in which a Sale to a third Person is made by the Grantor. In the event that the Grantor engages in Trading Activities in respect of Products other than refined metals, the Gross Proceeds will be determined on the basis of the value of such Products ex headframe or minesite loading facility in the case of ores or ex mill or other treatment facility in the case of other Products. The Parties agree that each Royalty Holder is not a participant in the Trading Activities of the Grantor, and therefore the Royalty will not be diminished or impaired or improved by losses or gains of the Grantor in any such Trading Activities.

### **3.8 Withholding Taxes**

- 3.8.1 The Grantor shall not have any responsibility for any taxes imposed on the Royalty Holder by any Governmental Entity. For certainty, to the extent that the Grantor is required, or reasonably believes to be required, to deduct or withhold any amount in respect of taxes pursuant to applicable Law, the Grantor shall be entitled to deduct or withhold such amount from the payment of the Royalty hereunder and will reflect such deduction or withholding as part of the Royalty payment.

## **ARTICLE 4 OPERATION OF THE PROPERTY**

### **4.1 Grantor to Determine Operations**

- 4.1.1 The Royalty Holder acknowledges and agrees that any decision to commence, pursue, suspend or cease mining on the Property is solely a matter for the Grantor, acting in a commercially reasonable manner.

### **4.2 Stockpiling**

- 4.2.1 The Grantor may stockpile any Products from the Property at such place or places as the Grantor may elect. In the event that the Grantor stockpiles or holds inventory of any Product, it must ensure security for the site where such materials are stockpiled in accordance with industry standards. The Grantor is responsible before the Royalty Holder for any losses caused because of stockpiling outside the Property that may have an impact on the amount or payment of the Royalty.

### **4.3 Commingling**

- 4.3.1 Commingling of Products from the Property with other ores, doré, concentrates, precipitates, metals, minerals or mineral by-products produced elsewhere is permitted, provided that:
- (a) reasonable and customary procedures are established for the weighing, sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Products and in the other ores, doré, concentrates, metals, minerals and mineral by-products;

- (b) representative samples of the Products must be retained by the Grantor and assays (including moisture and penalty substances) and other appropriate analyses of these samples must be made before commingling to determine gross metal content of the Products and that the Grantor must retain such analyses for a reasonable amount of time, but not less than 12 months, after receipt by the Royalty Holder of the Royalty paid with respect to such commingled Products from the Property; and
- (c) the amount of valuable metals contained in such Products and in the other ores, doré, concentrates, metals, minerals and mineral by-products are capable of being accurately verified by audit under Section 3.3 of this Royalty Agreement.

#### **4.4 Tailings**

- 4.4.1 All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively “**Materials**”) resulting from the Grantor’s operations and activities on the Property shall remain subject to the Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and Sale or other disposition of Products.

#### **4.5 Activities to be Conducted in a Proper Manner**

- 4.5.1 The Grantor must conduct its activities in relation to the Property in a proper manner in accordance with all applicable Law and currently accepted standards and practices in the mining industry in Brazil and with the objective of minimizing, so far as practicable, both short and long term damage to the environment.

#### **4.6 Insurance**

- 4.6.1 The Grantor will obtain and maintain insurance against Loss of Products prior to their Sale in such amounts and with such coverage as is consistent with Grantor’s past practice.

#### **4.7 Re-Acquisitions**

- 4.7.1 In the event the Grantor or any Affiliate or any successor or assign of the Grantor surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property and reacquires a direct or indirect interest in respect of the area or extension covered by the former Property, then the Royalty shall apply to such interest so acquired. The Grantor must give written Notice to the Royalty Holder within ten (10) days of any acquisition or reacquisition of the Property.

### **ARTICLE 5 RECORDS, ACCESS AND REPORTING**

#### **5.1 Records and Access**

- 5.1.1 The Grantor must:
  - (a) keep true, accurate and complete accounts and records (the “**Records**”) to enable the Royalty to be calculated in accordance with this Royalty Agreement;

- (b) permit the Royalty Holder, after it has given no less than 30 days' prior Notice to the Grantor, to inspect at the Grantor's premises and with reasonable access to the Grantor's relevant personnel, those accounts and records referred to in Subsection 5.1.1(a) of this Royalty Agreement, and to make and take away with it copies of such accounts and records;
- (c) keep all Records in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board; and
- (d) permit the Royalty Holder, after it has given no less than 30 days' prior Notice to the Grantor, to enter at its own cost and risk the Property for the purpose of inspecting the area and operations in it, provided that the Royalty Holder does not unreasonably hinder the Grantor's operations in the Property and comply with the Grantor's instructions and directions, including in relation to health and safety and site inductions; provided further that the foregoing site visits shall not occur more than once per calendar quarter, unless an audit under Section 3.3 of this Royalty Agreement shows that the Royalty Holder has been underpaid, in which case the Royalty Holder may conduct site visits at all reasonable times for a period of three years following such audit.

## 5.2 Operations Reports

5.2.1 At the same time as paying each Royalty payment under Section 3.2 of this Royalty Agreement, then by the last day of the month next following the end of each calendar quarter, the Grantor must provide to the Royalty Holder a report certified by an executive officer of the Grantor setting out in reasonable detail the following information ("**Operations Report**"):

- (a) the quantity, type and grade of Products extracted during that quarter;
- (b) the quantity, type and grade of Products that have been processed during that quarter and the location of the relevant facilities;
- (c) the quantity, type and grade of all Products that have been Sold during that quarter;
- (d) the quantity and type of Product held or unsold during that quarter;
- (e) the Royalty for that quarter and details of the Gross Proceeds (including details on the average monthly price determined as herein provided for refined metals and proceeds of Sale for other Products) and Allowable Deductions underlying the calculation of the Royalty;
- (f) the cumulative total of Royalty payments paid or delivery in kind made to the Royalty Holder under this Royalty Agreement (including the payment under Subsection 5.2.1(e)) of this Royalty Agreement; and
- (g) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.

### 5.3 Annual Reports

5.3.1 Prior to the commencement of mining operations on or within the Property, the Grantor must provide to the Royalty Holder an annual report by not later than forty-five (45) days following the Grantor's fiscal year end outlining the following:

- (a) the work carried out by or on behalf of the Grantor within the Property during that year;
- (b) an outline of the Grantor's proposed activities within the Property during the next year;
- (c) annual mineral resources and mineral reserves; and
- (d) operating and exploration expenditure and forecasts.

5.3.2 From the commencement of the payment of the Royalty, (pursuant to Article 3 of this Royalty Agreement), the Grantor must provide the Royalty Holder an annual report by not later than forty-five (45) days following the Grantor's fiscal year end setting out the following:

- (a) annual mineral resources and mineral reserves;
- (b) operating and exploration expenditure and forecast; and
- (c) annual production forecast, budget and life of mine plan.

### 5.4 New Product Resources or Reserves

5.4.1 If the Grantor establishes a mineral resource or mineral reserve on any of the Property, the Grantor must provide to the Royalty Holder the reports pertaining to such mineral resource or mineral reserve as soon as practicable after the Grantor makes a public declaration with respect to the establishment thereof.

## ARTICLE 6 INDEMNITY

### 6.1 Indemnity

6.1.1 The Grantor agrees that it will defend, indemnify, reimburse and hold harmless each of the Royalty Holder, its Affiliates, and their respective agents and employees and their successors and assigns (collectively the "**Indemnified Parties**"), and each of them, for, from and against any and all claims, demands, liabilities, actions and proceedings, that may be made or brought against the Indemnified Parties or which the Indemnified Parties may sustain, pay or incur that result from or relate to operations conducted on or in respect of the Property that result from or relate to the mining, handling, transportation, smelting or refining of the Products or the handling or transportation of the Products, including without limitation claims, demands, liabilities, actions and proceedings, in any way arising from or connected with any non-compliance with environmental Law or any contaminants or hazardous substances on, in or under the Property or the soil, sediment, water or groundwater forming part thereof, whether in the past, present or future, or any

contaminants or hazardous substances on any other lands or areas having originated or migrated from the Property or the soil, sediment, water or groundwater forming part thereof.

## **6.2 Limitation**

- 6.2.1 The indemnity provided in Section 6.1 of this Royalty Agreement is limited to claims, demands, liabilities, actions and proceedings that may be made or taken against an Indemnified Party in its capacity as or related to the Royalty Holder as a holder of the Royalty and will not include any indemnity in respect of any claims, demands, liabilities, actions and proceedings against an Indemnified Party in any other capacity.

## **6.3 Enforcement of Indemnity**

- 6.3.1 It is not necessary for an Indemnified Party to incur expense or make payment before enforcing a right of indemnity conferred by this Royalty Agreement.

## **6.4 Survival of Indemnity**

- 6.4.1 The indemnity in Section 6.1 of this Royalty Agreement is a continuing obligation, separate and independent from other obligations and will not be discharged by any one payment or act and will survive expiration or earlier termination of this Royalty Agreement.

## **6.5 Indemnity in Addition**

- 6.5.1 For greater certainty, the indemnity in this Royalty Agreement is in addition to any other indemnity provided by the Grantor to the Royalty Holder, and nothing herein shall derogate, diminish or impair the obligations of the Grantor (and the rights of the Royalty Holder and the other indemnified parties) under any other agreement to which the Grantor and the Royalty Holder are parties.

# **ARTICLE 7 TITLE MAINTENANCE**

## **7.1 Title Maintenance and Taxes**

- 7.1.1 The Grantor shall use its commercially reasonable efforts to:

- (a) not do or permit to be done, anything that may render the Property liable for forfeiture;
- (b) maintain title to the Property, including without limitation, paying when due all taxes, duties, secured obligations under any mortgage, injunction or attachment affecting the Property or other payments on or with respect to the Property and doing all things and making any investments required by applicable Law or appropriate to maintain the right, title and interest of the Grantor and the Royalty Holder, respectively, in the Property and under this Royalty Agreement; and
- (c) make such filings and recordings on or with respect to the Property as are necessary to maintain title to the Property in accordance with applicable Law and regulations.

### 7.1.2 Abandonment

- (a) If the Grantor intends to relinquish, surrender, abandon or allow to lapse any part or all of the Property ("**Abandonment Property**"), then the Grantor must give notice of such intention to the Royalty Holder at least twenty (20) Business Days in advance of the proposed date of relinquishment, surrender, abandonment or lapse ("**Abandonment Date**") together with details of the Abandonment Date and details of any lien, charge or encumbrances on the Abandonment Property created by, through or under the Grantor. The Royalty Holder will have a period of ten (10) Business Days from receipt of the notice to elect by notice to the Grantor to take acquire the Abandonment Property, on an "as is" basis for consideration equal to \$10 (ten and 00/100 dollars of the United States of America). If the Royalty Holder elects to acquire the Abandonment Property, then the Grantor must thereafter do all acts and things to transfer the Abandonment Property to the Royalty Holder (or a nominee Affiliate of the Royalty Holder) and to have the Abandonment Property recorded or registered in the name of the Royalty Holder or a nominee Affiliate of the Royalty Holder. The Grantor must obtain all approvals and consents required by any third person or Governmental Entity to effect this assignment.
- (b) If the Royalty Holder does not give notice to the Grantor within the period of ten (10) Business Days referred to in Section 8.1.2(a) electing to acquire the Abandonment Property or a portion thereof, then the Company may relinquish, surrender, abandon or allow to lapse the Abandonment Property on the Abandonment Date and will thereafter have no further obligation to maintain the title to the Abandonment Property.
- (c) The Grantor must not relinquish, surrender, abandon or allow to lapse or expire, the Property or any part of the Property for the purpose of permitting any third person to acquire such Property or to otherwise avoid payment of the Royalty and if the Grantor or an Affiliate of the Grantor acquires any Abandonment Property, then the calculation of the Royalty will include all Product derived from or relating to such Abandonment Property.
- (d) For greater certainty, if, for any reason, the Property or any part of the Property which is proposed to be relinquished, surrendered, abandoned or allowed to lapse by the Grantor, is not relinquished, surrendered, abandoned, allowed to lapse or assigned to the Royalty Holder in accordance with this section 8.1.2, then the Royalty will continue to be payable on such Property and the Grantor will not proceed with any relinquishment, surrender, abandonment or lapse of such Property without again complying with the provisions of this section 8.1.2 and so on from time to time.

## ARTICLE 8 ASSIGNMENT

### 8.1 Transfer or Assignment by the Royalty Holder

- 8.1.1 Other than as provided in this Section 8.1, the Royalty Holder may not sell, convey, encumber or otherwise dispose of ("**Transfer**") (i) any of its rights under this Royalty Agreement and/or (ii) all or any undivided portion of the Royalty payable, including for an indefinite period or for a stated term of years, without the prior written consent of the

Grantor (given in its sole and absolute discretion); provided, further, that no Transfer pursuant to this Royalty Agreement shall be effective unless: (i) concurrently with such Transfer, the Royalty Holder delivers to the Grantor a certified copy of the instrument evidencing such Transfer; and (ii) the transferee has executed and delivered to the Grantor within a period of two Business Days prior to such Transfer an instrument pursuant to which the transferee agrees to be bound by the terms hereof and by all of the liabilities and obligations of the transferor hereunder in the same manner and to the same extent as though the transferee was an original party hereto.

8.1.2 The Royalty Holder may from time to time Transfer this Royalty Agreement to a Person other than an Affiliate at the price and on the terms and conditions of a *bona fide* offer (any, a “**ROFR Offer**”) received from such Person (a “**ROFR Offeror**”), on the following terms and conditions:

- (a) The ROFR Offer must be:
  - (i) in writing;
  - (ii) for a *bona fide* cash consideration or for marketable securities immediately convertible to cash; and
  - (iii) open for acceptance by the Royalty Holder for not less than 30 days and not greater than 60 days after the delivery of the ROFR Offer to the Owner pursuant to Section 8.1.2(b).
- (b) The Royalty Holder delivers a true and complete copy of the ROFR Offer to the Grantor and offers the Grantor the right to repurchase and cancel this Royalty Agreement on substantially the same terms and conditions as set out in the ROFR Offer and in accordance with this Royalty Agreement (such offer, the “**Royalty Holder’s Offer**”).
- (c) At any time within 30 days (the “**ROFR Expiry Date**”) of delivery of the Royalty Holder’s Offer to the Grantor pursuant to Section 8.1.2(b), the Grantor may accept the Royalty Holder’s Offer to repurchase and cancel this Royalty Agreement on the terms set out in the Royalty Holder’s Offer (it being agreed and understood that to the extent the consideration under the ROFR Offer included marketable securities, the phrase “on the term set out in the Royalty Holder’s Offer” above shall be deemed to permit the inclusion by the Grantor of marketable securities as consideration for the repurchase and cancellation of this Royalty Agreement).
- (d) If the Grantor does not accept the Royalty Holder’s Offer within the period set out in Section 8.1.2(c), then the Royalty Holder may Transfer this Royalty Agreement to the ROFR Offeror on the terms and conditions set out in the ROFR Offer provided that if the transaction described in the ROFR Offer is not completed within 180 days from the ROFR Expiry Date, the provision of this Section 8.1.2 shall again apply.

8.1.3 The Royalty Holder may, at any time and from time to time, transfer or otherwise convey all or any of its rights and obligations under this Royalty Agreement in connection with the amalgamation, combination, merger, or similar transaction between the Royalty Holder and one or more of its Affiliates.

## 8.2 Transfer or Assignment by Grantor

- 8.2.1 Other than as provided in this Section 8.2, the Grantor may not Transfer any of its right, title and interest in the Property or this Royalty Agreement.
- 8.2.2 The Grantor may Transfer any of its right, title and interest to the Property together with the Transfer of the rights and obligations under this Royalty Agreement without the prior written consent of the Royalty Holder; provided, that no Transfer by the Grantor pursuant to this Royalty Agreement shall be effective unless: (i) within a period of two Business Days after such Transfer the Grantor delivers to the Royalty Holder a certified copy of the instrument evidencing the Transfer of the this Royalty Agreement; and (ii) the transferee has executed and delivered to the Royalty Holder within a period of two Business Days after such Transfer an instrument pursuant to which the transferee agrees to be bound by the terms hereof and by all of the liabilities and obligations of the transferor hereunder in the same manner and to the same extent as though the transferee was an original party hereto, including an agreement to register such instrument against title to the Property.
- 8.2.3 The Grantor may, at any time and from time to time, Transfer any of its right, title and interest in the Property together with the Transfer of its rights and obligations under this Royalty Agreement in connection with the amalgamation, combination, merger, or similar transaction between the Grantor and one or more of its Affiliates.

## ARTICLE 9 MISCELLANEOUS

### 9.1 Governing Law

- 9.1.1 This Royalty Agreement is governed by the Laws of the Province of British Columbia and the federal laws of Canada applicable therein.

### 9.2 Dispute Resolution Determination

- 9.2.1 Any dispute, controversy or claim in relation to this Royalty Agreement, including the existence, interpretation, validity, performance or breach of this Royalty Agreement or any matter arising under this Royalty Agreement, including whether any matter is subject to arbitration or this Section 10.2 ("**Dispute**") must be resolved in accordance with the provisions of this Section 10.2.
- 9.2.2 In the event of any Dispute between the parties, a Party may give to the other Party a notice ("**Dispute Notice**") describing the Dispute and requiring its resolution under this Section 10.2.
- 9.2.3 If the Dispute is not resolved within ten (10) Business Days after a Dispute Notice is given to the other Party, then each Party must nominate one (1) representative from its senior management to resolve the Dispute (each, a "**Dispute Representative**"), who must negotiate in good faith using their respective commercially reasonable efforts to attain a resolution of the Dispute.
- 9.2.4 If a Dispute has not been resolved by the Dispute Representatives under Section 9.2.3 within ten (10) Business Days of the date of referral of the Dispute to the Dispute Representatives or such longer period of time as agreed, in writing, any Party may

commence arbitration proceedings in accordance with the current rules of the International Chamber of Commerce ("**ICC Rules**") by giving a notice to the other Party (an "**Arbitration Notice**"), in which case the following provisions shall apply:

- (a) The parties shall mutually agree on the selection of one arbitrator within 20 days following receipt of the Arbitration Notice requesting arbitration. If the parties do not reach agreement on a single arbitrator within such period, either Party may apply to the International Court of Arbitration (the "**ICC Court**") of the International Chamber of Commerce for the appointment of an arbitrator. In selecting an arbitrator, the ICC Court may, in its discretion, accept written submissions from the parties, and shall ultimately select an arbitrator who shall:
    - (i) be impartial and independent of both parties, not having worked for either Party for a period of at least 5-years; and
    - (ii) be a lawyer or mining professional with at least 15 years of relevant experience dealing with mining royalties and mining generally.
  - (b) The arbitrator shall be instructed that time is of the essence and that a resolution of the dispute should be delivered within 30 business days following final submissions of the parties.
  - (c) The seat of the arbitration shall be in London, England and the hearing, if any, shall take place in that city. The hearing shall be in the English language.
  - (d) The parties shall negotiate the timing and form of submissions to be made to the arbitrator. If the parties fail to agree on the timing and form of submissions within 20 Business Days of the appointment of the arbitrator, the arbitrator shall determine the timing and form of submissions. Any submissions to the arbitrator must be shared concurrently with the other Party to the arbitration.
  - (e) The arbitrator may include in their award an allocation of the costs and expenses of the arbitration, but they shall not have the power to allocate or award attorneys' fees. In the event that monetary damages are awarded, the award shall include interest from the date of default to the date of payment of the award at a market rate of interest as determined by the arbitrator.
  - (f) The award or determination of the arbitration shall be final and binding.
  - (g) The arbitration will be based in law.
- 9.2.5 Prior to the appointment of the arbitrator in accordance with the provisions of this Section 10.2, any Party may apply to the courts for interim relief. A request for interim relief by a Party to a court shall not be considered to be incompatible with this Section 10.2, or a waiver of this provision.
- 9.2.6 At the request of any Party, the arbitrator may take such interim measures as the he or she considers necessary in respect of the Dispute, including measures for the preservation of assets or the conservation of goods. The arbitrator may require security for the costs of such measures.

- 9.2.7 Pending settlement of any Dispute, the parties shall abide by their respective obligations under this Royalty Agreement without prejudice to a final adjustment in accordance with an award rendered by the arbitrator hereunder.

### 9.3 Other Activities and Interests

- 9.3.1 This Royalty Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate therein, including activities involving mineral titles adjoining the Property.

### 9.4 No Partnership

- 9.4.1 This Royalty Agreement is not intended to, and will not be deemed to, create any partnership between or among the Parties including, without limitation, a mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint and no Party will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of any other Party. Nothing herein contained will be deemed to constitute a Party the partner, agent or legal representative of the other Parties or to create any fiduciary relationship between the Parties.

### 9.5 Notice

- 9.5.1 Any notice, demand, consent or other communication ("**Notice**") given or made under this Royalty Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended addressee by hand, courier or email to the addresses below or the addresses last notified by the addressee, to the sender:

- (i) if to one of more of the Grantor:

c/o Hochschild Mining PLC  
17 Cavendish Square  
London, United Kingdom  
W1G 0PH

Attention: Ignacio Bustamante, Chief Executive Officer  
Email: [REDACTED]

- (ii) if to the Royalty Holder:

c/o Lavras Gold Corp.  
82 Richmond Street East  
Suite 201  
Toronto, ON M5C 1P1  
Canada

Attention: Mike Mutchler, President & Chief Executive Officer  
 E-mail: [REDACTED]

**9.5.2 Any Notice will be deemed to have been given and received:**

- (a) if personally delivered, then on the day of personal service to the addressee, provided that if such date is a day other than a Business Day such Notice will be deemed to have been given and received on the first Business Day following the date of personal service;
- (b) if by pre-paid registered mail, then the first Business Day, after the expiration of 5 days following the date of mailing; or
- (c) if sent by e-mail and successfully transmitted prior to 4:00 pm on a Business Day where the recipient is located, then on that Business Day, and if transmitted after 4:00 pm on a Business Day where the recipient is located or on the day that is not a Business Day where the recipient is located, then on the first Business Day following the date of transmission.

A Party may at any time change its address for future Notices hereunder by Notice in accordance with this Section.

**9.6 Compliance with National Instrument 43-101**

9.6.1 The Parties acknowledge that the Royalty Holder or its Affiliates thereof may become subject to NI 43-101 as it relates to the Royalty and the Property. The Grantor hereby covenants that upon written request by the Royalty Holder or an Affiliate thereof, it shall:

- (a) provide any and all necessary technical data on the Property as reasonably requested by the Royalty Holder;
- (b) grant access to the Property to the Royalty Holder, its Affiliates or any representative thereof for personal inspection of the Property; and
- (c) allow any report prepared for the Grantor in accordance with NI 43-101 to be used by the Royalty Holder or its Affiliates in any technical report prepared for the Royalty Holder or its Affiliates, on a condition that a "qualified person" (as such term is defined in NI 43-101) engaged by the Royalty Holder is the author of the report prepared for the Royalty Holder or its Affiliates.

**9.7 Severability**

9.7.1 If any one or more of the provisions contained in this Royalty Agreement is held to be invalid, illegal or unenforceable in any respect under the Law of any jurisdiction, the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby under the Law of any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby. Upon such determination that any term or other provision of this Royalty Agreement is invalid, illegal or unenforceable against the Grantor under Peruvian law, the Parties hereto shall negotiate in good faith to modify this Royalty Agreement, so as to effect the original intent of the Parties as closely as possible in a mutually acceptable

manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible, including without limitation changing the governing law to the Law of the Province of British Columbia and the federal laws of Canada.

## **9.8 Further Assurances**

- 9.8.1 Each Party will, at the request of another Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effectuate the purposes and intent of this Royalty Agreement.

## **9.9 Entire Agreement**

- 9.9.1 This Royalty Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between or among the Parties with respect thereto.

## **9.10 Amendments and Waiver**

- 9.10.1 No modification of or amendment to this Royalty Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties and no waiver of any breach of any term or provision of this Royalty Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

## **9.11 Time of the Essence**

- 9.11.1 Time is of the essence in the performance of any and all of the obligations of the Parties, including, without limitation, the payment of monies.

## **9.12 Counterparts**

- 9.12.1 This Royalty Agreement may be executed in two or more counterparts (including counterparts delivered by email or other electronic means), all of which, taken together, shall be regarded as one and the same Royalty Agreement. Counterparts may be delivered by email or other electronic means and the Parties adopt any signatures received by email or other electronic means as original signatures of the Parties.

## **9.13 Parties in Interest**

- 9.13.1 This Royalty Agreement will inure to the benefit of and be binding on the Parties and their respective successors and assigns as permitted by Article 8 of this Royalty Agreement.

## **9.14 Registration**

- 9.14.1 The Parties undertake to cause this Royalty Agreement to be duly registered and recorded in the registry files of the mining rights of the Property. The Parties undertake to register and record this Royalty and to cooperate jointly to achieve such registration and recording.
- 9.14.2 The Parties expressly acknowledge and agree that the Royalty constitutes a valid and enforceable charge and/or lien affecting the mining rights of the Property, regardless of

who is considered the concessionaire, owner or holder of any of the rights derived therefrom.

***[Remainder of page left intentionally blank. Signature page follows.]***

**IN WITNESS WHEREOF**, the Parties have executed this Royalty Agreement as of the day and year first above written.

**AMARILLO MINERAÇÃO DO BRASIL  
LTDA**

By: \_\_\_\_\_  
Name:  
Title:

**LDS MINERAÇÃO DO BRASIL LTDA**

By: \_\_\_\_\_  
Name:  
Title:

*[NSR Royalty Agreement Signature Page]*

**APPENDIX “A”  
PROPERTY**

**[Property description of the exploration properties listed as Schedule “B” to the  
LOI to be inserted.]**