AMARILLO GOLD CORPORATION

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

RELATING TO THE

SPECIAL MEETING OF SHAREHOLDERS

OF AMARILLO GOLD CORPORATION

TO BE HELD ON MARCH 1, 2022

Dated as of January 27, 2022

These materials are important and require your immediate attention. The securityholders of Amarillo Gold Corporation are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisor.

AMARILLO GOLD CORPORATION

January 27, 2022

Dear Shareholders of Amarillo Gold Corporation:

You are invited to attend the special meeting (the "**Meeting**") of the shareholders (the "**Amarillo Shareholders**") of Amarillo Gold Corporation ("**Amarillo**") to be held at 11:00 a.m. (Eastern time) on March 1, 2022. In order to address potential issues arising from the unprecedented public health impact of the novel coronavirus (COVID-19) pandemic, and to comply with applicable public health directives that may be in force at the time of the Meeting as well as to limit and mitigate risks to the health and safety of our communities, Amarillo Shareholders, employees, directors and other stakeholders, the Meeting will be held in a virtual format, which will be conducted entirely online via live webcast online at https://meetnow.global/MJ6JNWH. Amarillo Shareholders will not be able to physically attend the Meeting. Amarillo Shareholders will have an equal opportunity to attend, ask questions and vote at the Meeting online regardless of their geographic location. Inside this document, you will find important information and instructions about how to participate in the Meeting.

THE ARRANGEMENT

As set out in the attached notice of meeting (the "**Notice**"), at the Meeting the Amarillo Shareholders will be asked to consider and vote upon a proposed arrangement (the "**Arrangement**"), contemplated by the arrangement agreement entered into between Amarillo, Hochschild Mining PLC ("**Hochschild**"), 1334940 B.C. Ltd. (the "**Purchaser**"), and Lavras Gold Corp. ("**SpinCo**") on November 29, 2021 (the "**Arrangement Agreement**"). Pursuant to the Arrangement, Amarillo Shareholders will receive, in respect of each common share of Amarillo (an "**Amarillo Share**") held:

- $0.40 in cash from the Purchaser; and
- 1 common share (each a "**SpinCo Share**") of SpinCo (collectively, the "**Consideration**").

SIGNIFICANT PREMIUM TO AMARILLO SHAREHOLDERS

The $0.40 offered for each Amarillo Share, based on the closing price of the Amarillo Shares on the TSX Venture Exchange ("**TSXV**") on November 29, 2021 (the last trading day prior to the announcement of the Arrangement), represents a premium of approximately 74% based on the closing price of the Amarillo Shares on the TSXV on November 29, 2021 and a premium of 66% to the volume weighted average price of the Amarillo Shares on the TSXV over the 20 trading day period ending on November 29, 2021 of $0.24.

On completion of the Arrangement, Hochschild will hold Amarillo's current interests in the Mara Rosa Project (as defined herein) through its acquisition of all of the outstanding Amarillo Shares, and SpinCo

will: (i) hold the Lavras do Sul Project (as defined herein), an advanced exploration gold project in Brazil; (ii) hold a 2.0% net smelter revenue royalty on certain exploration properties outside the current Posse resource at the Mara Rosa Project (the "**SpinCo Royalty**"); and (iii) be capitalized with approximately $10,000,000 in cash, less the amount of any unbudgeted expenditures on the Lavras do Sul Project prior to the completion of the Arrangement. A more detailed description of the Arrangement and SpinCo is set forth in the attached Management Information Circular (the "**Circular**").

On completion of the Arrangement, Amarillo Shareholders will own 100% of SpinCo, and Hochschild will own 100% of Amarillo.

OTHER BENEFITS OF THE ARRANGEMENT TO AMARILLO SHAREHOLDERS

In reaching its conclusions and formulating its recommendation, the Board of Directors of Amarillo (the "**Amarillo Board**") consulted its legal and financial advisors and an independent committee of non-management directors of Amarillo (the "**Special Committee**"). The Amarillo Board also reviewed a significant amount of technical, financial and operational information relating to Amarillo and Hochschild and considered a number of factors and reasons, including those listed below. The following is a summary of the principal reasons for the unanimous determination of the Amarillo Board that the Arrangement is fair to Amarillo Shareholders and is in the best interests of Amarillo and the recommendation of the Amarillo Board that Amarillo Shareholders vote **FOR** the Arrangement Resolution (as defined herein):

- **Significant Premium to Unaffected Market Price.** The Consideration offered to Amarillo Shareholders under the Arrangement represents a premium of approximately 74% to the closing price of the Common Shares of $0.23 on the TSXV on November 29, 2021, the last trading day prior to the announcement of the Arrangement, and a premium of approximately 66% to the volume weighted average price of the Common Shares on the TSXV over the 20 trading day period ended November 29, 2021 of $0.24. **The Special Committee was of the view that the opportunity for Shareholders to realize this premium outweighed Amarillo maintaining the status quo**.

- **Continued Exposure to Other Amarillo Assets.** Amarillo Shareholders, through their ownership of SpinCo Shares, will have continued exposure to the other Amarillo assets being transferred to SpinCo, including the Butiá Prospect (as defined herein), which forms part of the Lavras do Sul Project, and the SpinCo Royalty.

- **Significant Shareholder Support.** All the directors and senior officers of Amarillo and the two largest shareholders of Amarillo, Baccarat Trade Investments Limited and 2176423 Ontario Ltd., have entered into Support Agreements with Hochschild, in each case pursuant to which they have, subject to the terms and conditions of such agreements, agreed, among other things, to vote all of their Amarillo Shares in favour of the Arrangement Resolution. In the aggregate, the parties to these agreements collectively own or control approximately 44% of the issued and outstanding Amarillo Shares, on a non-diluted basis, as of the Record Date.

- **Fairness Opinion.** Research Capital Corporation was engaged by Amarillo as financial advisor to Amarillo and the Special Committee and provided its opinion to the Amarillo Board and the Special Committee to the effect that, as of November 29, 2021, and subject to the assumptions, limitations and qualifications set out in the fairness opinion, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

- **No Financing or Due Diligence Condition**. The Consideration to be paid pursuant to the Arrangement will be entirely in cash and is not subject to financing or due diligence conditions.

- **Credibility of Hochschild**. Hochschild's commitment, creditworthiness and anticipated ability to complete the Arrangement.

- **Guarantee by Hochschild**. The Purchaser's obligations under the Arrangement Agreement are unconditionally guaranteed by Hochschild.

- **Alternatives to the Arrangement.** Prior to entering into the Arrangement Agreement, Amarillo regularly evaluated business and strategic opportunities with the objective of maximizing shareholder value in a manner consistent with the best interests of Amarillo. As part of that process, Amarillo entered into a number of confidentiality agreements with various mining companies over the past several years to allow for preliminary discussions to occur regarding potential transactions to maximize value for Amarillo Shareholders. The Amarillo Board assessed the current and anticipated future opportunities and risks associated with the business, operations, assets, financial performance, and condition of Amarillo should it continue as a standalone entity, including the challenges faced by Amarillo in sourcing the capital required for its business and development objectives on reasonable commercial terms, the lack of potential sources of such capital, and the costs and expected significant dilution to Amarillo Shareholders that would likely result from obtaining such capital. The Amarillo Board consulted with its legal and financial advisors and the Special Committee, assessed the alternatives reasonably available to Amarillo and determined that the Arrangement represents the best current prospect for maximizing value for Amarillo Shareholders.

SUPPORT AGREEMENTS

All the directors and senior officers of Amarillo and the two largest shareholders of Amarillo, Baccarat Trade Investments Limited and 2176423 Ontario Ltd., holding in aggregate approximately 44% of the issued and outstanding Amarillo Shares as of the date hereof, have entered into voting support agreements ("**Support Agreements**") with Hochschild pursuant to which they have agreed, subject to the terms of those agreements, to vote in favour of the Arrangement.

REQUIRED APPROVALS

To become effective, the resolution of the Arrangement (the "**Arrangement Resolution**") must be approved by at least 66⅔% of the votes cast by Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class, which also satisfies the TSXV requirement that the Arrangement be approved by Amarillo Shareholders without taking into account the votes of Amarillo Optionholders. Completion of the Arrangement is also subject to the approval of shareholders of Hochschild, as well as certain customary conditions, including the approval of the TSXV and the Supreme Court of British Columbia ("**Court**").

BOARD RECOMMENDATION

After careful consideration of the terms and conditions of the Arrangement, the recommendation of the Special Committee and the opinion of Research Capital Corporation dated November 29, 2021, to the effect that, as of such date, and subject to the assumptions, limitations and qualifications set out in such opinion, the Consideration to be received by Amarillo Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Amarillo Shareholders, the Amarillo Board unanimously determined that the

Arrangement is fair to Amarillo Shareholders and that the Arrangement is in the best interest of Amarillo. **The Amarillo Board unanimously recommends that Amarillo Shareholders vote FOR the Arrangement.** The attached Circular contains a detailed description of the reasons for the determinations and recommendations of the Amarillo Board.

The attached Circular contains a detailed description of the Arrangement and includes certain other information to assist you in considering the matters to be voted upon. You are urged to carefully consider all of the information in the accompanying Circular. If you require assistance, you should consult your financial, legal, or other professional advisors.

Your vote is important regardless of the number of Amarillo Shares you own. Please see "*General Proxy Information*" in the attached Circular for detailed instructions regarding the various options for voting your Amarillo Shares.

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While certain matters, such as the timing of the receipt of Court approval for the Arrangement, are beyond the control of Amarillo, if the Arrangement Resolution is passed by the requisite 66⅔% of the votes cast by Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class, it is anticipated that the Arrangement will be completed and become effective as soon as practicable following receipt of the Final Order.

On behalf of Amarillo, our management team and the Amarillo Board, I would like to thank all Amarillo Shareholders for their continuing support.

Sincerely,

(signed) *"Mike Mutchler*"

Mike Mutchler
President, Chief Executive Officer
and Director of Amarillo Gold Corporation

AMARILLO GOLD CORPORATION

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the special meeting (the "**Meeting**") of the shareholders (the "**Amarillo Shareholders**") of Amarillo Gold Corporation ("**Amarillo**") to be held at 11:00 a.m. (Eastern time) on March 1, 2022, for the following purposes:

1. for Amarillo Shareholders to consider, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying management information circular (the "**Circular**"), to approve a statutory plan of arrangement (the "**Arrangement**") involving Amarillo, Hochschild Mining PLC ("**Hochschild**"), 1334940 B.C. Ltd. (the "**Purchaser**") and Lavras Gold Corp. ("**SpinCo**") and Amarillo Shareholders under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) ("**BCA**") whereby, among other things, the Purchaser will acquire all of the issued and outstanding common shares of Amarillo, following the transfer of certain assets and liabilities of Amarillo to SpinCo, all as more particularly described in the Circular;

2. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution of the disinterested Amarillo Shareholders (the "**Omnibus Plan Resolution**") approving the new omnibus equity incentive plan (the "**SpinCo Omnibus Plan**") of SpinCo, the full text of which is set out in Appendix F of the Circular, as more particularly described in the accompanying Circular; and

3. to transact such further or other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Circular provides additional information relating to the matters to be addressed at the Meeting, including the Arrangement, and is deemed to form part of this Notice of Meeting.

The record date for the determination of Amarillo Shareholders entitled to receive notice of and to vote at the Meeting is January 19, 2022 (the "**Record Date**"). Only Amarillo Shareholders whose names have been entered in the register of Amarillo Shareholders as of the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Registered Amarillo Shareholders as of the Record Date are entitled to vote at the Meeting either virtually or by proxy. Registered Amarillo Shareholders who are unable to attend the Meeting virtually are encouraged to read, complete, sign, date, and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular.

In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc., at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, or by fax numbers: 1-866-

249-7775 (toll-free in North America) or 1-416-263-9524 (outside North America), at least 48 hours (excluding Saturdays, Sundays, and holidays) prior to the time of the Meeting or any adjournment or postponement thereof. The time limit for the deposit of proxies may be waived or extended by the Chairperson of the Meeting at his or her discretion without notice.

Non-registered Amarillo Shareholders should refer to the section in the Circular entitled "*General Proxy Information – Non-Registered Holders*" for information on how to vote their Amarillo Shares. **Non-registered Amarillo Shareholders who do not complete and return the materials in accordance with such instructions may lose the right to vote at the Meeting.**

Registered Amarillo Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement Resolution becomes effective, to be paid the fair value of their Amarillo Shares in accordance with Division 2 of Part 8 of the BCA, as modified by the Plan of Arrangement and the Interim Order. An Amarillo Shareholder's right to dissent is more particularly described in the Circular and the BCA is set forth in Appendix H to the Circular. Please refer to the Circular under the heading "*Dissent Rights*" for a description of the right to dissent in respect of the Arrangement Resolution.

Failure to strictly comply with the requirements set forth in Division 2 of Part 8 of the BCA, as modified by Article 3 of the Plan of Arrangement, and the Interim Order, with respect to the Arrangement may result in the loss of any right to dissent. Persons who are beneficial owners of Amarillo Shares registered in the name of a broker, custodian, nominee, or other intermediary who wish to dissent should be aware that only registered Amarillo Shareholders are entitled to dissent. Accordingly, a beneficial owner of Amarillo Shares desiring to exercise the right to dissent must arrange for the Amarillo Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Amarillo or, alternatively, make arrangements for the registered Amarillo Shareholders of the Amarillo Shares beneficially owned by such holder to dissent on behalf of the holder.

DATED at Vancouver, British Columbia this 27th day of January, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF AMARILLO GOLD CORPORATION

(signed) *"Mike Mutchler*"
Mike Mutchler
President, Chief Executive Officer
and Director of Amarillo Gold Corporation

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GLOSSARY OF TERMS

The following terms used in the Circular have the meanings set forth below.

"**Acquisition Property**" means the Mara Rosa Project.

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction between Amarillo 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 Hochschild (or an affiliate of the Purchaser or Hochschild or any person acting jointly or in concert with the Purchaser or Hochschild or any affiliate of the Purchaser or Hochschild) 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 Amarillo) of Amarillo or any of its subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated annual revenue of Amarillo 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 Amarillo 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 Amarillo or any of its subsidiaries; or (iv) any other transaction or series of transactions involving Amarillo or any of its subsidiaries that would have a similar effect as the foregoing.

"**Affected Securityholders**" means, collectively, Amarillo Shareholders and the holders of Amarillo 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.

"**allowable capital loss**" has the meaning attributed thereto under the following heading in this Circular: "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**Amalco**" has the meaning attributed thereto under the following heading in the Circular: "*The Arrangement – Principal Steps of the Arrangement*".

"**Amalgamation**" has the meaning attributed thereto under the following heading in the Circular: "*The Arrangement – Principal Steps of the Arrangement*".

"**Amarillo**" means Amarillo Gold Corporation, a corporation organized under the laws of the Province of British Columbia.

"**Amarillo Annual Financial Statements**" means the audited consolidated financial statements of Amarillo as at, and for the years ended, December 31, 2020, and December 31, 2019 including the notes thereto.

"**Amarillo MD&A**" means Amarillo's management discussion and analysis for the year ended December 31, 2020 filed on SEDAR.

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

"**Amarillo Board**" means the board of directors of Amarillo.

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

"**Amarillo Contractor**" means an independent contractor or consultant who provides services to Amarillo or any of its subsidiaries.

"**Amarillo Disclosure Letter**" means the disclosure letter dated November 29, 2021, and all schedules, exhibits and appendices thereto, delivered by Amarillo to Hochschild and the Purchaser with the Arrangement Agreement.

"**Amarillo Employees**" means the officers and employees of Amarillo and its subsidiaries.

"**Amarillo Filings**" means all documents filed by or on behalf of Amarillo on SEDAR since January 1, 2019.

"**Amarillo Interim Financial Statements**" means the unaudited condensed interim financial statements of Amarillo for the nine months ended September 30, 2021 and September 30, 2020, including the notes thereto.

"**Amarillo Option Plan**" means Amarillo's Rolling Stock Option Plan adopted on September 25, 2019 and re-approved on October 1, 2020.

"**Amarillo Optionholder**" means a holder of one or more Amarillo Options.

"**Amarillo Options**" means options to acquire Amarillo Shares granted pursuant to the Amarillo Option Plan.

"**Amarillo Properties**" means, collectively, the Acquisition Property and the SpinCo Properties.

"**Amarillo Related Party**" means Amarillo, its subsidiaries and each of their respective shareholders (other than Hochschild and its affiliates), partners, members, directors, officers, employees and agents.

"**Amarillo Shareholder Approval**" means the requisite approval of the Arrangement Resolution by at least 66⅔% of the votes cast on the Arrangement Resolution by the Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class.

"**Amarillo Shareholders**" means the shareholders of Amarillo.

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

"**Amarillo's Constating Documents**" means the notice of articles and articles of Amarillo and all amendments thereto.

"**AMB**" means Amarillo Mineração do Brasil Ltda.

"**Arrangement**" means an arrangement under Division 5 of Part 9 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 the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of Amarillo and the Purchaser, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated November 29, 2021 between Amarillo and Hochschild (including the Schedules attached thereto) as the same may be amended, supplemented, restated, or otherwise modified from time to time in accordance with the terms thereof.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered and, if thought fit, passed at the Meeting, substantially in the form set out in Appendix A.

"**associate**" has the meanings respectively attributed thereto under Securities Laws.

"**Audit Committee**" means the audit committee of Amarillo.

"**Authorization**" means, with respect to any person, any order, permit, approval, consent, waiver, registration, licence, or similar authorization of any Governmental Entity have jurisdiction over the person.

"**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 other day on which major banks are closed for business in Toronto, Ontario, London, England or Vancouver, British Columbia.

"**Butiá Technical Report**" means the the technical report titled "*NI 43-101 Technical Report Mineral Resource for Butiá Gold Prospect*", dated January 25, 2022 and prepared for SpinCo by VMG Consultoria and Volodymyr Myadzel, MAIG, MAIG #3974, PhD and Frank Richard Baker, B.Met, MMet, MIMMM, MAusIMM.

"**Canada-US Tax Treaty**" has the meaning attributed thereto under the following heading in this Circular: "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on Amarillo Shares or SpinCo Shares*".

"**Cash Consideration**" means $0.40 in cash for each Amarillo Share.

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

"**Cancelled Option**" means an Amarillo Option (other than an Exercised Option) that is not a Cash-Out Option.

*"***Change in Recommendation***"* has the meaning attributed thereto in this Circular under the heading *"Transaction Agreements – Arrangement Agreement"*.

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Circular**" means this notice of Meeting and accompanying management information circular, including all schedules, appendices and exhibit 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 the Arrangement Agreement.

"**Change in Parent Recommendation**" has the meaning attributed thereto under the following heading in this Circular: "*Transaction Agreements – Arrangement Agreement*".

"**Class A Shareholder**" means a holder of Amarillo Class A Shares.

"**Class A Shares**" has the meaning attributed thereto under the following heading in this Circular: "*The Arrangement – Principal Steps of the Arrangement*".

"**Closing**" has the meaning ascribed thereto in the Arrangement Agreement.

"**Code**" means the *United States Internal Revenue Code of 1986*, as amended.

"**Code of Ethics**" has the meaning attributed thereto under the following heading in Appendix E of this Circular: "*Corporate Governance – Ethical Business Conduct*".

"**Company Assets**" has the meaning ascribed thereto in the Arrangement Agreement.

"**Company Breach**" has the meaning attributed thereto under the following heading in this Circular: "*Transaction Agreements – Arrangement Agreement*".

"**Compensation Committee**" means the Compensation and Nominating Committee of the Amarillo Board.

"**Computershare**" means Computershare Investor Services Inc.

"**Consideration**" means the consideration to be paid or delivered pursuant to the Plan of Arrangement consisting, in respect of each Amarillo 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 Amarillo 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 Amarillo or any of its subsidiaries is a party or by which Amarillo or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

"**Controlling Individual**" has the meaning attributed thereto under the following heading in this Circular: "*Eligibility for Investment*".

"**Court**" means the Supreme Court of British Columbia.

"**CRA**" means the Canada Revenue Agency.

"**Depositary**" means Computershare Investor Services Inc. or such other person as Amarillo may appoint to act as depositary 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.

"**Dissenting Amarillo Shareholder**" means a Registered Holder who duly and validly exercises Dissent Rights in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such Dissent Rights.

"**Dissenting Shares**" means Amarillo Shares held by a Dissenting Amarillo Shareholder and in respect of which the Dissenting Amarillo Shareholder has validly exercised the Dissent Rights.

"**DPSPs**" has the meaning attributed thereto under the following heading in this Circular: "*Eligibility for Investment*".

"**DRS Statement**" means a direct registration statement issued by a depositary evidencing the securities held by an Amarillo Shareholder in book-based form in lieu of a physical share certificate.

"**Effective Date**" has the meaning ascribed thereto in the Arrangement Agreement.

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

"**Eligible Institution**" means a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

"**Employee Agreement**" means any employment, compensation, severance, retention, termination or change of control Contract by and between Amarillo or any of its subsidiaries and any Amarillo Employee, former Amarillo Employee or director or former director of Amarillo 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 Amarillo or any of its subsidiaries, Amarillo Contractor or former Amarillo Contractor, and/or any Amarillo Employee or former Amarillo Employee, which are maintained by or binding upon the Amarillo or any of its subsidiaries or pursuant to which Amarillo 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 Amarillo or any of its subsidiaries has any actual or potential liability, other than plans maintained by a Governmental Entity.

"**Encumbrance**" means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing.

"**Exercised Option**" means an Amarillo Option for which an Optionholder has, prior to the Effective Time, (i) executed and delivered to Amarillo an applicable exercise form, (ii) paid to Amarillo the aggregate exercise price payable under such Option, and (iii) paid to Amarillo 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.

"**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 Amarillo Shareholders (other than Hochschild) 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 Amarillo and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Amarillo 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 Amarillo and the Purchaser, each acting reasonably) on appeal.

"**Financial Advisor**" means Research Capital Corporation.

"**Former Amarillo Shareholder**" means, at and following the Effective Time, the Amarillo Shareholders immediately prior to the Effective Time.

"**Funding Loan**" means a non-interest bearing demand loan from the Purchaser to Amarillo in an amount equal to the additional funds required by Amarillo to effect the step in Section 2.4(e) of the Plan of Arrangement (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 TSXV.

"**Guidelines**" has the meaning attributed thereto under the following heading in Appendix E of this Circular: "*Information Concerning SpinCo – Corporate Governance*".

"**Holder**" has the meaning attributed thereto under the following heading in this Circular: "*Certain Canadian Federal Income Tax Considerations – Amarillo Shareholders*".

"**Hochschild**" means Hochschild Mining PLC, a corporation organized under the laws of England and Wales.

"**Hochschild Board**" means the board of directors of Hochschild.

"**Hochschild Board Recommendation**" has the meaning attributed thereto in the Arrangement Agreement.

"**Hochschild Shareholder Approval**" means the approval of the Hochschild Shareholders who vote at the Hochschild Shareholder Meeting by the requisite majority in favour of the resolution required to implement the transaction contemplated by the Arrangement.

"**Hochschild Shareholder Meeting**" means the extraordinary general meeting of Hochschild Shareholders, including any adjournment or postponement of such extraordinary general meeting in accordance with the terms of the Arrangement Agreement, to be called and held for the purpose of seeking the Hochschild Shareholder Approval.

"**Hochschild Shareholders**" means the registered or beneficial holders of Hochschild Shares, as the context requires.

"**Hochschild Shares**" means the ordinary shares of Hochschild as presently constituted.

"**Hochschild's Constating Documents**" means Hochschild's articles of association, and all amendments to such articles or by-laws.

"**IFRS**" means International Financial Reporting Standards as incorporated in the Chartered Professional Accountants of Canada Handbook, at the relevant time applied on a consistent basis.

"**Indebtedness**" means 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.

"**Indemnified Party**" has the meaning attributed thereto under the following heading in Appendix E of this Circular: "*Information Concerning SpinCo – Available Funds and Principal Purposes – Principal Purposes*".

"**Initial SpinCo Share**" means one SpinCo Share issued to Amarillo at a price of $1.00.

"**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 Amarillo 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 Amarillo and the Purchaser, each acting reasonably.

"**Lavras do Sul Option Agreement**" means, collectively, the option agreements and the asset purchase agreement in respect of the Lavras do Sul Project entered into by Amarillo and Amarillo'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.

"**LDS**" means LDS Mineração do Brasil Ltda.

"**Letter of Transmittal**" means the letter of transmittal sent by Amarillo to Amarillo Shareholders for use in connection with the Arrangement, providing for the delivery of certificates representing Amarillo Shares to the Depositary.

"**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.

"**Locked-Up Shareholders**" means, collectively, (i) the officers and directors of Amarillo who have entered into Support Agreements; (ii) Baccarat Trade Investments Limited; and (iii) 2176423 Ontario Ltd.

"**LSE**" means the London Stock Exchange.

"**Majority Voting Policy**" means the policy adopted by the Amarillo Board governing the election of directors to the Amarillo Board.

"**Mara Rosa Project**" means the gold project located in Goiàs state, central Brazil, approximately 6 kilometres 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 attributed thereto under the following heading in this Circular: "*Transaction Agreements – Arrangement Agreement – Non-Solicitation Covenants*".

"**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 Amarillo and its subsidiaries, taken as a whole, or (y) the Amarillo Assets, including with respect to any underlying properties, operations or assets, or (z) the ability of Amarillo 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 Amarillo (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 the Arrangement Agreement or consummation of the Arrangement; (ix) the failure of Amarillo 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 Amarillo Filings or in the Amarillo 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 Amarillo 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 the Arrangement 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 Amarillo 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 Amarillo or its subsidiaries received payments from Amarillo and its subsidiaries in excess of $100,000 for the fiscal year ended December 31, 2020 or which obligates Amarillo 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 Amarillo or any of its subsidiaries; (vii) between Amarillo and any Amarillo Related Party; (viii) that provides for rights of indemnification to any director, officer or employee of Amarillo 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, Amarillo Employee or former Amarillo Employee or Amarillo Contractor or former Amarillo Contractor or agent of Amarillo 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 Amarillo 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 Amarillo or any of its subsidiaries may carry on business or otherwise transact with; or (xii) that is otherwise material to Amarillo and its subsidiaries taken as a whole.

"**material fact**" has the meaning attributed to such term under Securities Laws.

"**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 this Circular and agreed to in writing by the Purchaser.

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

"**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.

"**MNP**" means MNP LLP, Chartered Professional Accountants.

"**Named Executive Officers**" has the meaning attributed thereto under the following heading in Appendix E of this Circular: "*Executive Compensation*".

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

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices.*

"**Non-Registered Holder**" means an Amarillo Shareholder who is not a Registered Holder.

"**Non-Resident Holder**" has the meaning attributed thereto under the following heading in this Circular: "*Certain Canadian Federal Income Tax Considerations – Shareholders – Holders Not Resident in Canada*".

"**Notice of Dissent**" means a notice of dissent duly and validly given by a Registered Holder exercising Dissent Rights as contemplated in the Interim Order.

"**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 Amarillo or any of its subsidiaries, that such action is consistent with the past practices of Amarillo or its subsidiaries, as applicable, and is taken in the ordinary course of the normal day to day operations of the business of Amarillo and its subsidiaries.

"**Outside Date**" means April 30, 2022.

"**Parent Shareholder Meeting**" has the meaning attributed thereto in the Arrangement Agreement.

"**Parties**" means, collectively, Amarillo, SpinCo, Hochschild, the Purchaser and "**Party**" means either one of them.

"**Permitted Liens**" means, as of any particular time and in respect of Amarillo 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 Amarillo'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 Amarillo 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 Amarillo 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 Amarillo's and its subsidiaries' current or contemplated use, occupancy, utility or value of the applicable real properly;

(d) Liens disclosed in the Amarillo 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 Amarillo 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 Appendix B hereto, subject to any amendments or variations to such plan made in accordance with the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of Amarillo and the Purchaser, each acting reasonably.

"**Posse Gold Project**" means Amarillo's development stage gold project located on its Mara Rosa property in the State of Goiás, Brazil.

"**Purchaser**" means 1334940 B.C. Ltd., a corporation incorporated under the laws of British Columbia.

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

"**Purchaser Reimbursement Event**" has the meaning attributed thereto in the Arrangement Agreement.

"**Purchaser Reimbursement Payment**" has the meaning attributed thereto in the Arrangement Agreement.

"**Pre-Acquisition Reorganization**" has the meaning attributed thereto under the following heading in this Circular: "*Transaction Agreements – Arrangement Agreement*".

"**QEF**" has the meaning attributed thereto under the following heading in this Circular: "*Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Considerations – Qualified Electing Fund Election*".

"**Record Date**" means January 19, 2022.

"**Registered Holder**" means a registered holder of Amarillo Shares.

"**Registered Plan**" has the meaning attributed thereto under the following heading in this Circular: "*Eligibility for Investment*".

"**Regulation S**" means Regulation S under the U.S. Securities Act.

"**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 TSXV.

"**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.

"**Resident Holder**" has the meaning attributed thereto under the following heading in this Circular: *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada"*.

"**Reverse Break Fee**" means the amount of $2,500,000 payable by Hochschild to Amarillo in certain circumstances, as set out in the Arrangement Agreement.

"**Royalty Agreements**" means the royalty agreements listed in Section 1.1(d) of the Amarillo Disclosure Letter.

"**Rule 144**" means Rule 144 under the U.S. Securities Act.

"**SEC**" means the United States Securities and Exchange Commission.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act.

"**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 TSXV.

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

"**Special Committee**" means the independent committee of the Amarillo Board (within the meaning of MI 61-101).

"**SpinCo**" means Lavras Gold Corp., a corporation organized under the laws of the Province of British Columbia that will hold the SpinCo Assets and SpinCo Liabilities following completion of the SpinCo Transactions.

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

"**SpinCo Audit Committee**" means the proposed Audit Committee of the SpinCo Board.

"**SpinCo Awards**" means, individually or collectively, a grant under the SpinCo Omnibus Plan of SpinCo Options, SpinCo Deferred Share Units, SpinCo Restricted Share Units, SpinCo Performance Shares, SpinCo

Performance Units or SpinCo Share-Based Awards, in each case subject to the terms of the SpinCo Omnibus Plan.

"**SpinCo Board**" means the board of directors of SpinCo.

"**SpinCo Compensation Committee**" means the proposed Compensation and Nominating Committee of the SpinCo Board.

"**SpinCo Contribution Agreement**" means the agreement to be entered on the Effective Date between Amarillo, 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 Deferred Share Unit**" has the meaning attributed to "Deferred Share Unit" under the SpinCo Omnibus Plan.

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

"**SpinCo Omnibus Plan**" means the omnibus equity incentive compensation plan attached hereto in Appendix F, to be approved by Amarillo Shareholders at the Meeting, subject to the approval of the Arrangement Resolution.

"**SpinCo Omnibus Plan Resolution**" means the resolution approving the SpinCo Omnibus Plan to be considered and, if thought fit, passed by Amarillo Shareholders at the Meeting, substantially in the form set out in Appendix G.

"**SpinCo Option**" has the meaning attributed to "Option" under the SpinCo Omnibus Plan.

"**SpinCo Performance Share**" has the meaning attributed to "Performance Share" under the SpinCo Omnibus Plan.

"**SpinCo Performance Unit**" has the meaning attributed to "Performance Unit" under the SpinCo Omnibus Plan.

"**SpinCo Properties**" means all of the right, title and interest of Amarillo in the mineral properties of Amarillo, other than the Acquisition Property, which for greater certainty, includes the Butiá Prospect, which forms part of the Lavras do Sul Project.

"**SpinCo Restricted Share Unit**" has the meaning attributed to "Restricted Share Unit" under the SpinCo Omnibus Plan.

"**SpinCo Royalty**" means the 2.0% net smelter revenue royalty on certain exploration properties outside the current Posse resource at the Mara Rosa Project.

"**SpinCo Royalty Agreement**" means the net smelter revenue royalty agreement governing the SpinCo Royalty to be entered into between Amarillo Mineração do Brasil Ltda and LDS Mineração do Brasil Ltda at Closing, the form of which is appended as Schedule "F" to the Arrangement Agreement.

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

"**SpinCo Share Delivery Note**" has the meaning attributed thereto under the following heading in this Circular: "*The Arrangement – Principal Steps of the Arrangement*".

"**SpinCo Shareholder**" means a holder of one or more SpinCo Shares.

"**SpinCo Shares**" means the 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 or actions described in Sections 2.4(b),(e),(g),(h), and (j) of the Plan of Arrangement.

"**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 the Arrangement 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 the Arrangement Agreement; (ii) to acquire not less than 100% of the outstanding Amarillo Shares or all or substantially all of the assets of Amarillo and its subsidiaries on a consolidated basis; (iii) in respect of which the Amarillo 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 Amarillo 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 Amarillo 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 Amarillo provides the Superior Proposal Notice to the Purchaser, not subject to any due diligence condition; and (vi) in respect of which the Amarillo 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 noncompletion), result in a transaction which is more favourable, from a financial point of view, to Amarillo 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) of the Arrangement Agreement).

"**Superior Proposal Notice**" has the meaning attributed thereto under the following heading in this Circular: "*Transaction Agreements – Arrangement Agreement – Non-Solicitation Covenants*".

"**Support Agreements**" means the voting and support agreements dated November 29, 2021 between Hochschild and the Locked-Up Shareholders and other voting and support agreements that may be entered into after such date by Hochschild and other Amarillo Shareholders, setting forth the terms and conditions upon which they have agreed, among other things, to vote their Amarillo Shares in favour of the Arrangement Resolution.

"**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.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.

"**Tax Returns**" has the meaning attributed thereto in the Arrangement Agreement.

"**Taxes**" has the meaning attributed thereto in the Arrangement Agreement.

"**taxable capital gain**" has the meaning attributed thereto under the following heading in this Circular: "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses".*

"**Termination Fee**" means the amount of $5,000,000 payable by Amarillo to Hochschild in certain circumstances, as set out in the Arrangement Agreement.

"**Transfer**" has the meaning attributed thereto in this Circular under the heading "*Transaction Agreements – The Support Agreements".*

"**Transfer Agent**" means Computershare, in its capacity as the transfer agent of Amarillo.

"**TSXV**" means the TSX Venture Exchange.

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

"**VMG**" means VMG Consultoria.

"**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 the Arrangement Agreement such that any of the conditions in Article 6 of the Arrangement Agreement would not be satisfied.

GENERAL

Information Contained in this Circular

The information contained in this Circular, unless otherwise indicated, is given as of January 27, 2022.

No person has been authorized to give any information or to make any representation in connection with Arrangement and other matters being considered herein other than those contained in or incorporated by reference in this Circular and, if given or made, such information or representation should not be considered to have been authorized by the Company, the Purchaser, or Hochschild and relied upon. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Amarillo Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

The Arrangement has not been approved or disapproved by any securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the SEC, or any securities regulatory authority of any U.S. state), nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

Descriptions in this Circular of the terms of the Arrangement Agreement, the Interim Order, the Fairness Opinion and the Plan of Arrangement are only summaries of the terms of those documents and are qualified in their entirety by the full terms and conditions of such documents. Amarillo Shareholders should refer to Appendix "C" and Appendix "D" to this Circular which set out the full text of each of these documents, other than the Arrangement Agreement which has been filed by Amarillo under its profile on SEDAR and is available at www.sedar.com.

Information Contained in this Circular regarding Hochschild

The information concerning Hochschild and its affiliates contained in this Circular has been provided by Hochschild for inclusion in this Circular and should be read together with, and qualified by, the documents of Hochschild incorporated by reference herein. Although Amarillo has no knowledge that would indicate any statements contained herein relating to Hochschild and its affiliates taken from or based upon such information provided by Hochschild are untrue or incomplete, neither Amarillo nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Hochschild and its affiliates, or for any failure by Hochschild to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to Amarillo.

Currency and Exchange Rates

Unless otherwise indicated herein, references to "$", "C$" or "Canadian dollars" are to Canadian dollars, and references to "US$" or "U.S. dollars" are to United States dollars.

Forward-Looking Information

This Circular and the documents incorporated into this Circular by reference contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of the applicable Canadian securities legislation (forward-looking information and forward- looking statements being collectively herein after referred to as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; intentions, plans and future actions of Hochschild, Amarillo and SpinCo; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps of the Arrangement; statements made in, and based upon, the Fairness Opinion; statements relating to the business and future activities of and developments related to Hochschild, Amarillo and SpinCo after the date of this Circular and prior to the Effective Time and to and of Hochschild and SpinCo after the Effective Time; Amarillo Shareholder Approval, approval of the shareholders of Hochschild in accordance with the LSE rules, and Court approval of the Arrangement; listing of the SpinCo Shares on the TSXV or any other stock exchange; jurisdictions in which SpinCo intends to become a reporting issuer; market position, ability to compete and future financial or operating performance of SpinCo; results of advanced project development studies of SpinCo; future acquisition by SpinCo of additional mineral resource properties; liquidity SpinCo Shares following the Effective Time; Amarillo Shareholder approval of the SpinCo Omnibus Plan; anticipated developments in operations; the future price of metals; the estimation of current and future mineral reserves and resources and the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production and capital expenditures; mine life of mineral projects, the timing and amount of estimated capital expenditure; costs and timing of exploration and development and capital expenditures related thereto; operating expenditures; success of exploration activities, including the discovery of commercial quantities of minerals, estimated exploration budgets; currency fluctuations; requirements for additional capital; government regulation of mining operations; environmental and project risks; unanticipated reclamation expenses; option and/or joint venture agreements; title disputes or claims; indigenous rights; limitations on insurance coverage; the timing and possible outcome of regulatory and permitted matters; goals; strategies; future growth; planned exploration activities and planned future acquisitions; the adequacy of financial resources; the general economic conditions associated with the current outbreak of the novel coronavirus known as COVID-19; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "seeks", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements are based on the beliefs of Amarillo's management, as the case may be, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement by Amarillo Shareholders and its fairness by the Court and approval for listing on the TSXV of the SpinCo Shares.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Amarillo, Hochschild and SpinCo to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by forward-looking statements, including, without limitation: the Arrangement is subject to satisfaction or waiver of several conditions; the Arrangement Agreement may be terminated in certain circumstances; Amarillo will incur significant costs even if the Arrangement is not completed, and may also be required to pay the Termination Fee to Hochschild; the market price of the Amarillo Shares may decline if the Arrangement is not completed; the Termination Fee may discourage other parties from attempting to acquire Amarillo; Amarillo Shareholders and holders of Amarillo Options will receive a fixed number of SpinCo Shares which will not be adjusted to reflect any change in the market value of the SpinCo Shares or Amarillo Shares prior to the closing of the Arrangement; general business, economic, competitive, political, regulatory and social uncertainties; risks and uncertainties related to possible foreign operations; uncertainty related to mineral exploration properties; risks related to the ability to finance the continued exploration of mineral properties; risks related to Amarillo and SpinCo not having any proven and probable mineral reserves; history of losses of Amarillo; risks related to factors beyond the control of Amarillo, SpinCo or Hochschild; risks related to the reliability of the information regarding Hochschild; risks and uncertainties associated with exploration; risks related to Amarillo's limited business history; that SpinCo has no business history; risks and uncertainties related to the results of advanced project development studies of SpinCo; the limited number of exploration prospects and properties relied on; risks related to the business combination with Hochschild; risks related with the valuation of SpinCo's property, plant and equipment and exploration and evaluation assets; risks related to the security of SpinCo's systems and software; risks related to future acquisitions and joint ventures, such as new geographic, political, operating, financial and geological risks or risks related to assimilating operations and employees; risks related to the prior business of Amarillo; risks related to the prior business of Hochschild; the potential for additional financings and dilution of the equity interests of Amarillo Shareholders and SpinCo Shareholders; that Amarillo and SpinCo have no history of mineral production or mining operations; uncertainty as to when, or if, the SpinCo Shares will be listed on the TSXV or any other stock exchange; tax risks if the SpinCo Shares are not listed on a designated stock exchange in Canada; risks related to the U.S. federal income tax consequences to U.S. Holders; risks related to the annual assessment by management of the effectiveness of SpinCo's internal control over financial reporting; risks related to public company obligations; risks related to the accuracy of Amarillo and SpinCo's financial statements; risks related to the qualification of the funds spent by SpinCo as Canadian exploration expenses; risks related to bankruptcy, liquidation or reorganization of SpinCo; risks related to the nature of mineral exploration and development; discrepancies between actual and estimated mineral reserves and resources; risks caused by factors beyond Amarillo's control, such as gold market price volatility, recovery rates of minerals from mined ore, general economic and business conditions and the COVID-19 pandemic; risks related to competition in the mineral industry; risks related to shareholder activism in the mining industry; risks related to regulatory requirements including environmental laws and regulations and liabilities; risks related to obtaining permits and licences and future changes to environmental laws and regulations; risks related to Amarillo and SpinCo's inability to obtain insurance for certain potential losses; risk related to gold mining industry competition; environmental risks and hazards, including unknown environmental risks related to past activities; risks related to current or future litigation which could affect Amarillo's operations; risks related to political developments and policy shifts; risks related to costs of land reclamation; risks related to Amarillo's title to mineral properties; risks related to dependence on key personnel; risks related to amendments to laws; risks related to the involvement of some of the directors and officers of Amarillo, SpinCo and Hochschild with other natural resource companies active in Brazil; risks related to the market value and the volatility of Amarillo Shares and SpinCo Shares; mine life of mineral projects; labour disputes; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; the

ability to renew existing licences or permits or obtain required licences and permits; increased infrastructure and/or operating costs; risks of not meeting exploration budget forecasts; risks related to conflicts of interest, including risks related to directors and officers of Amarillo possibly having interests in the Arrangement that are different from other Amarillo Shareholders; risks relating to the possibility that more than 5% of Amarillo Shareholders may exercise their dissent rights; risks related to the Indemnified Liability (as such term is defined in the Arrangement Agreement) of SpinCo pursuant to the Arrangement Agreement; and legal claims, securities class actions, derivative lawsuits and community and non-governmental actions and regulatory risks.

This list is not exhaustive of the factors that may affect any of forward-looking statements of Amarillo, SpinCo and Hochschild. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of Amarillo, SpinCo and Hochschild. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "The Arrangement – Risks Associated with the Arrangement" in this Circular, and under the heading "Risk Factors", in Appendix E to this Circular, which is incorporated herein by reference. Amarillo, SpinCo and Hochschild do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Amarillo Shareholders should not place undue reliance on forward-looking statements.

Scientific and Technical Information

All mineral reserves and mineral resources for Amarillo have been estimated in accordance with the standards of the CIM and NI 43-101. All mineral resources are reported exclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Information on data verification performed on the mineral properties of Amarillo contained in or incorporated by reference in this Circular that are considered to be material mineral properties to Amarillo are contained in Amarillo's most recently filed management discussion and analysis for the nine months ended September 30, 2021, and the current technical report for each such property is filed by Amarillo under its profile on SEDAR at www.sedar.com. See "Other Information – Interests of Experts".

Note to United States Shareholders

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY U.S. STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Class A Shares and the SpinCo Shares to be issued under the Arrangement have not been and will not be registered under the U.S. Securities Act or applicable state securities laws, and are being issued in reliance on the Section 3(a)(10) Exemption on the basis of the approval of the Court, which will be informed of the intention to rely on the Section 3(a)(10) Exemption and will consider, among other things, the substantive and procedural fairness of the Arrangement to Amarillo Shareholders as further described in this Circular under the heading "*The Arrangement — U.S. Securities Law Matters*".

Amarillo is a corporation organized and existing under the BCA and a "foreign private issuer", as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act. The solicitation of proxies pursuant to this Circular and the transactions contemplated in this Circular involve securities of an issuer located in Canada and are being effected in accordance with Canadian corporate and securities laws and are not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by "foreign private issuers" (as defined in Rule 405 of Regulation C under the U.S. Securities Act). Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Amarillo Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

The financial statements and information included or incorporated by reference in this Circular have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States generally accepted accounting standards.

This Circular has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements promulgated by the SEC. For example, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are Canadian mining terms as defined in accordance with NI 43-101 and the CIM Definition Standards on mineral resources and mineral reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this Circular, the documents attached hereto and the documents incorporated by reference herein, may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

Amarillo Shareholders who are resident in, or citizens of, the United States are advised to review the summary contained in this Circular under the heading "Certain United States Federal Income Tax Considerations" and to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant non-U.S., state, local or other taxing jurisdiction.

The enforcement by investors of civil liabilities under United States federal or state securities laws may be affected adversely by the fact that Amarillo, SpinCo and Hochschild are each incorporated or organized outside the United States, that many of their respective officers and directors and the experts named herein are residents of a foreign country, and that some of the assets of Amarillo, SpinCo and Hochschild and said persons are located outside the United States. As a result, it may be difficult or impossible for Amarillo Shareholders to effect service of process within the United States upon Amarillo, SpinCo and Hochschild, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Amarillo Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

SUMMARY

The following is a summary of certain information contained elsewhere or incorporated by reference in this Circular, including the Appendices hereto. This summary is not intended to be complete and is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Circular, all of which is important and should be reviewed carefully. Certain capitalized terms used in this summary are defined in the "Glossary of Terms" immediately preceding this summary.

The Meeting

The Meeting will be held on March 1, 2022 commencing at 11:00 a.m. (Eastern Time). The Meeting will be conducted via live webcast.

Record Date

The Record Date for determining the Amarillo Shareholders entitled to receive notice of and to vote at the Meeting is January 19, 2022. Only Amarillo Shareholders of record as of the close of business (Eastern time) on the Record Date are entitled to receive notice of and to vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

The purpose of the Meeting is, among other things, for Amarillo Shareholders to consider, pursuant to the Interim Order and, if thought advisable, to pass, with or without amendment, the Arrangement Resolution, whereby, among other things, Hochschild will acquire all of the issued and outstanding Amarillo Shares and Amarillo Shareholders will receive SpinCo Shares, following the transfer of the SpinCo Assets and the SpinCo Liabilities to SpinCo. The full text of the Arrangement Resolution is set out in Appendix A of this Circular.

The Arrangement

Details of the Arrangement

On November 29, 2021, Amarillo and Hochschild entered into the Arrangement Agreement pursuant to which, among other things, Hochschild agreed to acquire all of the issued and outstanding Amarillo Shares, conditional upon and following the completion of the SpinCo Transactions. The Arrangement will be effected pursuant to a court-approved arrangement under the BCA. Subject to receipt of the Amarillo Shareholders Approval, the Final Order and the satisfaction or waiver of certain other conditions, Hochschild will acquire all of the issued and outstanding Amarillo Shares on the Effective Date. The Parties intend to rely upon the Section 3(a)(10) Exemption with respect to the issuance of the SpinCo Shares pursuant to the Arrangement.

If completed, the Arrangement will result in SpinCo acquiring all of the SpinCo Assets and SpinCo Liabilities immediately prior to the Effective Time, Hochschild acquiring all of the issued and outstanding Amarillo Shares on the Effective Date and Amarillo becoming a wholly-owned subsidiary of Hochschild. Pursuant to the Plan of Arrangement, at the Effective Time, Amarillo Shareholders will receive $0.40 in cash and 1 SpinCo Share for each Amarillo Share held at the Effective Time. On completion of the Arrangement, Amarillo Shareholders are expected to own 100% of the issued and outstanding SpinCo Shares.

See "*The Arrangement – Details of the Arrangement*".

Background to the Arrangement

The Arrangement Agreement is the result of arm's length negotiations among representatives of Amarillo and Hochschild and their respective legal and financial advisors, as more fully described herein.

See "*The Arrangement – Background to the Arrangement*".

Recommendation of the Amarillo Board

The Amarillo Board unanimously determined that the Arrangement is fair to Amarillo Shareholders, that the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Amarillo and recommends that Amarillo Shareholders vote FOR the Arrangement Resolution.

See "*The Arrangement – Recommendation of the Amarillo Board*".

Reasons for the Recommendation of the Amarillo Board

In reaching its conclusions and formulating its recommendation, the Amarillo Board consulted its legal and financial advisors and the Special Committee. The Amarillo Board also reviewed technical, financial and operational information relating to Amarillo and considered a number of factors and reasons, including those listed below. The following is a summary of the principal reasons for the unanimous determination of the Amarillo Board that the Arrangement is fair to Amarillo Shareholders and is in the best interests of Amarillo and the recommendation of the Amarillo Board that Amarillo Shareholders vote **FOR** the Arrangement Resolution.

- **Significant Premium to Unaffected Market Price.** The Consideration offered to Amarillo Shareholders under the Arrangement represents a premium of approximately 74% to the closing price of the Common Shares of $0.23 on the TSXV on November 29, 2021, the last trading day prior to the announcement of the Arrangement, and a premium of approximately 66% to the volume weighted average price of the Common Shares on the TSXV over the 20 trading day period ended November 29, 2021 of $0.24. **The Special Committee was of the view that the opportunity for Shareholders to realize this premium outweighed Amarillo maintaining the status quo**.

- **Continued Exposure to Other Amarillo Assets.** Amarillo Shareholders, through their ownership of SpinCo Shares, will have continued exposure to the other Amarillo assets being transferred to SpinCo, including the Butiá Prospect, which forms part of the Lavras do Sul Project, and the SpinCo Royalty.

- **Significant Shareholder Support.** All the directors and senior officers of Amarillo and the two largest shareholders of Amarillo, Baccarat Trade Investments Limited and 2176423 Ontario Ltd., have entered into Support Agreements with Hochschild, in each case pursuant to which they have, subject to the terms and conditions of such agreements, agreed, among other things, to vote all of their Amarillo Shares in favour of the Arrangement Resolution. In the aggregate, the parties to these agreements collectively own or control approximately 44% of the issued and outstanding Amarillo Shares, on a non-diluted basis, as of the Record Date.

- **Fairness Opinion.** Research Capital Corporation was engaged by Amarillo as financial advisor to Amarillo and the Special Committee and provided its opinion to the Amarillo Board and the Special Committee to the effect that, as of November 29, 2021, and subject to the assumptions, limitations and qualifications set out in the fairness opinion, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

- **No Financing or Due Diligence Condition.** The Consideration to be paid pursuant to the Arrangement will be entirely in cash and is not subject to financing or due diligence conditions.

- **Credibility of Hochschild.** Hochschild's commitment, creditworthiness and anticipated ability to complete the Arrangement.

- **Guarantee by Hochschild.** The Purchaser's obligations under the Arrangement Agreement are unconditionally guaranteed by Hochschild.

- **Alternatives to the Arrangement.** Prior to entering into the Arrangement Agreement, Amarillo regularly evaluated business and strategic opportunities with the objective of maximizing shareholder value in a manner consistent with the best interests of Amarillo. As part of that process, Amarillo entered into a number of confidentiality agreements with various mining companies over the past several years in order to allow for preliminary discussions to occur regarding potential transactions to maximize value for Amarillo Shareholders. The Amarillo Board assessed the current and anticipated future opportunities and risks associated with the business, operations, assets, financial performance and condition of Amarillo should it continue as a standalone entity, including the challenges faced by Amarillo in sourcing the capital required for its business and development objectives on reasonable commercial terms, the lack of potential sources of such capital and the costs and expected significant dilution to Amarillo Shareholders that would likely result from obtaining such capital. The Amarillo Board consulted with its legal and financial advisors and the Special Committee, assessed the alternatives reasonably available to Amarillo and determined that the Arrangement represents the best current prospect for maximizing value for Amarillo Shareholders.

See "*The Arrangement – Reasons for the Recommendation of the Amarillo Board*".

Fairness Opinion

Pursuant to an engagement letter dated as of August 25, 2021, the Financial Advisor was retained by the Amarillo Board and the Special Committee to, among other things, deliver an opinion as to the fairness of the Consideration to be received under the Arrangement, from a financial point of view, to Amarillo Shareholders. On November 29, 2021, the Financial Advisor delivered to the Amarillo Board its oral opinion, later confirmed in writing, that, on the basis of the particular assumptions and limitations set forth therein, as of such date, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

The full text of the Fairness Opinion, which sets forth, among other things, the assumptions made, matters considered, procedures followed and limitations and qualifications in connection with the Fairness Opinion, is set forth in Appendix C to this Circular. **This summary of the Fairness Opinion is qualified in its entirety by the full text of the opinion and Amarillo Shareholders are urged to read the Fairness Opinion in its entirety.**

See *"The Arrangement – Reasons for the Recommendation of the Amarillo Board – Fairness Opinion*".

Principal Steps of the Arrangement

The following description of the Plan of Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as Appendix B to this Circular and which has been filed by Amarillo (as Schedule A to the Arrangement Agreement) under its profile on SEDAR at www.sedar.com.

If the Arrangement Resolution is approved at the Meeting, the Final Order approving the Arrangement is issued by the Court and the applicable conditions to completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing and effective as at the Effective Time (which will be at 12:01 a.m. (Eastern time)) on the Effective Date, which is expected to occur as soon as practicable following receipt of the Final Order.

The following preliminary steps will occur prior to, and will be conditions precedent to, the implementation of the Plan of Arrangement:

(a) Amarillo shall have incorporated SpinCo under the BCA;

(b) Amarillo shall have subscribed for the Initial SpinCo Share for $1.00 and SpinCo will have issued the Initial SpinCo Share to Amarillo;

(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) Amarillo, 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.

At the Effective Time, each of the following events set out below shall occur and be deemed to occur consecutively in five 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 Amarillo 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 of the Plan of Arrangement 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 of the Plan of Arrangement;

(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 Amarillo; 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 Amarillo 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;

(iii) the issuance by SpinCo to Amarillo 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 clause (e) below, plus (C) the number of SpinCo Shares, if any, deliverable pursuant to clause (h) below, less (D) the number of Shares transferred to the Purchaser pursuant to clause (a) above, less (E) the number of SpinCo Shares issued and outstanding immediately prior to this clause (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 Tax Act and under any relevant provincial legislation in accordance with the SpinCo Contribution Agreement;

(c) the Purchaser shall make the Funding Loan to Amarillo;

(d) Each Cancelled Option will be cancelled without any payment in respect thereof and the holder thereof will cease to be a holder of such Amarillo Option, will cease to have any rights as a holder of such Amarillo Option, will be removed from the register of such Amarillo Options, and all option agreements, grants and similar instruments relating thereto will be cancelled, and none of Amarillo, SpinCo nor the Purchaser shall have any further liabilities or obligations to the former Amarillo Optionholders with respect thereto;

(e) Each Cash-Out Option will be surrendered to Amarillo and cancelled in consideration for (i) a cash payment from Amarillo equal to the product of the Cash Consideration multiplied by the number of Shares that the Amarillo 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 Amarillo to the Amarillo Optionholder of such number of SpinCo Shares equal to the number of Shares that the Amarillo 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 in Section 4.2 of the Plan of Arrangement;

(f) Each Exercised Option will be deemed to be exercised by the holder and thereof Amarillo 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, clause (h) below;

(h) Contemporaneous with clause (g) above, and in satisfaction of the obligations of the Purchaser described in clause (h)(ii) above, Amarillo 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 clause (g) above, and in consideration therefor, the Purchaser shall issue a non-interest bearing demand promissory note (the "**SpinCo Share Delivery Note**") to Amarillo equal to the aggregate fair market value of all such SpinCo Shares delivered pursuant to this clause (h);

(i) The capital of Amarillo shall be reorganized by amending the notice of articles and the articles of Amarillo 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 to the Plan of Arrangement;

(j) In the course of a reorganization of Amarillo's issued and outstanding share capital, each then issued and outstanding Share (excluding (i) those Shares acquired by the Purchaser pursuant to clause (a) above and (ii) those Exercised Option Shares acquired by the Purchaser pursuant to clause (f) above 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. Amarillo will not file a joint election under subsection 85(1) or subsection 85(2) of the Tax Act, or any relevant provincial legislation, with any holder of Shares in respect of this share exchange;

(k) Upon the exchange contemplated by clause (j) above, the capital account maintained in respect of the Shares shall be reduced, in respect of the Shares exchanged pursuant to clause (j), by an amount equal to the capital attributable to such Shares immediately prior to the time at which the step in clause (j) above is effective, and, notwithstanding section 73 of the BCA, the capital account maintained in respect of the Class A Shares shall be equal to:

(i) the amount by which the capital account of the Shares is reduced pursuant to this clause (k), less

(ii) the fair market value of the SpinCo Shares transferred to former holders of Shares pursuant to clause (j) above;

Upon the exchange contemplated by clause (j) above, 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 Amarillo in respect of the Shares so exchanged and shall be added to the central securities register of Amarillo 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 clause (j) above;

(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 the Plan of Arrangement;

(ii) the name of each such registered holders shall be removed from the central securities register of Amarillo 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 Amarillo as the holder thereof;

(m) The amount owing by the Purchaser to Amarillo, if any, pursuant to the SpinCo Share Delivery Note shall be set-off and applied in repayment of the same amount owing by Amarillo 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 clause (m) above, a balance under the Funding Loan remains owing by Amarillo to the Purchaser, then the Funding Loan shall be exchanged (and thereupon be released and extinguished) by the Purchaser with Amarillo 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 clause (n) by the Cash Consideration, rounded down to the nearest whole number of Class A Shares, and Amarillo shall, and shall be deemed to have, issued such number of Class A Shares to the Purchaser on such exchange;

(o) The capital of Amarillo 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 Amarillo 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 Amarillo shall not cease and Amarillo 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 clause (p) above:

(i) Amalco will own and hold the property, rights and interests of Amarillo 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 clause (p) above without any repayment of capital);

(ii) Amalco will continue to be liable for all of the liabilities and obligations of Amarillo 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 Amarillo and the Purchaser (other than any amounts owing by Amarillo to the Purchaser or by the Purchaser to Amarillo), 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 Amarillo and the Purchaser will continue as rights, contracts, permits and interests of Amalco as if Amarillo 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 Amarillo 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 Amarillo 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 Amarillo 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 Hochschild Mining Brazil Holdings Corp.;

(ix) the registered office of Amalco shall be

Suite 1700, Park Place
666 Burrard Street
Vancouver, BC
V6C 2X8

(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 Amarillo;

(xi) the first annual general meeting of Amalco or resolutions in lieu thereof shall be held within 18 months from the Effective Date;

(xii) the resignations of all of the directors of Amarillo shall become effective; and

(xiii) the first directors of Amalco following the Amalgamation shall be: Ignacio Bustamente and Jose Augusto Palma Garcia Zapatero;

it being expressly provided that the events provided for above 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.

See "*The Arrangement – Principal Steps of the Arrangement*".

Regulatory Matters and Approvals

Shareholder Approval

In order for the Arrangement to become effective, as provided in the Interim Order and by the BCA, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least 66⅔% of the votes cast by the Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class, which also satisfies the TSXV requirement that the Arrangement be approved by Amarillo Shareholders without taking into account the votes of Amarillo Optionholders.

Should Amarillo Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed. Notwithstanding the foregoing, the Arrangement Resolution authorizes the Amarillo Board, without further notice to or approval of the Amarillo Shareholders, to revoke the Arrangement Resolution at any time prior to the Effective Time if they decide not to proceed with the Arrangement.

See "*The Arrangement – Regulatory Matters and Approvals – Shareholder Approval*".

Court Approvals

The Arrangement requires approval by the Court under the BCA. Prior to the mailing of this Circular, on January 27, 2022 Amarillo obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters.

Under the terms of the Arrangement Agreement, if the Arrangement Resolution is approved by Amarillo Shareholders at the Meeting in the manner required by the Interim Order, Amarillo is required to seek the Final Order as soon as reasonably practicable, but in any event not later than two (2) Business Days following the Meeting. The application for the Final Order approving the Arrangement is currently expected to take place on March 3, 2022 at 10:00 a.m. (Pacific time), or as soon thereafter as counsel may be heard or at any other date and time as the Court may direct.

Amarillo has been advised by its counsel, Osler, Hoskin & Harcourt LLP, that the Court has broad discretion under the BCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Amarillo and/or Hochschild may determine not to proceed with the Arrangement.

See "*The Arrangement – Regulatory Matters and Approvals – Court Approvals*".

Regulatory Approvals

Pursuant to the Arrangement Agreement, it is a mutual condition precedent to completion of the Arrangement that all of the Regulatory Approvals will have been obtained.

See "*The Arrangement – Regulatory Matters and Approvals – Regulatory Approvals*".

Stock Exchange Listing Approval and Delisting Matters

The Amarillo Shares currently trade on the TSXV under the symbol "AGC" and the OTCQB under the symbol "AGCBF". It is a condition to the completion of the Arrangement, in favour of Hochschild, that the SpinCo Shares will have been conditionally approved for listing on the TSXV, or such other recognized stock exchange mutually agreed to with Hochschild on or before the Effective Date. See "Risk Factors – Risk Factors Relating to SpinCo Following Completion of the Arrangement".

Following the Effective Date, the Amarillo Shares will be delisted from the TSXV (anticipated to be effective one (1) to two (2) Business Days following the Effective Date) and Hochschild expects to apply to the applicable Canadian securities regulators to have Amarillo cease to be a reporting issuer.

The Hochschild Shares currently trade on the LSE under the symbol "HOC" and crosstrades on the OTCQX under the symbol "HCHDF".

See "*The Arrangement – Regulatory Matters and Approvals – Stock Exchange Listing Approval and Delisting Matters*".

Canadian Securities Law Matters

Amarillo is a reporting issuer in all the provinces in Canada, except Québec. The Amarillo Shares currently trade on the TSXV and the OTCQX. Following the Effective Date, the Amarillo Shares will be delisted from the TSXV (anticipated to be effective one (1) to two (2) Business Days following the Effective Date) and Hochschild expects to apply to the applicable Canadian securities regulators to have Amarillo cease to be a reporting issuer.

Upon completion of the Arrangement, SpinCo expects that it will be a reporting issuer in all the provinces in Canada, except Québec. SpinCo has applied to have the SpinCo Shares listed on the TSXV. Listing is subject to the approval of the TSXV in accordance with its original listing requirements. The TSXV has not conditionally approved SpinCo's listing application and there can be no assurance that the TSXV will approve the listing of the SpinCo Shares. There can be no assurance as to if, or when, the SpinCo Shares will be listed or traded. As the SpinCo Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of SpinCo Shares may not have a market for their SpinCo Shares. See "*Risk Factors – Risk Factors Relating to SpinCo Following Completion of the Arrangement*".

The Hochschild Shares currently trade on the LSE and the OTCQX and following the Effective Date, the Hochschild Shares will remain listed on the LSE and the OTCQX.

See "*The Arrangement – Regulatory Matters and Approvals – Canadian Securities Law Matters*".

United States Securities Law Matters

The Class A Shares and SpinCo Shares to be issued pursuant to the Arrangement will not be registered under the U.S. Securities Act and will be issued in reliance upon the Section 3(a)(10) Exemption. The SpinCo Shares to be held by Amarillo Shareholders following completion of the Arrangement will not be subject to resale restrictions under U.S. federal securities laws, except by persons who are affiliates of SpinCo at the time of their proposed transfer or within 90 days prior to their proposed transfer.

See "*The Arrangement – Regulatory Matters and Approvals – Canadian Securities Law Matters*".

Transaction Agreements

Arrangement Agreement

On November 29, 2021, Amarillo and Hochschild entered into the Arrangement Agreement pursuant to which, among other things, Hochschild agreed to acquire all of the issued and outstanding Amarillo Shares, conditional upon and following the completion of the SpinCo Transactions.

See "*Transaction Agreements – The Arrangement Agreement*" and the Arrangement Agreement, which has been filed by Amarillo under its profile on SEDAR at www.sedar.com.

Support Agreements

On November 29, 2021, Hochschild entered into the Support Agreements with each of the Locked-Up Shareholders.

See "*Transaction Agreements – Support Agreements*" and the forms of Support Agreements, which have been filed by Amarillo under its profile on SEDAR at www.sedar.com.

Risk Factors

In assessing the Arrangement, readers should carefully consider the risks described below which relate to the Arrangement and the failure to complete the Arrangement. Amarillo Shareholders should also carefully consider the risk factors under the heading "Risk Factors" in Appendix E to this Circular. Readers are cautioned that such risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial to Amarillo, may also adversely affect Amarillo, Hochschild or SpinCo prior to the Arrangement or following completion of the Arrangement.

See "*Risk Factors*".

Dissent Rights

The Interim Order provides that each Registered Holder will have the right to dissent and, if the Arrangement becomes effective, to have his or her Amarillo Shares cancelled in exchange for a cash payment from Amarillo equal to the fair value of the Amarillo Shares held by such Dissenting Amarillo Shareholder determined as of the close of business on the day before the Arrangement Resolution is adopted. If a Dissenting Amarillo Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in Sections 237 to 247 of the BCA, as modified by the Plan of Arrangement and the Interim Order, it will lose its Dissent Rights.

See "*Dissent Rights*".

Certain Canadian Federal Income Tax Considerations

A Resident Holder will generally be deemed to receive a dividend from Amarillo to the extent that the fair market value of the SpinCo Shares received by the Resident Holder pursuant to the Arrangement exceeds the paid-up capital (as determined for the purposes of the Tax Act) attributable, on a pro rata basis, to the Amarillo Shares (i.e. former common shares of Amarillo) exchanged for Class A Shares and SpinCo Shares. The fair market value, however, of the SpinCo Shares at the time of this exchange is expected to be less than the paid-up capital of the exchanged Amarillo Shares immediately before the exchange and consequently Resident Holders should not be deemed to receive a dividend from Amarillo for purposes of the Tax Act on this exchange.

The cost of the Class A Shares acquired on the exchange of Amarillo Shares by a Resident Holder will be deemed to be equal to the amount, if any, by which the Resident Holder's adjusted cost base of the Amarillo Shares exceeds the fair market value of the SpinCo Shares received on the exchange. A Resident Holder's adjusted cost base of SpinCo Shares acquired on the exchange of its Amarillo Shares will be equal to the fair market value, at the time of the exchange, of the SpinCo Shares acquired by such shareholder on the exchange.

Generally on the exchange of Amarillo Shares for Class A Shares and SpinCo Shares, a capital gain (or capital loss) may also be realized by a Resident Holder who holds the Amarillo Shares as capital property, equal to the amount by which (a) the aggregate of the cost of the SpinCo Shares and Class A Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange, exceeds (or is less than); (b) the aggregate of the adjusted cost base of the Amarillo Shares exchanged and any reasonable costs of disposition.

A Class A Shareholder who holds Class A Shares as capital property will generally realize a capital gain (or a capital loss) equal to the amount by which the fair market value of the consideration received by the Class A Shareholder from the Purchaser under the Arrangement exceeds (or is less than) the adjusted cost base to the Class A Shareholder of the Class A Shares so exchanged and any reasonable costs of disposition.

Non-Resident Holders will not be taxable in Canada generally with respect to any capital gains realized on the transfer of Class A Shares to the Purchaser pursuant to the Arrangement so long as such shares do not constitute "taxable Canadian property", as defined in the Tax Act, of the Non-Resident Holder.

The foregoing summary in respect of the proposed Arrangement is qualified in its entirety by the more detailed discussion in this Circular. See "*Certain Canadian Federal Income Tax Considerations*".

Information Concerning Amarillo

Amarillo is advancing two gold projects located near excellent infrastructure in mining-friendly states in Brazil. The development stage Posse Gold Project is on the Mara Rosa Project in Goiás State. It has a positive definitive feasibility study that shows it can be built into a profitable operation with low costs and a strong financial return. The Mara Rosa Project also shows the potential for discovering additional near-surface deposits that will extend Posse's mine life beyond its initial 10 years. The exploration stage Lavras do Sul Project in Rio Grande do Sul State has more than 23 prospects centered on historic gold workings.

Information Concerning SpinCo

SpinCo was incorporated under the BCA on November 25, 2021 for the purposes of the Arrangement. SpinCo is currently a private company and a wholly-owned subsidiary of Amarillo.

See Appendix E "*Information Concerning SpinCo*".

Information Concerning the Purchaser and Hochschild

The Purchaser is a wholly-owned indirect subsidiary of Hochschild. Hochschild is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) and cross-trades on the OTCQX Best Market in the U.S. (HCHDF), with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over 50 years' experience in the mining of precious metal epithermal vein deposits and currently operates three underground epithermal vein mines, two located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas. Hochschild was incorporated and registered in England and Wales on April 11, 2006 under the Companies Act 1985 as a private company limited by shares with registered number 05777693 with the name of Hackremco (No. 2372) Limited. On June 13, 2006, Hochschild changed its name to Hochschild Mining Limited, and then on October 17, 2006, Hochschild re-registered as a public company limited by shares and changed its name to Hochschild Mining PLC. The registered office of the Hochschild is 17 Cavendish Square, London W1G 0PH, United Kingdom. Hochschild's headquarters are located in Peru at Calle La Colonia No. 180, Urb. El Vivero, Santiago de Surco, Lima 33, Peru.

Eduardo Hochschild is Hochschild's largest shareholder, and as at the date hereof owns of record or beneficially, directly or indirectly, or exercises control or direction over approximately 38.32% of Hochschild's outstanding ordinary shares.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is provided in connection with the solicitation of proxies by the management of Amarillo for use at the Meeting, to be held on March 1, 2022, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and employees of Amarillo. Directors, officers and employees of Amarillo will not receive any additional compensation for such activities. Arrangements will be made with brokerage firms and other nominees, including receivers, trustees and agents for the forwarding of proxy solicitation documents to the beneficial owners of the Amarillo Shares in accordance with the provisions of Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer ("**NI 54-101**"). Amarillo may also reimburse brokers and other intermediaries holding Amarillo Shares in their name or in the name of nominees for their costs incurred in sending proxy materials to their principals in order to obtain their proxies.

Meeting Format

To address potential issues arising from the unprecedented public health impact of COVID-19, comply with applicable public health directives that may be in force at the time of the Meeting, and to limit and mitigate risks to the health and safety of our communities, Amarillo Shareholders, employees, directors and other stakeholders, the Meeting will be held in a virtual only format, which will be conducted via live webcast: **https://meetnow.global/MJ6JNWH**.

Amarillo Shareholders will not be able to, physically attend the Meeting. **Amarillo will continue to monitor the situation as it evolves. It is possible that the Meeting date, time or means may need to be changed due to the COVID-19 pandemic. Any changes or updates about the Meeting will be communicated on the Company's website or through a press release.**

As the Meeting will be conducted via live webcast, **it is important to stay connected to the internet at all times during the meeting in order to vote when balloting commences. In order to participate online, Registered Holders must have a valid 15-digit control number and duly appointed proxyholders must have received an email from Computershare containing an "Invitation Code".**

Registered Shareholders who have a 15-digit control number, along with **duly appointed proxyholders who were assigned an Invitation Code** by Computershare will be able to vote and submit questions during the meeting. To do so, please go to **https://meetnow.global/MJ6JNWH** prior to the start of the meeting to login. Click on "Shareholder" and enter your 15-digit control number or click on "Invitation Code" and enter your Invitation Code. If a Registered Holder votes online during the Meeting after previously submitting a proxy, then the online vote will automatically revoke all previously submitted proxies for the Meeting.

Non-Registered Holders who have not appointed themselves to vote at the meeting, may login as a guest, by clicking on "Guest" and complete the online form.

Registered Holders

Voting Options

Registered Holders as at the Record Date are entitled to attend the Meeting and cast a vote for each Amarillo Share registered in their name or held by them, as applicable, on the Arrangement Resolution, with all Registered Holders voting together as a single class.

Registered Holders who do not wish to, or cannot, attend the Meeting virtually, can appoint someone to attend the Meeting and act as a proxyholder to vote according to their instructions. Registered Holders whose Amarillo Shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) should refer to the section entitled "Non-Registered Holders" set out below.

It is important that Amarillo Shares be represented at the Meeting regardless of the number of Amarillo Shares that a Registered Holder holds. If a Registered Holder will not attend the Meeting virtually, they are encouraged to complete, date, sign and return the form of proxy as soon as possible so that your Amarillo Shares will be represented.

Registered Holders can vote in the following ways:

Virtual	Attend the Meeting virtually at https://meetnow.global/MJ6JNWH and complete a ballot online during the Meeting. Do not fill out and return the form of proxy if the intent is to vote virtually at the Meeting. It is anticipated that once voting has opened during the Meeting the resolutions and voting choices will be displayed and Registered Holders will be able to vote by selecting their voting direction from the options shown on the screen. The submit button must be clicked for a vote to be counted.
Phone	Call 1-866-732-8683 (toll-free in North America) and follow the instructions. A 15-digit control number will need to be entered, and then the interactive voice recording instructions should be followed to submit a vote.
Mail	Enter voting instructions, sign the form of proxy and send the completed form to: Computershare Attention: Proxy Department 100 University Avenue, 8th Floor Toronto, ON M5J 2Y1
Fax	Enter voting instructions, sign the form of proxy, and fax the completed form to 1-866-249-7775 (toll-free in North America) or 1-416-263-9524 (outside North America).
Internet	Go to http://www.investorvote.com. Enter the 15-digit control number printed on the form of proxy and follow the instructions on screen.
Questions	Call Shareholder Services at 1-800-564-6253 (North American Toll-Free) or 1-514-982-7555 (Outside North America).

Appointment of Proxies

A form of proxy is a document that authorizes someone to attend the Meeting and cast votes on behalf of an Amarillo Shareholder. A form of proxy is enclosed with this Circular. It should be used to appoint a proxyholder, although any other legal form of proxy can also be used.

If an Amarillo Shareholder does not attend the Meeting virtually, their vote(s) can still be counted by appointing someone who to attend the Meeting and act as proxyholder. The persons named in the enclosed forms of proxy can be appointed or any other person or entity (who need not be an Amarillo Shareholder) can be appointed to attend the Meeting and act on an Amarillo Shareholder's behalf. Regardless of who is appointed as a proxyholder, the Amarillo Shareholder can instruct that person or company how the shares should be voted or the Registered Holder can let their proxyholder decide for them.

In order to be valid, the completed form of proxy must be returned before 11:00 a.m. (Eastern time) on February 25, 2022, or 48 hours, excluding Saturdays, Sundays and holidays, prior to the date of any adjourned or postponed Meeting, to the transfer agent:

Computershare Investor Services Inc.
100 University Avenue, 8th floor
Toronto, Ontario M5J 2Y1
Attention: Proxy Department
Phone: 1-866-732-8683 (toll-free in North America)
Fax: 1-866-249-7775 (toll-free in North America) or 1-416-263-9524 (outside North America)

The persons named in the enclosed forms of proxy are directors and/or officers of Amarillo and have been chosen by the Amarillo Board. An Amarillo Shareholder who wishes to appoint some other person to represent such Amarillo Shareholder at the Meeting may do so by crossing out the name on the form of proxy and inserting the name of the person proposed as proxyholder in the blank space provided in the enclosed form of proxy AND then, registering the proxyholder in an additional step that MUST be completed AFTER the form of proxy or voting instructions form has been submitted. Failure to register the proxyholder will result in the proxyholder not receiving an Invitation Code that is required to vote at the Meeting and only being able to attend as a guest.

Step 1: Submit the form of proxy or voting instruction form: To appoint a third party proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering the proxyholder, which is an additional step to be completed once the form of proxy or voting instruction form has been submitted.

Step 2: Register the proxyholder: To register a third party proxyholder, Amarillo Shareholders must visit http://www.computershare.com/Amarillo by no later than 11:00 a.m. (Eastern time) on February 25, 2022 and submit the required proxyholder contact information so that Computershare may provide the proxyholder an Invitation Code via email. Without an Invitation Code, proxyholders will not be able to vote at the Meeting but will be able to participate as a guest.

Any Amarillo Shareholder who is an individual must sign their name as it appears in the share ledger of Amarillo. For any Amarillo Shareholder that is a corporate body, the proxy form must be signed by a duly authorized officer or representative of the corporate body. If the Amarillo Shares are registered in the name of more than one owner, then all those registered should sign the proxy form. If the Amarillo Shares are registered in the name of a liquidator, director or trustee, these persons must sign the exact name appearing

in the ledger. If the Amarillo Shares are registered in the name of a deceased Amarillo Shareholder, the name of the deceased Amarillo Shareholder must be printed in block letters in the space provided for that purpose. The proxy form must be signed by the legal representative, who must print their name in block letters under their signature, and proof of their authority to sign on behalf of the Amarillo Shareholder must be appended to the proxy form.

Instructing the Proxy and Exercise of Discretion by the Proxy

Amarillo Shareholders may indicate on their form of proxy how a proxyholder shall vote their Amarillo Shares. To do this, simply mark the appropriate boxes on the form of proxy. If the appropriate boxes on the form of proxy are marked, the proxyholder must vote the Amarillo Shares as instructed.

Unless otherwise directed, it is management's intention to vote **FOR** all matters to be voted on at the Meeting. If a signed proxy is returned without specifying how the Amarillo Shares should be, as applicable, voted, the persons named as proxyholders will cast the votes represented by the proxy at the Meeting FOR all matters to be voted on at the Meeting.

Further details about these matters to be voted on at the Meeting are set out in this Circular. The enclosed forms of proxy give the persons named on the form the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Circular, the management of Amarillo is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed forms of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Revoking your Proxy

Any Amarillo Shareholder who grants a proxy can revoke such proxy by filing a written notice of revocation, including another proxy form indicating a later date, signed by the Amarillo Shareholder or his or her proxyholder duly authorized in writing. For any Amarillo Shareholder that is a corporate body, this written notice of revocation or proxy form must be signed by a duly authorized officer or representative.

The act of appointing a new proxyholder results in the revocation of any previous act appointing another proxyholder. The written notice of revocation, including another proxy form indicating a later date, must be sent to (i) Computershare Investor Services Inc. at 100 University Avenue, 8th floor, Toronto, Ontario M5J 2Y1, attention: Proxy Dept., by no later than two Business Days preceding the date of the Meeting or of any adjournment or postponement thereof, (ii) the head office of Amarillo located at 82 Richmond Street East, Suite 201, Toronto, Ontario, M5C 1P1 on the last clear Business Day preceding the date of the Meeting or of any adjournment or postponement thereof, or (iii) the Chairperson of the Meeting on the day the Meeting is being held or on any adjournment or postponement thereof. If an Amarillo Shareholder revokes their proxy but does not replace it with another that is deposited with Computershare before the deadline, they can still vote their Amarillo Shares, but to do so they must attend the Meeting virtually.

Non-Registered Holders

If the Amarillo Shares are not registered in the Amarillo Shareholder's own name, they will be held in the name of a "nominee", usually a bank, trust company, securities dealer or other financial institution and, as such, the nominee will be the entity legally entitled to vote the Amarillo Shares and must seek the Amarillo Shareholder's instructions as to how to vote their Amarillo Shares.

Voting Options

Non-Registered Holders should carefully follow the instructions on the voting information form ("**VIF**") or legal proxy that was received from their nominee to vote their shares.

Appointment Proxies

If Amarillo Shares are not registered in an Amarillo Shareholder's name, Amarillo's transfer agent may not have a record of the Amarillo Shareholder's name and, as a result, unless their nominee has appointed the Amarillo Shareholder as a proxyholder, will have no knowledge of the Amarillo Shareholder's entitlement to vote. Amarillo Shareholders wishing to vote virtually at the Meeting should insert their own name in the space provided on the VIF that was received from their nominee. This will instruct the nominee to appoint the Amarillo Shareholder as proxyholder. The signature and return instructions provided by the nominee should be strictly adhered to. It is not necessary to complete the form in any other respect since the Amarillo Shares will be voting at the Meeting virtually.

A Non-Registered Holder can also write the name in the space provided in the VIF of someone else whom they wish to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in the VIF will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in the VIF or the Circular.

A Non-Registered Holder who wishes to appoint themselves or a third party proxyholder to attend and participate at the Meeting and vote their shares **MUST** submit their form of proxy, legal proxy or VIF, as applicable, appointing that person or themselves as proxyholder **AND** register that proxyholder online, as described below. Registering the proxyholder is an additional step to be completed **AFTER** the form of proxy or voting instruction form has been submitted. Failure to register the proxyholder will result in the proxyholder not receiving their Invitation Code that is required to vote at the Meeting and only being able to attend as a guest.

Step 1: Submit the form of proxy or voting instruction form: To appoint a third party proxyholder, insert that person's name in the blank space provided in the form of proxy, legal proxy or VIF (if permitted) and follow the instructions for submitting such form of proxy, legal proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once the form of proxy or voting instruction form has been submitted.

Step 2: Register the proxyholder: To register a third party proxyholder, Amarillo Shareholders must visit http://www.computershare.com/Amarillo by no later than 11:00 a.m. (Eastern time) on February 25, 2022, and provide Computershare with the required proxyholder contact information so that Computershare may provide the proxyholder with an Invitation Code via email. Without this Invitation Code, proxyholders will not be able to vote at the Meeting but will be able to participate as a guest.

Revoking your Voting Instructions

Non-Registered Holders may revoke the voting instructions given to their nominee at any time by written notice to the nominee. However, the nominee may be unable to take any action on the revocation if the revocation is not provided sufficiently in advance of the Meeting. Each nominee has its own rules concerning the mailing and forwarding of voting instruction forms, meeting notices, proxy circulars as well as all other documents sent to shareholders for a meeting. These rules must be clearly followed by the beneficial owners to ensure their Amarillo Shares can be represented at the Meeting.

Approval Thresholds

At the Meeting, Amarillo Shareholders will be asked, among other things, to consider and to vote to approve the Arrangement Resolution approving the Arrangement. To be effective, the Arrangement Resolution must be approved by a resolution passed by at least 66⅔% of the votes cast by the Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class, which also satisfies the TSXV requirement that the Arrangement be approved by the Amarillo Shareholders.

Quorum

In accordance with Amarillo's general by-laws and subject to the provisions of the BCA and any regulation or order adopted thereunder, quorum for a shareholder meeting, including the Meeting, is one or more persons holding or representing 10% of the voting rights attached to the issued and outstanding Amarillo Shares entitled to vote at such meeting.

Voting Securities and Principal Holders

The authorized capital of Amarillo is made up of an unlimited number of Amarillo Shares. Each Amarillo Shareholder is entitled to one vote for each Amarillo Share registered in their name as at the Record Date. Amarillo Shareholders will vote together as a single class on the Arrangement Resolution. As at the close of business on January 27, 2022, 386,073,694 Amarillo Shares were issued and outstanding. In addition, up to 25,215,000 Amarillo Shares are issuable upon the exercise of Amarillo Options.

To the knowledge of the directors and executive officers of Amarillo, as of the Record Date, other than as described below, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of Amarillo.

To the knowledge of the directors and executive officers of Amarillo, as of the Record Date, Baccarat Trade Investments Limited and its affiliates and associates held 76,099,500 Amarillo Shares representing approximately 19.71% of the outstanding Amarillo Shares on a non-diluted basis; and 2176423 Ontario Ltd. and its affiliates and associates held 68,300,000 Amarillo Shares representing approximately 17.69% of the outstanding Amarillo Shares on a non-diluted basis.

THE ARRANGEMENT

Details of the Arrangement

On November 29, 2021, Amarillo and Hochschild entered into the Arrangement Agreement pursuant to which, among other things, Hochschild agreed to acquire all of the issued and outstanding Amarillo Shares, conditional upon and following the completion of the SpinCo Transactions. The Arrangement will be effected pursuant to a court-approved arrangement under the BCA. Subject to receipt of the Amarillo Shareholder Approval, the Final Order and the satisfaction or waiver of certain other conditions, Hochschild will acquire all of the issued and outstanding Amarillo Shares on the Effective Date. The Parties intend to rely upon the Section 3(a)(10) Exemption with respect to the issuance of the SpinCo Shares pursuant to the Arrangement.

If completed, the Arrangement will result in SpinCo acquiring all of the SpinCo Assets and SpinCo Liabilities immediately prior to the Effective Time, Hochschild acquiring all of the issued and outstanding Amarillo Shares on the Effective Date and Amarillo becoming a wholly-owned subsidiary of Hochschild.

Pursuant to the Plan of Arrangement, at the Effective Time, Amarillo Shareholders will receive $0.40 in cash and one SpinCo Share for each Amarillo Share held at the Effective Time. On completion of the Arrangement, Amarillo Shareholders are expected to own 100% of the issued and outstanding SpinCo Shares. For further information regarding SpinCo following completion of the Arrangement see Appendix E "*Information Concerning SpinCo*".

Background to the Arrangement

The terms of the Arrangement are the result of an unsolicited arm's length offer from Hochschild to Amarillo and ensuing negotiations between representatives of Hochschild and Amarillo and their respective advisors. The following is a summary of the events leading up to the execution of the Arrangement Agreement.

The Amarillo Board, with the assistance of the management of Amarillo, continually reviews the strategic options and opportunities available to Amarillo to seek to maximize Amarillo Shareholder value. These opportunities include the possibility of strategic transactions with various industry participants. The Amarillo Board and the management of Amarillo review and consider such opportunities as they arise to determine whether pursing them would be in the best interests of Amarillo Shareholders.

Beginning in the latter half of 2019 and until April 2021, this ongoing review of strategic opportunities was particularly focused on securing financing to continue the development of the Posse Gold Project. Amarillo completed equity financings in August 2019 and August 2020 to this end. At the same time, Amarillo began to explore alternatives for securing project financing to complete development and achieve commercial production at its Posse Gold Project. In October 2019, Amarillo engaged a financial advisor to provide financial advisory and investment banking services to assist it with identifying potential financing sources and assisting it with obtaining its desired financing. At the same time, Amarillo also consulted with another investment banking firm to explore the broader universe of potential strategic transactions that could maximize value for Amarillo Shareholders, including to assist it in identifying potential transaction counterparties, providing peer review, general valuation analysis and mergers and acquisitions advice.

In the period from January, 2020 to August, 2021, Amarillo received unsolicited informal expressions of interest from various parties, however, none of these expressions of interest proceeded past the stage of preliminary discussions. In light of the continued receipt of unsolicited expressions of interest, Amarillo

prepared a data room and invited a select number of potential counterparties, including Hochschild, to enter into confidentiality and standstill agreements and review the data room information.

After Amarillo and Hochschild entered into a confidentiality agreement in March 27, 2020, Hochschild conducted initial technical and financial due diligence investigations with respect to Amarillo and its mineral projects. This due diligence review led to various information discussions between representatives of Hochschild and Amarillo, but did not lead to advanced negotiations for purposes of entering into a transaction.

On June 2, 2020, Amarillo announced a positive feasibility study on the Posse Gold Project and the related technical report was filed by it on SEDAR on August 5, 2020, together with a final short form prospectus for an underwritten equity offering and documents related to a concurrent private placement financing. At around the same time, Amarillo entered into an indicative and non-binding term sheet with a project finance lender to act as lead arranger for a potential project finance facility for the construction and development of a mine at the Posse Gold Project. After entering into the non-binding term sheet, Amarillo engaged in various discussions with this potential lender on an exclusive basis and, after the non-binding term sheet lapsed and discussions on a potential financing ceased, Amarillo's management began to explore other potential financing and alternative transactions.

In March 2021, Hochschild contacted Amarillo to discuss the possibility of a business transaction and, on an unsolicited basis, expressed interest in completing a transaction to acquire Amarillo. Then, on April 7, 2021, Hochschild submitted an unsolicited non-binding and confidential proposal for an all-cash transaction to acquire all of the issued and outstanding Amarillo Shares. The Amarillo Board met on April 9, 2021, and discussed the Hochschild proposal in detail. After considering relevant information, including potential alternative transactions and the risks and benefits of continuing to pursue different possibly options for obtaining project financing for its Posse Gold Project, the Amarillo Board determined that the terms proposed by Hochschild were inadequate. On April 12, 2021, at the direction of the Amarillo Board, Amarillo formally rejected Hochschild's proposal.

At a meeting of the Amarillo Board held on May 18, 2021, Mike Mutchler reported to the Amarillo Board about discussions that he had subsequently had with Hochschild and the Amarillo Board considered Hochschild's continued expressed interest in pursuing a possible transaction. After discussing information with respect to potential strategic and financing alternatives, the Amarillo Board again determined that the terms proposed by Hochschild for a possible transaction with it were not then in Amarillo's best interests.

On June 28, 2021, Hochschild submitted a second, revised non-binding indicative transaction proposal to Amarillo, which included a spinout of SpinCo (to be held as to 90% of its shares by Amarillo Shareholders, and as to 10% of its shares by Hochschild), seeded with cash, in addition to the previously offered cash consideration, subject to confirmatory due diligence. The Amarillo Board met on June 30, 2021, to consider the revised offer. After discussion and review of relevant information, including a report on current exploration activities being carried out by Amarillo and consideration of various alternatives, the Amarillo Board agreed that management should, among other things, continue to engage with Hochschild to negotiate a transaction on the best available terms to Amarillo and that certain directors would approach parties that had been identified as potential transaction counter-parties with a view to permitting the Amarillo Board to assess the alternatives available to Amarillo to maximize Amarillo Shareholder value in light of the revised non-binding proposal received from Hochschild.

Further discussions between Amarillo and Hochschild and Hochschild's financial advisor took place after June 30, 2021, which led to Hochschild making a further revised informal indicative offer on July 29, 2021, featuring superior cash consideration and a spinout of SpinCo, funded with cash, similar to its earlier

proposed transaction terms. At a meeting of the Amarillo Board held on August 6, 2021, the directors considered the latest revised indicative terms from Hochschild and, among other things, instructed Amarillo's Chief Executive Officer to continue to negotiate with Hochschild to achieve try to achieve a more favourable offer.

The Amarillo Board met again on August 9, 2021, and received advice from Amarillo's legal counsel regarding, among other things, the appropriate process to follow in connection with the latest revised offer from Hochschild, in particular having regard to the newly introduced spin-out of the SpinCo Properties as a feature of a potential transaction with Hochschild. The Amarillo Board determined that the further consideration of a possible transaction with Hochschild should be overseen and directed by independent directors who are not potentially subject to any conflicts of interest; and that the decision as to whether the proposed transaction is in the best interests of Amarillo should be preceded by a full analysis of the relevant facts, interests, issues and alternatives, conducted by independent directors who are not subject to any actual or potential conflicts of interest. As a result, the Special Committee was established for this purpose.

On August 13, 2021, Hochschild submitted a fourth revised non-binding transaction proposal that again featured an all-cash transaction to acquire all of the issued and outstanding Amarillo Shares and included the spinout of SpinCo, seeded with cash and the SpinCo Properties, subject to confirmatory due diligence.

The Special Committee met on August 15, 2021 to consider the August 13, 2021 proposal. At this meeting, after due consideration, the Special Committee determined to refer the latest Hochschild proposal to the full Amarillo Board for consideration. On August 16, 2021, the Amarillo Board met with management of Amarillo and its legal counsel to review and consider the most recent offer from Hochschild. At this meeting, the Amarillo Board received an update on exploration from Amarillo's management. Subsequently, upon the unanimous recommendation of the Special Committee and after discussion, the Amarillo Board authorized and directed management to finalize the terms of a non-binding letter of intent with Hochschild on the terms set out in Hochschild's August 13, 2021 proposal.

With advice from their respective advisors, Amarillo and Hochschild worked on August 16, 2021, August 17, 2021 and August 18, 2021 towards the execution of a letter of intent that would form the basis of the negotiation of a definitive arrangement agreement. The letter of intent was executed by both parties on August 18, 2021, and the parties then commenced negotiations on the terms of the Arrangement Agreement. The letter of intent provided for an exclusivity period until September 19, 2021.

On August 25, 2021, the Special Committee confirmed the engagement of the Financial Advisor. On August 27, 2021, the Special Committee engaged Osler, Hoskin & Harcourt LLP as legal counsel to the Special Committee.

During the period from August 18, 2021 to September 16, 2021, the parties and their respective advisors negotiated in good faith with a view to finalizing the procedural steps to the proposed transaction and settling the terms of the Arrangement Agreement and related preliminary documentation. In order to facilitate the continuation of this process and to finalize the structure for the proposed spinoff of SpinCo, on September 16, 2021, the parties agreed to extend the deadline for the exclusive negotiating period agreed in the letter of intent from September 19, 2021 to October 4, 2021. During this extension of the exclusivity period, the parties were unable to agree on a resolution to certain matters that arose within the process of negotiating an arrangement agreement and on October 2, 2021, Hochschild notified Amarillo of its decision to terminate the letter of intent, and its willingness to continue negotiation of a possible transaction on revised terms. Amarillo confirmed the termination of negotiations and then began to again consider alternative transactions.

On or around November 16, 2021, Hochschild again contacted Amarillo, on an unsolicited basis, and expressed renewed interest in completing a transaction to acquire Amarillo on modified terms. Hochschild proposed an all-cash transaction to acquire all of the issued and outstanding Amarillo Shares for consideration to Amarillo Shareholders equal to $0.40 in cash and one SpinCo Share per Amarillo Share, such that Amarillo Shareholders would hold 100% of the outstanding equity of SpinCo on completion of the Arrangement.

The Amarillo Board met on November 17, 2021 to consider the November 16, 2021 proposal from Hochschild. After the Amarillo Board unanimously approved the transaction terms most recently offered by Hochschild, Amarillo and Hochschild entered into a non-binding letter of intent on the same day, and recommenced work toward finalizing the Arrangement Agreement and other transaction agreements.

The Special Committee and the Amarillo Board met on November 26, 2021 to review the current draft of the Arrangement Agreement and discuss outstanding terms. At this meeting the Financial Advisor provided an overview of its analysis of the Arrangement with a view to providing a fairness opinion. The Special Committee and the Amarillo Board met again on November 29, 2021 to consider the Arrangement and the Arrangement Agreement. At this meeting, the Amarillo Board and the Special Committee received advice from the Financial Advisor that provided its verbal Fairness Opinion to the Special Committee and the Amarillo Board that, as of the date thereof, and subject to the limitations, qualifications and assumptions disclosed to the Special Committee and the Amarillo Board in connection therewith, the consideration to be received by Amarillo Shareholders pursuant to the transaction is fair, from a financial point of view, to Amarillo Shareholders. At the conclusion of the meeting, the Amarillo Board, on the unanimous recommendation of the Special Committee, unanimously: (i) approved the Arrangement and the entering into of the Arrangement Agreement; (ii) determined that the Arrangement is in the best interests of Amarillo and is fair, from a financial point of view, to Amarillo Shareholders, and (iii) determined to recommend that Amarillo Shareholders vote in favour of the Arrangement. Amarillo and Hochschild settled the final terms of the Arrangement Agreement on November 29, 2021.

Following the meeting of the Amarillo Board, Amarillo and Hochschild entered into the Arrangement Agreement, each of the directors and officers of Amarillo executed a Support Agreement, Eduardo Hochschild executed a voting support agreement with Amarillo and news releases announcing the Arrangement were issued by Amarillo on November 29, 2021 and by Hochschild on November 30, 2021.

On January 27, 2022, the Amarillo Board approved this Circular and unanimously reconfirmed their approval of the Arrangement and recommendation that Amarillo Shareholders vote in favour of the Arrangement Resolution.

Recommendation of the Amarillo Board

The Amarillo Board, after careful consideration of the terms and conditions of the Arrangement, the recommendation of the Special Committee and the Fairness Opinion, and such other matters as it considered necessary and relevant, including the factors and reasons set out below under the heading "*The Arrangement – Reasons for the Recommendation of the Amarillo Board*", unanimously determined that the Arrangement is fair to Amarillo Shareholders, the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Amarillo and authorized Amarillo to enter into the Arrangement Agreement. **Accordingly, the Amarillo Board unanimously recommends that Amarillo Shareholders vote FOR the Arrangement Resolution.**

Reasons for the Recommendation of the Amarillo Board

In reaching its conclusions and formulating its recommendation, the Amarillo Board consulted its legal and financial advisors and the Special Committee. The Amarillo Board also reviewed a significant amount of technical, financial and operational information relating to Amarillo and Hochschild and considered a number of factors and reasons, including those listed below. The following is a summary of the principal reasons for the unanimous determination of the Amarillo Board that the Arrangement is fair to Amarillo Shareholders and is in the best interests of Amarillo and the recommendation of the Amarillo Board that Amarillo Shareholders vote **FOR** the Arrangement Resolution.

- **Significant Premium to Unaffected Market Price.** The Consideration offered to Amarillo Shareholders under the Arrangement represents a premium of approximately 74% to the closing price of the Common Shares of $0.23 on the TSXV on November 29, 2021, the last trading day prior to the announcement of the Arrangement, and a premium of approximately 66% to the volume weighted average price of the Common Shares on the TSXV over the 20 trading day period ended November 29, 2021 of $0.24. **The Special Committee was of the view that the opportunity for Shareholders to realize this premium outweighed Amarillo maintaining the status quo**.

- **Continued Exposure to Other Amarillo Assets.** Amarillo Shareholders, through their ownership of SpinCo Shares, will have continued exposure to the other Amarillo assets being transferred to SpinCo, including the Butiá Prospect, which forms part of the Lavras do Sul Project, and the SpinCo Royalty.

- **Significant Shareholder Support.** All the directors and senior officers of Amarillo and the two largest shareholders of Amarillo, Baccarat Trade Investments Limited and 2176423 Ontario Ltd., have entered into Support Agreements with Hochschild, in each case pursuant to which they have, subject to the terms and conditions of such agreements, agreed, among other things, to vote all of their Amarillo Shares in favour of the Arrangement Resolution. In the aggregate, the parties to these agreements collectively own or control approximately 44% of the issued and outstanding Amarillo Shares, on a non-diluted basis, as of the Record Date.

- **Fairness Opinion.** Research Capital Corporation was engaged by Amarillo as financial advisor to Amarillo and the Special Committee and provided its opinion to the Amarillo Board and the Special Committee to the effect that, as of November 29, 2021, and subject to the assumptions, limitations and qualifications set out in the fairness opinion, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

- **No Financing or Due Diligence Condition**. The Consideration to be paid pursuant to the Arrangement will be entirely in cash and is not subject to financing or due diligence conditions.

- **Credibility of Hochschild**. Hochschild's commitment, creditworthiness and anticipated ability to complete the Arrangement.

- **Guarantee by Hochschild**. The Purchaser's obligations under the Arrangement Agreement are unconditionally guaranteed by Hochschild.

- **Alternatives to the Arrangement.** Prior to entering into the Arrangement Agreement, Amarillo regularly evaluated business and strategic opportunities with the objective of maximizing

shareholder value in a manner consistent with the best interests of Amarillo. As part of that process, Amarillo entered into a number of confidentiality agreements with various mining companies over the past several years in order to allow for preliminary discussions to occur regarding potential transactions to maximize value for Amarillo Shareholders. The Amarillo Board assessed the current and anticipated future opportunities and risks associated with the business, operations, assets, financial performance, and condition of Amarillo should it continue as a standalone entity, including the challenges faced by Amarillo in sourcing the capital required for its business and development objectives on reasonable commercial terms, the lack of potential sources of such capital and the costs and expected significant dilution to Amarillo Shareholders that would likely result from obtaining such capital. The Amarillo Board consulted with its legal and financial advisors and the Special Committee, assessed the alternatives reasonably available to Amarillo and determined that the Arrangement represents the best current prospect for maximizing value for Amarillo Shareholders.

In making its determinations and recommendations, the Amarillo Board also observed that a number of procedural safeguards were in place and present to permit the Amarillo Board to protect the interests of Amarillo, Amarillo Shareholders, and other Amarillo stakeholders. These procedural safeguards include, among others:

- **Arm's Length Negotiations.** The Arrangement Agreement is the result of comprehensive arm's length negotiations. The Amarillo Board took an active role in negotiating the materials terms of the Arrangement Agreement and the Arrangement Agreement includes terms and conditions that are reasonable in the judgment of the Amarillo Board.

- **Conduct of Amarillo's Business.** The Amarillo Board believes that the restrictions imposed on Amarillo's business and operations during the pendency of the Arrangement are reasonable and not unduly burdensome.

- **Ability to Respond to Superior Proposals.** Notwithstanding the limitations contained in the Arrangement Agreement on Amarillo's ability to solicit interest from third parties, the Arrangement Agreement allows Amarillo to engage in discussions or negotiations regarding any unsolicited competing proposal for Amarillo received prior to the Meeting that constitutes, or would reasonably be expected to constitute, a Superior Proposal.

- **Reasonable Break Fee.** The amount of the Termination Fee, being $5 million, payable to Hochschild under certain circumstances, is within the range of termination fees that are considered reasonable for a transaction of the nature and size of the Arrangement and should not preclude a third party from making a Superior Proposal.

- **Shareholder Approval.** The Arrangement Resolution must be approved by the affirmative vote of at least two-thirds of the votes cast by Amarillo Shareholders present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class.

- **Dissent Rights.** The terms of the Plan of Arrangement provide that any Registered Holders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive the fair value of the Dissenting Shares in accordance with the Arrangement.

The Amarillo Board also considered a variety of risks relating to the Arrangement including those matters described under the heading "Risk Factors". The Amarillo Board believes that, overall, the anticipated benefits of the Arrangement to Amarillo outweigh these risks.

The foregoing summary of the information and factors considered by the Amarillo Board in reaching its determination and recommendation is not intended to be exhaustive but includes the material information and factors considered by the Amarillo Board in its consideration of the Arrangement. In view of the wide variety of factors and the amount of information considered in connection with the Amarillo Board's evaluation of the Arrangement and the complexity of these matters, the Amarillo Board did not find it practicable to, and did not quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusion and recommendation. The recommendation of the Amarillo Board was made after consideration of all of the above-noted and other factors and in light of the Amarillo Board's knowledge of the business, financial condition and prospects of Amarillo and Hochschild and were based upon consultation with Amarillo's legal and financial advisors and the Special Committee. In addition, individual members of the Amarillo Board may have assigned different weights to different factors.

Fairness Opinion

Pursuant to an engagement letter dated as of August 25, 2021, the Financial Advisor was retained by the Amarillo Board to, among other things, deliver an opinion to the Amarillo Board and the Special Committee as to the fairness of the Consideration to be received under the Arrangement, from a financial point of view, to Amarillo Shareholders other than Hochschild. On November 29, 2021, the Financial Advisor delivered to the Amarillo Board its oral opinion, later confirmed in writing, that, on the basis of the particular assumptions and limitations set forth therein, as of such date, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

The full text of the Fairness Opinion, which sets forth, among other things, the assumptions made, the scope of the review, methodologies followed and limitations and qualifications in connection with the Fairness Opinion, is set forth in Appendix C to this Circular. **This summary of the Fairness Opinion is qualified in its entirety by the full text of the opinion and Amarillo Shareholders are urged to read the Fairness Opinion in its entirety.**

The Financial Advisor will be paid by Amarillo a fee for its services that is not contingent on the successful outcome of the Arrangement and will be reimbursed of all reasonable legal and out-of-pocket expenses. In addition, the Financial Advisor and its affiliates and their respective directors, officers, employees, agents, and controlling persons are to be indemnified by Amarillo under certain circumstances from and against certain liabilities arising out of the performance of professional services rendered to Amarillo.

The Fairness Opinion has been provided solely for the use of the Amarillo Board for the purposes of considering the Arrangement and may not be used or relied upon by any other person or for any other purpose without the prior written consent of the Financial Advisor. The Fairness Opinion is not to be construed as a valuation of Amarillo or Hochschild, or any of their respective assets, securities or liabilities (whether on a standalone basis or as a combined entity).

The Fairness Opinion does not constitute a recommendation as to whether or not Amarillo Shareholders should vote in favour of the Arrangement Resolution or any other matter. The Fairness Opinion is one of a number of factors taken into account by the Amarillo Board in approving the terms of the Arrangement Agreement and the Plan of Arrangement, determining that the Arrangement is in the best interests of

Amarillo and unanimously recommending that Amarillo Shareholders vote **FOR** the Arrangement Resolution.

Principal Steps of the Arrangement

The following description of the Plan of Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as Appendix B to this Circular and which has been filed by Amarillo (as Schedule A to the Arrangement Agreement) under its profile on SEDAR at www.sedar.com.

If the Arrangement Resolution is approved at the Meeting, the Final Order approving the Arrangement is issued by the Court and the applicable conditions to completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing and effective as at the Effective Time (which will be at 12:01 a.m. (Eastern time)) on the Effective Date, which is expected to occur as soon as practicable following receipt of the Final Order.

The following preliminary steps will occur prior to, and will be conditions precedent to, the implementation of the Plan of Arrangement:

(a) Amarillo shall have incorporated SpinCo under the BCA;

(b) Amarillo shall have subscribed for the Initial SpinCo Share for $1.00 and SpinCo will have issued the Initial SpinCo Share to Amarillo;

(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) Amarillo, 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.

At the Effective Time, each of the following events set out below shall occur and be deemed to occur consecutively in five 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 Amarillo 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 of the Plan of Arrangement 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 of the Plan of Arrangement;

(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 Amarillo; 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 Amarillo 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;

(iii) the issuance by SpinCo to Amarillo 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 clause (e) below, plus (C) the number of SpinCo Shares, if any, deliverable pursuant to clause (h) below, less (D) the number of Shares transferred to the Purchaser pursuant to clause (a) above, less (E) the number of SpinCo Shares issued and outstanding immediately prior to this clause (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 Tax Act and under any relevant provincial legislation in accordance with the SpinCo Contribution Agreement;

(c) the Purchaser shall make the Funding Loan to Amarillo;

(d) Each Cancelled Option will be cancelled without any payment in respect thereof and the holder thereof will cease to be a holder of such Amarillo Option, will cease to have any rights as a holder of such Amarillo Option, will be removed from the register of such Amarillo Options, and all option agreements, grants and similar instruments relating thereto will be cancelled, and none of Amarillo, SpinCo nor the Purchaser shall have any further liabilities or obligations to the former Amarillo Optionholders with respect thereto;

(e) Each Cash-Out Option will be surrendered to Amarillo and cancelled in consideration for (i) a cash payment from Amarillo equal to the product of the Cash Consideration multiplied by the number of Shares that the Amarillo 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 Amarillo to the Amarillo Optionholder of such number of SpinCo Shares equal to the number of Shares that the Amarillo 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 in Section 4.2 of the Plan of Arrangement;

(f) Each Exercised Option will be deemed to be exercised by the holder thereof and Amarillo shall issue to such holder such number of Exercised Option Shares 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, clause (h) below;

(h) Contemporaneous with clause (g) above, and in satisfaction of the obligations of the Purchaser described in clause (h)(ii) above, Amarillo 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 clause (g) above, and in consideration therefor, the Purchaser shall issue a non-interest bearing demand promissory note (the "**SpinCo Share Delivery Note**") to Amarillo equal to the aggregate fair market value of all such SpinCo Shares delivered pursuant to this clause (h);

(i) The capital of Amarillo shall be reorganized by amending the notice of articles and the articles of Amarillo to create a new class of shares without par value designated as "**Class A Share**s", in an unlimited number, having the special rights or restrictions set out in Schedule A to the Plan of Arrangement;

(j) In the course of a reorganization of Amarillo's issued and outstanding share capital, each then issued and outstanding Share (excluding (i) those Shares acquired by the Purchaser pursuant to clause (a) above and (ii) those Exercised Option Shares acquired by the Purchaser pursuant to clause (f) above 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. Amarillo will not file a joint election under subsection 85(1) or subsection 85(2) of the Tax Act, or any relevant provincial legislation, with any holder of Shares in respect of this share exchange;

(k) Upon the exchange contemplated by clause (j) above, the capital account maintained in respect of the Shares shall be reduced, in respect of the Shares exchanged pursuant to clause (j), by an amount equal to the capital attributable to such Shares immediately prior to the time at which the step in clause (j) above is effective, and, notwithstanding section 73 of the BCA, the capital account maintained in respect of the Class A Shares shall be equal to:

(i) the amount by which the capital account of the Shares is reduced pursuant to this clause (k), less

(ii) the fair market value of the SpinCo Shares transferred to former holders of Shares pursuant to clause (j) above;

Upon the exchange contemplated by clause (j) above, 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 Amarillo in respect of the Shares so exchanged and shall be added to the central securities register of Amarillo 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 clause (j) above;

(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 the Plan of Arrangement;

(ii) the name of each such registered holders shall be removed from the central securities register of Amarillo 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 Amarillo as the holder thereof;

(m) The amount owing by the Purchaser to Amarillo, if any, pursuant to the SpinCo Share Delivery Note shall be set-off and applied in repayment of the same amount owing by Amarillo 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 clause (m) above, a balance under the Funding Loan remains owing by Amarillo to the Purchaser, then the Funding Loan shall be exchanged (and thereupon be released and extinguished) by the Purchaser with Amarillo 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 clause (n) by the Cash Consideration, rounded down to the nearest whole number of Class A Shares, and Amarillo shall, and shall be deemed to have, issued such number of Class A Shares to the Purchaser on such exchange;

(o) The capital of Amarillo 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 Amarillo 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 Amarillo shall not cease and Amarillo 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 clause (p) above:

(i) Amalco will own and hold the property, rights and interests of Amarillo 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 clause (p) above without any repayment of capital);

(ii) Amalco will continue to be liable for all of the liabilities and obligations of Amarillo 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 Amarillo and the Purchaser (other than any amounts owing by Amarillo to the Purchaser or by the Purchaser to Amarillo), 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 Amarillo and the Purchaser will continue as rights, contracts, permits and interests of Amalco as if Amarillo 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 Amarillo 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 Amarillo 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 Amarillo 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 Hochschild Mining Brazil Holdings Corp.;

(ix) the registered office of Amalco shall be:

Suite 1700, Park Place
666 Burrard Street
Vancouver, BC
V6C 2X8

(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 Amarillo;

(xi) the first annual general meeting of Amalco or resolutions in lieu thereof shall be held within 18 months from the Effective Date;

(xii) the resignations of all of the directors of Amarillo shall become effective; and

(xiii) the first directors of Amalco following the Amalgamation shall be: Ignacio Bustamente and Jose Augusto Palma Garcia Zapatero;

it being expressly provided that the events provided for above 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.

Treatment of Amarillo Options

At the Effective Time, subject to the terms and conditions of the Arrangement Agreement and pursuant to the Plan of Arrangement:

(a) Each Cancelled Option will be cancelled without any payment in respect thereof and the holder thereof will cease to be a holder of such Amarillo Option, will cease to have any rights as a holder of such Amarillo Option, will be removed from the register of such Amarillo Options, and all option agreements, grants and similar instruments relating thereto will be cancelled, and none of Amarillo, SpinCo nor the Purchaser shall have any further liabilities or obligations to the former Amarillo Optionholders with respect thereto;

(b) Each Cash-Out Option will be surrendered to Amarillo and cancelled in consideration for (i) a cash payment from Amarillo equal to the product of the Cash Consideration multiplied by the number of Shares that the Amarillo 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 Amarillo to the Amarillo Optionholder of such number of SpinCo Shares equal to the number of Shares that the Amarillo 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 in Section 4.2 of the Plan of Arrangement;

(c) Each Exercised Option will be deemed to be exercised by the holder thereof and Amarillo shall issue to such holder such number of Exercised Option Shares that the holder is entitled to receive on the exercise of such Exercised Option;

(d) 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, clause (h) below;

Procedure for Exchange of Amarillo Shares

Computershare Investor Services Inc. is acting as Depositary under the Arrangement. The Depositary will receive deposits of certificates or DRS Statements representing Amarillo Shares and an accompanying Letter of Transmittal, at the offices specified in the Letter of Transmittal and will be responsible for delivering the Consideration to which Amarillo Shareholders are entitled to under the Arrangement.

At the time of sending this Circular to each Amarillo Securityholder, Amarillo is also sending the Letter of Transmittal to each Registered Holder. The Letter of Transmittal is only for use by Registered Holders and is not to be used by Non-Registered Holders. In order to receive the applicable amount of Cash Consideration and number of SpinCo Shares that such Registered Holder is entitled to receive pursuant to the Arrangement, they must deposit the certificate(s) or DRS Statement, as applicable, representing their Amarillo Shares with the Depositary along with a properly completed and duly executed Letter of Transmittal.

The exchange of Amarillo Shares for the Consideration in respect of Non-Registered Holders is expected to be made with the Non-Registered Holders' nominee (bank, trust company, securities broker or other nominee) account through the procedures in place for such purposes between CDS & Co. (or Cede & Co., in the case of some U.S. Holders) and such nominee. Non-Registered Holders should contact their nominee if they have any questions regarding this process and to arrange for their nominee to complete the necessary steps to ensure that they receive the Cash Consideration and SpinCo Shares in respect of their Amarillo Shares.

Registered Holders are requested to tender to the Depositary any certificates or DRS Statements representing their Amarillo Shares along with a duly completed Letter of Transmittal. As soon as practicable following the Effective Date, the Depositary will forward to each Registered Holder that submitted an effective Letter of Transmittal to the Depositary, together with the certificate(s) or DRS Statements representing the Amarillo Shares held by such Amarillo Shareholder immediately prior to the Effective Date, a cheque or wire transfer representing the Cash Consideration and a DRS Statement representing the SpinCo Shares to which the Registered Holder is entitled under the Arrangement, to be sent to or at the direction of such Amarillo Shareholder. DRS Statement representing SpinCo Shares will be registered in, and the cheque, if applicable, representing the Cash Consideration will be made payable to, such name or names as directed in the Letter of Transmittal and will be either (i) sent to the address or addresses as such Amarillo Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Former Amarillo Shareholder in the Letter of Transmittal. The Depositary will make payment of the Cash Consideration due to any depositing Registered Holder by wire as such holder may have elected in their Letter of Transmittal.

Registered Holders will receive the Cash Consideration in Canadian dollars unless the right to elect in the Letter of Transmittal has been exercised to receive the Cash Consideration for the Amarillo Shares in U.S. dollars.

Non-Registered Holders will receive the Cash Consideration in Canadian dollars unless the intermediary in whose name the Amarillo Shares are registered has been contracted and requested that the intermediary make an election on their behalf. If your intermediary does not make an election on the Non Registered Holder's behalf, payment will be received in Canadian dollars.

The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars will be the rate established by Computershare Trust Company of Canada, in its capacity as foreign exchange service provider to Amarillo, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the Amarillo Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

A Registered Holder that does not submit an effective Letter of Transmittal prior to the Effective Date may take delivery of the cheque or wire transfer representing the Cash Consideration and the certificate(s) or DRS Statements representing the SpinCo Shares, to which such Amarillo Shareholder is entitled pursuant to the Arrangement, by delivering the certificate(s) or DRS Statement representing Amarillo Shares formerly held by it to the Depositary at the office indicated in the Letter of Transmittal at any time prior to the sixth anniversary of the Effective Date. Such certificate(s) or DRS Statement representing Amarillo Shares must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. The DRS Statement representing the SpinCo Shares, will be registered in, and any cheque or wire transfer representing the Cash Consideration will be made payable to, such name or names as directed in the Letter of Transmittal and will be either (i) sent to the address or addresses as such

Registered Holder directed in its Letter of Transmittal or (ii) made available for pick up at the office of the Depositary in accordance with the instructions of the Registered Holder in the Letter of Transmittal, as soon as practicable after receipt by the Depositary of the required certificates and documents.

If any certificate, which immediately before the Effective Time represented one or more outstanding Amarillo Shares for which the holder was entitled to receive the Consideration pursuant to the Arrangement is lost, stolen or destroyed, the Registered Holder should complete the Letter of Transmittal as fully as possible and forward together with a letter describing the loss, theft or destruction to the Depositary. The Depositary will respond with the replacement requirements. Alternatively, Registered Holders who have lost, stolen, or destroyed a certificate that immediately prior to the Effective Time represented one or more Amarillo Shares may participate in the Depositary's blanket bond program with Aviva Insurance Company of Canada by following the instructions in the Letter of Transmittal and submitting the applicable certified cheque or money order made payable to the Depositary.

A Registered Holder must deliver to the Depositary at one of the offices listed in the Letter of Transmittal:

(a) the certificate(s) or DRS Statement representing their Amarillo Shares;

(b) a Letter of Transmittal in the form accompanying this Circular, or a manually executed photocopy thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and

(c) any other relevant documents required by the instructions set out in the Letter of Transmittal.

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) or DRS Statement representing Amarillo Shares deposited therewith, the certificate(s) or DRS Statement, as applicable, must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

The method of delivery of certificates or DRS Statements representing Amarillo Shares and all other required documents is at the option and risk of the person depositing the same. Amarillo recommends that such documents be delivered by hand to the Depositary and a receipt obtained or, if mailed, that registered mail with return receipt requested be used and that appropriate insurance be obtained.

Mail Services Interruption

Notwithstanding the provisions of the Arrangement, the Circular and the Letter of Transmittal, cheques representing the Cash Consideration and DRS Statement representing the SpinCo Shares, in payment for Amarillo Shares deposited pursuant to the Arrangement and any certificate(s) or DRS Statements, as applicable, representing Amarillo Shares to be returned will not be mailed if Hochschild and SpinCo determine that delivery thereof by mail may be delayed.

Persons entitled to cheques, DRS Statements, certificates, and other relevant documents that are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificate(s) or DRS Statements, as applicable, representing Amarillo Shares for which Consideration is being delivered were originally deposited upon application to the Depositary until such time as Hochschild has determined that delivery by mail will no longer be delayed.

No Fractional Shares to be Issued

No fractional SpinCo Shares will be issued to Former Amarillo Shareholders in connection with the Plan of Arrangement. The total number of SpinCo Shares to be issued to any Former Amarillo Shareholder will, without additional compensation, be rounded down to the nearest whole SpinCo Share in the event that a Former Amarillo Shareholder would otherwise be entitled to a fractional share and no person will be entitled to any compensation in respect thereof.

No Fractional Cash Consideration

No fractional Cash Consideration will be paid to Former Amarillo Shareholders in connection with the Plan of Arrangement. The aggregate amount of Cash Consideration owing to any Former Amarillo Shareholder shall be rounded up to the next whole cent.

Withholding Rights

Hochschild, Amarillo and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any person under the Plan of Arrangement (including without limitation, any payments to Dissenting Amarillo Shareholders), and from all dividends or other distributions otherwise payable to any Former Amarillo Shareholder, such amounts as Hochschild, Amarillo or the Depositary, as applicable, is required to deduct and withhold for payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, state, local, or foreign tax Laws, in each case, as amended. To the extent the amount required to be deducted or withheld from any consideration payable or otherwise deliverable to any person under the Plan of Arrangement exceeds the amount of cash consideration, if any, otherwise payable to the person, either of Hochschild or the Depositary is authorized to sell or otherwise dispose of any non-cash consideration payable to the person as is necessary to provide sufficient funds to Hochschild or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it, and Hochschild or the Depositary, as applicable, will notify such person and remit to such person any unapplied balance of the net proceeds of such sale. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the relevant person for which such deduction and withholding was made, provided that such withheld amounts are remitted to the appropriate Governmental Entity.

Cancellation of Rights after Six Years

Should any Former Amarillo Shareholder fail to deliver any certificate(s) or DRS Statement representing their Amarillo Shares, a duly completed Letter of Transmittal and such other documents or instruments required to be delivered under the Plan of Arrangement, to the Depositary on or before the sixth anniversary of the Effective Date, on the sixth anniversary of the Effective Date: (i) the Consideration which such Former Amarillo Shareholder was entitled to receive will be automatically cancelled without any repayment of capital in respect thereof, or repaid to Hochschild in the case of the Cash Consideration and the SpinCo Shares will be delivered to SpinCo by the Depositary for cancellation and will be cancelled by Hochschild and SpinCo, respectively, and the interest of the Former Amarillo Shareholder in such Consideration will be terminated as of such date; and (ii) any dividends or distributions which such Former Amarillo Shareholders were entitled to receive under the Plan of Arrangement will be delivered by the Depositary to Hochschild and such dividends or distributions shall be deemed to be owned by Hochschild, and the interest of the Former Amarillo Shareholder in such dividends or distributions shall be terminated as of such date.

None of Amarillo, Hochschild or SpinCo, or any of their respective successors, will be liable to any person in respect of any Consideration (including any consideration previously held by the Depositary in trust for any such former holder) that is forfeited to Amarillo or SpinCo or delivered to any public official pursuant to any applicable abandoned property, escheat, or similar law. Accordingly, Former Amarillo Shareholders who deposit with the Depositary certificates or a DRS Statement representing Amarillo Shares after the sixth anniversary of the Effective Date will not receive any Consideration in exchange therefor and will not own any interest in Amarillo or SpinCo, and will not be paid any compensation.

Timing for Completion of the Arrangement

Subject to the provisions of the Arrangement Agreement, the Arrangement will become effective at 12:01 a.m. (Eastern time) on the Effective Date, being the date upon which all of the conditions to completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably.

The Effective Date will occur following the satisfaction or waiver of all conditions to completion of the Arrangement as set out in the Arrangement Agreement (excluding any conditions that, by their terms, cannot be satisfied until the Effective Date). If the Meeting is held as scheduled and is not adjourned and/or postponed and the Amarillo Shareholder Approval is obtained, it is expected that Amarillo will apply for the Final Order approving the Arrangement on March 3, 2022. If the Final Order is obtained in a form and substance satisfactory to Amarillo and Hochschild, and the applicable conditions to completion of the Arrangement are satisfied or waived (excluding any conditions that, by their terms, cannot be satisfied until the Effective Date), Amarillo expects the Effective Date to occur as soon as practicable following receipt of the Final Order; however, it is possible that completion may be delayed if the conditions to implementation of the Arrangement cannot be met on a timely basis. Subject to certain limitations, each Party may terminate the Arrangement Agreement if the Arrangement is not consummated by the Outside Date, which date can be unilaterally extended by a Party for up to an additional 90 days (in five- to 15-day increments) in certain circumstances, or extended by mutual agreement of the Parties.

Although the Parties' objective is to have the Effective Date occur as soon as reasonably practicable after the Meeting, the Effective Date could be delayed for several reasons, including, but not limited to, any delay in obtaining any required Regulatory Approvals. Amarillo or Hochschild may determine not to complete the Arrangement, in accordance with the Arrangement Agreement, without prior notice to, or action on the part of, Amarillo Shareholders.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Amarillo Board with respect to the Arrangement, Amarillo Shareholders should be aware that certain directors and officers of Amarillo have certain interests in connection with the Arrangement that are, or may be, different from, or in addition to, the interests of Amarillo Shareholders.

These interests include those described below. The Amarillo Board was aware of these interests and considered them, among other matters, when evaluating and negotiating the Arrangement Agreement and recommending approval of the Arrangement by Amarillo Shareholders, as applicable.

All benefits received, or to be received, by the directors and senior management of Amarillo as a result of the Arrangement are, and will be, solely in connection with their services as directors and senior management of Amarillo. No benefit has been, or will be, conferred for the purpose of increasing the value

of consideration payable to any such person for the Amarillo Shares held by such person and no benefit is, or will be, conditional on any person supporting the Arrangement.

The table below sets forth the number and percentage of Amarillo Shares and Amarillo Options that the directors and officers of Amarillo and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof.

Name and Position	Amarillo Shares[(1)]	Percentage of Amarillo Shares[(2)]	Amarillo Options[(1)]	Percentage of Amarillo Options[(3)]
Mike Mutchler[(4)] President, CEO and Director	2,887,858	0.75%	5,900,000	23.40%
Rowland Uloth Chairman	10,747,357	2.78%	2,850,000	11.30%
Hemdat Sawh[(4)] CFO and Corporate Secretary	548,572	0.14%	2,250,000	8.92%
David Birkett Director	1,508,142	0.39%	1,850,000	7.34%
David Laing Director	0	0%	800,000	3.17%
Lawrence Lepard[(5)] Director	4,743,000	1.23%	2,110,000	8.37%
Rostislav Raykov Director	4,658,547	1.21%	2,090,000	8.29%
Antenor Silva Director	0	0%	800,000	3.17%

Notes:

(1) The information as to the Amarillo Shares and Amarillo Options beneficially owned or over which control or direction is exercised, not being within the knowledge of Amarillo, has been furnished by the respective directors and officers.
(2) The percentage of Amarillo Shares figures are based on 386,073,694 Amarillo Shares outstanding on the Record Date.
(3) The percentage of Amarillo Options figures are based on 25,215,000 Amarillo Options outstanding on the Record Date.
(4) Considered to be senior executive officer of Amarillo.
(5) Mr. Lepard owns 300,000 Amarillo Shares directly and may be considered to have beneficial ownership or control over 4,443,000 Amarillo Shares owned by EMA GARP Fund L.P.

Directors

The Amarillo directors (other than directors who are also executive officers) own or control, in the aggregate, 21,657,046 Amarillo Shares, representing approximately 5.61% of the Amarillo Shares outstanding on the Record Date. The Amarillo directors (other than directors who are also executive officers) own or control, in the aggregate, 10,500,000 Amarillo Options, representing approximately 41.64% of the Amarillo Options outstanding on the Record Date. All of the Amarillo Shares and the Amarillo Options, held by the Amarillo directors will be treated in the same fashion under the Plan of Arrangement as Amarillo Shares and the Amarillo Options held by every other Amarillo Shareholder.

Consistent with standard practice in similar transactions, in order to ensure that the Amarillo directors do not lose or forfeit their protection under liability insurance policies maintained by Amarillo, the Arrangement Agreement provides for the maintenance of such protection for six years. See "*Transaction Agreements – Arrangement Agreement – Insurance and Indemnification*" below.

Senior Executive Officers

The current responsibility for the general management of Amarillo is held and discharged by a group of two senior executive officers: Mike Mutchler, the President and Chief Executive Officer of Amarillo and Hemdat Sawh, Chief Financial Officer and Corporate Secretary of Amarillo. The senior executive officers of Amarillo, in the aggregate, own or control 3,436,430 Amarillo Shares representing approximately 0.89% of the Amarillo Shares outstanding on the Record Date. The senior executive officers of Amarillo, in the aggregate, own or control 8,150,000 Amarillo Options, representing approximately 32.32% of the Amarillo Options outstanding on the Record Date. All of the Amarillo Shares and the Amarillo Options held by the senior executive officers of Amarillo will be treated in the same fashion under the Plan of Arrangement as Amarillo Shares and the Amarillo Options held by every other Amarillo Shareholder and Amarillo Optionholder, respectively.

Each of the senior executive officers of Amarillo named below is party to a written employment agreement that provides for certain payments upon a "change of control" (as defined in the respective employment agreements) of Amarillo. Pursuant to the Arrangement Agreement, a "change of control" will be deemed to have occurred immediately prior to the completion of the Arrangement.

In the event that Mike Mutchler's employment is terminated upon a "change of control", Mr. Mutchler will be entitled to receive $986,283.

In the event that Hemdat Sawh's employment is terminated upon a "change of control", Mr. Sawh is entitled to receive $623,109.

Based on the foregoing entitlements, each of the individuals named above will receive the following lump sum severance payments upon completion of the Arrangement: Mike Mutchler $986,283 and Hemdat Sawh $623,109.

Any and all Amarillo Options held by the senior executive officers of Amarillo will vest immediately upon a change of control (as defined in the Amarillo Option Plan), which is the same treatment as all other Amarillo Options under the Plan of Arrangement.

Fees and Expenses

The aggregate expenses of Amarillo incurred or to be incurred in connection with the Arrangement, including, without limitation, contractual severance obligations, legal, accounting, audit, financial advisory, printing, director and officer run-off insurance and other administrative and professional fees, the preparation and printing of this Circular, fees owed to the Depositary in connection with the solicitation of proxies for the Meeting and other out-of-pocket costs associated with the Meeting are estimated to be approximately $950,000 in the aggregate.

All expenses incurred in connection with the Arrangement and the transactions contemplated thereby shall be paid by the Party incurring such expense.

REGULATORY MATTERS AND APPROVALS

Shareholder Approval

At the Meeting, Amarillo Shareholders will be asked to consider, and if deemed appropriate, approve the Arrangement Resolution. In order for the Arrangement to become effective, as provided in the Interim Order and by the BCA, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least 66⅔% of the votes cast by the Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class, which also satisfies the TSXV requirement that the Arrangement be approved by the Amarillo Shareholders without taking into account the votes of Amarillo Optionholders.

Should Amarillo Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed. Notwithstanding the foregoing, the Arrangement Resolution authorizes the Amarillo Board, without further notice to or approval of Amarillo Shareholders, to revoke the Arrangement Resolution at any time prior to the Effective Time if they decide not to proceed with the Arrangement.

Court Approvals

The Arrangement requires approval by the Court under Section 188 of the BCA. Prior to the mailing of this Circular, on January 27, 2022, Amarillo obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The full text of the Interim Order is set out in Appendix D to this Circular.

Under the terms of the Arrangement Agreement, if the Arrangement Resolution is approved by Amarillo Shareholders at the Meeting in the manner required by the Interim Order, Amarillo is required to seek the Final Order as soon as reasonably practicable, but in any event not later than two (2) Business Days following the Meeting.

The application for the Final Order approving the Arrangement is currently scheduled for March 3, 2022 at 10:00 a.m. (Pacific time) or as soon thereafter as counsel may be heard at the Court at any other date and time as the Court may direct. Any Amarillo Securityholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a notice of appearance no later than 5:00 p.m. (Eastern time) on March 1, 2021 along with any other documents required, all as set out in the Interim Order and the Notice of Application, the text of which are set out in Appendix D to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the

hearing is adjourned then, subject to further order of the Court, only those persons having previously filed and served a notice of appearance will be given notice of the adjournment.

Amarillo has been advised by its legal counsel, Osler, Hoskin & Harcourt LLP and Irwin Lowy LLP, that the Court has broad discretion under the BCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Amarillo and/or Hochschild may determine not to proceed with the Arrangement.

The SpinCo Shares to be issued under the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption. The Court will be advised prior to the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, pursuant to the Section 3(a)(10) Exemption, the SpinCo Shares to be issued under the Arrangement will not require registration under the U.S. Securities Act. See "*The Arrangement — U.S. Securities Law Matters*" below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Application attached as Appendix D to this Circular. The Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

Regulatory Approvals

Pursuant to the Arrangement Agreement, it is a mutual condition precedent to completion of the Arrangement that all of the Regulatory Approvals will have been obtained. Within the time prescribed after the date of the Arrangement Agreement, each Party, or where appropriate, Hochschild or both Parties jointly, will make all required notifications, filings, applications and submissions required to obtain the Regulatory Approvals and will use their respective reasonable best efforts to take or cause to be taken all actions necessary or advisable on their respective parts to discharge their respective obligations under the Arrangement Agreement or otherwise advisable under Laws in connection with the Arrangement and the Arrangement Agreement.

Other than the Amarillo Shareholder Approval, the Final Order and the necessary conditional approvals (or equivalent) as the case may be, of the TSXV having been obtained, Amarillo is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement, as applicable. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Amarillo currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date, as applicable.

Stock Exchange Listing Approval and Delisting Matters

The Amarillo Shares currently trade on the TSXV under the symbol "AGC" and on the OTCQB under the symbol "AGCBF". It is a condition to the completion of the Arrangement, in favour of Hochschild, that the SpinCo Shares will have been conditionally approved for listing on the TSXV, or such other recognized

stock exchange mutually agreed to with Hochschild on or before the Effective Date. See "Risk Factors – Risk Factors Relating to SpinCo Following Completion of the Arrangement". Following the Effective Date, the Amarillo Shares will be delisted from the TSXV (anticipated to be effective one (1) to two (2) Business Days following the Effective Date) and Hochschild expects to apply to the applicable Canadian securities regulators to have Amarillo cease to be a reporting issuer.

Canadian Securities Law Matters

Status Under Canadian Securities Laws

Amarillo is a reporting issuer in all the provinces in Canada, except Québec. The Amarillo Shares currently trade on the TSXV and the OTCQB. Following the Effective Date, the Amarillo Shares will be delisted from the TSXV (anticipated to be effective one (1) to two (2) Business Days following the Effective Date) and Hochschild expects to apply to the applicable Canadian securities regulators to have Amarillo cease to be a reporting issuer.

Upon completion of the Arrangement, SpinCo expects that it will be a reporting issuer in all the provinces in Canada, except Québec. SpinCo has applied to have the SpinCo Shares listed on the TSXV. Listing is subject to the approval of the TSXV in accordance with its original listing requirements. The TSXV has not conditionally approved SpinCo's listing application and there is no assurance that the TSXV will approve the listing of the SpinCo Shares. There can be no assurance as to if, or when, the SpinCo Shares will be listed or traded. As the SpinCo Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of SpinCo Shares may not have a market for their SpinCo Shares. See "*Risk Factors – Risk Factors Relating to SpinCo Following Completion of the Arrangement*".

The Hochschild Shares currently trade on the LSE and crosstrades on the OTCQX, and following the Effective Date, the Hochschild Shares will remain listed on the LSE and crosstrades on the OTCQX.

Distribution and Resale of SpinCo Shares Under Canadian Securities Laws

The distribution of the SpinCo Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The SpinCo Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*, (ii) no unusual effort is made to prepare the market or to create a demand for the SpinCo Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of Hochschild or SpinCo, the selling security holder has no reasonable grounds to believe that Hochschild or SpinCo, as the case may be, is in default of applicable Securities Laws.

Each Amarillo Shareholder is urged to consult their professional advisors to determine the Canadian conditions and restrictions applicable to trades in SpinCo Shares.

MI 61-101

MI 61-101 regulates certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding "interested parties" or "related parties", independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business

combinations" (as defined in MI 61-101) that terminate the interests of securityholders without their consent. MI 61-101 provides that, in certain circumstances, where a "related party" of an issuer (as defined in MI 61-101 and including directors, executive officers and shareholders holding over 10% of issued and outstanding shares of the issuer) is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to valuation and minority approval requirements and such related party will be an "interested party" (as defined in MI 61-101).

A "collateral benefit" (as defined in MI 61-101) includes any benefit that a "related party" of Amarillo is entitled to receive as a consequence of the Arrangement, including without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities or other enhancement in benefits related to services as an employee, director or consultant of Amarillo. MI 61-101 excludes from the meaning of collateral benefit a payment per security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, as well as certain benefits to a related party received solely in connection with the related party's services as an employee or director of an issuer, of an affiliated entity of such issuer or of a successor to the business of such issuer where (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and (d) either (i) at the time of the transaction the related party and his or her associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer, or (ii) the related party discloses to an independent committee of the issuer the amount of consideration that he or she expects to be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities he or she beneficially owns and the independent committee acting in good faith determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party will receive pursuant to the terms of the transaction for the equity securities it beneficially owns, and the independent committee's determination is disclosed in the disclosure document for the transaction. The Company is of the view that any potential collateral benefits to be received by any director or officers are not, or will not be considered, "collateral benefits" for the purposes of MI 61-101 due to the application of the exceptions described above.

U.S. Securities Law Matters

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Amarillo Shareholders. The discussion is based in part on non-binding interpretations and no-action letters provided by the staff of the SEC, which do not have the force of law. **All Amarillo Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued or distributed to them under the Arrangement complies with applicable securities legislation.** See also "*Note to United States Shareholders*".

The following discussion does not address the Canadian Securities Laws that will apply to the issue or resale of securities by Amarillo Shareholders within Canada. Amarillo Shareholders reselling their securities in Canada must comply with Canadian Securities Laws, as outlined elsewhere in this Circular.

The SpinCo Shares to be issued pursuant to the Arrangement will not be registered under the U.S. Securities Act and will be issued in reliance upon the Section 3(a)(10) Exemption. The Section 3(a)(10) Exemption exempts from the registration requirements of the U.S. Securities Act securities issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of the issuance and exchange are approved by a court of competent jurisdiction that is

expressly authorized by Law to grant such approval, after a hearing upon the fairness of such terms and conditions of such issuance and exchange at which all persons to whom the securities will be issued in such exchange have the right to appear and receive timely notice thereof. The Court issued the Interim Order on January 27, 2022 and, subject to the approval of the Arrangement by Amarillo Shareholders, it is expected that a hearing for a Final Order approving the Arrangement will be held at 10:00 a.m. (Pacific time) on March 3, 2022 (or as soon thereafter as legal counsel can be heard) at the Court. All Amarillo Shareholders are entitled to appear and be heard at this hearing. Accordingly, the Final Order, if granted by the Court after the Court considers the substantive and procedural fairness of the Arrangement to Amarillo Shareholders, will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption with respect to the SpinCo Shares to be issued in connection with the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

The SpinCo Shares to be held by Amarillo Shareholders following completion of the Arrangement will not be subject to resale restrictions under U.S. federal securities laws, except by persons who are affiliates of SpinCo at the time of their proposed transfer or within 90 days prior to their proposed transfer. An "affiliate" of an issuer is a person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer. "Control" means the possession, direct or indirect, of the power to direct or cause direction of the management and policies of an issuer, whether through the ownership of voting securities, by contract or otherwise. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its "affiliates".

Amarillo Shareholders who are affiliates of SpinCo at the time of, or within 90 days before, their resale of SpinCo Shares will be subject to restrictions on resale imposed by the U.S. Securities Act with respect to the SpinCo Shares. These Amarillo Shareholders may not resell their SpinCo Shares, unless such securities are registered under the U.S. Securities Act or an exemption from registration is available, such as pursuant to Regulation S or Rule 144, if available, as follows:

- *Resale Pursuant to Regulation S.* In general, under Regulation S, persons who are affiliates of SpinCo at the time of their resale of SpinCo Shares solely by virtue of their status as an officer or director of SpinCo may sell SpinCo Shares outside of the United States in an "offshore transaction" (which would include a sale through the TSXV) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions are applicable to a holder of SpinCo Shares who is an affiliate or SpinCo at the time of their resale of SpinCo Shares other than by virtue of his or her status as an officer or director of SpinCo.

- *Resale Pursuant to Rule 144.* In general, under Rule 144 under the U.S. Securities Act, if available, persons who are affiliates of SpinCo at the time of, or within 90 days before, their resale of SpinCo Shares will be entitled to sell SpinCo Shares in the United States, provided that during any three-month period, the number of such SpinCo Shares sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on the manner of sale, notice requirements, aggregation rules and the availability of current public information about SpinCo.

TRANSACTION AGREEMENTS

Arrangement Agreement

The following summarizes the material provisions of the Arrangement Agreement. This summary may not contain all of the information about the Arrangement Agreement that is important to Amarillo Shareholders. The rights and obligations of the Parties are governed by the express terms and conditions of the Arrangement Agreement and not by this summary or any other information contained in this Circular. This summary is qualified in its entirety by reference to the Arrangement Agreement, which is incorporated by reference herein and has been filed by Amarillo under its profile on SEDAR at www.sedar.com. Capitalized terms used in this summary but not defined in this Circular have the meaning ascribed to them in the Arrangement Agreement.

In reviewing the Arrangement Agreement and this summary, please remember that this summary has been included to provide Amarillo Shareholders with information regarding the terms of the Arrangement Agreement and is not intended to provide any other factual information about Amarillo, Hochschild or any of their subsidiaries or affiliates. The Arrangement Agreement contains representations and warranties and covenants by each of the Parties to the Arrangement Agreement, which are summarized below. These representations and warranties have been made solely for the benefit of the other Parties to the Arrangement Agreement and:

- were not intended as statements of fact, but rather as a way of allocating the risk to one of the Parties if those statements prove to be inaccurate;
- have been qualified by certain confidential disclosures that were made to the other Party in connection with the negotiation of the Arrangement Agreement, which disclosures are not reflected in the Arrangement Agreement; and
- may apply standards of materiality in a way that is different from what may be viewed as material by Amarillo Shareholders or other investors.

Moreover, information concerning the subject matter of the representations and warranties in the Arrangement Agreement and described below may have changed since November 29, 2021 and subsequent developments or new information qualifying a representation or warranty may have been included in this Circular. Accordingly, the representations and warranties and other provisions of the Arrangement Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this Circular and in the documents incorporated by reference into this Circular.

Representations and Warranties

The representations and warranties of the Parties relate to, among other things, organization and qualification; corporate power and authority relative to the Arrangement Agreement; binding obligation of each Party; required approvals; no violation of constating documents or certain agreements; litigation; and board approval.

The Arrangement Agreement also contains certain representations and warranties made solely by Amarillo with respect to capitalization; shareholder and similar agreements; subsidiaries; corporate records; registrar and transfer agent of the Shares; reporting issuer status and Securities Law matters; financial statements; internal controls and financial reporting; auditors; forward-looking information; undisclosed liabilities; absence of certain changes or events; long-term and derivative transactions; related party transactions;

compliance with Laws; authorizations and licenses; material contracts; permits and licenses; personal property; real property; mineral reserves and resources; intellectual property; insolvency; environmental matters; employees and contractors; collective agreements; employee plans; insurance; Taxes; money laundering; economic sanctions and export controls; anti-corruption; fairness opinion; security breaches; brokers; approval by the Amarillo's special committee; and budget

The Arrangement Agreement also contains certain representations and warranties made solely by the Purchaser with respect to security ownership of Amarillo; status under the *Investment Canada Act* (Canada); and funds available.

Covenants

Amarillo and Hochschild have agreed to certain covenants that will be in force between the date of the Arrangement Agreement and the Effective Time. Set forth below is a brief summary of certain of those covenants.

Efforts to Obtain Required Amarillo Shareholder Approval

The Arrangement Agreement requires Amarillo to use commercially reasonable efforts to convene and conduct the Meeting in accordance with the Interim Order and Amarillo's Constating Documents and Law as soon as reasonably practicable and in any event on or before March 1, 2022, unless Hochschild consents in writing to adjourn, postpone or cancel the Meeting.

In general, Amarillo is not permitted to adjourn the Meeting except as required by Law and in certain situations with the consent of Hochschild. However, if the Meeting is scheduled to occur during the Matching Period (as further discussed under "Non-Solicitation Covenants" below), Amarillo may, and upon the request of Hochschild, Amarillo will, adjourn or postpone the Meeting to a date that is not more than ten (10) Business Days after the scheduled date of the Meeting.

Efforts to Obtain Required Hochschild Shareholder Approval

The Arrangement Agreement requires Hochschild to, subject to certain prior approvals by the FCA, convene and conduct the Parent Shareholder Meeting in accordance with the Parent's Constating Documents and the Listing Rules, as from time to time amended, as soon as reasonably practicable. 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 the Arrangement Agreement, Hochschild 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 Amarillo's prior consent.

Conduct of Business

Amarillo covenants and agrees that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, Amarillo shall, and shall cause its subsidiaries to, (a) except with the prior written consent of the Purchaser, comply with and adhere to the Amarillo 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 Amarillo Budget), (b) except: (i) with the prior written consent of the

Purchaser; (ii) as expressly required or permitted by the Arrangement 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 Amarillo Disclosure Letter or the Amarillo 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 Amarillo 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 the Arrangement Agreement.

Without limiting the generality of the foregoing, Amarillo has agreed to certain covenants intended to ensure that Amarillo and its subsidiaries carry on business during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms in the Ordinary Course consistent with past practice, except as required or expressly authorized by the Arrangement Agreement. Subject to certain exceptions, Amarillo shall not, and shall cause each of its subsidiaries not to, directly or indirectly:

(a) amend any of Amarillo's Constating 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 Amarillo 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 Amarillo 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 Amarillo 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 Amarillo'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 Amarillo, or any subsidiary of Amarillo, 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 Amarillo 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 Amarillo 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 non-depreciable capital property owned by Amarillo or Amarillo Mineração do Brasil Ltda on the date hereof, upon an amalgamation or winding-up of Amarillo 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 Amarillo'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 Amarillo Employee or director, or Amarillo Contractor of Amarillo 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 Amarillo 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 Amarillo 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 Amarillo or any subsidiary in effect on the date of the Arrangement 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) Hochschild was provided a reasonable opportunity to review and comment on the terms of any such replacement policies and Amarillo 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.

Mutual Covenants

Each of Amarillo, Hochschild and the Purchaser has covenanted and agreed that usual and customary covenants relating to the Arrangement for an agreement of this nature, including to co-operate with the other Parties, 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 the Arrangement Agreement, including:

(a) to use all commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement;

(b) to 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 the Arrangement Agreement or the Arrangement;

(c) to, in the case of Amarillo, 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; Amarillo shall not engage in any discussions with any counterparties or its affiliates to a Material Contract (or their affiliates) regarding the Arrangement Agreement or the transactions contemplated hereby without prior consultation with and approval by the Purchaser and Amarillo shall promptly provide copies of all correspondence received by it in relation thereto and cooperate with Amarillo in all matters relating thereto;

(d) to use all commercially reasonable efforts to effect all necessary registrations, filings, prior approvals and submissions of information required by Governmental Entities from Amarillo and its subsidiaries relating to the Arrangement;

(e) to use all commercially reasonable efforts to 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 the Arrangement Agreement so as to enable Closing to occur as soon as reasonably practical in accordance with the Arrangement Agreement, provided that neither Amarillo 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;

(f) to 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;

(g) to, in the case of Amarillo, promptly notify the Purchaser and Hochschild of: (i) any Material Adverse Effect; (ii) any filings, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving such Party and, in the case of

Amarillo, any of its subsidiaries, that relate to the Arrangement Agreement or the Arrangement; and (iii) any notice or other communication from any person (a) 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 the Arrangement Agreement or the transactions contemplated thereby, (b) alleging that the Arrangement Agreement or the transactions contemplated thereby create or trigger a right of first offer or refusal or other rights of a third party, or (c) that such person is terminating, may terminate, or is otherwise materially adversely modifying or may materially adversely modify its relationship with Amarillo or any of its subsidiaries as a result of the Arrangement Agreement or the Arrangement; or (iv) any notice or other communication from a Governmental Entity in connection with the Arrangement Agreement or the Arrangement (and, subject to Law, contemporaneously provide a copy of any such written notice or communication to the Purchaser);

(h) to, in the case of the Purchaser and Hochschild, promptly notify Amarillo of: (i) any material filings, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving Hochschild or the Purchaser that relate to the Arrangement Agreement or the Arrangement; (ii) 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 the Arrangement Agreement or the Arrangement; or (iii) any notice or other communication from a Governmental Entity in connection with the Arrangement Agreement or the Arrangement (and, subject to Law, contemporaneously provide a copy of any such written notice or other communication to Amarillo).

SpinCo Reorganization

Pursuant to the Arrangement Agreement, Amarillo has undertaken to, among other things, sell the SpinCo Assets to SpinCo and assign to SpinCo all of the SpinCo Liabilities as of the day prior to the Effective Date. Amarillo has acknowledged and agreed that it and SpinCo will make a joint election under Section 85 of the Tax Act (and any similar provision under any applicable provincial tax statute) in respect of the transfer of the SpinCo Assets; provided that the amount agreed on in the joint election under Section 85 of the Tax Act 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.

Regulatory Approvals

Each of Amarillo and Hochschild has agreed, as soon as reasonably practicable after the date of the Arrangement Agreement, to: (i) identify any Regulatory Approvals required to discharge their respective obligations under the Arrangement 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) use reasonable efforts to obtain and maintain all required Regulatory Approvals and to coordinate and cooperate with the other Party in exchanging information and supply assistance that is reasonably requested in connection with all Regulatory Approvals.

Subject to Law, the Parties have agreed to (i) coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with the Regulatory Approvals, 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 the Arrangement 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 the Arrangement Agreement unless it consults with the other Party in advance. 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.

Pre-Acquisition Reorganization

Amarillo agrees that, upon a reasonable written request of the Purchaser that is delivered to Amarillo subsequent to the execution of the Arrangement Agreement, Amarillo 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 Amarillo 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 prejudicial to Amarillo or its securityholders in any material respect; (B) does not require Amarillo to obtain the approval of securityholders of Amarillo (other than as properly put forward and approved at the Meeting) or proceed absent any required consent of any third party; (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 the Arrangement Agreement; (D) is effected as close as reasonably practicable prior to the Effective Time; (E) does not result in any breach by Amarillo 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, Amarillo and/or any securityholder of Amarillo greater than would otherwise apply if such Pre-Acquisition Reorganization did not occur; and (G) shall not become effective unless Hochschild and the Purchaser each has waived or confirmed in writing the satisfaction of all conditions in its favour under the Arrangement 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 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 Amarillo in connection with a Pre-Acquisition Reorganization and all ancillary matters related thereto) and shall indemnify and save harmless Amarillo 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 Amarillo of the terms and conditions of the Arrangement Agreement.

Insurance and Indemnification

Prior to the Effective Date, Amarillo 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 Amarillo and its subsidiaries that are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events that occurred on or prior to the Effective Date and the Purchaser will, or will cause Amarillo and its subsidiaries to maintain such policies in effect without any reduction in scope or coverage for six years from the Effective Date; provided that the cost of such policies shall not exceed 300% of the current annual premium for Amarillo directors and officers insurance.

The Parties have also agreed that 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 Amarillo and its subsidiaries and acknowledges that such rights shall survive the completion of the 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.

Other Covenants and Agreements

The Arrangement Agreement contains certain other covenants and agreements, including, among other things, covenants relating to:

(a) access by each Party to certain information about the other Party during the period prior to the Effective Time and the Parties' agreement to keep information exchanged confidential;

(b) cooperation between Amarillo and Hochschild in connection with public announcements and communications with Amarillo Shareholders Parent Shareholders;

(c) cooperation between Amarillo and Hochschild in the preparation and filing of this Circular; and

(d) Amarillo ensuring that SpinCo Shares issued or distributed on completion of the Arrangement will be issued or distributed by SpinCo in reliance on the Section 3(a)(10) Exemption.

Non-Solicitation Covenants

Amarillo has agreed to certain customary non-solicitation covenants in favour of the Purchaser in the Arrangement Agreement. Amarillo has agreed not to, directly or indirectly, including through its subsidiaries or its Representatives:

(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 Amarillo 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 Hochschild and the Purchaser or any person acting jointly or in concert with the Purchaser or Hochschild) 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, Amarillo 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 the non-solicitation provisions of the Arrangement Agreement 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 (subject to certain exceptions) any letter of intent, memorandum of understanding, merger agreement, plan of arrangement, acquisition agreement or other Contract in respect of an Acquisition Proposal.

Amarillo has agreed to, and to cause its subsidiaries and Representatives to, immediately cease and terminate and cause to be terminated, any solicitation, encouragement, discussion, negotiation or other activities with any person (other than with Hochschild, 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. Amarillo has agreed to promptly discontinue access to and disclosure of all information, including access to any data room and any confidential information, properties, facilities, books and records of Amarillo or any of its subsidiaries. Amarillo has agreed to request and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding Amarillo or any of its subsidiaries provided to any person (other than Hochschild 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 Amarillo 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.

Amarillo has agreed that if it or any of its subsidiaries receives or becomes aware of, or to the knowledge of Amarillo 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 Amarillo or any of its subsidiaries (including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of Amarillo or any subsidiary) that is related to or could potentially result in an Acquisition Proposal, Amarillo 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.

Amarillo has also agreed to 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 Amarillo 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 Hochschild to be, material or otherwise relevant to the Purchaser or Hochschild) and shall respond as promptly as practicable to all reasonable inquiries by the Purchaser with respect thereto.

If Amarillo receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Shareholder Approval, the Amarillo Board may make a Change of Recommendation and/or authorize Amarillo 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 Amarillo of its obligations and covenants regarding non-solicitation under the Arrangement Agreement;

(b) Amarillo has been, and continues to be, in compliance with obligations and covenants regarding non-solicitation under the Arrangement Agreement 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 Amarillo of its obligations and covenants regarding non-solicitation under the Arrangement Agreement;

(e) Amarillo 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) Amarillo 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 Amarillo 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 clause (f) above;

(h) during any Matching Period, the Purchaser has had the opportunity (but not the obligation) to offer to amend the Arrangement 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;

(j) the Board has determined, in good faith, after consultation with Amarillo's outside legal counsel, that the failure to make a Change in Recommendation and terminate the Arrangement 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 Amarillo terminates the Arrangement Agreement in accordance with its terms and pays the Termination Fee.

During the Matching Period, or such longer period as Amarillo may approve in writing for such purpose: (a) the Purchaser shall have the opportunity (but not the obligation) to offer to amend the Arrangement 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 the Arrangement 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) Amarillo shall negotiate in good faith with the Purchaser to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, Amarillo shall promptly so advise the Purchaser and the Parties shall amend the Arrangement 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.

Each successive amendment to any Acquisition Proposal shall constitute a new Acquisition Proposal and the Purchaser shall be afforded an additional Matching Period in connection therewith.

Conditions to the Arrangement Becoming Effective

Mutual Conditions Precedent

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) the Arrangement Resolution has been approved and adopted by Shareholders at the Meeting in accordance with the Interim Order and Law;

(b) the Interim Order and the Final Order have each been obtained on terms consistent with this Agreement and have not been set aside;

(c) the Parent Shareholder Approval shall have been obtained;

(d) no Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Hochschild, the Purchaser, SpinCo, or Amarillo from consummating the Arrangement; and

(e) the TSXV shall have approved or accepted notice for filing of the Arrangement, subject to compliance with customary conditions of the TSXV.

Additional Conditions Precedent to the Obligations of Amarillo

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

(a) the representations and warranties of Hochschild and the Purchaser set forth in the Arrangement Agreement are true and correct (disregarding 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 Hochschild and the Purchaser has delivered a certificate confirming same to Amarillo, executed by two of its senior officers (in each case without personal liability) addressed to Amarillo and dated the Effective Date;

(b) Hochschild and the Purchaser have fulfilled or complied with each of the covenants of Hochschild and the Purchaser contained in the Arrangement Agreement to be fulfilled or complied with by them on or prior to the Effective Time in all material respects, and each of Hochschild and the Purchaser have delivered a certificate confirming same to Amarillo, executed by two of its senior officers (in each case without personal liability) addressed to Amarillo and dated the Effective Date; and

(c) the Purchaser shall have deposited or caused to be deposited with the Depositary in escrow in accordance with Section 2.8 of the Arrangement Agreement, 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 Amarillo in writing the receipt of such Cash Consideration.

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:

(a) (i) the representations and warranties of Amarillo set forth in the Arrangement 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 Amarillo 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 Amarillo

outstanding as of the date of the Arrangement Agreement), (8) [Subsidiaries], and (41) [Brokers] of Schedule "C" of the Arrangement Agreement are true and correct as of the Effective Time in all respects, (iii) the representations and warranties of Amarillo set forth in Paragraph (35) [Taxes] of Schedule "C" of the Arrangement Agreement 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 Amarillo set forth in Paragraph (6) [Capitalization] (in respect of the number of securities of Amarillo outstanding as of the date of the Arrangement Agreement only) of Schedule "C" of the Arrangement Agreement 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 Amarillo has delivered a certificate confirming same to the Purchaser, executed by two senior officers of Amarillo (in each case without personal liability) addressed to Hochschild and the Purchaser and dated the Effective Date;

(b) Amarillo has fulfilled or complied with each of the covenants of Amarillo contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time in all material respects and Amarillo has delivered a certificate confirming same to the Purchaser, executed by two senior officers of Amarillo (in each case without personal liability) addressed to the Purchaser and dated the Effective Date;

(c) Amarillo shall have deposited or caused to be deposited with the Depositary in escrow in accordance with Section 2.8 of the Arrangement Agreement, 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;

(d) there is no claim, action or proceeding pending or threatened by any Governmental Entity or other person against Hochschild, the Purchaser or Amarillo to:

(i) 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

(ii) 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 Amarillo to dispose of or hold separate any of the Company Assets; or

(iii) condition in any way or prohibit the Closing;

(e) since the date of the Arrangement Agreement, there shall not have occurred and be continuing a Material Adverse Effect;

(f) 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;

(g) Amarillo shall have provided Hochschild with evidence satisfactory to Hochschild, acting reasonably, of the completion of (i) the Pre-Acquisition Reorganizations set out in Section 4.9(1) of the Amarillo Disclosure Letter, and (ii) subject to the provisions of Arrangement Agreement,

each other Pre-Acquisition Reorganization requested by the Purchaser in accordance with the terms of Arrangement Agreement; and

(h) Amarillo shall have provided Hochschild with evidence satisfactory to Hochschild, acting reasonably, of the assignment of the Lavras do Sul Option Agreement to Lavras do Sul Mineração Ltda.

Termination

The Arrangement Agreement may be terminated prior to the Effective Time in certain circumstances, including:

(a) by mutual written agreement of the Parties; or

(b) either Amarillo or the Purchaser if

(i) the Meeting is duly convened and held and the Arrangement Resolution is voted on by Shareholders and not approved by 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 the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Amarillo, SpinCo, Hochschild 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 the Arrangement Agreement under this provision 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 the Arrangement Agreement;

(iv) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate the Arrangement Agreement pursuant to this provision 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 Hochschild) 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 Hochschild) to perform any of its covenants or agreements under the Arrangement Agreement; or

(c) Amarillo if

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or Hochschild under the Arrangement Agreement occurs that would cause any condition in Section 6.3(1) [Purchaser and Parent Representations and Warranties Condition] or Section 6.3(2) [Purchaser and Parent Covenants Condition] of the Arrangement Agreement 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) of the Arrangement Agreement provided that any Willful Breach shall be

deemed to be incapable of being cured, and Amarillo is not then in breach of the Arrangement Agreement so as to cause any condition in Section 6.2(1) [Company Representations and Warranties Condition] or Section 6.2(2) [Company Covenants Condition] of the Arrangement Agreement not to be satisfied; or

(ii) prior to obtaining the Required Shareholder Approval, the Board authorizes Amarillo to enter into a written agreement with respect to a Superior Proposal in accordance with Section 5.4 of the Arrangement Agreement, provided that prior to or concurrent with such termination Amarillo pays the Termination Fee in accordance with Section 8.2(2) of the Arrangement Agreement;

(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 Amarillo; or (B) fails to convene and conduct the Parent Shareholder Meeting in accordance with Section 4.5 of the Arrangement Agreement (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 Amarillo under the Arrangement Agreement occurs that would cause certain conditions of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement (a "**Company Breach**"); provided that any Willful Breach shall be deemed to be incapable of being cured, and neither Hochschild nor the Purchaser are then in breach of the Arrangement Agreement so as to cause certain conditions of the Arrangement Agreement 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 Hochschild 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 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 of the Arrangement Agreement) 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 separate occasions) (collectively (A), (B), (C) and (D), a "**Change in Recommendation**"); or

(iii) Amarillo shall have breached its covenants regarding non-solicitation under the Arrangement Agreement in any material respect;

(iv) a Material Adverse Effect shall have occurred after the date of the Arrangement 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.

Termination Fee

The Arrangement Agreement contains a Termination Fee equal to $5,000,000 payable by Amarillo to Hochschild in certain circumstances in connection with the termination of the Arrangement Agreement. The Termination Fee is payable to Hochschild in consideration for the disposition by Hochschild of its rights under the Arrangement Agreement if: (a) the Purchaser terminates the Arrangement Agreement due to a Change in Recommendation; (b) the Arrangement Agreement is terminated pursuant to any subsection of Section 7.2 of the Arrangement Agreement if at such time the Purchaser is entitled to terminate the Arrangement Agreement due to a Change in Recommendation; (c) Amarillo terminates the Arrangement Agreement due to a Superior Proposal; or (d) by Amarillo or the Purchaser terminate the Arrangement Agreement due to the failure of Amarillo Shareholders to Approve the Arrangement, if the Arrangement has not been completed by the Outside Date or by the Purchaser due to a Company Breach 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) Amarillo 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). For purposes of the foregoing, the term "**Acquisition Proposal**" shall have the meaning assigned to such term in the "Glossary of Terms", except that references to "20% or more" shall be deemed to be references to "50% or more".

Reverse Break Feel

The Arrangement Agreement contains a Reverse Break Fee equal to $2,500,000 payable by Hochschild to Amarillo in certain circumstances in connection with the termination of the Arrangement Agreement. The Reverse Break Fee is payable to Amarillo in consideration for the disposition by Amarillo of its rights under the Arrangement Agreement if: (a) Amarillo or the Purchaser terminate the Arrangement Agreement due to a Failure of Parent Shareholder Approval; (b) the Company terminates the Arrangement Agreement pursuant to a Change in Parent Recommendation; or (c) the Purchaser terminates the Arrangement Agreement pursuant to a Change in Parent Recommendation.

Purchaser Reimbursement Event

If a Purchaser Reimbursement Event occurs, the Company shall pay (or cause to be paid) all reasonable documented expenses incurred by Hochschild and the Purchaser in connection with the Arrangement up to a maximum of $2,500,000 by wire transfer in immediately available funds to an account designated by Hochschild no later than two (2) Business Days after the date of such termination; provided that in no event shall the Company be required 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].

Amendments

The Arrangement 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 Amarillo 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 the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;

(c) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(d) modify any conditions contained in the Arrangement 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.

Support Agreements

The following summarizes material provisions of the Support Agreements. This summary may not contain all information about the Support Agreements that is important to Amarillo Shareholders. The rights and obligations of the parties thereto are governed by the express terms and conditions of the Support Agreements and not by this summary or any other information contained in this Circular. Amarillo Shareholders are urged to read the forms of Support Agreement carefully in their entirety, as well as this Circular, before making any decisions regarding the Arrangement. This summary is qualified in its entirety by reference to the forms of Support Agreements that have been filed by Amarillo under its profile on SEDAR at www.sedar.com.

Pursuant to the Arrangement Agreement, Amarillo agreed to deliver the Support Agreements from each of the Locked-Up Shareholders. All the directors and senior officers of Amarillo and the two largest shareholders of Amarillo, Baccarat Trade Investments Limited and 2176423 Ontario Ltd., holding in aggregate approximately 44% of the issued and outstanding Amarillo Shares as of the date hereof, have entered into Support Agreements with Hochschild pursuant to which they have agreed, subject to the terms of those agreements, to vote in favour of the Arrangement.

The Support Agreements set forth, among other things, the agreement of the Locked-Up Shareholders to (i) vote all of their securities entitled to vote in favour of the Arrangement Resolution and any other matter necessary for the consummation of the Arrangement, (ii) vote all of their securities entitled to vote against any Acquisition Proposal, and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the successful completion of the Arrangement; (iii) revoke any and all previous proxies granted or VIFs or other voting documents delivered that may conflict or be inconsistent with the Support Agreements; and (iv) not to, directly or indirectly, sell, transfer, assign, tender, exchange, grant a participation interest in, gift, option, pledge, hypothecate, grant a security interest in, place in trust or otherwise convey, dispose, or encumber (each a "**Transfer**"), or enter into any agreement, understanding, option or other arrangement with respect to the Transfer of, any relevant securities to any person, other than pursuant to the Arrangement

Agreement. The Locked-Up Shareholders also agreed pursuant to the Support Agreements not to exercise any Dissent Rights or rights of appraisal in connection with the Arrangement.

Pursuant to the Support Agreements, the Locked-Up Shareholders further agreed not to: (i) solicit, assist, initiate, encourage, or otherwise knowingly facilitate any inquiry, proposal, or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal for Amarillo; (ii) enter into or otherwise engage or participate in any discussions or negotiations with any person regarding any inquiry, proposal, or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal for Amarillo; (iii) accept, approve, endorse, recommend, or enter into or publicly propose to accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal.

Notwithstanding the above, pursuant to the Support Agreements, Hochschild has agreed and acknowledged that each of the Locked-Up Shareholders is bound to their respective Support Agreements solely in their capacity as a shareholder of Amarillo and not in their capacity as directors and/or officers of Amarillo, and that nothing in the Support Agreements limits or restricts any Locked-Up Shareholder from properly fulfilling their fiduciary duties as a director or officer of Amarillo.

The Support Agreements may terminate upon the earliest of: (i) mutual written agreement; (ii) the termination of the Arrangement Agreement in accordance with its terms; (iii) the Effective Time; or (iv) any representation or warranty of any party not being true and correct in all material respects or any party not complying with its covenants contained in the applicable Support Agreements, in all material respects.

RISK FACTORS

In evaluating the Arrangement, Amarillo Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not an exhaustive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Amarillo, may also adversely affect the Amarillo Shares, the SpinCo Shares and/or the businesses of Hochschild and SpinCo following the Arrangement.

In addition to the risk factors relating to the Arrangement set out below, Amarillo Shareholders should also carefully consider the risk factors associated with the businesses of Hochschild and SpinCo included in this Circular and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

Risk Associated with the Arrangement

The Arrangement is subject to satisfaction or waiver of several conditions and there can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived.

Completion of the Arrangement is subject to satisfaction or waiver of several conditions, including, among other things, the requisite approvals of Amarillo Shareholders, Hochschild Shareholders, receipt of the Final Order and receipt of Regulatory Approvals. In addition, completion of the Arrangement is conditional on, among other things, no action or circumstance occurring that would result in a Material Adverse Effect.

Certain of the conditions to completion of the Arrangement are outside of the control of Amarillo. There can be no certainty, nor can Amarillo provide any assurance, that all conditions precedent to the Arrangement will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Arrangement may not be completed. If, for any reason, the Arrangement is not

completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of Amarillo Shares may be materially adversely affected. In such events, Amarillo's business, financial condition or results of operations could also be subject to various material adverse consequences, including that Amarillo would remain liable for costs relating to the Arrangement.

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Amarillo.

Each of Amarillo and Hochschild has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can Amarillo provide any assurance, that the Arrangement Agreement will not be terminated by either Amarillo or Hochschild before the completion of the Arrangement. For example, Hochschild has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that have a continuing Material Adverse Effect on Amarillo. Although a Material Adverse Effect excludes certain events that are beyond the control of Amarillo (such as general changes in international economic conditions or changes that affect the global mining industry generally and which do not disproportionately adversely affect Amarillo), there is no assurance that a change having a Material Adverse Effect on Amarillo will not occur before the Effective Date, in which case Hochschild could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

Completion of the Arrangement is uncertain, Amarillo has dedicated significant resources to pursing the Arrangement and is restricted from taking specified actions while the Arrangement is pending.

Amarillo is subject to customary non-solicitation provisions under the Arrangement Agreement. The Arrangement Agreement also restricts Amarillo from taking specified actions until the Arrangement is completed without the consent of Hochschild. These restrictions may prevent Amarillo from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement. As completion of the Arrangement is dependent upon satisfaction of certain conditions, the completion of the Arrangement is uncertain. If the Arrangement is not completed for any reason, the announcement of the Arrangement, the dedication of Amarillo's resources to the completion thereof and the restrictions that were imposed on Amarillo under the Arrangement Agreement may have an adverse effect on the current future operations, financial condition and prospects of Amarillo as a standalone entity.

If the Arrangement is not completed, the market price for the Amarillo Shares may decline.

If the Arrangement is not completed, the market price of the Amarillo Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Amarillo Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Amarillo may be required to pay the Termination Fee and Purchaser Reimbursement Payment.

If the Arrangement is not completed as a result of certain prescribed events, Amarillo will be required to pay the Termination Fee to Hochschild in connection with the termination of the Arrangement Agreement. In addition, if a Purchaser Reimbursement Event occurs, Amarillo will be required to pay (or cause to be paid) the Purchaser Reimbursement Payment. If the Termination Fee and/or Purchaser Reimbursement Payment is ultimately required to be paid by Amarillo to Hochschild, the payment of such fee may have an adverse impact on Amarillo's financial results. See *"Transaction Agreements — Arrangement Agreement —Termination Fee"*.

Amarillo and Hochschild will incur substantial transaction fees and costs in connection with the proposed Arrangement. If the Arrangement is not completed, the costs may be significant and could have an adverse effect on Amarillo.

Amarillo and Hochschild have incurred and expect to incur additional material non-recurring expenses in connection with the Arrangement and completion of the transactions contemplated by the Arrangement Agreement, including costs relating to obtaining required securityholder and regulatory approvals. If the Arrangement is not completed, Amarillo will need to pay certain costs relating to the Arrangement incurred prior to the date the Arrangement was abandoned, such as legal, accounting, financial advisory, proxy solicitation and printing fees. Amarillo is liable for its own costs incurred in connection with the Arrangement. Such costs may be significant and could have an adverse effect on Amarillo's future results of operations, cash flows and financial condition.

Amarillo directors and executive officers may have interests in the Arrangement that are different from those of Amarillo Shareholders.

In considering the recommendation of the Amarillo Board to vote in favour of the Arrangement Resolution, Amarillo Shareholders should be aware that certain members of the Amarillo Board and management team have agreements or arrangements that provide them with interests in the Arrangement that differ from, or are in addition to, those of Amarillo Shareholders generally. See "*The Arrangement — Interests of Certain Persons in the Arrangement*".

Another Attractive Take-Over, Merger or Business Combination may not be Available

If the Arrangement is not completed, there can be no assurance that the Company will be able to find a party willing to pay an equivalent or more attractive consideration than the Consideration to be provided under the Arrangement or willing to proceed at all with a similar transaction or any alternative transaction.

Amarillo and Hochschild may be the targets of legal claims, securities class actions, derivative lawsuits and other claims.

Amarillo and Hochschild may be the target of securities class actions and derivative lawsuits which could result in substantial costs and may delay or prevent the Arrangement from being completed. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into an agreement to acquire a public company or to be acquired. Third parties may also attempt to bring claims against Amarillo and Hochschild seeking to restrain the Arrangement or seeking monetary compensation or other remedies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Arrangement, then that injunction may delay or prevent the Arrangement from being completed.

In addition, political and public attitudes towards the Arrangement could result in negative press coverage and other adverse public statements affecting Amarillo and Hochschild. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of Amarillo to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a Material Adverse Effect on Amarillo's business, financial condition and results of operations.

Amarillo has not verified the reliability of the information regarding Hochschild included in, or which may have been omitted from, this Circular.

Unless otherwise indicated, all historical information regarding Hochschild contained in this Circular has been derived from Hochschild's publicly disclosed information or provided by Hochschild. Although Amarillo has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in Hochschild's publicly disclosed information, including the information about or relating to Hochschild contained in this Circular, could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect Amarillo's operational and development plans and Amarillo's business, financial condition and results.

Prior to the Effective Date, the Arrangement may divert the attention of Amarillo's management, and any such diversion could have an adverse effect on the business of Amarillo.

The pending Arrangement could cause the attention of Amarillo's management to be diverted from Amarillo's day-to-day operations and customers or suppliers may seek to modify or terminate their business relationships with Amarillo. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could result in lost opportunities or negative impacts on performance, which could have a material and adverse effect on the business, financial condition and results of operations or prospects of Amarillo if the Arrangement is not completed.

Mineral reserve and mineral resource figures pertaining to Amarillo's properties are only estimates and are subject to revision based on developing information.

Information pertaining to Amarillo's mineral reserves and mineral resources presented in this Circular, or incorporated by reference herein, are estimates and no assurances can be given as to their accuracy. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Mineral reserves and mineral resources estimates are materially dependent on the prevailing price of minerals and the cost of recovering and processing minerals at the individual mine sites. Market fluctuations in the price of minerals or increases in recovery costs, as well as various short-term operating factors, may cause a mining operation to be unprofitable in any particular accounting period.

The estimates of mineral reserves and mineral resources attributable to any specific property of Amarillo are based on accepted engineering and evaluation principles. The estimated amount of contained minerals in proven mineral reserves and probable mineral reserves does not necessarily represent an estimate of a fair market value of the evaluated properties.

The completion of the Arrangement may be delayed due to health epidemics and other outbreaks of infectious diseases, including, but not limited to COVID-19.

There can be no assurance that completion of the Arrangement will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets. The COVID-19 pandemic could adversely impact the ability of Amarillo and Hochschild to obtain necessary approvals or delay or hinder the completion of the Arrangement.

Restrictions on the Company's Ability to Solicit Acquisition Proposals from Other Potential Purchasers

While the terms of the Arrangement Agreement permit Amarillo to consider unsolicited Acquisition Proposals, the Arrangement Agreement restricts the Company from soliciting third parties to make an

Acquisition Proposal. See "*Transaction Agreements – Arrangement Agreement – Non-Solicitation Covenants*".

The Termination Fee and the right of Hochschild and the Purchaser to amend the Arrangement Agreement during the Matching Period may Discourage Other Parties from making a Superior Proposal

Pursuant to the Arrangement Agreement, as a condition to entering into a definitive agreement in respect of a Superior Proposal, the Company is required to offer the Purchaser during the Matching Period the right amend the Arrangement Agreement in order to match a Superior Proposal such that it is no longer a Superior Proposal and to pay the Purchaser the Termination Fee and, if applicable, the Reimbursement Expenses. This right to match and the Termination Fee may discourage other parties from making a Superior Proposal, even if they would otherwise have been willing to acquire the Company on more favourable terms than the Arrangement. See "*Transaction Agreements – Arrangement Agreement – Non-Solicitation Covenants*" and "*Transaction Agreements — Arrangement Agreement —Termination Fee*".

"Business Combination" Under MI 61-101

Pursuant to the Interim Order and MI 61-101, as the Arrangement will constitute a "business combination", the Arrangement Resolution will require the affirmative vote of not less than 66 2/3% of the votes cast upon such resolution by Amarillo Shareholders present virtually or represented by proxy at the Meeting. There can be no certainty, nor can Amarillo provide any assurance, that the requisite Amarillo Shareholder approvals will be obtained. If such approvals are not obtained and the Arrangement is not completed, the market price of the Shares may decline and Amarillo may be responsible for Reimbursement Expenses. See *"Transaction Agreements — Arrangement Agreement —Termination Fee"*.

Risk Factors Relating to SpinCo Following Completion of the Arrangement

The SpinCo Shares may not be listed on any stock exchange.

The SpinCo Shares are not currently listed on any stock exchange. Although SpinCo has applied to have the SpinCo Shares listed on the TSXV, there is no assurance when, or if, the SpinCo Shares will be listed on the TSXV or on any other stock exchange. Listing will be subject to SpinCo meeting the listing requirements and other conditions of the TSXV. Listing of the SpinCo Shares on the TSXV or on any other exchange is a condition to the completion of the Arrangement in favour of Hochschild. Until the SpinCo Shares are listed on a stock exchange, shareholders of SpinCo may not be able to sell their SpinCo Shares. Even if a listing is obtained, ownership of SpinCo Shares will entail a high degree of risk.

The value of the SpinCo Shares may fluctuate.

Even if the SpinCo Shares are listed, there is currently no public market for the SpinCo Shares and there can be no assurance that an active trading market for the SpinCo Shares will develop as a result of the SpinCo Transactions or be sustained in the future. The lack of an active market may make it difficult to sell the SpinCo Shares and could lead to the price of the SpinCo Shares being depressed or volatile. The prices at which the SpinCo Shares may trade after the SpinCo Transactions are uncertain. The market price for the SpinCo Shares may fluctuate widely, depending on many factors, some of which may be beyond SpinCo's control, including, actual or anticipated fluctuations in operating results due to factors related to SpinCo's business, the success or failure of SpinCo's business strategies, SpinCo's ability to obtain third-party financing as needed, the failure of securities analysts to cover SpinCo Shares following the SpinCo Transactions, the operating and share price performance of other comparable companies, changes in applicable Laws affecting SpinCo's business, general economic conditions and other external factors.

Additionally, stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of the SpinCo Shares.

Tax risks if the SpinCo Shares are not listed on a designated stock exchange.

If the SpinCo Shares are not listed on a designated stock exchange in Canada before the due date for SpinCo's first income tax return or if SpinCo does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the SpinCo Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a SpinCo Share in circumstances where the SpinCo Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, holder or subscriber, as the case may be, under the Registered Plan. See "Eligibility for Investment".

In addition, if the SpinCo Shares are not listed on a designated stock exchange, such shares would be "taxable Canadian property" to a Non-Resident Holder at the time of disposition if, at any time during the 60 month period immediately preceding the disposition, such shares derived more than 50% of their fair market value from one or any combination of real or immovable property in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties. Further, if such shares constitute "taxable Canadian property" but not "treaty protected property" (as defined in the Tax Act) to a Non-Resident Holder, the withholding, reporting, and compliance procedures under section 116 of the Tax Act will apply. See "*Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Transfer of Amarillo Shares and Dispositions of SpinCo Shares.*"

The Arrangement may have adverse U.S. federal income tax consequences to U.S. Holders under the private foreign investment company ("PFIC") rules.

If it is determined that Amarillo, SpinCo or Hochschild is a PFIC (or was a PFIC for any year during a U.S. Holder's holding period for Amarillo Shares), the Arrangement may result in the application of certain adverse consequences to a U.S. Holder if such U.S. Holder does not have in effect a "qualified electing fund election" ("QEF election") or a "mark-to-market election" with respect to its Amarillo or SpinCo as applicable. These adverse tax rules would include, but are not limited to, (i) the gain from the Arrangement being fully taxable at ordinary income rather than capital gain rates and (ii) an interest charge being imposed on the amount of the gain treated as being deferred under the PFIC rules. U.S. Holders are urged to consult their own tax advisors regarding all aspects of the PFIC rules. For a more detailed discussion of the U.S. federal income tax consequences of the Arrangement, including the consequences under the PFIC rules, please see the discussion under "*Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Considerations*".

It is expected that SpinCo will be a PFIC for the current taxable year and may be a PFIC in subsequent years, which could have adverse U.S. federal income tax consequences for U.S. Holders.

Based on current business plans and financial expectations, it is expected that SpinCo will be a PFIC for the current taxable year and may be a PFIC in subsequent years. If SpinCo is a PFIC for any year during a U.S. Holder's holding period, then such U.S. Holder generally will be subject to a special, adverse tax regime with respect to so-called "excess distributions" received on SpinCo Shares. Gain realized upon a disposition of SpinCo Shares (including upon certain dispositions that would otherwise be tax-free) also will be treated as excess distributions. Further, distributions from a PFIC will not qualify for preferential tax rates as "qualified dividends". For a more detailed discussion of the U.S. federal income tax consequences of the

Arrangement, including the consequences under the PFIC rules, please see the discussion under "*Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Considerations*".

A U.S. Holder of PFIC shares may make a QEF election or a "mark-to-market" election with respect to such shares to mitigate the adverse tax rules that apply to PFICs. This election may accelerate the recognition of taxable income and may result in the recognition of ordinary income. A U.S. Holder who makes a QEF election generally must report on a current basis its pro rata share of net capital gain and ordinary earnings for any year in which SpinCo is a PFIC, whether or not SpinCo distributes any amounts to its shareholders. A U.S. Holder may make a QEF election only if the U.S. Holder receives certain information (known as a "PFIC annual information statement") from SpinCo annually. There can be no assurance that SpinCo, if it were classified as a PFIC, will supply the information and statements necessary for the U.S. Holder to make and maintain a valid QEF election. A U.S. Holder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of SpinCo Shares over the U.S. Holder's basis therein.

DISSENT RIGHTS

Amarillo Shareholders may exercise Dissent Rights from the Arrangement Resolution pursuant to and in the manner set forth under the BCA, as modified by the Plan of Arrangement and the Interim Order, provided that the written objection to the Arrangement Resolution must be sent to Amarillo by holders who wish to dissent and received by Amarillo not later than 11:00 a.m. (Eastern time) on the date that is two (2) Business Days immediately prior to the Meeting or any date to which the Meeting may be postponed or adjourned.

Dissent Rights to the Arrangement Resolution for Amarillo Shareholders

The following is a summary of the provisions of the BCA relating to an Amarillo Shareholder's Dissent Rights in respect of the Arrangement Resolution. This summary is not a comprehensive statement of the procedures to be followed by a Dissenting Amarillo Shareholder who seeks payment of the fair value of its Amarillo Shares and is qualified in its entirety by reference to the full text of Division 2 of Part 8 of the BCA, which is attached to this Circular as Appendix H.

The Interim Order expressly provides Registered Holders with Dissent Rights with respect to the Arrangement Resolution. Each Dissenting Amarillo Shareholder is entitled to be paid the fair value (determined as of the close of business on the day before the Arrangement Resolution is voted on at the Meeting) of all, but not less than all, of such Amarillo Shareholder's Amarillo Shares, provided that such Amarillo Shareholder duly dissents to the Arrangement Resolution and the Arrangement becomes effective. Anyone who is a Non-Registered Holder and who wishes to dissent should be aware that only Registered Holders are entitled to exercise Dissent Rights. A Registered Holder who holds Amarillo Shares as an Intermediary for one or more Non-Registered Holder(s), one or more of whom wish to exercise Dissent Rights, must exercise such Dissent Rights on behalf of such Non-Registered Holder(s). In such case, the notice should specify the number of Amarillo Shares held by the Intermediary for such Non-Registered Holder(s). A Dissenting Amarillo Shareholder may dissent only with respect to all the Amarillo Shares held on behalf of any one Non-Registered Holder and registered in the name of the Dissenting Amarillo Shareholder.

Dissenting Amarillo Shareholders who: (a) are ultimately entitled to be paid fair value for their Amarillo Shares, which fair value shall be the fair value of such shares immediately before the passing by Amarillo Shareholders of the Arrangement Resolution, shall be paid an amount equal to such fair value by Hochschild and shall be deemed to have transferred their Amarillo Shares to Hochschild in accordance with the Plan of

Arrangement; or (b) are ultimately not entitled, for any reason, to be paid fair value for their Amarillo Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting Amarillo Shareholder and shall be entitled to receive only the Consideration that such Amarillo Shareholder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights, but in no case shall Hochschild, Amarillo or any other person be required to recognize Dissenting Amarillo Shareholders as Amarillo Shareholders after the time that is immediately prior to the Effective Time, and the names of such Dissenting Amarillo Shareholders shall be deleted from the central securities register as Amarillo Shareholders at the Effective Time and Hochschild shall be recorded as the registered holder of the Common Shares so transferred and such shares will be cancelled. There can be no assurance that a Dissenting Amarillo Shareholder will receive consideration for its Amarillo Shares of equal or greater value to the Consideration that such Dissenting Amarillo Shareholder would have received under the Arrangement.

A Dissenting Amarillo Shareholder's written objection to the Arrangement Resolution must be received by Amarillo not later than 11:00 a.m. (Eastern time) two (2) Business Days immediately preceding the date of the Meeting or any adjournment or postponement thereof. Such written objection should be delivered to 1055 West Hastings Street, Suite 1700, Vancouver BC V6E 2E9, Canada Attention: Brodie Noga.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. An Amarillo Shareholder who intends to exercise Dissent Rights must strictly adhere to the procedures established in Division 2 of Part 8 of the BCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, and failure to do so may result in the loss of all Dissent Rights. The full text of sections 238 of the BCA is attached to this Circular as Appendix H. Persons who are beneficial shareholders of Amarillo Shares registered in the name of an Intermediary, or in some other name, who wish to exercise Dissent Rights should be aware that only the registered owner of such Amarillo Shares is entitled to dissent.

Any Dissenting Amarillo Shareholder should seek independent legal advice, as a failure to comply strictly with the provisions of sections 237 to 247 of the BCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, may result in the loss of all Dissent Rights.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this Circular, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Amarillo Shareholders, other than an Amarillo Shareholder in respect of its Exercised Option Shares, who, at all relevant times, deal at arm's length with Hochschild, the Purchaser, Amarillo and SpinCo, as the case may be, for the purposes of the Tax Act, and are not "affiliated" (within the meaning of the Tax Act) with Hochschild, the Purchaser, Amarillo or SpinCo (a "**Holder**").

This summary is based on the current provisions of the Tax Act and the administrative practices and policies of the CRA made publicly available in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in Law or administrative practice or policies, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax

considerations described herein. This summary assumes that the Amarillo Shares and SpinCo Shares will, at all relevant times, be listed on the TSXV.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. Moreover, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax consequences of any of the transactions described herein. Consequently, Holders are urged to consult their own legal and tax advisors for advice with respect to the tax consequences of the transactions described in this Circular based on their particular circumstances.

Holders Resident in Canada

The following portion of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Resident Holder**") who hold their Amarillo Shares, and will hold their Class A Shares, if applicable, and SpinCo Shares acquired pursuant to the Arrangement as capital property. The following portion of this summary, other than the portion under the heading "*Holders Resident in Canada – Dissenting Amarillo Shareholders*", applies to Resident Holders that are not Dissenting Amarillo Shareholders. Generally, Amarillo Shares, Class A Shares and SpinCo Shares will be considered to be capital property to the holder thereof provided that they are not held in the course of carrying on a business of buying and selling securities and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

Certain Amarillo Shareholders who might not otherwise be considered to hold their Amarillo Shares, Class A Shares and SpinCo Shares as capital property may, in certain circumstances, be entitled to have such shares and any other "Canadian security" (as defined in the Tax Act), owned by such holders in the taxation year in which the election is made, and in all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Amarillo Shareholders should consult their own tax advisors regarding the potential application and consequences of making this election in their particular circumstances.

This summary is not applicable to a Resident Holder: (a) that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution" (each as defined in the Tax Act); (b) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; (d) who acquired its Common Shares on the exercise of employee stock options; or (e) that has entered into or will enter into a "derivative forward agreement" or "synthetic disposition agreement" (each as defined in the Tax Act), in respect of its Common Shares. Any such Resident Holder should consult its own tax advisors with respect to the Arrangement. Additional considerations, not discussed herein, may be applicable to an Amarillo Shareholder that is a corporation resident in Canada, and that is, or becomes, controlled by a non-resident person or by a group of non-resident persons not dealing at arm's length with each other at arm's length, for purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. All such Amarillo Shareholders should consult their own tax advisors.

Exchange of Amarillo Shares for Class A Shares and SpinCo Shares

Under the Arrangement, Resident Holders will initially exchange their Amarillo Shares for Class A Shares and SpinCo Shares.

The exchange of Amarillo Shares for Class A Shares and SpinCo Shares is intended to generally qualify as a tax-deferred reorganization pursuant to section 86 of the Tax Act. Provided the fair market value of all of

the SpinCo Shares distributed to Amarillo Shareholders on the exchange of the Amarillo Shares pursuant to the Arrangement does not exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Amarillo Shares immediately before the exchange, the distribution of the SpinCo Shares to Resident Holders should not give rise to any deemed dividend to Resident Holders. Amarillo expects that the fair market value of all of the SpinCo Shares at the time of such exchange will be less than the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Amarillo Shares immediately before such exchange. If the fair market value of the SpinCo Shares distributed to Amarillo Shareholders on the exchange of the Amarillo Shares pursuant to the Arrangement were to exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Amarillo Shares immediately before the exchange, Amarillo would be deemed to have paid a dividend on the exchanged Amarillo Shares equal to the amount of such excess, in which case each Resident Holder would be deemed to have received a pro rata portion of such dividend based on the proportion of Amarillo Shares held by such Resident Holder immediately before the exchange. See "*Dividends on Amarillo Shares or SpinCo Shares*" below for a general description of the treatment of dividends under the Tax Act including amounts deemed under the Tax Act to be received as dividends.

Provided that the fair market value of the SpinCo Shares distributed to Amarillo Shareholders under the Arrangement does not exceed the aggregate paid-up capital of all of the issued and outstanding Amarillo Shares immediately before the exchange, a Resident Holder whose Amarillo Shares are exchanged for Class A Shares and SpinCo Shares will be deemed to have disposed of its Amarillo Shares for proceeds of disposition equal to the greater of (i) the adjusted cost base to the Resident Holder of its Amarillo Shares immediately before the exchange, and (ii) the fair market value at the time of the exchange of the SpinCo Shares received by such Resident Holder. Consequently, a Resident Holder will only realize a capital gain on the exchange if, and to the extent that, the fair market value of the SpinCo Shares received by such Resident Holder on the exchange exceeds the adjusted cost base of such Resident Holder's Amarillo Shares immediately before the exchange. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

The aggregate cost to a Resident Holder of Class A Shares acquired on the exchange of its Amarillo Shares will be equal to the amount, if any, by which the Resident Holder's adjusted cost base of its Amarillo Shares immediately before the exchange exceeds the fair market value, at the time of the exchange, of the SpinCo Shares acquired by such Resident Holder on the exchange. The aggregate cost to a Resident Holder of SpinCo Shares acquired on the exchange of its Amarillo Shares will be equal to the fair market value, at the time of the exchange, of the SpinCo Shares acquired by such Resident Holder on the exchange.

Disposition of Class A Shares

The disposition or deemed disposition of Class A Shares, including a disposition of Class A Shares pursuant to the Arrangement by a Resident Holder will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of those shares immediately before the disposition. See "*Taxation of Capital Gains and Capital Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act.

Dispositions of SpinCo Shares

The disposition or deemed disposition of SpinCo Shares by a Resident Holder will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of those shares

immediately before the disposition. See "Taxation of Capital Gains and Capital Losses" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Dividends on Amarillo Shares or SpinCo Shares

In the case of a Resident Holder who is an individual, dividends received or deemed to be received on their Amarillo Shares or SpinCo Shares will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends designated as "eligible dividends", as defined in the Tax Act.

In the case of a Resident Holder that is a corporation, dividends received or deemed to be received on their Amarillo Shares or SpinCo Shares will be included in computing its income, but generally the corporation will be entitled to deduct an equivalent amount in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain.

Certain corporations, including a "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on Amarillo Shares or SpinCo Shares to the extent that such dividends are deductible in computing taxable income. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year will be included in the Resident Holder's income for the year. Generally, one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a year must be deducted against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other years, to the extent and in the circumstances specified in the Tax Act.

If the Resident Holder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of an Amarillo Share, Class A Share or SpinCo Share may be reduced by the amount of certain dividends received or deemed to be received by the corporation on such share, to the extent and under circumstances specified by the Tax Act. Similar rules may apply where the corporation is a member of a partnership or a beneficiary of a trust that owns such shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of net taxable capital gains.

Minimum Tax

Capital gains realized, and dividends received or deemed to be received by individuals and certain trusts may give rise to minimum tax under the Tax Act.

Dissenting Amarillo Shareholders

A Resident Holder who exercises the Dissent Rights will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of such Amarillo Shares will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of those shares immediately before the disposition. See "*Taxation of Capital Gains and Capital Losses*" above for a general description of the treatment of capital gains and capital losses under the Tax Act.

Interest, if any, awarded by a court to a Resident Holder who exercises the Dissent Rights will be included in such shareholder's income for purposes of the Tax Act.

Holders Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act, (i) has not been and will not be resident or deemed to be resident in Canada at any time while they have held or will hold Amarillo Shares or SpinCo Shares, (ii) does and will not use or hold, and is not and will not be deemed to use or hold its Amarillo Shares or SpinCo Shares in, or in the course of carrying on, a business in Canada, (iii) is not a person who carries on an insurance business in Canada and elsewhere, and (iv) is not an "authorized foreign bank" (as defined in the Tax Act) (a "**Non-Resident Holder**"). The following portion of this summary, other than the portion under the heading "*Holders Not Resident in Canada – Dissenting Amarillo Shareholders*", applies to Non-Resident Holders that are not Dissenting Amarillo Shareholders.

Exchange of Amarillo Shares for Class A Shares and SpinCo Shares

Under the Arrangement, Non-Resident Holders will initially exchange their Amarillo Shares for Class A Shares and SpinCo Shares.

The exchange of Amarillo Shares for Class A Shares and SpinCo Shares is intended to generally qualify as a tax-deferred reorganization pursuant to section 86 of the Tax Act. Provided the fair market value of all of the SpinCo Shares distributed to Amarillo Shareholders on the exchange of the Amarillo Shares pursuant to the Arrangement does not exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Amarillo Shares immediately before the exchange, the distribution of the SpinCo Shares to Non-Resident Holders should not give rise to any deemed dividend to Non-Resident Holders. Amarillo expects that the fair market value of all of the SpinCo Shares at the time of such exchange will be less than the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Amarillo Shares immediately before such exchange. If the fair market value of the SpinCo Shares distributed to Amarillo Shareholders on the exchange of the Amarillo Shares pursuant to the Arrangement were to exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Amarillo Shares immediately before the exchange, Amarillo would be deemed to have paid a dividend on the exchanged Amarillo Shares equal to the amount of such excess, in which case each Non-Resident Holder would be deemed to have received a pro rata portion of such dividend based on the proportion of Amarillo Shares held by such Non-Resident Holder immediately before the exchange. See "*Holders Not Resident of Canada - Dividends on Amarillo Shares or SpinCo Shares*" below for a general description of the treatment of dividends under the Tax Act for Non-Resident Holder.

Exchange of Amarillo Shares, Dispositions of Class A Shares and Dispositions of SpinCo Shares

Except as set forth above in section entitled "*Holders Not Resident in Canada - Exchange of Amarillo Shares for Class A Shares and SpinCo Shares*", a Non-Resident Holder will not be subject to tax under the Tax Act on the exchange of Amarillo Shares for Class A Shares, the disposition of Class A Shares to the Purchaser or on the subsequent disposition of SpinCo Shares, unless, at the time of disposition, the Amarillo Shares, the Class A Shares or the SpinCo Shares, as the case may be, constitute "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, an Amarillo Share and a SpinCo Share will not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition provided that the particular share is listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSXV), unless at any time during the 60-month period immediately preceding the disposition,

(a) 25% or more of the issued shares of any class of the capital stock of the issuer were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and

(b) more than 50% of the fair market value of the applicable shares was derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

Generally, a Class A Share will not constitute "taxable Canadian property" of a Non-Resident Holder at the time of disposition unless, at any particular time during the 60-month period immediately preceding the disposition the requirement under paragraph (b) above is met.

In certain circumstances, a Non-Resident Holder's shares may also be deemed to be taxable Canadian property for purposes of the Tax Act. Non-Resident Holders should consult with their own tax advisors as to whether Amarillo Shares, Class A Shares or SpinCo Shares constitute taxable Canadian property having regard to their particular circumstances.

Even if the Amarillo Shares, Class A Shares or SpinCo Shares are taxable Canadian property to a Non-Resident Holder, any taxable capital gain resulting from the disposition of such shares will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the shares constitute "treaty-protected property" as defined in the Tax Act. The Amarillo Shares, Class A Shares or SpinCo Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of the applicable shares would be exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty.

Reporting and withholding obligations under section 116 of the Tax Act apply when a person who is not resident in Canada for purposes of the Tax Act disposes of "taxable Canadian property", other than "excluded property". "Excluded property" includes a share of a class of shares of a corporation that is listed on a recognized stock exchange (which includes the TSXV), and also includes a property that is a "taxable Canadian property" solely because of a deeming provision in the Tax Act. The reporting and withholding obligations will not apply with respect to the exchange of Amarillo Shares for Class A Shares and SpinCo

Shares, or on a subsequent disposition of SpinCo Shares while they are listed on a recognized stock exchange. The reporting and withholding obligations may apply with respect to the disposition of a Non-Resident Holder's Class A Shares for Cash Consideration if such shares constitute "taxable Canadian property" to such shareholder at that time. However, Amarillo believes the Class A Shares will not constitute "taxable Canadian property" because such shares (i) will never have derived greater than 50% of their value from any combination of real property situated in Canada, "timber resource property", "Canadian resource property" (each as defined under the Tax Act), or options in respect of, or interests or civil law rights in any of the foregoing, and (ii) will not have been subject to an applicable deeming rule.

Non-Resident Holders should consult with their own tax advisors for advice having regard to their particular circumstances.

Dividends on Amarillo Shares or SpinCo Shares

Dividends paid, deemed to be paid, or credited on Amarillo Shares or SpinCo Shares to a Non- Resident Holder will be subject to non-resident withholding tax under the Tax Act at a rate of 25% of the gross amount of the dividend unless the rate is reduced by an applicable income tax treaty or convention. Under the Canada-United States Tax Convention (1980), as amended (the "**Canada-US Tax Treaty**"), the withholding rate on any such dividend beneficially owned by a Non-Resident Holder that is a resident of the United States for purposes of the Canada-US Tax Treaty and entitled to the full benefits of such treaty is generally reduced to 15% (or 5% in the case of a company beneficially owning at least 10% of the applicable company's voting shares).

Dissenting Amarillo Shareholders

A Non-Resident Holder who exercise the Dissent Rights will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of such Amarillo Shares will not be subject to tax under the Tax Act on any capital gain realized on the disposition of its Amarillo Shares unless such Amarillo Shares are "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. See discussion above under the heading "*Holders Not Resident of Canada - Exchange of Amarillo Shares, Disposition of Class A Share and Dispositions of SpinCo Shares*".

Interest, if any, awarded by a court to a Non-Resident Holder who exercises the Dissent Rights should not be subject to withholding tax under the Tax Act.

ELIGIBILITY FOR INVESTMENT

At the Effective Time, provided that Amarillo is a "public corporation" as defined in the Tax Act, the Class A Shares will be a qualified investment under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (collectively, "**Registered Plans**") and deferred profit sharing plans ("**DPSPs**") (all as defined in the Tax Act).

At the Effective Time, provided that the SpinCo Shares are then listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSXV) or SpinCo is a "public corporation", as defined in the Tax Act, the SpinCo Shares will be a qualified investment under the Tax Act and the regulations thereunder for Registered Plans and DPSPs. If the SpinCo Shares are not listed on a designated stock exchange at the Effective Time, SpinCo may qualify as a "public corporation" at the Effective Time provided that on or before the filing due date of SpinCo's Canadian federal income tax return for its first taxation year, SpinCo

becomes a public corporation for the purposes of the Tax Act, including as a result of SpinCo's Shares being listed on a "designated stock exchange" (as defined in the Tax Act) and SpinCo makes an election to be deemed to have been a public corporation from its date of incorporation. The making of such an election would have the retroactive effect of making the SpinCo Shares a qualified investment for Registered Plans and DPSPs on the Effective Date. SpinCo intends to list its shares on the TSXV and make such election.

Notwithstanding the foregoing, if the Class A Shares or SpinCo Shares are a "prohibited investment" within the meaning of the Tax Act for a Registered Plan, the annuitant, holder or subscriber, as the case may be (the "**Controlling Individual**"), of the Registered Plan, will be subject to a penalty tax under the Tax Act. The Class A Shares and SpinCo Shares generally will not be a prohibited investment for a Registered Plan provided the Controlling Individual of the Registered Plan: (i) deals at arm's length with Amarillo, Hochschild, the Purchaser and SpinCo, as the case may be, for the purposes of the Tax Act; and (ii) does not have a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in Amarillo, Hochschild, the Purchaser or SpinCo, as the case may be. In addition, the Class A Shares or SpinCo Shares will not be a prohibited investment if such shares are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for the Registered Plan.

Amarillo Shareholders who intend to hold SpinCo Shares in a Registered Plan or DPSP should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

INFORMATION CONCERNING AMARILLO

Amarillo is advancing two gold projects located near excellent infrastructure in mining-friendly states in Brazil. The development stage Posse Deposit is located on the Mara Rosa Project in Goiás State. It has a positive definitive feasibility study that shows it can be built into a profitable operation with low costs and a strong financial return. The Mara Rosa Project also shows the potential for discovering additional near-surface deposits that will extend Posse's mine life beyond its initial 10 years. The exploration stage Lavras do Sul Project in Rio Grande do Sul State has more than 23 prospects centered on historic gold workings.

INFORMATION CONCERNING SPINCO

SpinCo was incorporated under the BCA on November 25, 2021 for the purposes of the Arrangement. SpinCo is currently a private company and a wholly-owned subsidiary of Amarillo. The registered and records office of SpinCo is located at 1055 West Hastings Street, Suite 1700, Vancouver BC V6E 2E9, Canada. The head office of SpinCo is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, M5C 1P1. Pursuant to the Arrangement, Amarillo will sell and transfer the SpinCo Assets, including the SpinCo Properties, to SpinCo and assign to SpinCo all of the SpinCo Liabilities. Upon completion of the Arrangement, SpinCo expects that it will become a reporting issuer in all the provinces in Canada, except Québec.

The SpinCo Shares are not currently listed. SpinCo has applied to have the SpinCo Shares listed on the TSXV. Listing is subject to the approval of the TSXV in accordance with its original listing requirements. The TSXV has not conditionally approved SpinCo's listing application and there is no assurance that the TSXV will approve the listing of the SpinCo Shares. There can be no assurance as to if, or when, the SpinCo Shares will be listed or traded on any stock exchange.

Information relating to SpinCo following completion of the Arrangement is contained in Appendix E to this Circular.

INFORMATION CONCERNING THE PURCHASER AND HOCHSCHILD

The Purchaser is a wholly-owned indirect subsidiary of Hochschild. Hochschild is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) and cross-trades on the OTCQX Best Market in the U.S. (HCHDF), with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over fifty years' experience in the mining of precious metal epithermal vein deposits and currently operates three underground epithermal vein mines, two located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas. Hochschild was incorporated and registered in England and Wales on April 11, 2006 under the Companies Act 1985 as a private company limited by shares with registered number 05777693 with the name of Hackremco (No. 2372) Limited. On June 13, 2006, Hochschild changed its name to Hochschild Mining Limited, and then on October 17, 2006, Hochschild re-registered as a public company limited by shares and changed its name to Hochschild Mining PLC. The registered office of the Hochschild is 17 Cavendish Square, London W1G 0PH, United Kingdom. Hochschild's headquarters are located in Peru at Calle La Colonia No. 180, Urb. El Vivero, Santiago de Surco, Lima 33, Peru.

Eduardo Hochschild is Hochschild's largest shareholder, and as at the date hereof owns of record or beneficially, directly or indirectly, or exercises control or direction over approximately 38.32% of Hochschild's outstanding ordinary shares.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

The Arrangement Resolution

At the Meeting, Amarillo Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Amarillo under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached as Schedule A to the Arrangement Agreement and is also attached to this Circular as Appendix B.

In order for the Arrangement to become effective, the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class, which also satisfies the TSXV requirement that the Arrangement be approved by Amarillo Shareholders without taking into account the votes of Amarillo Optionholders. A copy of the Arrangement Resolution is set out in Appendix A of this Circular – "*Arrangement Resolution*".

Unless otherwise directed, it is management's intention to vote **FOR** the Arrangement Resolution. If you return a signed proxy form or VIF and do not specify how you want your Amarillo Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting **FOR** the Arrangement Resolution.

SpinCo Omnibus Plan Resolution

At the Meeting, Amarillo Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the SpinCo Omnibus Plan Resolution to approve the SpinCo Omnibus Plan. A copy of the Omnibus Plan is attached as Appendix "F" – "*SpinCo Omnibus Plan*" to this Circular. A copy of the

SpinCo Omnibus Plan Resolution is set out in Appendix "G" of this Circular – "*SpinCo Omnibus Plan Resolution*".

As of the date of the Circular, no SpinCo Awards have been granted nor have any other rights or securities to purchase SpinCo Awards been issued by SpinCo. If the SpinCo Omnibus Plan Resolution is approved by Amarillo Shareholders, then the Omnibus Plan will be authorized to be implemented by SpinCo. Completion of the Arrangement is not conditional upon approval of the SpinCo Omnibus Plan Resolution. The SpinCo Board does not intend to grant any SpinCo Awards prior to the listing of the SpinCo Shares on the TSXV or other stock exchange.

Subject to adjustment as provided in the SpinCo Omnibus Plan, the aggregate number of SpinCo Shares that may be issuable pursuant to the SpinCo Omnibus Plan shall not exceed 10% of the issued and outstanding SpinCo Shares.

For the purposes of the SpinCo Omnibus Plan description, unless otherwise defined herein, capitalized terms used hereinafter shall have the meaning ascribed thereto in Article 2 of the SpinCo Omnibus Plan.

The material terms of the SpinCo Omnibus Plan are as follows:

1. Only a Director, Officer, Employee, Management Company Employee or Consultant of SpinCo or of any of its subsidiaries is eligible to participate in the SpinCo Omnibus Plan. Except in relation to Consultant Companies, SpinCo Awards may be granted only to an individual or to a Company that is wholly owned by individuals eligible to receive SpinCo Awards.

2. The SpinCo Omnibus Plan is a "*rolling up to 10% and fixed up to 10%*" Security Based Compensation, as defined in Policy 4.4 - *Security Based Compensation* of the TSXV. The SpinCo Omnibus Plan is a: (a) "rolling" plan pursuant to which the number of SpinCo Shares that are issuable pursuant to the exercise of SpinCo Options granted under the SpinCo Omnibus Plan shall not exceed 10% of the Issued Shares of SpinCo as at the date of any SpinCo Option grant, and (b) "fixed" plan under which the number of SpinCo Shares of SpinCo that are issuable pursuant to all SpinCo Awards other than SpinCo Options granted under the SpinCo Omnibus Plan and under any other Security Based Compensation Plan of SpinCo, in aggregate is a maximum of 10% of the issued SpinCo Shares as at the effective date of implementation of the SpinCo Omnibus Plan, which shall be the first date, if any, on which the SpinCo Shares commence trading on the Exchange (as defined in the SpinCo Omnibus Plan), and which such number of issued SpinCo Shares is expected to be approximately 411,288,694 after completion of the Arrangement, and in each case, subject to adjustment as provided in the SpinCo Omnibus Plan.

3. The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the SpinCo Omnibus Plan and any Award Agreement or other agreement ancillary to or in connection with the SpinCo Omnibus Plan, to determine eligibility for SpinCo Awards, and to adopt such rules, regulations and guidelines for administering the SpinCo Omnibus Plan as the Committee may deem necessary or proper.

4. Unless SpinCo has obtained the requisite disinterested shareholder approval pursuant to Policy 4.4, the maximum aggregate number of SpinCo Shares that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Person must not exceed 5% of the issued SpinCo Shares, calculated as at the date any Security Based Compensation is granted or issued to the Person, except as expressly permitted and accepted by the Exchange for filing under Part 6 of Policy 4.4 shall not be included in calculating this 5% limit.

5. The maximum aggregate number of SpinCo Shares that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Consultant must not exceed 2% of the issued SpinCo Shares, calculated as at the date any Security Based Compensation is granted or issued to the Consultant, except that securities that are expressly permitted and accepted for filing under Part 6 of Policy 4.4 shall not be included in calculating this 2% limit.

6. The maximum aggregate number of SpinCo Shares that are issuable pursuant to all SpinCo Options granted in any 12 month period to all Investor Relations Service Providers in aggregate shall not exceed 2% of the Issued SpinCo Shares, calculated as at the date any SpinCo Option is granted to any such Investor Relations Service Provider.

7. All SpinCo Awards and SpinCo Shares issuable thereunder are subject to any applicable resale restrictions under Securities Laws and the Exchange Hold Period (as defined in the policies of the TSXV), and shall have affixed thereto any legends required under Securities Laws and the policies of the Exchange.

8. Notwithstanding the expiry date, redemption date or settlement date of any SpinCo Award, such expiry date, redemption date or settlement date, as applicable, of the SpinCo Award shall be extended to the tenth business day following the last day of a Blackout Period if the expiry date would otherwise occur in a Blackout Period.

9. SpinCo Options can be exercisable for a maximum of 10 years from the date of grant, subject to extension where the expiry date falls within a Blackout Period.

10. Each SpinCo Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the SpinCo Option, the number of SpinCo Shares to which the SpinCo Option pertains, the conditions upon which a SpinCo Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.

11. The Option Price for each grant of a SpinCo Option under the SpinCo Omnibus Plan shall be determined by the Committee and shall be specified in the Award Agreement. The minimum exercise price of a SpinCo Option shall not be less than the Discounted Market Price (as defined in the policies of the TSXV), provided that, if SpinCo does not issue a news release to announce the grant and the exercise price of a SpinCo Option, the Discounted Market Price is the last closing price of the SpinCo Shares before the date of grant of the SpinCo Option less the applicable discount.

12. If a Participant dies while an Employee, Director of, or Consultant to, SpinCo or an Affiliate then the right to exercise such SpinCo Options terminates on the earlier of: (i) the date that is 12 months after the Termination Date; and (ii) the date on which the exercise period of the particular SpinCo Option expires. Any SpinCo Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Corporation on the Termination Date.

13. Except as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy), where a Participant's employment or term of office or engagement terminates (for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice)) then (i) any SpinCo Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of: (A) the date that is three

months after the Termination Date; and (B) the date on which the exercise period of the particular SpinCo Option expires; and (ii) any SpinCo Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to SpinCo on the Termination Date,

14. Each SpinCo Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of SpinCo Restricted Share Units granted, the settlement date for SpinCo Restricted Share Units, and any such other provisions as the Committee shall determine, provided that no SpinCo Restricted Share Unit shall vest (i) earlier than one year, or (ii) later than three years, after the date of grant, except that the Committee may in its sole discretion accelerate the vesting for a Participant who dies or who ceases to be an eligible Participant under the SpinCo Omnibus Plan in connection with a Change of Control.

15. A Participant shall have no voting rights with respect to any SpinCo Restricted Share Units granted hereunder.

16. If a Participant dies while an Employee, Director of, or Consultant to, SpinCo or an Affiliate then (i) any SpinCo Restricted Share Units held by the Participant that have not vested as at the Termination Date shall vest immediately; and (ii) any SpinCo Restricted Share Units held by the Participant that have vested as at the Termination Date shall be paid to the Participant's estate in accordance with the terms of the SpinCo Omnibus Plan and Award Agreement.

17. Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then any SpinCo Restricted Share Units held by the Participant that have vested before the Termination Date shall be paid to the Participant, and any SpinCo Restricted Share Units held by the Participant that are not yet vested at the Termination Date will be immediately cancelled and forfeited to SpinCo on the Termination Date.

18. Each SpinCo Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of SpinCo Deferred Share Units granted, the settlement date for SpinCo Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each SpinCo Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which the SpinCo Shares are listed or traded, or holding requirements or sale restrictions placed on the SpinCo Shares by SpinCo upon vesting of such SpinCo Deferred Share Units.

19. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain SpinCo Deferred Share Units following termination of the Participant's employment or other relationship with SpinCo or Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all SpinCo Deferred Share Units issued pursuant to the SpinCo Omnibus Plan, and may reflect distinctions based on the reasons for termination. Any settlement or redemption of any SpinCo Deferred Share Units shall occur within one year following the Termination Date.

20. The Committee, at any time and from time to time, may grant SpinCo Performance Shares and/or SpinCo Performance Units to Participants in such amounts and upon such terms as the Committee shall determine, provided that, no SpinCo Performance Shares and/or SpinCo Performance Units shall vest earlier than one year after the date of grant, except that the Committee may in its sole discretion accelerate the vesting required for a Participant who dies or who ceases to be an eligible Participant under the SpinCo Omnibus Plan in connection with a Change of Control.

21. Each SpinCo Performance Share and SpinCo Performance Unit shall have an initial value equal to the FMV of a SpinCo Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each SpinCo Performance Share or SpinCo Performance Unit that will be paid to the Participant.

22. Subject to the terms of the SpinCo Omnibus Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of SpinCo Performance Shares/SpinCo Performance Units shall be entitled to receive payout on the value and number of SpinCo Performance Shares/SpinCo Performance Units, determined as a function of the extent to which the corresponding performance criteria have been achieved.

23. If a Participant dies while an Employee, Director of, or Consultant to, SpinCo or an Affiliate, then (i) the number of SpinCo Performance Shares or SpinCo Performance Units held by the Participant that have not vested shall be adjusted as set out in the applicable Award Agreement (the "**Deemed Awards**"); (ii) any Deemed Awards shall vest immediately; (iii) any SpinCo Performance Shares and SpinCo Performance Units held by the Participant that have vested shall be paid to the Participant's estate in accordance with the terms of the SpinCo Omnibus Plan and Award Agreement; and (iv) any settlement or redemption of any SpinCo Performance Units or SpinCo Performance Shares shall occur within one year following the Termination Date.

24. Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then (i) any SpinCo Performance Units or SpinCo Performance Shares held by the Participant that have vested before the Termination Date shall be paid to the Participant in accordance with the terms of the SpinCo Omnibus Plan and Award Agreement; (ii) any SpinCo Performance Units or SpinCo Performance Shares held by the Participant that are not yet vested at the Termination Date will be immediately cancelled and forfeited to SpinCo on the Termination Date; and (iii) any settlement or redemption of any SpinCo Performance Units or SpinCo Performance Shares shall occur within one year following the Termination Date.

25. Subject to the provisions of SpinCo Omnibus Plan or the Award Agreement, in the event of a Change of Control, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled upon a Change of Control, and that the value of such Awards, as determined by the Committee in accordance with the terms of the SpinCo Omnibus Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change of Control Price within a reasonable time subsequent to the Change of Control, subject to the approval of the Exchange.

26. Subject to certain exceptions set out in the SpinCo Omnibus Plan, and as otherwise provided by law, or Exchange rules, the Committee or Board may, at any time and from time to time, alter, amend, modify, suspend or terminate the SpinCo Omnibus Plan or any Award in whole or in part without notice to, or approval from, shareholders, including, but not limited to for the purposes of: (i) making any amendments not inconsistent with the SpinCo Omnibus Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, it may be expedient to make, including amendments that are desirable as a result of changes in law or as a "housekeeping" matter; or (ii) making such changes or corrections which are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

At the Meeting, Amarillo Shareholders will be asked to pass an ordinary resolution, with or without amendment, in substantially the form set forth below (the "**SpinCo Option Plan Resolution**"):

In order for the SpinCo Omnibus Plan Resolution to be passed, it must be approved by a simple majority of the aggregate votes cast by Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class.

The Amarillo Board unanimously recommends that Amarillo Shareholders vote **FOR** the SpinCo Omnibus Plan Resolution. Unless authority is withheld, the management proxyholders intend to vote the Amarillo Shares represented by each Proxy, properly executed, **FOR** the SpinCo Omnibus Plan Resolution.

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

At no time during the financial year ended December 31, 2021 or within 30 days of the date of this Circular has any director, officer or employee, or former director, officer or employee, of Amarillo or any of its subsidiaries, or any associate or affiliate of any such director, officer or employee, been indebted to Amarillo.

Other Matters

Management of Amarillo is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Amarillo Shares represented thereby in accordance with their best judgment on such matter.

Interests of Informed Persons in Material Transactions

Other than as disclosed in this Circular or the documents incorporated by reference herein, since July 1, 2019, no informed person or anyone associated or affiliated with any of them, has or had any material interest, direct or indirect, in any transaction since the beginning of Amarillo's most recently completed financial year or proposed transaction which has materially affected or would materially affect Amarillo or any of its respective subsidiaries or affiliates.

Interests of Certain Persons in Matters to be Acted upon

Other than as disclosed in this Circular, none of Amarillo, Amarillo's directors or executive officers, or anyone associated or affiliated with any of them, has or had a material interest in any item of business at the

Meeting. A material interest is one that could reasonably interfere with the ability to make independent decisions.

Auditors

The auditor of Amarillo is MNP LLP, Chartered Professional Accountants.

Interests of Experts

The annual consolidated financial statements of Amarillo incorporated by reference in this Circular have been audited by MNP, as stated in their report which is also incorporated herein by reference. MNP is independent with respect to Amarillo within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada.

Research Capital Corporation is named in this Circular as having prepared or certified a report, statement or opinion in this Circular, specifically the Fairness Opinion. See "The Arrangement –Fairness Opinion". Except for the fees to be paid to Research Capital Corporation, to the knowledge of Amarillo, none of the financial advisors, the directors, officers, employees and partners, as applicable, beneficially owns, directly or indirectly, 1% or more of the outstanding securities of Amarillo or any of its associates or affiliates, has received or will receive any direct or indirect interests in the property of Amarillo or any of its associates or affiliates, or is expected to be elected, appointed or employed as a director, officer or employee of Amarillo or any associate or affiliate thereof.

The technical and scientific information contained in this Circular or in the documents incorporated by reference herein, as it relates to Amarillo or SpinCo, was reviewed and approved in accordance with NI 43-101 by Michael Durose, P.Geo, Consulting Geologist of Amarillo and a "Qualified Person" as defined in NI 43-101. To Amarillo's knowledge, Mr. Durose beneficially owns, directly or indirectly, less than 1% of the issued and outstanding Amarillo Shares.

Additional Information

Additional information relating to Amarillo has been filed by Amarillo under its profile on SEDAR at www.sedar.com.

The financial information concerning Amarillo is provided in the Amarillo Annual Financial Statements and Amarillo MD&A, as well as in the Amarillo Interim Financial Statements and related management's discussion and analysis, all of which have been filed by Amarillo under its profile on SEDAR at www.sedar.com, together with Amarillo's other public disclosure. Amarillo Shareholders requesting a copy of the Amarillo Annual Financial Statements and Amarillo MD&A may do so as follows: by telephone at (416) 671-4966; by e-mail at info@amarillogold.com; and by mail at Amarillo Gold Corporation, 82 Richmond Street East, Suite 201, Toronto, ON M5C 1P1, Attention: Mr. Hemdat Sawh.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Arrangement have been passed upon by Osler, Hoskin & Harcourt LLP and Irwin Lowy LLP on behalf of Amarillo. All Canadian tax related matters relating to the Arrangement on behalf of Amarillo have been passed upon by Osler, Hoskin & Harcourt LLP. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP and Irwin Lowy LLP as a group beneficially owned, directly or indirectly, less than 1% of the Amarillo Shares and less than 1% of the SpinCo Shares

APPROVAL OF DIRECTORS

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Amarillo Board.

BY ORDER OF THE BOARD OF DIRECTORS OF AMARILLO GOLD CORPORATION

(signed) *"Mike Mutchler"*
Mike Mutchler
President, Chief Executive Officer
and Director

APPENDIX A
ARRANGEMENT RESOLUTION

RESOLUTION OF THE SHAREHOLDERS

OF

AMARILLO GOLD CORPORATION
(the "**Corporation**")

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. 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 January 27, 2022 (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.

2. 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 B to the Circular, is hereby authorized, approved and adopted.

3. 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.

4. 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).

5. 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.

6. 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.

7. 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.

APPENDIX B
PLAN OF ARRANGEMENT UNDER SECTION 188
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

See attached.

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;

"**Depositary**" means Computershare Trust Company of Canada or such other Person as the Company may appoint to act as depositary 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) plus applicable payroll taxes payable by the Company or the Subsidiary in connection with the step in Section 2.4(e);

"**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 TSXV;

"**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;

"**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.

"**TSXV**" 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:

the acquisition by SpinCo of the SpinCo Assets;

the assumption by SpinCo of the SpinCo Liabilities; and

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 Hochschild Mining Brazil Holdings Corp.;

(ix) the registered office of Amalco shall be:

Suite 1700, Park Place
666 Burrard Street
Vancouver, BC
V6C 2X8

(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: Ignacio Bustamente and Jose Augusto Palma Garcia Zapatero;

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(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(h) 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 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

(a) 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.

(b) 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.

(c) 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:

(a) 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;

(b) 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

(c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any away 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.

APPENDIX C
OPINION OF RESEARCH CAPITAL CORPORATION

See attached.

Research Capital Corporation
199 Bay Street, Suite 4500
Toronto, Ontario M5L 1G2
www.researchcapital.com

November 29, 2021

Board of Directors and Special Committee
Amarillo Gold Corp.
82 Richmond Street East
Suite 201
Toronto, ON
M5C 1P1

To the Board of Directors and the Special Committee:

Research Capital Corporation ("RCC" or "we", "us" or "our") understands that Amarillo Gold Corp. ("Amarillo") and Hochschild Mining PLC ("Hochschild") intend to enter into an arrangement agreement to be dated November 29, 2021 (the "Arrangement Agreement") pursuant to which, among other things, a wholly owned British Columbia subsidiary of Hochschild will acquire Amarillo for CAD $0.40 per common share (the "Consideration") in an all-cash transaction with a total value, on a fully diluted basis, of approximately C$164.5 million. Concurrently with the Consideration, Amarillo shareholders will receive a *pro rata* 100% interest in a new company (the "Lavras SpinCo") holding the Lavras do Sul project (the "Lavras do Sul Project"), C$10.0 million of cash and a 2.0% net smelter revenue royalty (the "Royalty") on the exploration properties which are currently owned by Amarillo and are located outside of the current Posse resource and mine plan at the Mara Rosa property. Hochschild will maintain a right of first refusal on the future sale of the Royalty. We also understand that the proposed transaction contemplated by the Arrangement Agreement are to be effected by way of an arrangement under the Business Corporations Act *(British Columbia)* (the "Arrangement").

We have been retained to provide financial advice to Amarillo, including our opinion (the "Opinion") to the board of directors of Amarillo (the "Board of Directors") and the special committee of the Board of Directors (the "Special Committee") as to the fairness from a financial point of view of the Consideration to be received by Amarillo's shareholders (the "Amarillo Shareholders") pursuant to the Arrangement.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC"), but IIROC has not been involved in the preparation or review of the Opinion.

Engagement of RCC

Amarillo initially contacted RCC regarding a potential advisory engagement in July 2021. RCC was formally engaged by Amarillo pursuant to a letter agreement dated August 25, 2021 (the "Engagement Agreement"). Under the terms of the Engagement Agreement, RCC agreed to provide to the Board of Directors and the Special Committee the Opinion in connection with the Arrangement.

RCC will receive a fee for rendering the Opinion, which is not contingent upon the completion of the Arrangement. Amarillo has also agreed to reimburse us for our reasonable out-of-pocket expenses and to indemnify us against certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly out of our engagement that might arise out of our engagement.

Credentials of RCC

RCC is one of Canada's largest independent investment banking firms that offers a comprehensive and integrated platform of financial services in corporate finance, mergers and acquisitions, equity research, equity and fixed income sales and trading, and private client services. RCC has been a financial advisor in a significant number of transactions involving public and private companies in various industry sectors, and has extensive experience in preparing fairness opinions. As part of our investment banking activities, we are regularly engaged in the valuation of securities in connection with mergers and acquisitions, public offerings and private placements of listed and unlisted securities and regularly engage in market making, underwriting and secondary trading of securities in connection with a variety of transactions.

The Opinion represents the opinion of RCC, the form and content of which have been approved for release by a committee of our officers who are collectively experienced in merger and acquisition, divestiture, restructuring, valuation, fairness opinion and capital markets matters.

Independence of RCC

Neither RCC, nor any of our affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Act") or the rules made thereunder) of Amarillo, Hochschild or any of their respective associates or affiliates (collectively, the "Interested Parties").

Other than as set forth above and certain commitments made by Amarillo to RCC under the Engagement Agreement with respect to potential future financial advisory engagements, there are no understandings, agreements or commitments between RCC and any of the Interested Parties with respect to future business dealings. RCC may, in the future, in the ordinary course of business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time.

RCC and certain of our affiliates act as traders and dealers, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of one or more of the Interested Parties and, from time to time, may have executed or may execute transactions on behalf of one or more Interested Parties for which RCC or such affiliates received or may receive compensation. As investment dealers, RCC and certain of our affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to clients on investment matters, including with respect to one or more of the Interested Parties or the Arrangement.

Scope of Review

In connection with rendering the Opinion, we have reviewed and relied upon, or carried out, as the case may be, among other things, the following:

1. the Arrangement Agreement, dated November 29, 2021;
2. the assets of Lavras SpinCo, as set out in Schedule "E" to the Arrangement Agreement;
3. the form of support and voting agreement entered into between Hochschild and each supporting shareholder (the "Voting Support Agreement");
4. the press release to be issued in connection with the Arrangement;

5. Amarillo's technical report (the "Posse Technical Report") titled "Amended and Restated NI 43-101 Technical Report, Definitive Feasibility Study, Posse Gold Project, Brazil", dated August 3, 2020 and prepared for the Company by SRK Consultores do Brasil Ltda, Paulo Laymen, MAusIMM, ChMC (QP), Keith Whitehouse, MAusIMM CP (Geo), Stuart Smith, FAusIMM, Tommaso Roberto Raponi, P. Eng.;

6. Amarillo's technical report (the "LDS Technical Report") titled "NI 43-101 Technical Report Butiá Prospect", dated September 30, 2010 and prepared for the Company by Atticus Associates, Antony J. Amberg CGeol Simon Mortimer MSc M.AusIMM;

7. certain publicly available information relating to the business, operations, financial condition and trading history of Amarillo and other selected public companies we considered relevant;

8. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of Amarillo relating to the business, operations and financial condition of Amarillo;

9. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of Amarillo;

10. discussions with management of Amarillo relating to the current business, plan, financial condition and prospects of Amarillo;

11. select public market trading statistics and relevant financial information in respect of Amarillo and other comparable public entities considered by RCC to be relevant;

12. select public available information and statistics with respect to selected precedent transactions we considered relevant;

13. the audited consolidated financial statements and associated management's discussion and analysis of Amarillo for each of the fiscal years ended December 31, 2020 and 2019;

14. the unaudited condensed interim consolidated financial statements and associated management's discussion and analysis of Amarillo as at and for the periods ended September 30, 2021, June 30, 2021, March 31, 2021, September 30, 2020, June 30, 2020, and March 31, 2020;

15. recent press releases, material change reports and other public documents filed by Amarillo on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com;

16. a letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided to us by senior officers of Amarillo; and

17. such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

RCC has not, to the best of its knowledge, been denied access by Amarillo to any information under Amarillo's control requested by RCC.

Assumptions and Limitations

We have relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions, representations and other material obtained by us from public sources or provided to us by or on behalf of Amarillo or otherwise obtained by us in connection with our engagement (the "Information"). The Opinion is conditional upon such accuracy, completeness, and fair presentation. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our analysis were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company, having regard to the Company's business, plans, financial condition and prospects. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information. RCC was not engaged to review any legal, regulatory, tax or accounting aspects of the Arrangement and accordingly expresses no view thereon.

Certain senior officers of Amarillo have represented to RCC in a letter of representation delivered as of the date hereof, among other things, that:

(a) the Information provided to RCC orally by, or in the presence of, an officer or employee of, Amarillo, or in writing by Amarillo or any of its subsidiaries (as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions)* or any of its or their representatives in connection with our engagement, (i) in respect of Amarillo or any of its subsidiaries, was at the date the Information was provided to RCC, and is as of the date hereof, complete, true and correct in all material respects, and did not and does not contain a misrepresentation (as defined in the Act) and (ii) in respect of Hochschild or any of its subsidiaries, to the best of their knowledge, was at the date the Information was provided to RCC, and is as of the date hereof, complete true and correct in all material respects, and did not and does not contain a misrepresentation (as defined in the Act);

(b) except as disclosed in writing, (i) there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Amarillo or any of its subsidiaries, and (ii) to the best of their knowledge, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Hochschild or any of its subsidiaries; and

(c) except as disclosed in writing, no change has occurred in the Information or any part thereof which would have or which could reasonably be expected to have a material effect on the Opinion.

In preparing the Opinion, we have assumed that (a) the Arrangement will be consummated in accordance with the terms and conditions of the Arrangement Agreement in accordance with all applicable laws and other relevant documents or requirements without waiver of, or amendment to, any term or condition that is in any way material to our analyses; (b) the representations and warranties in the Arrangement Agreement are true and correct as of the date hereof; and (c) any governmental, regulatory or other consents and approvals necessary for the consummation of the Arrangement will be obtained without any material adverse effect on the Arrangement.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of Amarillo as they are reflected in the Information and as they have been represented to RCC in discussions with management of Amarillo and its representatives. In our analyses and in preparing the Opinion, RCC made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Arrangement.

The Opinion is provided to the Board of Directors and the Special Committee for its exclusive use only in considering the Arrangement and may not be used or relied upon by any other person or for any other purpose without our prior written consent. The Opinion does not constitute a recommendation as to how any Amarillo Shareholders should vote or act on any matter relating to the Arrangement and we express no opinion as whether holders of convertible securities should exercise any conversion or other rights. Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of Amarillo or any of their respective affiliates, and the Opinion should not be construed as such. The Opinion is not, and should not be construed as, advice as to the price at which the securities of Amarillo may trade at any time. RCC was not engaged to review any legal, tax or regulatory aspects of the Arrangement and the Opinion does not address any such matters. We have relied upon, without independent verification, the assessment by Amarillo and its legal and tax advisors with respect to such matters. We have not been asked to, nor do we, offer any opinion as to the material terms (other than the Consideration) of the Arrangement Agreement, the Plan of Arrangement, and the Voting Support Agreements and the transactions contemplated thereby.

RCC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessary susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Accordingly, the Opinion should be read in its entirety. The Opinion is not to be construed as a recommendation to any Amarillo Shareholders as to whether or not to vote in favour of the Arrangement. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Amarillo.

The Opinion is rendered as of the date hereof and RCC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of RCC after the date hereof. Without limiting the foregoing, if we learn that any of the Information we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, RCC reserves the right to change or withdraw the Opinion.

Fairness Opinion Methodologies

In arriving at the Opinion, RCC has performed certain analyses on the Posse gold project (the "Posse Gold Project") and the Lavras do Sul project and applied professional judgement based on those methodologies, assumptions and other considerations that we considered appropriate in the circumstances of providing the Opinion. In the context of this Opinion, we considered, among other things, the following methodologies and considerations:

- comparable multiple analysis;
- precedent transaction analysis;
- trading and historical share price analysis;

<u>Comparable Multiple Analysis</u>

In consideration of the Posse Gold Project, RCC reviewed public market trading statistics for select publicly traded gold single asset producer and gold developer companies that we considered relevant. Using these trading statistics, we then determined ranges of multiples that would be applied to the Posse Gold Project for the purpose of this analysis (the "Posse Comparable Multiple Analysis").

To calculate the implied per share equity value ranges for the Posse Gold Project under the Comparable Multiple Analysis, RCC applied the following metric:

- share price to net asset value (at a discount rate of 5%) ("P/NAV"), provided by select research analyst estimates between the period of October 20, 2021 to November 15, 2021, to Posse Gold Project's P/NAV estimate based on financial and operating forecast provided by or on behalf of Amarillo.

In consideration of the Lavras do Sul Project, RCC reviewed public market trading statistics for select publicly traded small-cap gold exploration companies that we considered relevant. Using these trading statistics, we then determined ranges of multiples that would be applied to financial metrics of the Lavras do Sul Project for the purpose of this analysis (the "LDS Comparable Multiple Analysis").

To calculate the implied per share equity value ranges for the Lavras do Sul Project under the LDS Comparable Multiple Analysis, RCC applied the following metric:

- enterprise value to ounces of gold in reserves and resources ("EV/oz Au (R+R)") for the calendar year ended 2021 to Lavras do Sul Project's National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant mineral resource estimate contained in the LDS Technical Report.

Precedent Transaction Analysis

In consideration of the Posse Gold Project, RCC reviewed the purchase prices and transaction multiples paid in selected precedent transactions that RCC, based on its experience, considered relevant. We examined publicly available information to determine the price paid per ounce of gold resource and the percent premium paid to Amarillo's closing share price prior to the announcement of the Arrangement in connection with the purchase or sale of comparable gold single asset producer and gold developer companies (the "Posse Precedent Transactions").

To calculate the implied per share equity value ranges for the Posse Gold Project under the Posse Precedent Transactions analysis, RCC applied the following metrics:

- price paid per ounce of gold resource to Posse Gold Project's NI 43-101 compliant mineral resource estimate contained in the Posse Technical Report; and

- percent premium paid to Amarillo's closing share price prior to the announcement of the Arrangement.

In consideration of the Lavras do Sul Project, RCC reviewed the purchase prices and transaction multiples paid in selected precedent transactions that RCC, based on its experience, considered relevant. We examined publicly available information to determine the price paid per ounce of gold reserves and resources in connection with the purchase of sale of comparable gold exploration companies (the "LDS Precedent Transactions").

To calculate the implied per share equity value ranges for the Lavras do Sul Project under the LDS Precedent Transactions analysis, RCC applied the following metrics:

- price paid per ounce of gold reserves and resources to Lavras do Sul Project's NI 43-101 compliant mineral resource estimate contained in the LDS Technical Report.

Trading and Historical Share Price Analysis

RCC reviewed the trading history of Amarillo's shares on the TSX Venture Exchange, including:

- premium analysis using the closing share price prior to the announcement of the Arrangement, as well as volume-weighted average price of various periods (20 days) compared to the Consideration;

- 52-week intraday low/high share price; and

Conclusion

Based upon and subject to the foregoing, RCC is of the opinion that, as of the date hereof, the Consideration to be received by the Amarillo Shareholders pursuant to the Arrangement is fair from a financial point of view to the Amarillo Shareholders.

Yours truly,

(signed) "Research Capital Corporation"

Research Capital Corporation

APPENDIX D
NOTICE OF APPLICATION AND INTERIM ORDER

See attached.

S-220474

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, C.57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING AMARILLO GOLD CORPORATION

AMARILLO GOLD CORPORATION

PETITIONER

NOTICE OF APPLICATION

Name of applicant: Amarillo Gold Corporation

TAKE NOTICE that an application will be made by the applicant to the presiding judge or master by videoconference or teleconference at the courthouse at 800 Smithe Street, Vancouver, British Columbia on January 27, 2022 at 9:45 a.m. for the order set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. The petitioner, Amarillo Gold Corporation ("**Amarillo**" or the "**Company**") applies to this Court for an Interim Order pursuant to sections 288 and 291 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the **"BCBCA"**), in the form attached as **Schedule "A"**.

Part 2: FACTUAL BASIS

1. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Notice of Meeting and Management Information Circular (the "**Draft Circular**") found at Exhibit "A" to the Affidavit #1 of David Laing sworn on January 25, 2022 (the "**Laing Affidavit**").

A. Parties to the Arrangement

2. Amarillo is a corporation existing under the laws of British Columbia. The registered office of Amarillo is located at 600 – 890 West Pender Street, Vancouver, British Columbia, V6C 19J. The head office of Amarillo is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, M5C 1P1. Amarillo is a reporting issuer in all the provinces in Canada, except Québec.

3. The authorized share capital of Amarillo is an unlimited number of common shares. As of January 19, 2022, (the "**Record Date**") 386,073,694 common shares were issued and outstanding (the "**Amarillo Shares**"). The Amarillo Shares currently trade on the TSX Venture Exchange ("**TSXV**") and the OTCQX.

4. As of the Record Date, Amarillo also had 25,215,000 issued and outstanding options (the "**Amarillo Options**") entitling the holder (the "**Amarillo Optionholder**") to purchase Amarillo Shares granted under the Amarillo Option Plan.

5. Lavras Gold Corp. ("**SpinCo**") was incorporated under the BCBCA on November 25, 2021 for the purposes of the Arrangement. SpinCo is currently a private company and a wholly-owned subsidiary of Amarillo. The registered and records office of SpinCo is located at 1055 West Hastings Street, Suite 1700, Vancouver BC V6E 2E9, Canada. The head office of SpinCo is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, M5C 1P1.

6. The SpinCo Shares are not currently listed on any exchange. SpinCo has applied to have the SpinCo Shares listed on the TSXV. Listing is subject to the approval of the TSXV in accordance with its original listing requirements.

7. The Purchaser is a wholly owned indirect subsidiary of Hochschild Mining PLC ("**Hochschild**"). The registered office of the Hochschild is 17 Cavendish Square, London W1G 0PH, United Kingdom. Hochschild's headquarters are located in Peru at Calle La Colonia No. 180, Urb. El Vivero, Santiago de Surco, Lima 33, Peru.

8. Hochschild is a precious metals company listed on the London Stock Exchange and cross-trades on the OTCQX Best Market in the U.S. Hochschild has a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over 50 years' experience in the mining of precious metal epithermal vein deposits and currently operates three underground epithermal vein mines, two located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas.

B. The Arrangement

9. On November 29, 2021 Amarillo entered into a definitive arrangement agreement with Hochschild (the "**Arrangement Agreement**"). The Arrangement will result in, among other things, Hochschild acquiring all of the issued and outstanding Amarillo Shares, following the transfer of certain assets and liabilities of Amarillo to SpinCo.

10. Holders of Amarillo Shares (the "**Amarillo Shareholders**") will receive, in respect of each Amarillo Share held:

(a) $0.40 in cash from the Purchaser; and

(b) 1 common share (each a "**SpinCo Share**") of SpinCo,

(collectively, the "**Consideration**").

11. On completion of the Arrangement, Hochschild will hold Amarillo's current interests in the Mara Rosa Project (as defined herein) through its acquisition of all of the outstanding Amarillo Shares. SpinCo will: (i) hold the Lavras do Sul Project, an advanced exploration gold project in Brazil; (ii) hold a 2.0% net smelter revenue royalty on certain exploration properties outside the current Posse resource at the Mara Rosa Project (the "**SpinCo Royalty**"); and (iii) be capitalized with $10,000,000 in cash.

12. On completion of the Arrangement, Amarillo Shareholders will own 100% of SpinCo, and Hochschild will own 100% of Amarillo. Current Amarillo Shareholders will no longer have any interest in Amarillo.

13. Pursuant to the Arrangement, and all as more particularly described in the Draft Circular, commencing at the Effective Time and among other things, the following events or transactions will occur (and will be deemed to occur) in the following sequence:

(a) Each Dissenting Share for which Dissent Rights have been validly exercised by Dissenting Amarillo 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 for such Shares as set out in Section 3.1 of the Plan of Arrangement;:

(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;

(iii) the issuance by SpinCo to Amarillo 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 clause (e) below, plus (C) the number of SpinCo Shares, if any, deliverable pursuant to clause (h) below, less (D) the number of Shares transferred to the Purchaser pursuant to clause (a) above, less (E) the number of SpinCo Shares issued and outstanding immediately prior to this clause (b);

(c) the Purchaser shall make the Funding Loan to Amarillo;

(d) Each Cancelled Amarillo Option will be cancelled without any payment in respect thereof;

(e) Each Cash-Out Option will be surrendered to Amarillo and cancelled in consideration for (i) a cash payment from Amarillo equal to the product of the Cash Consideration multiplied by the number of Shares that the Amarillo 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 Amarillo to the Amarillo Optionholder of such number of SpinCo Shares equal to the number of Shares that the Amarillo 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 in Section 4.2 of the Plan of Arrangement;

(f) Each Exercised Option will be deemed to be exercised by the holder and thereof Amarillo 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, clause (h) below;

(h) Contemporaneous with clause (f) above, and in satisfaction of the obligations of the Purchaser described in clause (g)(ii) above, Amarillo 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 clause (g) above, and in consideration therefor, the Purchaser shall issue a non-interest bearing demand promissory note (the "**SpinCo Share Delivery Note**") to Amarillo equal to the aggregate fair market value of all such SpinCo Shares delivered pursuant to this clause (h);

(i) The capital of Amarillo shall be reorganized by amending the notice of articles and the articles of Amarillo 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 to the Plan of Arrangement;

(j) In the course of a reorganization of Amarillo's issued and outstanding share capital, each then issued and outstanding Share (excluding (i) those Shares acquired by the Purchaser pursuant to clause (a) above and (ii) those Exercised Option Shares acquired by the Purchaser pursuant to clause (f) above 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.;

(k) Upon the exchange contemplated by clause (j) above, the capital account maintained in respect of the Shares shall be reduced, in respect of the Shares exchanged pursuant to clause (j), by an amount equal to the capital attributable to such Shares immediately prior to the time at which the step in clause (j) above is effective, and, notwithstanding section 73 of the BCA, the capital account maintained in respect of the Class A Shares shall be equal to:

(i) the amount by which the capital account of the Shares is reduced pursuant to this clause (k), less

(ii) the fair market value of the SpinCo Shares transferred to former holders of Shares pursuant to clause (j) above;

Upon the exchange contemplated by clause (j) above, 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 Amarillo in respect of the Shares so exchanged and shall be added to the central securities register of Amarillo 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 clause (j) above;

(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;

(m) The amount owing by the Purchaser to Amarillo, if any, pursuant to the SpinCo Share Delivery Note shall be set-off and applied in repayment of the same amount owing by Amarillo 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 clause (m) above, a balance under the Funding Loan remains owing by Amarillo to the Purchaser, then the Funding Loan shall be exchanged (and thereupon be released and extinguished) by the Purchaser with Amarillo 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 clause (n) by the Cash Consideration, rounded down to the nearest whole number of Class A Shares, and Amarillo shall, and shall be deemed to have, issued such number of Class A Shares to the Purchaser on such exchange;

(o) The capital of Amarillo 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 Amarillo 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 Amarillo shall not cease and Amarillo 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;

14. The events provided for above 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.

C. The Meeting and Approval of the Arrangement

15. Implementation of the Arrangement is subject to Amarillo obtaining the approval by the Amarillo Shareholders at the special meeting of the Shareholders, to be held on March 1, 2022, at 11:00 a.m. (Eastern Time) (the "**Meeting**").

16. In order to address potential issues arising from the unprecedented public health impact of the novel coronavirus (COVID-19) pandemic, and to comply with applicable public health directives that may be in force at the time of the Meeting as well as to limit and mitigate risks to the health and safety of our communities, Amarillo Shareholders, employees, directors and other stakeholders, the Meeting will be held in a virtual format, which will be conducted entirely online via live webcast online at https://meetnow.global/MJ6JNWH. Amarillo Shareholders will not be able to physically attend the Meeting. Amarillo Shareholders will have an equal opportunity to attend, ask questions and vote at the Meeting online regardless of their geographic location.

17. The directors of Amarillo have, in accordance with the BCBCA and applicable Canadian securities laws, set the Record Date as the date for determining the Amarillo Shareholders and

Amarillo Optionholders entitled to receive the Meeting Materials (as defined below), attend and vote at the Meeting.

18. The Meeting Materials to be mailed to the Amarillo Shareholders will be prepared in accordance with the BCBCA and applicable Canadian securities laws.

19. More specifically, in connection with the Meeting, and in accordance with the BCBCA and applicable securities laws, Amarillo intends to send to each Amarillo Shareholder and Amarillo Optionholder a copy of the following material and documentation:

(a) Notice of Meeting (the "**Notice**") substantially in the form as found in the Draft Circular;

(b) the Management Information Circular, substantially in the form as found in the Draft Circular; and

(c) form of voting proxy (substantively in the form as found in **Exhibit "B"** to the Laing Affidavit) and voting instruction form, (the "**Voting Materials**").

(collectively, the "**Meeting Materials**").

20. At the Meeting, Amarillo Shareholders will be asked to consider and, if deemed advisable, pass a special resolution approving, among other things, the Arrangement (the "**Arrangement Resolution**").

21. To become effective, the resolution of the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by Amarillo Shareholders present virtually or represented by proxy and entitled to vote at the Meeting, voting together as a single class.

D. Reasons and Support for the Arrangement

22. The terms of the Arrangement are the result of an unsolicited arm's length offer from Hochschild to Amarillo and ensuing negotiations between representatives of Hochschild and Amarillo and their respective advisors. Below is a summary of the events leading up to the execution of the Arrangement Agreement. A more detailed summary may be found in the Draft Circular under the heading "Background to the Arrangement".

23. Amarillo is advancing two gold projects in Brazil. The development stage Posse Gold Project is on the Mara Rosa Project in Goiás State, Brazil (the "**Mara Rosa Project**"). It has a positive definitive feasibility study that shows it can be built into a profitable operation with low costs and a strong financial return. The Mara Rosa Project also shows the potential for discovering additional near-surface deposits that will extend Posse's mine life beyond its initial 10 years. The exploration stage Lavras do Sul Project in Rio Grande do Sul State has more than 23 prospects centered on historic gold workings.

24. The Board of Directors of Amarillo (the **"Amarillo Board")**, with the assistance of the management of Amarillo, continually reviews the strategic options and opportunities available to Amarillo to seek to maximize Amarillo Shareholder value. These opportunities include the possibility of strategic transactions with various industry participants. The Amarillo Board and the management of Amarillo review and consider such opportunities as they arise to determine whether pursing them would be in the best interests of Amarillo Shareholders.

25. In the period from January 2020 to August 2021, Amarillo received unsolicited informal expressions of interest from various parties, including Hochschild. However, none of these expressions of interest proceeded past the stage of preliminary discussions.

26. On or around November 16, 2021, Hochschild again contacted Amarillo, on an unsolicited basis, and expressed renewed interest in completing a transaction to acquire Amarillo on modified terms.

27. The Amarillo Board met on November 17, 2021 to consider the November 16, 2021 proposal from Hochschild. After the Amarillo Board unanimously approved the transaction terms most recently offered by Hochschild, Amarillo and Hochschild entered into a non-binding letter of intent on the same day, and recommenced work toward finalizing the Arrangement Agreement and other transaction agreements.

28. An independent committee of non-management directors of Amarillo (the "**Special Committee**") and the Amarillo Board met on November 26, 2021 to review a draft of the Arrangement Agreement and discuss outstanding terms. At the conclusion of the meeting, the Amarillo Board, on the unanimous recommendation of the Special Committee, unanimously: (i) approved the Arrangement and the entering into of the Arrangement Agreement; (ii) determined that the Arrangement is in the best interests of Amarillo and is fair, from a financial point of view, to Amarillo Shareholders, and (iii) determined to recommend that Amarillo Shareholders vote in favour of the Arrangement.

29. In reaching its conclusions and formulating its recommendation, the Board of Directors of Amarillo (the "**Amarillo Board**") consulted its legal and financial advisors and the Special Committee. The Amarillo Board also reviewed a significant amount of technical, financial, and operational information relating to Amarillo and Hochschild and considered a number of factors and reasons, including those listed below. The following is a summary of the principal reasons for the unanimous determination of the Amarillo Board that the Arrangement is fair to Amarillo

Shareholders and is in the best interests of Amarillo and the recommendation of the Amarillo Board that Amarillo Shareholders vote FOR the Arrangement Resolution.

(a) **Significant Premium to Unaffected Market Price**. The Consideration offered to Amarillo Shareholders under the Arrangement represents a premium of approximately 74% to the closing price of the Common Shares of $0.23 on the TSXV on November 29, 2021, the last trading day prior to the announcement of the Arrangement, and a premium of approximately 66% to the volume weighted average price of the Common Shares on the TSXV over the 20 trading day period ended November 29, 2021 of $0.24. The Special Committee and the Amarillo Board were of the view that the opportunity for Shareholders to realize this premium outweighed Amarillo maintaining the status quo.

(b) **Continued Exposure to Other Amarillo Assets**. Amarillo Shareholders, through their ownership of SpinCo Shares, will have continued exposure to the other Amarillo assets being transferred to SpinCo, including the Butiá Prospect, which forms part of the Lavras do Sul Project, and the SpinCo Royalty.

(c) **Significant Shareholder Support**. All the directors and senior officers of Amarillo and the two largest shareholders of Amarillo, Baccarat Trade Investments Limited and 2176423 Ontario Ltd., have entered into Support Agreements with Hochschild, in each case pursuant to which they have, subject to the terms and conditions of such agreements, agreed, among other things, to vote all of their Amarillo Shares in favour of the Arrangement Resolution. In the aggregate, the parties to these agreements collectively own or control approximately 44% of the issued and outstanding Amarillo Shares as of the Record Date.

(d) **Fairness Opinion**. Research Capital Corporation (the "**Financial Advisor**") was engaged by Amarillo as financial advisor to Amarillo and the Special Committee and provided its opinion (the "**Fairness Opinion**') to the Amarillo Board and the Special Committee to the effect that, as of November 29, 2021, and subject to the assumptions, limitations and qualifications set out in the fairness opinion, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

(e) **No Financing or Due Diligence Condition**. The Consideration to be paid pursuant to the Arrangement will be entirely in cash and is not subject to financing or due diligence conditions.

(f) **Credibility of Hochschild**. Hochschild's commitment, creditworthiness and anticipated ability to complete the Arrangement.

(g) **Guarantee by Hochschild**. The Purchaser's obligations under the Arrangement Agreement are unconditionally guaranteed by Hochschild.

(h) **Alternatives to the Arrangement**. Prior to entering into the Arrangement Agreement, Amarillo regularly evaluated business and strategic opportunities with the objective of maximizing shareholder value in a manner consistent with the best interests of Amarillo. As part of that process, Amarillo entered into a number of confidentiality agreements with various mining companies over the past several years in order to allow for preliminary discussions to occur regarding potential transactions to maximize value for Amarillo Shareholders. The Amarillo Board assessed the current and anticipated future opportunities and risks associated with

the business, operations, assets, financial performance, and condition of Amarillo should it continue as a standalone entity, including the challenges faced by Amarillo in sourcing the capital required for its business and development objectives on reasonable commercial terms, the lack of potential sources of such capital and the costs and expected significant dilution to Amarillo Shareholders that would likely result from obtaining such capital. The Amarillo Board consulted with its legal and financial advisors and the Special Committee, assessed the alternatives reasonably available to Amarillo and determined that the Arrangement represents the best current prospect for maximizing value for Amarillo Shareholders.

30. In making its determinations and recommendations, the Amarillo Board also observed that a number of procedural safeguards were in place and present to permit the Amarillo Board to protect the interests of Amarillo, Amarillo Shareholders, and other Amarillo stakeholders. These procedural safeguards include, among others:

(a) **Arm's Length Negotiations**. The Arrangement Agreement is the result of comprehensive arm's length negotiations. The Amarillo Board took an active role in negotiating the materials terms of the Arrangement Agreement and the Arrangement Agreement includes terms and conditions that are reasonable in the judgment of the Amarillo Board.

(b) **Conduct of Amarillo's Business**. The Amarillo Board believes that the restrictions imposed on Amarillo's business and operations during the pendency of the Arrangement are reasonable and not unduly burdensome.

(c) **Ability to Respond to Superior Proposals**. Notwithstanding the limitations contained in the Arrangement Agreement on Amarillo's ability to solicit interest

from third parties, the Arrangement Agreement allows Amarillo to engage in discussions or negotiations regarding any unsolicited competing proposal for Amarillo received prior to the Meeting that constitutes, or would reasonably be expected to constitute, a Superior Proposal.

(d) **Reasonable Break Fee**. The amount of the Termination Fee, being $5 million, payable to Hochschild under certain circumstances, is within the range of termination fees that are considered reasonable for a transaction of the nature and size of the Arrangement and should not preclude a third party from making a Superior Proposal.

(e) **Shareholder Approval**. The Arrangement Resolution must be approved by the affirmative vote of at least two-thirds of the votes cast by Amarillo Shareholders present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class.

(f) **Dissent Rights**. The terms of the Plan of Arrangement provide that any Registered Holders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive the fair value of the Dissenting Shares in accordance with the Arrangement.

31. The Amarillo Board also considered a variety of risks relating to the Arrangement including those matters described at page 84 and following of the Draft Circular under the heading "Risk Factors". The Amarillo Board believes that, overall, the anticipated benefits of the Arrangement to Amarillo outweigh these risks.

E. Creditor Impact

32. The Arrangement does not contemplate a compromise of any debt or debt instruments of Amarillo and no creditor of Amarillo will be negatively affected by the Arrangement.

F. Fairness Opinion

33. Pursuant to an engagement letter dated as of August 25, 2021, the Financial Advisor was retained by the Amarillo Board to, among other things, deliver an opinion to the Amarillo Board and the Special Committee as to the fairness of the Consideration to be received under the Arrangement, from a financial point of view, to Amarillo Shareholders other than Hochschild. On November 29, 2021, the Financial Advisor delivered to the Amarillo Board its oral opinion, later confirmed in writing, that, on the basis of the particular assumptions and limitations set forth therein, as of such date, the Consideration to be received by Amarillo Shareholders under the Arrangement is fair, from a financial point of view, to Amarillo Shareholders other than Hochschild.

34. The full text of the Fairness Opinion, which sets forth, among other things, the assumptions made, the scope of the review, methodologies followed and limitations and qualifications in connection with the Fairness Opinion, is set forth in Appendix C to the Draft Circular. This summary of the Fairness Opinion is qualified in its entirety by the full text of the opinion and Amarillo Shareholders are urged to read the Fairness Opinion in its entirety.

G. Interests of Certain Persons

35. Certain directors and officers of Amarillo have certain interests in connection with the Arrangement that are, or may be, different from, or in addition to, the interests of Amarillo Shareholders. These interests are described in more detail at pages 58-59 of the Draft Circular under the heading "**Interests of Certain Persons in the Arrangement**".

36. The table below sets forth the number and percentage of Amarillo Shares and Amarillo Options that the directors and officers of Amarillo and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof:

Name and Position	Amarillo Shares	Percentage of Amarillo Shares	Amarillo Options	Percentage of Amarillo Options
Mike Mutchler President, CEO and Director	2,887,858	0.75%	5,900,000	23.40%
Rowland Uloth Chairman	10,747,357	2.78%	2,850,000	11.30%
Hemdat Sawh CFO and Corporate Secretary	548,572	0.14%	2,250,000	8.92%
David Birkett Director	1,508,142	0.39%	1,850,000	7.34%
David Laing Director	0	0%	800,000	3.17%
Lawrence Lepard Director	4,743,000	1.23%	2,110,000	8.37%
Rostislav Raykov Director	4,658,547	1.21%	2,090,000	8.29%
Antenor Silva Director	0	0%	800,000	3.17%

37. The Amarillo Board was aware of these interests and considered them, among other matters, when evaluating and negotiating the Arrangement Agreement and recommending approval of the Arrangement by Amarillo Shareholders, as applicable.

H. Dissent Rights

38. The Arrangement contemplates that registered Shareholders may exercise dissent rights with respect to the Company Shares held by such holders in connection with the Arrangement

pursuant to and in the manner set under section 238 of the BCBCA, as modified by any order of this Court and the Plan of Arrangement.

39. The steps required to exercise dissent rights in connection with the Continuance and the Arrangement are set out in detail in the Draft Circular.

I. UNITED STATES SECURITYHOLDERS

40. There are Amarillo Shareholders and Amarillo Optionholders in the United States. The issuance of Class A Shares and SpinCo Shares pursuant to the Arrangement has not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"). Amarillo hereby advises the Court that, based upon the Final Order, Amarillo intends to rely on the exemption from the registration requirements of the 1933 Act set forth in Section 3(a)(10) thereof, with respect to the issuance of Class A Shares and SpinCo Shares pursuant to the Arrangement.

Part 3: LEGAL BASIS

1. The Company relies on:

    (a) Section 186 and Part 9, Division 5 of the BCBCA;

    (b) Rules 16-1 and 8-1 of the Supreme Court Civil Rules;

2. Section 288(1) of the BCBCA permits a company to propose an arrangement with its shareholders, creditors, or other persons and may, in that arrangement, make any proposal it considers appropriate.

3. Section 288(2) of the BCBCA sets out two preconditions for an arrangement to take effect: (a) the adoption of the arrangement in accordance with section 289; and (b) court approval under section 291.

4. This Court has recognized section 291 of the BCBCA contemplates three steps in the process of approving an arrangement:

(a) an application for an interim order for directions calling a shareholders' (and possibly other securityholders') meeting to consider and vote on the arrangement;

(b) a meeting of shareholders (and possibly other securityholders) where the arrangement must be voted on and approved by special resolution; and

(c) an application for final court approval of the arrangement.

Re. Plutonic Power Corporation, 2011 BCSC 804 at para. 16.

5. The purpose of asking for an interim order is to set the wheels in motion for the application process relating to the arrangement and to establish the parameters for the holding of a meeting to consider approval of the arrangement in accordance with the statute. At the interim order stage, the court need only satisfy itself that reasonable grounds exist to regard the proposed transaction as an arrangement.

Re. Telus Corporation, 2012 BCSC 1582 at paras. 30-31.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of David Laing sworn January 25, 2022;

2. the pleadings filed herein; and

3. such further and other material as counsel may advise and this Honourable Court may allow.

The applicant(s) estimate(s) that the application will take 5 minutes.

X This matter is within the jurisdiction of a master.

☐ This matter is not within the jurisdiction of a master.

Dated: January 25, 2022

Lawyer for the Petitioners
Osler, Hoskin & Harcourt LLP
Brodie Noga

To be completed by the court only: Order made [ ] in the terms requested in paragraphs _____ of Part 1 of this Notice of Application [ ] with the following variations and additional terms: Date: _____ _____ Signature of [ ] Judge [ ] Master

SCHEDULE A

No. S- S-220474
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, C.57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING AMARILLO GOLD CORPORATION

AMARILLO GOLD CORPORATION

PETITIONER

ORDER MADE AFTER APPLICATION
(INTERIM ORDER)

BEFORE) ~~THE HONOURABLE~~) JAN 27, 2022
) MASTER HARPER)
)

ON THE APPLICATION of the Petitioner, for an Interim Order pursuant to section 291 of the Business Corporations Act, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in connection with a proposed arrangement (the "**Arrangement**") to be effected on the terms and subject to the conditions set out in a plan of arrangement (the "**Plan of Arrangement**"), without notice, coming on for hearing by Microsoft Teams on January 27, 2022 in Vancouver, BC and ON HEARING Brodie Noga, counsel for the Petitioners, and upon reading the Petition to the Court herein and the Affidavit #1 of David Laing sworn on January 25, 2022 and filed herein (the "**Interim Order Affidavit**"); and upon being advised that it is the intention of Lavras Gold Corp. ("**SpinCo**") to rely upon Section 3(a)(10) of the United States Securities Act of 1933 (the "**1933 Act**") as a basis for an exemption from the registration requirements of the 1933 Act with respect to securities of SpinCo issued under the proposed Plan of Arrangement based on the Court's approval of the Arrangement;

THIS COURT ORDERS and DECLARES that:

DEFINITIONS

1. As used in this Order, unless otherwise defined, terms beginning with capital letters shall have the respective meanings set out in the Petition and in the Notice of Meeting and Management Information Circular (the **"Draft Circular"**) containing the draft Notice of Meeting (the **"Notice"**), which is attached as **Exhibit "A"** to the Interim Order Affidavit.

SPECIAL MEETING

2. Pursuant to section 291(2)(b)(i) and section 289(1)(a)(i) and (e) of the *Business Corporations Act,* S.B.C. 2002, c. 57 (the "**BCBCA**"), Amarillo is authorized and directed to call, hold and conduct a special meeting (the **"Meeting"**) of the shareholders of the Petitioner (the "**Shareholders**") to be held in a virtual format, which will be conducted entirely online via live webcast online at https://meetnow.global/MJ6JNWH, on March 1, 2022, at 11:00 a.m. (Eastern Time), or at such other time and location to be determined by Amarillo provided that the Shareholders have due notice of the same.

3. At the Meeting, the Shareholders will, *inter alia*, consider and if thought advisable approve, with or without variation, the Arrangement Resolution authorizing and approving the Plan of Arrangement and certain matters related thereto.

4. The Meeting shall be called, held and conducted in accordance with the Notice, the BCBCA, the final version of the Draft Circular, the articles and notice of articles of Amarillo (the "**Articles**"), subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order. To the extent of any inconsistency between this Interim Order and the terms of the foregoing, this Interim Order shall govern or, if not specified in the Interim Order, the final version of the Draft Circular shall govern.

AMENDMENTS

5. Amarillo is authorized to make, in the manner contemplated by and subject to the Arrangement Agreement, such amendments, modifications or supplements to the Arrangement, the Plan of Arrangement, the Arrangement Agreement, the Notice, and the

Draft Circular as it may determine without any additional notice to or authorization of any of the Shareholders or holders of options to purchase shares in Amarillo (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") or further orders of this Court. The Plan of Arrangement, the Arrangement Agreement, the Notice, and the Draft Circular, as so amended, modified, or supplemented, shall be the Plan of Arrangement, the Arrangement Agreement, the Notice, and the Draft Circular to be submitted to the Shareholders at the Meeting, as applicable, and the subject of the Arrangement Resolution.

ADJOURNMENT OF MEETING

6. Notwithstanding the provisions of the BCBCA and the Articles, and subject to the terms of the Arrangement Agreement, the Board of Directors of Amarillo (the "**Board**") by resolution shall be entitled to adjourn or postpone the Meeting or the date of the hearing for the Final Order (defined below) on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and without the need for approval of this Court. Amarillo shall provide due notice of any such adjournment or postponement by press release, newspaper advertisement or notice sent to the Shareholders by one of the methods specified in paragraphs 10 and 11 of this Interim Order, as determined to be the most appropriate method of communication by Amarillo.

7. The record date for Shareholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

RECORD DATE

8. The record date for determining the Shareholders entitled to receive the Notice, the Draft Circular, this Interim Order, a form of proxy or voting instruction form, all as applicable, for use by the Shareholders (collectively, the **"Meeting Materials"**) shall be the close of business on January 19, 2022 (the **"Record Date"**), or such other date as the Board may determine in accordance with the Articles, the BCBCA, or as disclosed in the Meeting Materials.

NOTICE OF SPECIAL MEETING

9. The Draft Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and Amarillo shall not be required to send to the Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.

10. The Meeting Materials, with such amendments or additional documents as counsel for Amarillo may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, shall be sent to:

    (a) To the registered Securityholders, as they appear on the central securities register of Amarillo or the records of its registrar and transfer agent as at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and the date of the Meeting, by one or more of the following methods:

        (i) by prepaid ordinary or air mail addressed to such Securityholder at its address as they appear in the applicable records of Amarillo or its registrar and transfer agent as at the Record Date;

        (ii) by delivery in person or by courier to the addresses specified in paragraph 9 (a)(i) above; or

        (iii) by email or facsimile transmission to any such Securityholder that has previously identified himself, herself or itself to the satisfaction of Amarillo acting through its representatives, who requests such email or facsimile transmission and in accordance with such request;

    (b) in the case of non-registered Shareholders, by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to such beneficial owners in accordance with the procedures prescribed by *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators* at least three (3) Business Days prior to

the twenty-first (21st) day prior to the date of the Meeting; and

(c) the directors and auditors of Amarillo by mailing the Meeting Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal.

11. The Meeting Materials to be mailed to the Amarillo Shareholders will be prepared in accordance with the BCBCA and applicable Canadian securities laws.

12. Substantial compliance with paragraphs 10 to 11 above will constitute good and sufficient notice of the Meeting and delivery of the Meeting Materials.

13. Accidental failure of or omission by Amarillo to give notice to any one or more Shareholder, or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Amarillo shall not constitute a breach of this Interim Order or, in relation to notice to Shareholders, a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Amarillo, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

DEEMED RECEIPT OF NOTICE

14. The Meeting Materials and any amendments, modifications, updates or supplements to the Meeting Materials and any notice of adjournment or postponement of the Meeting, shall be deemed to have been received,

(a) in the case of mailing, the day, Saturday and holidays excepted, following the date of mailing as specified in section 6 of the BCBCA;

(b) in the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one business day after receipt by the courier;

(c) in the case of transmission by email or facsimile, upon the transmission thereof;

(d) in the case of advertisement, news release or press release, at the time of publication of the advertisement, news release or press release;

(e) in the case of electronic filing on SEDAR, upon the transmission thereof; and

(f) in the case of beneficial Shareholders, three (3) days after the delivery thereof to intermediaries and registered nominees.

UPDATE MEETING MATERIALS

15. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Amarillo Shareholders by press release, news release, newspaper advertisement or by notice sent to the Amarillo Shareholders by any of the means set forth in paragraph 10, as determined to be the most appropriate method of communication by the Amarillo Board.

PERMITTED ATTENDEES

16. The only persons entitled to attend the Meeting shall be

(a) Registered Shareholders as at the close of business on the Record Date, or their respective proxyholders;

(b) Beneficial Shareholders as at the close of business on the Record Date;

(c) directors, officers, and advisors of Amarillo;

(d) directors, officers, and advisors of Hochschild Mining PLC; and

(e) other persons with the permission of the Chair of the Meeting,

and the only persons entitled to vote at the Meeting shall be the Registered Shareholders, or their respective proxyholders.

SOLICITATION OF PROXIES

17. Amarillo is authorized to use the form of proxy for Shareholders in substantially the same form as is found in **Exhibit "B"** to the Interim Order Affidavit, subject to Amarillo's ability to insert dates and other relevant information in the final forms thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate, as well as a voting instruction form for Shareholders, as applicable.

18. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Meeting Materials.

19. Amarillo may in its discretion generally waive the time limits for the deposit of proxies by Amarillo Shareholders if Armarillo deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

QUORUM AND VOTING

20. At the Meeting, the votes in respect of the Arrangement Resolution shall be taken on the following basis:

    (a) each registered Shareholder whose name is entered on the Central Securities Register of Amarillo at the close of business on the Record Date (each a "**Registered Shareholder**") is entitled to one vote for each Company Share registered in the Shareholder's name;

    (b) the requisite and sole approval requires to pass the Arrangement Resolution shall be the affirmative vote of not less than 66 2/3% of the votes cast on the Arrangement Resolution by Shareholders present in person or represented by proxy at the Company Meeting voting as a single class;

    in each case at which Meeting, or any adjournment or postponement thereof, the required quorum of Shareholders is present in person or represented by proxy.

21. In accordance with Amarillo's general by-laws and subject to the provisions of the BCBCA and any regulation or order adopted thereunder, quorum for a shareholder meeting,

including the Meeting, is one or more persons holding or representing 10% of the voting rights attached to the issued and outstanding Amarillo Shares entitled to vote at such meeting.

SCRUTINEER

22. The Chair of the Meeting, or such other person as may be designated by the Chair of the Meeting upon consultation with legal counsel to Amarillo, will be authorized to act as scrutineer for the Meeting.

SHAREHOLDER DISSENT RIGHTS

23. Each Registered Shareholder will have the right to dissent from the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, the Plan of Arrangement, and the Final Order.

24. Each Registered Shareholder is granted the following rights to dissent (the "**Dissent Rights**") from the Arrangement Resolution, all as set out in the Meeting Materials:

    (a) a Registered Shareholder who wishes to dissent (a "**Dissenting Shareholder**") from the Arrangement Resolution must deliver written notice of dissent to Amarillo, 82 Richmond Street East, Suite 201, Toronto, Ontario, M5C 1P1 (attention of Hemadt Sawh, CFO) or by e-mail at hemadt.sawh@amarillogold.com, with a copy to Alan Hutchison of Osler, Hoskin & Harcourt LLP at 1055 West Hastings Street, Suite 1700, The Guinness Tower, Vancouver, BC, V6E 2E9 or by e-mail at ahutchison@osler.com, to be received by them not later than 5:00 p.m. (Eastern time) on February 25, 2022 (or 5:00 p.m. (Eastern time) on the Business Day that is two Business Days immediately preceding the day of the adjourned or postponed Meeting), a written notice of objection to the Arrangement Resolution and must otherwise comply strictly with the dissent procedures described in the Draft Circular;

    (b) failure to comply strictly with the dissent procedures may result in the loss or unavailability of the right to dissent;

25. Notice to the Amarillo Shareholders of their Dissent Right with respect to the Arrangement Resolution shall be given by including information with respect to the Dissent Right in the Meeting Materials to be sent to Amarillo Shareholders in accordance with this Interim Order.

26. Subject to further order of this Court, the rights available to the Amarillo Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Dissent Rights for the Amarillo Shareholders with respect to the Arrangement.

DELIVERY OF COURT MATERIALS

27. Amarillo will include in the Meeting Materials a copy of the Petition, this Interim Order and the Notice of Hearing of Petition for Final Order (together, the "**Court Materials**") and will make available to any Shareholders requesting same a copy of each of the Petition herein and the accompanying Interim Order Affidavit.

28. Delivery of the Court Materials with the Meeting Materials in accordance with this Interim Order will constitute good and sufficient service or delivery of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order, and shall be deemed to have been served at the times specified in accordance with paragraphs 14 of this Interim Order, whether such persons reside within British Columbia or within another jurisdiction, and no other form of service or delivery need be made and no other material need be served on or delivered to such persons in respect of these proceedings.

FINAL ORDER

29. Upon the approval, with or without variation, by the Shareholders of the Arrangement Resolution, in the manner set forth in this Interim Order, Amarillo may set the Petition down for hearing and apply for an order of this Court:

    (a) approving the Arrangement, pursuant to section 291(4)(a) of the BCBCA, and

    (b) declaring that the terms and conditions of the Arrangement, and the distribution of

securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to those who will receive securities in the distribution, pursuant to section 291(4)(c) of the BCBCA

(collectively, the "**Final Order**"),

at the Courthouse at 800 Smithe Street, Vancouver, British Columbia on March 4, 2022 at 9:45 a.m. (Vancouver time) or at such other date and time as the Board may advise or as the Court may direct.

30. Any Shareholder or other interested party has the right to appear (either in person or by counsel) and make submissions at the hearing of the Petition, provided that such Shareholder or interested party shall file with this Court a Response to Petition in the form prescribed by the *Supreme Court Civil Rules* together with any evidence or material on which such Shareholder or interested party intends to rely at the hearing of the Petition, and provided that such Shareholder or interested party shall deliver the filed Response to Petition together with a copy of all materials on which such Shareholder or interested party intends to rely at the hearing of the Petition to Amarillo's counsel at:

Osler, Hoskin & Harcourt LLP
1055 West Hastings Street, Suite 1700
Vancouver, BC V6E 2E9
Attention: Brodie Noga

by or before 4:00 p.m. (Vancouver time) on March 2, 2022 (or by 4:00 p.m. the date that is two business days prior to the date of the hearing of the application for the Final Order).

31. In the event that the hearing of the Petition is adjourned, then only those persons who filed and delivered a Response to Petition in accordance with this Interim Order need be served with notice of the adjourned date.

32. Amarillo shall not be required to comply with *COVID-19 Notice No. 42*, Rule 8-1, and Rule 16-1 of the *Supreme Court Civil Rules* in relation to the hearing of the Petition for the Final Order approving the Plan of Arrangement, and in particular any materials to be filed by Amarillo in support of the hearing for the Final Order may be filed at any time prior to

the hearing for the Final Order without further order of this Court.

VARIANCE

33. The Petitioners shall be entitled, at any time, to apply to vary this Interim Order.

34. To the extent of any inconsistency or discrepancy between this Interim Order and the Draft Circular, the BCBCA, or the Articles, this Interim Order will govern.

35. Amarillo shall not be required to comply with *COVID-19 Notice No. 42*, Rule 8-1, and Rule 16-1 of the *Supreme Court Civil Rules* in relation to any application to vary this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for the Petitioners
Brodie Noga

BY THE COURT

Registrar

CHECKED

APPENDIX E
INFORMATION CONCERNING SPINCO

No securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the United States Securities and Exchange Commission, or any securities regulatory authority of any U.S. state) has expressed an opinion about the securities described herein and it is an offence to claim otherwise.

TABLE OF CONTENTS

NOTICE TO READER

The following is a summary of the principal features of Lavras Gold Corp. ("SpinCo") and its expected business and operations which should be read together with the other information and financial statements contained in the management information circular (the "Circular") of Amarillo Gold Corporation ("Amarillo"), to which this Appendix E is attached. The information contained in this Appendix E, unless otherwise indicated, is given as of January 27, 2022, the date of the Circular. All capitalized terms used in this Appendix E that are not otherwise defined herein have the meaning ascribed to such terms elsewhere in the Circular.

The Arrangement provides Amarillo Shareholders with the opportunity to participate in SpinCo. Assuming the Arrangement Resolution is approved, immediately following the Effective Time, an Amarillo Shareholder (other than a Amarillo Shareholder) will receive, among the other consideration payable, for each Amarillo Share held or to which Amarillo Shareholder would otherwise be entitled upon the surrender or exercise of Amarillo Options, prior to the Effective Date, a SpinCo Share and SpinCo will own the SpinCo Assets (as defined herein).

Unless otherwise indicated herein, references to "$", "C$" or "Canadian dollars" are to Canadian dollars and references to "US$" or "U.S. dollars" are to United States dollars. See also in the Circular "*Forward-Looking Information*".

CORPORATE STRUCTURE AND HISTORY

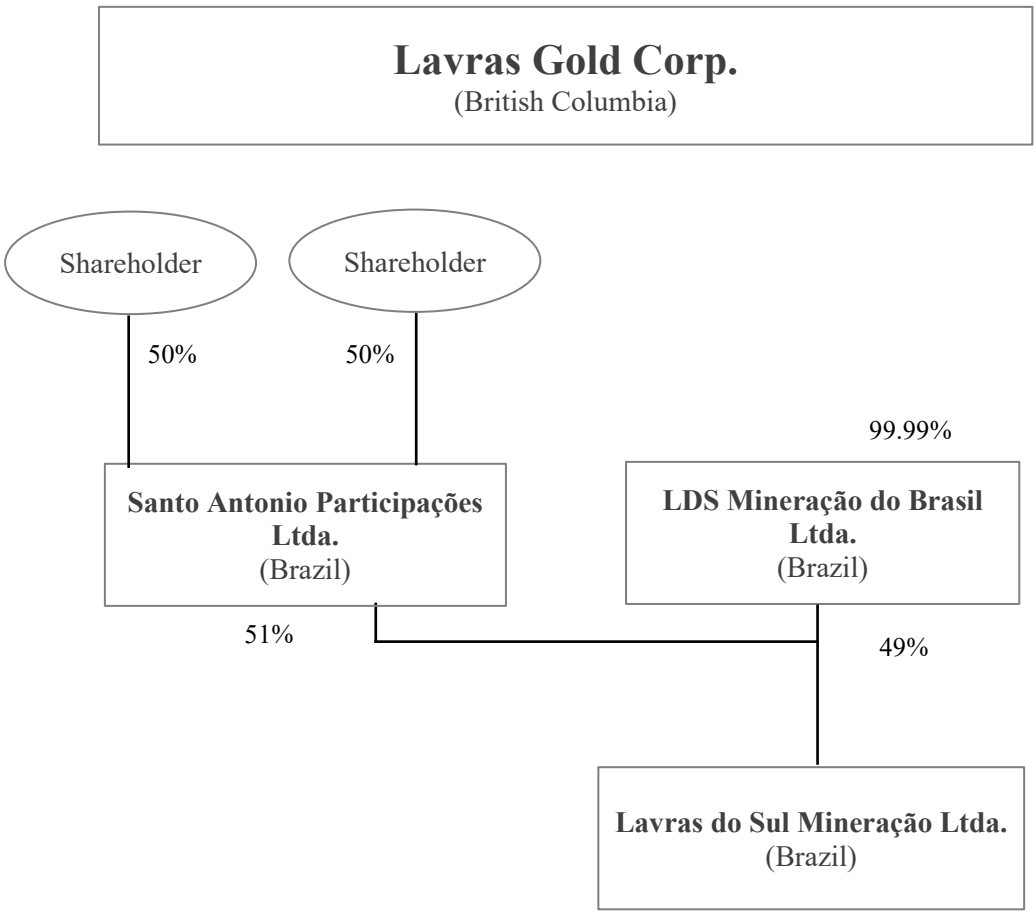
SpinCo was incorporated under the name "Lavras Gold Corp." under the BCA on November 25, 2021 for the purposes of completing the Arrangement. The registered and records office of SpinCo is located at 1055 West Hastings Street, Suite 1700, The Guinness Tower, Vancouver, BC V6E 2E9. The head office is 82 Richmond St. East, Suite 201, Toronto, ON M5C 1P1.

SpinCo has not carried on any active business since its incorporation. SpinCo is not a reporting issuer (or the equivalent) in any jurisdiction. SpinCo has applied to have the SpinCo Shares listed on the TSXV. Listing is subject to the approval of the TSXV in accordance with its original listing requirements. The TSXV has not conditionally approved SpinCo's listing application and there is no assurance that the TSXV will approve the listing application. Upon completion of the Arrangement, SpinCo expects to become a reporting issuer (or the equivalent) in all of the provinces of Canada other than Quebec. It is a condition to the completion of the Arrangement, that the SpinCo Shares will have been conditionally approved for listing on the TSXV, or such other recognized stock exchange on or before the Effective Date.

SpinCo is currently a wholly-owned subsidiary of Amarillo. At the Effective Time, SpinCo will cease to be a wholly-owned subsidiary of Amarillo and it is expected that 100% of the SpinCo Shares will be owned by former Amarillo Shareholders (other than Dissenting Amarillo Shareholders). Pursuant to the Arrangement, SpinCo will acquire the SpinCo Assets (as defined herein). Following completion of the Arrangement, SpinCo will own the Lavras do Sul Project and the SpinCo Royalty. See in this Appendix E, "*Description of the Business*". In addition, SpinCo will have approximately $10,000,000 in cash. See in this Appendix E, "*General Description of the Business*" and "*Available Funds*", and see in the Circular, "*The Arrangement*". SpinCo anticipates consolidating the SpinCo Shares on a ten to one basis following the completion of the Arrangement (the "**Consolidation**"). While the Consolidation will reduce the number of SpinCo Shares held by each Amarillo Shareholder (other than Dissenting Amarillo Shareholders), it will not affect any Amarillo Shareholder's ownership percentage in SpinCo.

While SpinCo plans to obtain a listing for the SpinCo Shares, there can be no assurance as to when, or if, the SpinCo Shares will be listed on the TSXV or on any other stock exchange**. As at the date of the Circular, there is no market through which the SpinCo Shares, to be distributed pursuant to the Arrangement, may be sold, and SpinCo Shareholders may not be able to resell them. This may affect the pricing of the SpinCo Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the SpinCo Shares, and the extent of the regulations to which SpinCo is subject**. See in this Appendix E, "*Market for Securities*" and "*Risk Factors—No Assurance of Listing of SpinCo Shares*".

As of the date of the Circular, SpinCo does not have any subsidiaries. However, upon completion of the Arrangement, it is expected that SpinCo will own the following subsidiaries (the "**SpinCo Subsidiaries**"). All of the shares of the SpinCo subsidiaries are expected to be held directly by SpinCo.



DESCRIPTION OF THE BUSINESS

General Description of the Business

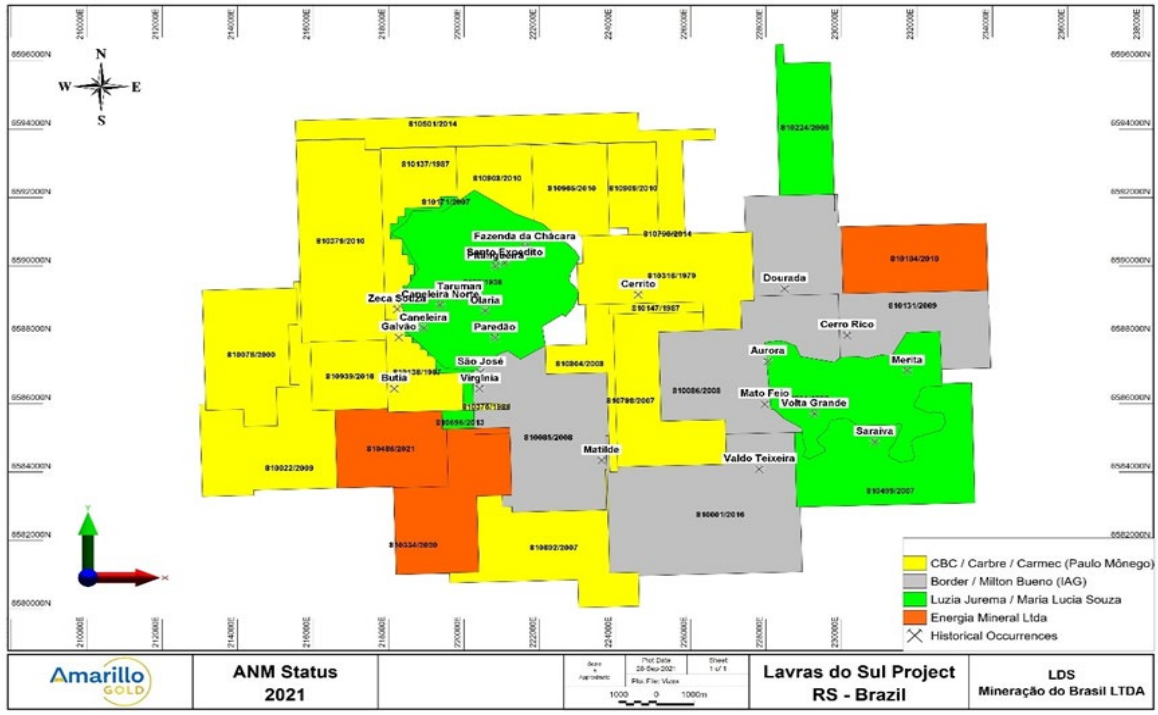
SpinCo's vision is to be a leading independent exploration and production company in Brazil, maximizing shareholder value by bringing its disciplined exploration approach to the Lavras Project and other potential opportunities. Following completion of the Arrangement, SpinCo will have the near term objective of carrying out the work program recommended in the Butiá Technical Report and continuing the current drill program of the Company on the Lavras Project. SpinCo's strategy will be to create shareholder value through the acquisition, exploration, advancement and development of mineral properties.

The Lavras do Sul Project is an advanced exploration stage property that is approximately 190 square km in size and comprised of more than 22 prospects centered on historic gold workings. The Butiá Prospect ("**Butiá Prospect**"), which forms part of the Lavras do Sul Project is considered by SpinCo to be a material property for the purposes of NI 43-101. See in this Appendix E, "*Principal Properties – Lavras do Sul Project*". The Butiá Prospect is described in more detail in the Butiá Technical Report, a copy of which is available under Amarillo's profile on SEDAR at www.sedar.com.

Following completion of the Arrangement, SpinCo will also have acquired from Amarillo certain cash and other assets, including (i) all fixed assets and inventories of Amarillo relating exclusively to the SpinCo Properties or located within the boundaries of the SpinCo Properties, (ii) all joint venture, earn-in, other contracts entered into by Amarillo, and royalties or other similar rights that relate exclusively to the SpinCo Properties, (iii) all exploration information, data reports and studies including all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies of all nature concerning the SpinCo Properties in Amarillo's possession or control relating to the SpinCo Properties, (iv) the SpinCo Royalty, (v) $10,000,000 in cash, less the amount of any unbudgeted expenditures on the Lavras do Sul Project prior to the completion of the Arrangement; and (vi) the shares of the SpinCo Subsidiaries (collectively, with the SpinCo Properties, the "**SpinCo Assets**") and will assume all of the liabilities of Amarillo, contingent or otherwise, which pertain to, or arise in connection with, the operation of the SpinCo Assets (the "**SpinCo Liabilities**"), as described in Schedule I to this Appendix E, "*SpinCo's Carve-Out Financial Statements*".

Mining property rights to be held by SpinCo following completion of the Arrangement

ANM Number	Target name	Status	Date of registration	Registrant	Area (Ha)	Agreements
810.138/1987	Butiá	Mining Concession Application	July 27, 1990	MINERAÇÃO CARMEC LTDA	363.08	
810.939/2016	Butia	Tenement	March 13th, 2018	Mineração Carmec Ltda	399.89	
810.375/1988		Tenement	Dec 04th, 2017	COMPANHIA BRASILEIRA DO COBRE	21.73	
810.022/2009		Tenement	Feb, 23th, 2016	MINERAÇÃO CARMEC LTDA	978.26	
810.076/2000		Tenement	Aug 28th, 2015	MINERAÇÃO CARMEC LTDA	337.47	
810.379/2010		Tenement	Oct. 16th, 2018	MINERAÇÃO CARMEC LTDA	1,295.15	
810.137/1987	Zeca Souza	Mining Concession Application	July, 1990	MINERAÇÃO CARMEC LTDA	501.83	
810.908/2010		Tenement	Aug 28th, 2015	MINERAÇÃO CARMEC LTDA	339.64	RTDM Option Agreement/CBC
810.965/2010		Tenement	Aug 28th, 2015	MINERAÇÃO CARMEC LTDA	518.70	Purchase Agreement
810.909/2010		Tenement	Aug 28th, 2015	MINERAÇÃO CARMEC LTDA	338.74	
810.316/1979	Cerrito	Mining Concession Application	Sept 13th, 1982	MINERAÇÃO CARBRE LTDA	1,000.00	
810.147/1987	South Cerrito	Tenement	Aug, 1990	MINERAÇÃO CARMEC LTDA	75.00	
810.804/2008		Tenement	August 8, 2008	MINERAÇÃO CARMEC LTDA	298.20	
810.798/2007	Matilde East Extension	Tenement	Aug 28th, 2015	MINERAÇÃO CARMEC LTDA	314.15	
810.802/2007		Tenement	Aug 28th, 2015	MINERAÇÃO CARMEC LTDA	305.17	
810.501/2014		Tenement	December 7, 2021	MINERAÇÃO CARMEC LTDA	381.95	
810.085/2008	Matilde	Tenement	Aug 28th, 2015	Border Propecções Minerais Ltda.	1,263.20	
810.001/2016	Valdo Teixeira	Tenement	July 27th, 2020	Border Propecções Minerais Ltda.	1,911.39	IAMGOLD Purchase Agreement
810.086/2008		Tenement	Aug 28th, 2015	Border Propecções Minerais Ltda.	1,263.20	
810.131/2009	Dourada/Cerro Rico	Tenement	Aug 28th, 2015	Border Propecções Minerais Ltda.	1,414.04	
810.171/2007		Tenement	Aug 28th, 2015	Maria Lucia Vidal de Souza	38.55	
810.224/2008		Tenement	Aug 28th, 2015	Maria Lucia Vidal de Souza	568.55	
002.122/1936	Caneleira/Paredão	Claimstake Mine	October 29, 1936	Luzia Jurema Vidal de Souza	1,778.30	RTDM Option Agreement/Vidal de Souza Option Agreement
212.201/1936	Volta Grande/Aurora	Claimstake Mine	October 23, 2001	Luzia Jurema Vidal de Souza	1,064.87	
810.499/2007	Volta Grande South	Tenement	Aug 28th, 2015	Maria Lucia Vidal de Souza	1,131.23	
810.486/2021		Application	June 18, 2021	Energia Mineral Ltda	652.97	Name change from Energia to
810.334/2020		Tenement	July 23th, 2021	Energia Mineral Ltda	863.59	LDSM. Request has been for
810.104/2010		Tenement	Dec. 07th, 2020	Energia Mineral Ltda	750.30	name change on these
					22,369.15	



Location of the SpinCo Properties

Recent Development on the SpinCo Properties

The Butiá Prospect ("**Butiá Prospect**"), which forms part of the Lavras do Sul Project is considered by SpinCo to be a material property for the purposes of NI 43-101. See in this Appendix E, "*Principal Properties – Lavras do Sul Project*". The Butiá Prospect is described in more detail in the Butiá Technical Report, a copy of which is available under Amarillo's profile on SEDAR at www.sedar.com.

SpinCo Contribution Agreement

As of the day prior to the Effective Date, SpinCo will have entered into the SpinCo Contribution Agreement with Amarillo, pursuant to which SpinCo will acquire the SpinCo Assets from Amarillo and assume all of the SpinCo Liabilities.

Business Objectives and Operations

Following completion of the Arrangement, SpinCo will continue with the drilling and exploration campaign at the Butiá Prospect and vicinity, as SpinCo's management may determine to be appropriate, on other prospects comprising the Lavras do Sul Project, with the long term goal of establishing a multi-million resource on the underlying properties.

Market Opportunities

SpinCo will consider the acquisition of additional mineral property interests, or corporations holding mineral property interests, on a going-forward basis after the Effective Time, with the objectives of: (i) creating additional value for shareholders through the acquisition of additional mineral exploration properties; and (ii) helping to minimize exploration or production risk by attempting to diversify SpinCo's portfolio of properties. See in this Appendix E, "*Risk Factors — Commodity prices"* and "*Risk Factors — Exploration"*. As a result, acquiring additional mineral properties, some of which may be prospective in other commodities, may minimize overall production and exploration risk and risks associated with fluctuating commodities. Accordingly, SpinCo may seek to acquire additional mineral resource properties in the near future. However, there can be no assurance that SpinCo will be able to identify suitable additional mineral properties, that SpinCo will have sufficient financial resources to acquire such mineral properties, or that such properties will be available on terms acceptable to SpinCo or at all. See in this Appendix E, "*Risk Factors — Reliance on a Limited Number of Properties"*.

In determining whether to make an expenditure to acquire an additional mineral property that SpinCo considers prospective, the board of directors of SpinCo (the "**SpinCo Board**") will consider criteria such as the exploration history of the property, its location, or a combination of these and other factors. There can be no assurances that SpinCo will be able to identify any such properties, or to acquire any such properties on favorable terms. Risk factors to be considered in connection with SpinCo's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by SpinCo may not result in discoveries of commercial quantities of minerals; environmental risks; risks associated with land title, option and/or joint venture agreements, and property disputes; the competition faced by SpinCo; and the potential failure of SpinCo to generate adequate funding for any such acquisitions. See in this Appendix E, "*Available Funds and Principal Purposes*".

As SpinCo's portfolio of properties grows, SpinCo anticipates that there will be a greater emphasis on the exploration of such properties, with the long-term goal of developing the properties and achieving

commercial production. SpinCo may enter into partnerships or joint ventures in order to fully exploit the exploration and production potential of its assets.

Environmental Regulation

All aspects of SpinCo's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply with applicable environmental regulations could result in fines and penalties. Should any projects advance to the production stage, then more time and capital would be required in satisfying environmental protection requirements. Compliance with such legislation can require significant expenditures or result in operational restrictions. Breaches of such requirements may also result in the suspension or revocation of necessary licenses and authorizations, potential civil liability and the imposition of fines and penalties, all of which might have a significant negative impact on SpinCo. See in this Appendix E, "*Risk Factors — Government Regulations*".

Social and Environmental Policies

SpinCo will operate under principles of good environmental and sociological practices, and it will be an objective of SpinCo to be a responsible operator and friendly neighbor. SpinCo's goal will be to work with community stakeholders to make positive contributions to local economic development.

Employees

As of the date of the Circular, SpinCo does not have any employees. At the Effective Time, SpinCo expects to have eight full time employees and two contractors. All of SpinCo's employees will be former employees of Amarillo. SpinCo also intends to retain, from time to time, contractors and consultants to perform specialized services.

SpinCo believes that its success is dependent on the performance of its management and key employees, many of whom will have specialized knowledge and skills relating to the precious metals and mineral production and exploration business. SpinCo believes it will have adequate personnel with the specialized skills required to successfully carry out its operations. See in this Appendix E, "*Risk Factors — Key Personnel*".

Competitive Conditions

The mining industry is competitive in all phases of exploration, development and production. SpinCo will compete with numerous companies and individuals that have resources significantly in excess of the resources of SpinCo, in the search for (i) attractive mineral properties; (ii) qualified service providers and employees; and (iii) equipment and suppliers. The ability of SpinCo to acquire attractive mineral properties in the future depends not only on its success in exploring and developing its current properties, but also on its ability to select, acquire and bring to production suitable properties or prospects for exploration, mining and development. As a result of this competition, SpinCo may be unable to acquire attractive properties in the future on terms it considers acceptable or at all. Factors beyond the control of SpinCo may affect the marketability of any minerals mined or discovered by SpinCo. See in this Appendix E, "*Risk Factors — Competition*".

Market Trends

SpinCo's financial success will depend upon the extent to which it can discover mineralization and the economic viability of the development of its properties. Such development may take years to complete, and the resulting income, if any, is difficult to determine with any certainty. The sales value of any mineralization discovered by SpinCo will be largely dependent upon factors beyond SpinCo's control, such as the market value of the commodities produced.

There are significant uncertainties regarding the price of minerals and the availability of equity financing for mineral exploration and development. SpinCo's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Financial markets are likely to be volatile in Canada well into 2022, reflecting ongoing concerns about the stability of the global economy.

As a result, SpinCo may have difficulties raising equity financing for mineral exploration and development, particularly without excessively diluting SpinCo Shareholders. Continued market volatility and slower worldwide economic growth may limit SpinCo's ability to develop and/or further explore the Lavras do Sul Project, the other SpinCo Properties and/or other property interests acquired in the future.

Apart from these and the risk factors noted under the heading "*Risk Factors*", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on SpinCo's business, financial condition or results of operations.

PRINCIPAL PROPERTIES

If the Arrangement is completed, SpinCo will, directly or indirectly, acquire Amarillo's interests in the SpinCo Properties. At this time, the Lavras do Sul Project is not considered by Amarillo to be a material property for the purposes of NI 43-101. Following completion of the Arrangement, SpinCo will focus its efforts on the continued exploration of the Lavras do Sul Project and, in particular, on the Butiá Prospect, which forms part of the Lavras do Sul Project. The Butiá Prospect is considered by SpinCo to be a material property for the purposes of NI 43-101.

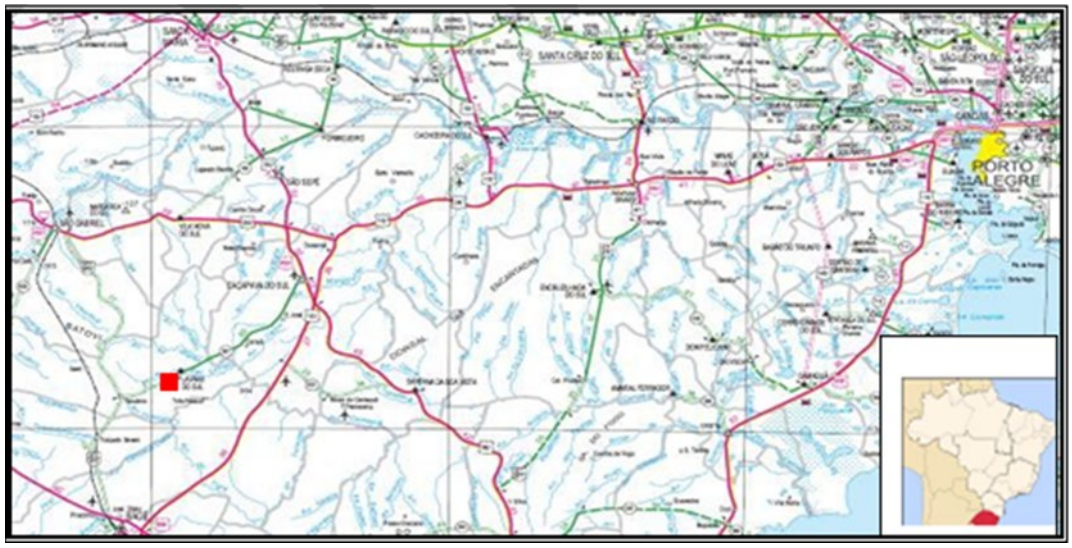
The SpinCo Properties are discussed in more detail below.

Lavras do Sul Project

A. Butiá Prospect

Property Description, Location and Access

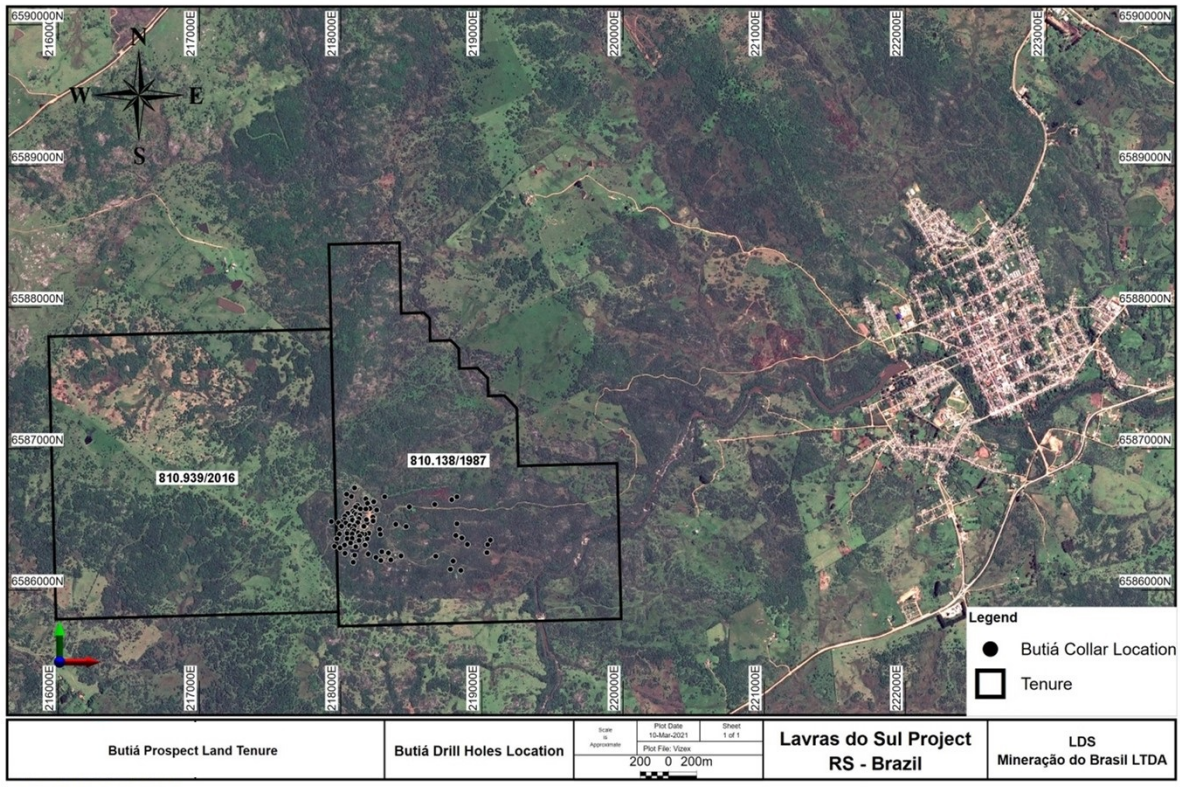
The Butiá Prospect forms part of the Lavras do Sul Project and is located 4.0 kilometres ("**km**") west of the town of Lavras do Sul, in the state of Rio Grande do Sul, Brazil. Access from Porto Alegre, the state capital, is by road, travelling west along highway BR290, and then south along RS357, approximately 320km or a 4.5 hours' drive. The last four kilometres from the village to the prospect is by dirt road. The location of the Lavras do Sul Project is shown in the image below.



Mining Rights

The Butiá Prospect lies on exploration permits granted under administrative proceeding Nº. 810.138/1987 and 810.939/2016, as described in the table below, and the area covered by these permits is shown in the image immediately following the table.

ANM Process Number	Registered Owner	Area Hectares	ANM Status
810.138/1987	Mineração Carmec Ltda	363.08	"Requerimento de Lavra" (Mining Request)
810.939/2016	Mineração Carmec Ltda	399.89	"Autorizacao de Pesquisa" (Research Authorization)



Geological Setting and Mineralization

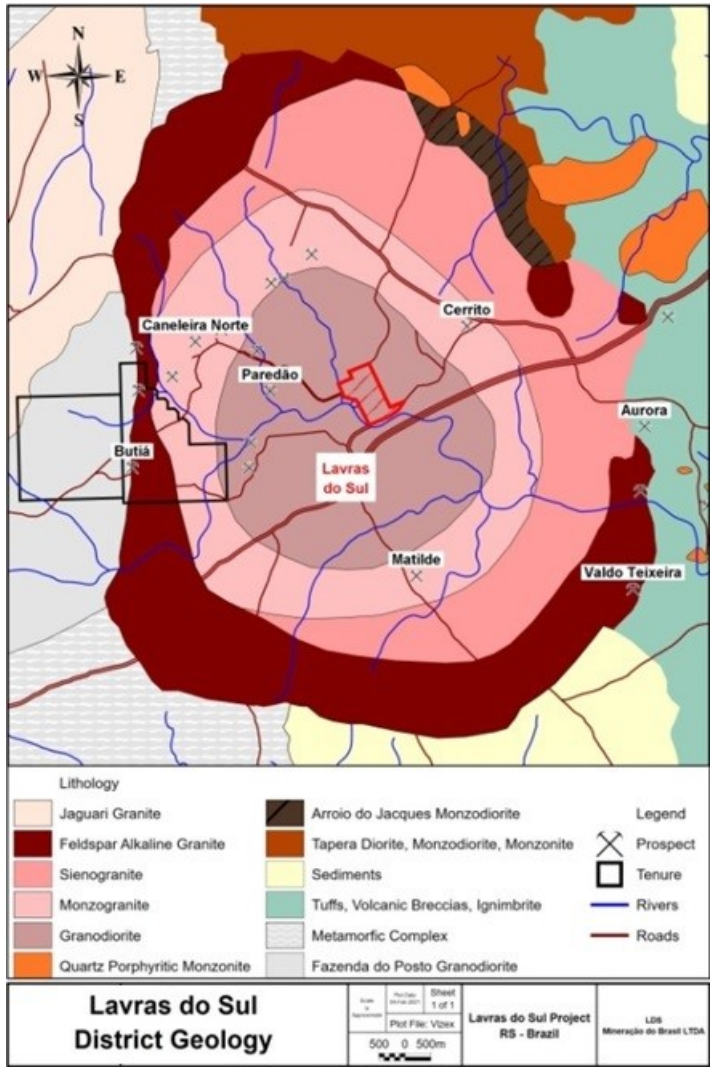
The Lavras do Sul intrusive suite is situated in the far south of the Neoproterozoic Mantiqueira Province, a 2700-km long belt of tectonically and magmatically accreted terrains from the Tonian (1000-850 Ma) through the Cryogenian (850- 650 Ma) to the Neoproterozoic III (650-540 Ma) periods. It stretches as far south as the coastline of central Uruguay into southern Bahia in Brazil.

There has been a report that there are many precious metal, base metal, and non-metallic occurrences throughout the Mantiqueira Province and the subordinate Dom Feliciano Belt and Vila Nova Belt, although many are currently thought to be small and sub-economic.

The Lavras do Sul suite of late Neoproterozoic III age intrudes rocks of various ages, including units of an early Cryogenic ocean-basin remnant. To the west, it intrudes granites and gneisses probably of Neoproterozoic age according to Gastal and Lafon (1998). The intrusive suite itself has an exposed diameter of some 11 km, suggesting a multiphase intrusion from one or many sources. Surface textures suggest that the preserved intrusion is relatively shallow.

The Lavras do Sul suite comprises an inner core of granodiorite or monzodiorite in parts porphyritic, 9 km in diameter and centered on the town of Lavras do Sul. It is surrounded by a variably thick and narrow rim of calc-alkaline to alkaline K- feldspar pink granite. A third, late phase of syenite and nepheline occurs as plugs and dykes.

Figure 1 - Lavras do Sul district geology.



As described in the Butiá Technical Report, others have reported that: the late-tectonic nature of the Lavras do Sul Intrusive Suite was borne out by the age for crystallization of the unit by at 597 Ma during the late Neoproterozoic III period; mineralization was dated by others studying hydrothermal zircons that are synchronous with the hydrothermal mineralization assemblage; and the age was also shown to be 580 Ma.

The Lavras do Sul mineralization does not fit neatly into any one deposit type classification. Petrographic work carried out by Amarillo has identified the following points related to the mineralization.

Lavras do Sul has a two-stage gold precipitation history resulting from a single fluid path that evolved from extremely alkaline and silica undersaturated to quartz-saturated with increased fluid focus.

The mineralization style at the Butiá Prospect can be classified as sericite-microbreccia. The rocks are hydrothermal and structurally altered igneous rocks whose inter-grain boundaries have been completely recrystallized such that the rock can be characterized as being a rounded or oval loophole.

A unique characteristic of Lavras do Sul is replacement of quartz with feldspar, and the precipitation of predominantly sericite. This is interpreted to be a metasomatic reaction that changes the granitic rocks into sericite-microbreccia.

In general, the main characteristics of gold mineralization at the Butiá Prospect are:

- Widespread gold mineralization of low content and great thicknesses associated with areas of hydrothermal alteration with fluids of alkaline affinity.
- Mineralogical association with sericite, albite, chlorite, jarosite, calcite, pyrite, galena, and sphalerite.
- Structurally controlled mineralization in fault zones oriented to 100o az, with an approximate plunge of 15o / 100o.
- The thickness of the alteration zone is on the order of 100 meters to 200 meters, with a depth of known mineralization up to 300 meters below the surface.
- The width of the mineralization on average varies from 15 meters to 20 meters.

Exploration

Preliminary exploration work at the Butiá Prospect consisted of interpreting airborne geophysical gradiometric and gamma spectrometric surveys derived from a fixed wing aircraft; surface geological mapping; and soil sampling designed to generate targets for detailed exploration and drilling.

The topographic surface covering the Butiá Prospect and the surrounding area was acquired in 2012 by the GeoEye satellite, with a distance between the level curves of one meter. The holes drilled were surveyed using RTK DGPS and Omnistar. The coordinates are to an accuracy of +-0.10m. The UTM coordinate data for the drillholes were obtained in two Datum's: SAD69 and WGS84.

Density values used for the block model was 2.62 t/m^3 for each block. The same density was assumed for the saprolitic and fresh rock part of the model. The density was derived from the average of 215 density measurements, 186 density measurements for fresh rock and 29 measurements for saprolitic rock. Note that the average density measurements derived for the saprolite is higher than expectations. Therefore, it is recommended to increase the number of density samples to obtain a dataset that best represents the saprolitic rock density.

The drilling database is composed of drilling information performed on an irregular grid, with distances between holes that vary between 25 and 50 meters. Nineteen vertical sections with NE-SW orientations, and an average distance of 25 meters between sections were created. A summary of the drilling database is presented in table below.

Description	Quantity
Diamond Drill Holes	96
Rotary Diamond Drilling metreage	22,654.97
Drill hole sampling assay	15,041
Notes on drill holes geological database	1,637

Description	Quantity
Density Analyses	215

The chemical analyses were performed at ACME ANALYTICAL LABORATORIES LTD and ALS Chemex Lab following an internal QA/QC program from Amarillo.

Mineral Processing and Metallurgical Testing

Amarillo submitted drill core rock samples from the Butiá Prospect to the SGS Geosol Laboratory in Belo Horizonte, Brazil for preliminary metallurgical test work. The core samples were collected from eight separate drill holes representing different areas of the mineral deposit to create a representative composite sample.

The key findings as set out in the Butiá Technical Report were as follows:

- SGS calculated an average gold grade of 1.48 g/t from the composite sample which compares favorably with the individual drill-hole assay of 1.55 g/t Au. Butiá shows some grade variation which is explained by the presence of free gold.
- Grinding tests indicate rock material from Butiá is relatively hard having a Bond work index of 16.9KWh/ton.
- Two simulated heap leach tests on samples crushed to ¼ inch were carried out in a stop/go bottle testing system for 5 days. Recoveries averaged 36.7%. Leach kinetics indicate most of the gold extraction occurred in the first 24 hours of leaching.
- Gravity separation using a 20 kg sample ground to P80 75 microns yielded a recovery of 59%
- Samples exposed to direct CIL for 24 hours demonstrated a gold recovery of 85.6% at P80 75 microns and 88.1% at P80 25 microns.
- Samples subjected to direct flotation followed by cyanidation achieved gold recoveries of 81.4% at P80 75 microns and 85% at P80 of 25 microns.

Resource Estimate

In the Butiá Technical Report, VMG has estimated Measured, Indicated and Inferred Mineral Resources for the Butiá Prospect in accordance with the CIM guidelines (CIM 2014) which have been adopted as part of NI 43-101.

To verify the influence of the nugget effect on the geological resource estimation, VMG compared the results of the calculation for interpolated grades with and without capping. The high grades samples were cut to 5.551 ppm Au. For gold, the difference in relative percentage is 23.2%, which VMG stated shows the high influence of the high-grade samples in the geological resource's estimation. The resource estimation set out in the Butiá Technical Report and summarized below, is shown with and without capping.

The results of the evaluation of resources, based on the block model interpolated by the Ordinary Kriging (OK) method, of gold mineralization of the Butiá Prospect, with classification of the Gold Resources for a 0.3 ppm Au cut-off on a dry basis.

Cut-off Au (ppm)	Class	Category	Volume m^3	Tonnes t	Density (t/m3)	Au ppm	M Au oz	AU CUT ppm	M Au CUT oz
0.30	Measured	Saprolite	52,752	138,210	2.62	0.71	3,163	0.65	2,906
		Fresh Rock	1,719,414	4,504,865	2.62	1.19	172,586	0.89	128,623
	Indicated	Saprolite	94,740	248,219	2.62	1.17	9,313	0.95	7,568
		Fresh Rock	3,063,179	8,025,529	2.62	1.25	322,316	0.92	238,207
	Inferred	Saprolite	22,772	59,663	2.62	1.47	2,818	1.32	2,526
		Fresh Rock	1,380,282	3,616,339	2.62	1.19	137,882	0.96	112,115

Notes:
(1) Au – Average gold grade without application of capping.
(2) M_Au – Resource estimation without application of capping.
(3) Au-CUT – Average gold grade with application of capping.
(4) M_Au_CUT – Resource estimation with application of capping.

Interpretations and Conclusions

VMG conducted its evaluation of mineral resources of the Butiá Prospect based on work that took place from November 2020 to March 2021. A summary of the main related activities of VMG are summarized as follows:

- Site visit, discussions with the technical staff from Amarillo, understanding of the geology and mineralization of the deposit, and verification of the geological work performed by Amarillo and contractors on site, as well as verification of the materiality of the achieved results.
- Validation of the drilling database and the topography information.
- Verification of the QA/QC program established by Amarillo for geological work and of its conduction.
- Selection of the drilling data used in the definition of mineral resources.
- Interpretation of the geological model.
- Conducting statistical and geostatistical studies.
- Estimation of mineral resources, as well as their quantification and classification.
- Disclosure of the mineral resources for the Butiá Prospect in accordance with the NI-43-101 form.

In the Butiá Technical Report, VMG observed that the results obtained from QA/QC were acceptable, despite the high precision[1] values sampling accuracy. VMG did not visit the assay laboratories but the ACME and ALS Chemex Lab laboratories are reputable international groups who meet or exceed the industry standards for sample preparation and analysis.

VMG also stated that the materiality of the work developed by Amarillo, as well as the materiality of the deposit and the developed studies, are sufficient to support the disclosure of mineral resources of the Butiá Prospect in accordance with NI-43-101.

[1] The accuracy of the quality control analyzes, referring to the percentage difference between an analysis and its repetition. For example, an accuracy of 10% would mean that the initial analysis and the repetition differ by 10%.

Recommendations

VMG recommended in the Butiá Technical Report that the following work be initially conducted at the Butiá Prospect:

- Organization and systematization of the core storage and storage for duplicates of samples.
- Database: validate the name of standards.
- Infill drilling will be necessary to upgrade the Indicated Resources to Measured Resources for the main mineral deposit.
- QA/QC: the crushing duplicates should be inserted into the assay batches.
- QA/QC: the laboratory pulp duplicates should be inserted into the assay batches.
- Increase the quantity of density samples to obtain a dataset that represents better the saprolitic rock density.
- Detailed mineralogical studies for metallurgical tests.
- Detailed metallurgical tests.
- Environmental studies.
- Make instrumental topographic survey of the area.

In the Butiá Technical Report, VMG estimated the budget for this work to be as follows:

Work Program	Units Type Work	Units	Unit Cost	Cost (US$)[(1)]
Instrumental topographic survey	Km^2	2	2,000	4,000 (C$5,200)
Drilling	Meters	1,000	110	110,000 (C$143,000)
Assaying	Sample	900	25	22,500 (C$29,250)
Density test	Sample	50	15	750 (C$975)
Mineralogical studies	Study			8,000 (C$10,400)
Metallurgical tests	Sample	5	2,000	10,000 (C$13,000)
Environmental studies	Study			100,000 (C$130,000)
Work on the organization of geological data and materials				50,000 (C$65,000)
Administrative expenses				30,000 (C$39,000)
TOTAL				**335,250 (C$435,825)**

Notes:
(1) All amounts converted from US$ to C$ based on the Bank of Canada's daily average exchange rate as of the date of this Circular.

B. Other Prospects

In addition to the Butià Prospect, the Lavras do Sul Project hosts several other gold prospects. The Cerrito and Cerrito South prospects are located approximately 2.0 km northeast of the town of Lavras do Sul. Targets at the Cerrito and Cerrito South prospects are associated with an east-west gold in soil anomaly and zone of hydrothermal alteration. Geological mapping, trenching, and sampling suggest hydrothermally altered rocks associated with east-west structures. A total of 10,431 meters of drilling in 48 holes have been carried out at these prospects. SpinCo plans to continue to evaluate the Cerrito and Cerrito South prospects and, if SpinCo's management deems appropriate, conduct follow-up work to test for possible extensions to known mineralization.

The Zeca Souza prospect is located approximately 4.0 km northwest of the town of Lavras do Sul. Five drill holes totalling 719 meters have tested the target returning elevated gold values that require follow-up work. Elevated gold values are associated with hydrothermally altered granitoids.

The Matilde prospect is associated with a large east-west soil anomaly that measures approximately 3.0 km in length. The prospect is located about 3.5 km south of the town of Lavras do Sul. The gold anomaly is associated with a gold-bearing structural zone hosted within granitoids. A total of 22 holes totalling 6,309 meters have been drilled into the Matilde prospect. Some of the better drill intercepts include 20MT001 that returned 62.53 meters grading 0.62 g/t Au, and 20MT002 that returned multiple intercepts from surface including 144.60 meters grading 0.69 g/t Au. The Matilde East Extension is associated with a north-south trending gold in soil anomaly that measures about 3.0 km in extent.

The Valdo Teixeira prospect is located about 5.0 km southeast of the town of Lavras do Sul. Six holes totaling 1,785 meters have been drilled into the target. Gold mineralization is hosted in hydrothermally altered granitoids. Some of the better holes include LDH-191 that returned 2.0 meters grading 7.90 g/t Au from 19.00 meters, and LDH-193 that returned 1.00 m grading 1.36 g/t Au.

The Dourada prospect is located about 4.0 km northeast of the town of Lavras do Sul. The target is characterized by a very large hydrothermal alteration system within altered granitoids. A total of 7 holes totalling 1,703 meters have been drilled into the target.

The Cerro Rico prospect is located approximately 7.0 km east of the town of Lavras do Sul. Hydrothermally altered granitoids are associated with a gold in soil anomaly that measures approximately 1.0 km in an east-west direction. Seven drill holes have tested the target returning multiple narrow anomalous gold vales. Some of the better values include 1.00 meters grading 5.28 g/t Au in hold LDH-184, and 8.58 g/t Au aver 1.0 meters grading 8.58 g/t Au in hold LDH 186.

Caneleira is located about 3.0 km west of the town of Lavras do Sul. The target is an east-west hydrothermally altered structural zone that measures approximately 1.0 km in strike length within granitoids. A total of 12 drill holes totalling 2,490 meters has been drilled into the target. Some of the better drill hole intercepts include 19.10 meters grading 1.99 g/t Au from 70.40 meters and 11.00 meters grading 1.13 g/t Au from 98.50 meters in hole LDH-110, and 16.75 meters grading 0.82 g/t Au from 181.25 meters in drill hole LDH-114.

The Volta Grande, Aurora and Volta Grande South prospects are located about 6 km southeast of the town of Lavras do Sul. These properties host gold in soil anomalies and several old trenches and mining galleries. Surface exploration work including rock sampling, trenching and soil surveys are required to define drilling targets.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

Pursuant to the terms of the Arrangement Agreement and assuming completion of the Arrangement and the transfer of the SpinCo Assets, on the Effective Date it is anticipated that SpinCo will have available cash of approximately $10,000,000. It is expected that these available funds will be used to carry out the business objectives of SpinCo set out under the heading "*Description of the Business — Business Objectives and Operations".* See also in Schedules III to this Appendix E, "*SpinCo's Management's Discussion and Analysis",* and see in the Circular, "*The Arrangement — Principal Steps of the Arrangement".*

Principal Purposes

The following table summarizes SpinCo's intended use of the funds anticipated to be available to it, based on its current plans, and as required to achieve its business objectives, during the 18 month period following completion of the Arrangement.

Principal Purpose	**Amount**
Approximate cash balance of SpinCo at closing	$10.00M
Unallocated exploration and development cash outflow(1)	$5.91M
Butià technical report recommended work program cash outflow	$0.44M
Corporate overhead cash outflow(2)	
Salaries and benefits	$0.47M
Consulting	$0.27M
Professional fees	$0.29M
Regulatory and shareholder communications	$0.09M
Travel	$0.08M
Marketing	$0.21M
General and administrative	$0.23M
Residual cash	$2.01M
Total	$10.00M

Notes:
(1) Exploration includes 18,000 meters of drilling using 1 drill; maintaining property rights under government regulations and option/purchase agreements.
(2) General and administrative includes costs incurred at its Head Office in Canada.

Based on the initial working capital available and the expenditures assumed (as listed above), SpinCo expects to have funding for at least 22 months following the completion of the Arrangement. See in this Appendix E, "*Risk Factors — Additional Capital".* **While SpinCo currently intends to spend the funds available to it as stated in the table above, there may be circumstances where, for sound business reasons, SpinCo may reallocate the use of funds in order for SpinCo to meet its business objectives.**

The above-noted allocation represents SpinCo's intention with respect to its use of available funds based on current knowledge and planning. **If, due to unexpected additional capital requirements, SpinCo does not have sufficient funds to satisfy its capital obligations, it may be required to seek additional sources of capital. See in this Appendix E, *"Risk Factors — Additional Capital"* and *"Risk Factors — Lack of Funding to Satisfy Contractual Obligations".***

Following the completion of the Arrangement, under the Arrangement Agreement, SpinCo has agreed to indemnify Amarillo and its subsidiaries, affiliates, directors, officers, partners, employees, advisors, shareholders and agents (each an "**Indemnified Party**") from all losses suffered or incurred by an Indemnified Party as a result of or arising directly or indirectly out of or in connection with certain liabilities and taxes related to the distribution of SpinCo Shares to Amarillo Shareholders pursuant to the Arrangement and the SpinCo Properties and the SpinCo Assets. See in this Appendix E, "*Risk Factors — Indemnified Liability Risk*".

Business Objectives

Following completion of the Arrangement, SpinCo will have the main objectives of pursuing the advancement of the SpinCo Properties, as well as acquiring and exploring other properties, located mainly throughout Brazil that it considers to have potential for precious and base metals discoveries. SpinCo's strategy will be to create shareholder value through the acquisition, exploration, advancement and development of mineral properties.

SELECTED FINANCIAL INFORMATION

Financial Statements

Included as Schedule I to this Appendix E are *SpinCo's Financial Statements* for the period from November 25, 2021 to December 31, 2021.

Included as Schedule II to this Appendix E are *SpinCo's Carve Out Financial Statements* which comprise (i) the carve-out financial statements for the audited financial years ended 2020, 2019 and 2018 and (ii) the unaudited interim financial statements for the nine month periods ended September 2021 and 2020, comprised of carve-out statements of financial position, carve-out of net earnings (loss) and comprehensive income, carve-out statement of change in owner's net investment and carve-out statements of cash flow, and notes to such statements.

Included as Schedule III to this Appendix E are *SpinCo's Unaudited Pro Forma Financial Statements,* after giving effect to the Arrangement and the acquisition by SpinCo of the SpinCo Assets as at September 30, 2021, and for the 12 month period ended December 31, 2020, which comprise a pro forma statement of financial position, pro forma statements of earnings (loss) and comprehensive income (loss) and notes to such statements.

Selected Unaudited Pro Forma Financial Information

The following tables set out selected unaudited pro forma financial information for SpinCo as at September 30, 2021, assuming the completion of the Arrangement on September 30, 2021 for the pro forma statement of financial position, and for the 12 month period ended December 31, 2020, assuming completion of the Arrangement on September 30, 2021 for the pro forma statements of earnings (loss), all of which is qualified by the more detailed information contained in the *SpinCo's Unaudited Pro Forma Financial Statements* included as Schedule III to this Appendix E.

Selected Pro Forma Financial Statement Information

Unaudited Pro Forma Statement of Financial Position as at September 30, 2021
(expressed in Canadian dollars)

	Note	Lavras Gold Corp. (Spinco) As at December 31, 2021 $	Lavras Project Carve-out Financials As at September 30, 2021 $	Pro Forma Adjustments $	SpinCo Pro Forma Consolidated $
ASSETS					
Current assets					
Cash and cash equivalents	1(a)	1	377,832	10,000,000 (1)	10,377,832
Prepaids and deposits		–	16,903	–	16,903
Total current assets		**1**	**394,735**	**9,999,999**	**10,394,735**
Exploration and evaluation assets		–	18,667,572	–	18,667,572
Other assets		–	10,438	–	10,438
Total non-current assets		–	**18,678,010**	–	**18,678,010**
Total assets		**1**	**19,072,745**	**9,999,999**	**29,072,745**
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		–	305,908	–	305,908
Total liabilities		–	**305,908**	–	**305,908**
Share capital	1(a), (c)	1	–	28,766,837 (1)	28,766,837
Net investment in SpinCo Assets	1(c)	–	18,766,837	(18,766,837)	–
Total liabilities and equity		**1**	**19,072,745**	**9,999,999**	**29,072,745**

Included as Schedule III to this Appendix E is *SpinCo's Management Discussion and Analysis* for the nine-month period ended September 30, 2021 and year ended December 31, 2020. It includes financial information from, and should be read in conjunction with, the *SpinCo's Carve-Out Financial Statements* and the notes thereto, which are attached as Schedule I to this Appendix E, as well as the disclosure contained throughout this Appendix E and the Circular.

DESCRIPTION OF SPINCO SECURITIES

SpinCo Shares

The authorized capital of SpinCo consists of an unlimited number of SpinCo Shares. The holders of the SpinCo Shares are entitled to dividends, if, as and when declared by the SpinCo Board, to one vote per share at meetings of the shareholders of SpinCo and, upon liquidation, to receive such assets of SpinCo as are distributable to the holders of SpinCo Shares. The SpinCo Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Listing of SpinCo Shares

SpinCo has applied to have the SpinCo Shares listed on TSXV. Listing is subject to the approval of the TSXV in accordance with its original listing requirements. The TSXV has not conditionally approved SpinCo's listing application and there can be no assurances as to if, or when, the SpinCo Shares will be listed or traded on the TSXV, or on any other stock exchange. It is a condition to the completion of the Arrangement, that the SpinCo Shares will have been conditionally approved for listing on the TSXV, or such other recognized stock exchange on or before the Effective Date.

As at the date of the Circular, there is no market through which the SpinCo Shares to be distributed pursuant to the Arrangement may be sold, and Amarillo Shareholders may not be able to resell the SpinCo Shares distributed to them pursuant to the Arrangement. This may affect the pricing of the SpinCo Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the SpinCo Shares, and the extent of the regulations to which SpinCo is subject. See in this Appendix E, "*Risk Factors —No Assurance of Listing of SpinCo Shares*".

As at the date of the Circular, SpinCo does not have any of its securities listed or quoted, has not applied to list or to quote any of its securities, and does not intend to apply to list or quote any of its securities on a U.S. marketplace, or a marketplace outside Canada and the United States of America.

DIVIDEND POLICY

SpinCo has not paid dividends since its incorporation. While there are no restrictions precluding SpinCo from paying dividends, it has no source of cash flow and anticipates using all available cash resources towards its stated business objectives. At present, SpinCo's policy is to retain earnings, if any, to finance its business operations. The SpinCo Board will determine if and when dividends should be declared and paid in the future based on SpinCo's financial position at the relevant time.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets out the share capital of SpinCo before and after giving effect to the Arrangement, as if it had occurred on September 30, 2021. The following table should be read in conjunction with *SpinCo's Unaudited Pro Forma Financial Statements* attached as Schedule II to this Appendix E, as well as with the other disclosure contained in this Appendix E and in the Circular. See also in this Appendix E, "*Description of Share Capital of SpinCo"* and "*Prior Sales".*

Capital	Authorized	Amount outstanding as of the date of the Circular[(1)]	Amount outstanding assuming completion of the Arrangement[(1)]
SpinCo Shares	Unlimited	$1.00 1 Initial SpinCo Share	$28,766,837 411,288,694 SpinCo Shares

Notes:
(1) These figures are derived from SpinCo's Unaudited Pro Forma Financial Statements attached to this Appendix E as Schedule II, which are presented on the basis that the Arrangement was completed as at September 30, 2021. See also in the Circular, "*The Arrangement – Principal Steps of the Arrangement*" and "*The Arrangement – Procedure for Exchange of Amarillo Shares*".

PRIOR SALES

The following table contains the details of the prior sales of securities by SpinCo from incorporation to the date of the Circular:

Date	Initial SpinCo Shares	Issue Price
November 25, 2021	1	$1.00

Notes:
(1) SpinCo was incorporated on November 25, 2021.

PRINCIPAL SHAREHOLDERS OF SPINCO

As of the date of the Circular, Amarillo holds the Initial SpinCo Share representing 100% of the issued and outstanding SpinCo Shares. Upon completion of the Arrangement and pursuant to its terms, it is expected that 100% of the SpinCo Shares will be owned by Amarillo Shareholders (other than Dissenting Amarillo Shareholders). For further details with respect to the distribution of the SpinCo Shares on completion of the Arrangement, see in the Circular, "*The Arrangement",* and in particular: "*Principal Steps of the Arrangement",* "*Procedure for Exchange of Amarillo Shares",* "*Treatment of Amarillo Options",* "*No Fractional Shares to be Issued",* "*Cancellation of Rights After Six Years"* and "*Risks Associated with the Arrangement".*

Assuming completion of the Arrangement, to the knowledge of SpinCo's directors and officers, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the then outstanding SpinCo Shares other than:

Name	Number of SpinCo Shares Assuming Completion of the Arrangement[(1)]	Percentage of SpinCo Shares Assuming Completion of the Arrangement[(1)]
Baccarat Trade Investments Limited	76,099,500[(2)]	18.50%[(3)]
2176423 Ontario Ltd.	68,300,000	16.61%

Notes:
(1) Information as to holdings of Amarillo Shares and for the purpose of these calculations has been taken from the central securities registers of Amarillo or from insider reports or other disclosure documents electronically filed with regulators and publicly available through the Internet at the website for the Canadian System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca or SEDAR at www.sedar.com.

(2) The number of SpinCo Shares that will be owned by Baccarat Trade Investments Limited or one of its affiliates following completion of the Arrangement is subject to adjustment if any Amarillo Shareholders exercise their Dissent Rights and in connection with the elimination of fractional SpinCo Shares pursuant to the Plan of Arrangement.
(3) Assumes 411,288,694 SpinCo Shares issued and outstanding after completion of the Arrangement and prior to the Consolidation.

ESCROWED SECURITIES

As of the date of the Circular, no SpinCo Shares are held in escrow or are anticipated to be held in escrow following the Effective Date pursuant to the Arrangement Agreement and the Plan of Arrangement.

DIRECTORS AND OFFICERS OF SPINCO

As of the date of the Circular, the directors of SpinCo are Mike Mutchler and Hemdat Sawh. At the Effective Time, the proposed seven directors of SpinCo listed below are intended to be the directors of SpinCo. Each of the directors of SpinCo will hold office until the next annual general meeting of SpinCo Shareholders unless the director's office is earlier vacated in accordance with the Articles of SpinCo or the director becomes disqualified to serve as a director.

The following table sets forth the name, province or state and country of residence, actual and anticipated position with SpinCo, principal occupation during the previous five years and the pro forma number of voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised, for the proposed directors and executive officers SpinCo after giving effect to the Arrangement.

Management of SpinCo

The following is a brief description of the background and experience of each proposed member of the SpinCo management team and SpinCo Board. Unless otherwise specified, the organizations named in the descriptions below are still carrying on business.

Name	Biography
Mike Mutchler (age: 59) Proposed President and Chief Executive Officer, and Director	Michael Mutchler has been the President, Chief Executive Officer, and a Director of Amarillo since January 2018. He holds a BSc (Mining Engineering), MBA, Executive Juris Doctorate degree, and Chartered Directors Certificate. Mr. Mutchler, a fifth generation miner, was previously a Partner at Whittle Consulting Pty (from August 2016 to December 2017). Prior to Whittle, he was Chief Operating Officer for Largo Resources Ltd. (November 2013 to April 2016) where he was responsible for successfully building the Vanadium Mine and Mill in Brazil. Prior to working with Largo Resources Ltd., he was Chief Operating Officer of Rainy River Resources Ltd. (November 2011 to July 2013) concluding with the successful sale to New Gold Inc. He has held senior managerial roles with Kinross Gold Corporation and ASARCO LLC.
Hemdat Sawh (age: 66) Proposed CFO and Corporate Secretary	Hemdat Sawh has been the Chief Financial Officer since November 2017. Mr. Sawh is a CPA, and holds an MBA, a BSc in geology and a graduate diploma in geology. He has over 16 years of experience at Grant Thornton LLP, where he acted as lead supervisor for auditing teams. He has over 16 years' experience serving as CFO of Wesdome Gold Mines Ltd. ("**Wesdome**"),

Name	Biography
	Scorpio Mining Corporation, Crystallex and Goldbelt Resources Ltd.
Rowland Uloth (age: 74) Proposed Chairman and Member of Governance Committee (Chair)	Mr. Uloth is President of Rosedale Transport Limited, which he co-founded in 1969. Mr. Uloth was the Chairman of FR Insurance of Bridgetown, Barbados for two years until March 2013. He was President and Chief Executive Officer of Wesdome from May 2007 to December 2009, and from July 2013 until August 2016. He was also a director of Wesdome from 1999 to 2009, serving as Chairman from 2006 to 2009, and re-joined the board of Wesdome in August 2013.
David Birkett (age: 60) Proposed Director and Member of Governance and Sustainability Committee	David Birkett graduated in 1985 with a BA in Economics from the University of Waterloo. He is the President & CEO of Stratus Aeronautics, a technology company dedicated to UAV development. Mr. Birkett was the President of Alton Natural Gas Storage LP. (from 2005 to 2015) and the President of AltaGas Natural Gas Storage Ltd. (from 2010 to 2015). From 1996 to 2010 Mr. Birkett was the President & CEO of Landis Energy Inc., a publicly traded company until it was acquired by AltaGas in 2010. From 2000 to 2014 served as a director of Moss Lake Gold Mines Ltd. until it was acquired by Wesdome.
David Laing (age: 65) Proposed Director and Member of Compensation and Sustainability (Chair) Committee	David Laing graduated in 1977 with a BSc in Mining Engineering (Honours) from the Royal School of Mines, Imperial College, University of London, in England. He is a mining executive with 40 years of experience in mining operations, mine construction, mining finance, corporate development, and company building. He was most recently the Chief Operating Officer of Equinox Gold Corp., where he led the rebuilding of the Aurizona Project in Brazil, a feasibility study on the restart of the Castle Mountain Mine in California, and the acquisition of the Mesiquite Gold mine, also in California. He currently sits on the boards of Fortuna Silver Mines, Inc., Northern Dynasty Minerals Inc., Aton Resources Inc., and Blackrock Gold Corp.
Lawrence Lepard (age: 64) Proposed Director and Member of Audit (Chair) and Compensation Committee	Mr. Lepard runs Equity Management Associates, LLC (EMA) an investment partnership which has focused on investing in gold, silver, and gold and silver miners since 2008. Prior to EMA, Mr. Lepard spent 25 years as a professional investor and venture capitalist. From 1991 to 2004 he was one of two Managing Partners at Geocapital Partners in New Jersey. Prior to Geocapital Mr. Lepard spent seven years as a General Partner at Summit Partners in Boston, MA. Mr. Lepard holds an MBA with Academic Distinction from Harvard Business School and a BA in Economics from Colgate University.
Rostislav Raykov (age: 46)	Mr. Rostislav Raykov earned a B.S. in Business Administration from the University of North Carolina at Chapel Hill. Mr. Raykov has been the Chief Executive Officer of Fennec Pharmaceuticals,

Name	Biography
Proposed Director and Member of Audit and Compensation (Chair) Committees	Inc., a TSX-listed company, since 2009. He was a director of Wesdome from 2013 to 2016.
Antenor F. Silva (age: 80) Proposed Director and Member of Governance and Sustainability Committees	Mr. Silva has a Mining eng. Degree from Sao Paulo University. He was a co-founder of Yamana Gold Inc., where he was Chief Operating Officer, then President and Chief Operating Officer until his retirement in 2009. He was also a co-founder of MBAC Fertilizer Corp, and served as its Chief Executive Officer until July 2016. He has sat on the boards of numerous public companies, including TSX-listed Yamana Gold Inc., Colossus Minerals Inc., Oceana Gold Corporation, and Valdiam Resources.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described below, as at the date of the Circular, no current or proposed director or executive officer of SpinCo is, or within the 10 years prior to the date of the Circular has been, a director, chief executive officer or chief financial officer of any company (including SpinCo), that:

(a) While that person was acting in that capacity was subject to:

(i) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or

(ii) an order similar to a cease trade order, or

(iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "Order"); or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, to the knowledge of SpinCo, as at the date of the Circular, no current director, executive officer, or shareholder holding a sufficient number of securities of SpinCo to affect materially the control of SpinCo is, or within the 10 years prior to the date of the Circular has:

(a) been a director or executive officer of any company (including SpinCo) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or

compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of SpinCo, as at the date of the Circular, no current director, executive officer, or shareholder holding a sufficient number of securities of SpinCo to affect materially the control of SpinCo has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Antenor F. Silva

Antenor F. Silva was a director of MBAC Fertilizer Corp. ("MBAC") until October 2016. MBAC was subject to management cease trade orders resulting from a failure to file financial statements as issued on April 5, 2016 by the Ontario Securities Commission ("OSC"), April 8, 2016 by the British Columbia Securities Commission ("BCSC") and April 21, 2016 by the Manitoba Securities Commission ("MSC"). These cease trade orders were revoked on April 29, 2016 by the MSC, and on May 2, 2016 by the OSC and the BCSC. MBAC was subject to management cease trade orders resulting from a failure to file financial statements as issued on May 20, 2016 by the OSC and the BCSC. These cease trade orders were revoked on June 7, 2016 by the OSC and the BCSC.

Antenor F. Silva was a director of MBAC until October 2016. On October 27, 2016, MBAC completed a recapitalization transaction pursuant to an amended and restated plan of compromise and arrangement under the Companies' Creditors Arrangement Act (Canada) dated September 14, 2016.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of SpinCo will be subject in connection with the business of SpinCo. In particular, certain of the proposed directors and/or officers of SpinCo serve as directors and/or officers of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties and whose business may, from time to time, be in direct or indirect competition with SpinCo. Such associations may give rise to conflicts of interest from time to time. The directors of SpinCo are required by law to act honestly and in good faith with a view to the best interests of SpinCo and to disclose any interest, which they may have in any project opportunity of SpinCo. Conflicts, if any, will be subject to and governed by laws applicable to directors' and officers' conflicts of interest, including the procedures and remedies available under the BCA. The BCA provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCA. As at the date of the Circular, SpinCo is not aware of any existing or potential material conflicts of interest between SpinCo and any current or proposed director or officer of SpinCo. See in this Appendix E, "*Risk Factors — Conflicts of Interest*".

EXECUTIVE COMPENSATION

For purposes of this section, the terms "**Named Executive Officers**" or "**NEO**" refer to each of the following individuals:

(a) a chief executive officer ("**CEO**") of the corporation;

(b) a chief financial officer ("**CFO**") of the corporation;

(c) each of the corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000; and

(d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the corporation, nor acting in a similar capacity, at the end ofthat financial year.

Compensation Discussion and Analysis

It is expected that the SpinCo Board will have a compensation and nomination committee (the "**SpinCo Compensation Committee**") that will be responsible for ensuring that SpinCo has in place an appropriate plan for executive compensation and for making recommendations to the SpinCo Board with respect to the compensation of SpinCo's executive officers. It is expected that the SpinCo Compensation Committee will ensure that total compensation paid to all NEOs is fair and reasonable and is consistent with SpinCo's compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. SpinCo's compensation philosophy will be to foster entrepreneurship at all levels of the organization through, among other things, the granting of securities-based awards, which will be a significant component of executive compensation. This approach is based on the assumption that the performance of the SpinCo Share price over the long- term is an important indicator of long-term performance.

It is expected that SpinCo's compensation philosophy will be based on the following fundamental principles:

(a) Compensation programs align with shareholder interests – SpinCo aligns the goals of executives with maximizing long term shareholder value;

(b) performance sensitive – compensation for executive officers should be linked to operating and market performance of SpinCo and fluctuate with the performance; and

(c) offer market competitive compensation to attract and retain talent – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest caliber.

The objectives of the compensation program in compensating all NEOs will be developed based on the above-mentioned compensation philosophy and will be as follows:

- to attract and retain highly qualified executive officers;
- to align the interests of executive officers with shareholders' interests and with the execution ofthe SpinCo's business strategy;

- to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and
- to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Aggregate compensation for each NEO will be designed to be competitive. The SpinCo Compensation Committee will review from time to time the compensation practices of similarly situated companies when considering SpinCo's executive compensation policy. Although the SpinCo Compensation Committee will review each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on the NEO's role within SpinCo, it will be primarily focused on remaining competitive in the market with respect to total compensation.

From time to time, on an ad hoc basis, the SpinCo Compensation Committee will review data related to compensation levels and programs of various companies that are similar in size to SpinCo and operate within the mining exploration and development industry. The SpinCo Compensation Committee will also rely on the experience of its members as officers and/or directors at other companies in similar lines of business as SpinCo in assessing compensation levels.

Aligning the Interests of the NEOs with the Interests of the SpinCo Shareholders

SpinCo believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs. SpinCo's objective will be to establish benchmarks and targets for its NEOs which, if achieved, will enhance shareholder value. A combination of fixed and variable compensation will be used to motivate executives to achieve overall corporate goals. The three basic components of SpinCo's executive officer compensation program will be:

- Fixed salary;
- annual incentives (cash bonus); and
- security based compensation.

Fixed salary will comprise a portion of the total cash-based compensation; however, annual incentives and security based compensation arrangements represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) market performance of the SpinCo Shares. No specific formulae have been developed to assign a specific weighting to each of these components. Instead, the SpinCo Board will consider each performance target and SpinCo's performance and assigns compensation based on this assessment and the recommendations of the SpinCo Compensation Committee.

Base Salary

The SpinCo Compensation Committee and the SpinCo Board will approve the salary ranges for the NEOs. The base salary review for each NEO will be based on assessment of factors such as current competitive market conditions, compensation levels within compensation practices of similarly situated companies and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. SpinCo may consider comparative data for corporation's peer group which would be accumulated from a number of external sources including independent consultants. SpinCo's policy for determining salary for executive officers will be consistent with the administration of salaries for all other employees. As of the date of the Circular, SpinCo has not paid any salaries.

Annual Incentives

To date, SpinCo has not awarded any annual incentives by way of cash bonuses. However, SpinCo, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The SpinCo Compensation Committee and the SpinCo Board will approve annual incentives.

The success of NEOs in achieving their individual objectives and their contribution to SpinCo in reaching its overall goals are to be factors in the determination of their annual bonus. The SpinCo Compensation Committee shall assess each NEO's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of SpinCo that arise on a day to day basis. This assessment will be used by the SpinCo Compensation Committee in developing its recommendations to the SpinCo Board with respect to the determination of annual bonuses for the NEOs. Where the SpinCo Compensation Committee cannot unanimously agree, the matter will be referred to the full SpinCo Board for decision. The SpinCo Board will rely heavily on the recommendations of the SpinCo Compensation Committee in granting annual incentives.

Security-Based Awards

Subject to shareholder approval, following completion of the Arrangement, SpinCo will have a mechanism pursuant to which awards may be granted by SpinCo to its directors, NEOs, executive officers and key employees. This mechanism is the SpinCo Omnibus Plan, which will be implemented when the SpinCo Shares are listed on the TSXV or another stock exchange.

SpinCo Omnibus Plan

The SpinCo Omnibus Plan serves as a long-term incentive plan, pursuant to which SpinCo Options, SpinCo Restricted Share Units, SpinCo Deferred Share Units, SpinCo Performance Shares and SpinCo Performance Units may be granted to senior officers of SpinCo, including the Named Executive Officers, directors of SpinCo and certain employees and contractors of SpinCo. The purposes of the SpinCo Omnibus Plan are: (i) to promote a significant alignment between officers of SpinCo and employees of the SpinCo and its affiliates and the growth objectives of SpinCo; (ii) to associate a portion of participating employees' compensation with the performance of SpinCo over the long term; and (iii) to attract, motivate and retain the critical employees to drive the business success of SpinCo.

Compensation of Executives

As at the date of the Circular, no remuneration or other compensation has been paid or provided by SpinCo to its executive officers for their services.

The SpinCo Board will approve targeted amounts of annual incentives for each NEO at the beginning of each financial year. The targeted amounts will be determined by the SpinCo Compensation Committee based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the NEOs. The NEOs will receive a partial or full incentive payment depending on the number of the predetermined targets met and the SpinCo Compensation Committee's and the SpinCo Board's assessment of overall performance. The determination as to whether a target has been met will ultimately be made by the SpinCo Board and the SpinCo Board will reserve the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

At or prior to the date of this Circular, SpinCo has not entered into employment contracts with Named Executive Officers and that compensation for certain Named Executive Officers will be determined prior to the completion of the Arrangement.

Compensation Risk Considerations

The SpinCo Compensation Committee will be responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. SpinCo anticipates the programs will be balanced and do not motivate unnecessary or excessive risk taking. SpinCo does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of SpinCo, as of the date of hereof, no director or NEO of SpinCo has participated in the purchase of such financial instruments.

Base salaries will be fixed in amount and will not encourage risk taking. While annual incentive awards will focus on the achievement of short-term or annual goals and short-term goals may encourage the taking of short-term risks at the expense of long term results, SpinCo's annual incentive award program will represent a small percentage of employees' compensation opportunities. Annual incentive awards will be based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met will ultimately be made by the SpinCo Board (after receiving recommendations of the SpinCo Compensation Committee) and the SpinCo Board will reserve the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards will be capped at the company level and the distribution of funds to the executive officers will be at the discretion of the SpinCo Compensation Committee.

SpinCo Option awards are important to further align employees' interests with those of the SpinCo Shareholders. The ultimate value of the SpinCo Option awards is tied to the price of the SpinCo Shares and since awards are expected to be staggered and subject to long-term vesting schedules, they will help ensure that NEOs have significant value tied in long-term stock price performance.

Compensation of Directors

No remuneration has been paid to the directors for their services as directors to the date hereof.

As of the date of this Circular, SpinCo has not established an annual retainer fee, attendance fees or other fees for directors. SpinCo expects establish directors' fees in the future and will reimburse directors for all reasonable expenses incurred in order to attend meetings and in connection with their service as directors. It is anticipated that the SpinCo directors' fees and reimbursements will be comparable to those currently paid by Amarillo or as the SpinCo Board otherwise determines to be appropriate, from time to time. In addition, each of the directors will be entitled to participate in the SpinCo Omnibus Plan as more fully described under the heading "Options and Other Rights to Purchase Securities of SpinCo" in this Appendix E.

OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES OF SPINCO

SpinCo Omnibus Plan

SpinCo will adopt the SpinCo Omnibus Plan, subject to its ratification and confirmation by Amarillo Shareholders at the Meeting. If the SpinCo Omnibus Plan Resolution is not approved at the Meeting, or if the Arrangement is not completed, the SpinCo Omnibus Plan will not be implemented.

The SpinCo Omnibus Plan is a: (a) "rolling" plan pursuant to which the number of SpinCo Shares that are issuable pursuant to the exercise of SpinCo Options granted under the SpinCo Omnibus Plan shall not exceed 10% of the Issued Shares of SpinCo as at the date of any SpinCo Option grant, and (b) "fixed" plan under which the number of SpinCo Shares of SpinCo that are issuable pursuant to all SpinCo Awards other than SpinCo Options granted under the SpinCo Omnibus Plan and under any other Security Based Compensation Plan of SpinCo, in aggregate is a maximum of 10% of the issued SpinCo Shares as at the effective date of implementation of the SpinCo Omnibus Plan, which shall be the first date, if any, on which the SpinCo Shares commence trading on the Exchange (as defined in the SpinCo Omnibus Plan), and which such number of issued SpinCo Shares is expected to be approximately 411,288,694 after completion of the Arrangement, and in each case, subject to adjustment as provided in the SpinCo Omnibus Plan.

As of the date of the Circular, no SpinCo Options have been granted nor have any other rights or securities to purchase SpinCo Shares been issued by SpinCo. If approved, the SpinCo Omnibus Plan will be implemented if and when the SpinCo Shares are listed on the TSXV or another stock exchange. The SpinCo Board does not intend to grant any SpinCo Options prior to the listing of the SpinCo Shares on the TSXV or other stock exchange.

The material terms of the SpinCo Omnibus Plan are described in the Circular "*Particular Matters to be Considered at the Meeting —Approval of SpinCo Omnibus Plan*".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or proposed directors or officers of SpinCo, nor any affiliate or associate of the current or proposed directors or officers of SpinCo, is or was indebted to SpinCo or to another entity which is the subject of a guarantee support agreement, letter of credit, or other similar arrangement or undertaking provided by SpinCo entered into in connection with a Purchase of Securities or otherwise per item 1.01 of National Instrument NI 51-102F5 – *Information Circular*, at any time since its incorporation.

AUDIT COMMITTEE

The audit committee of SpinCo (the "**SpinCo Audit Committee**") will be responsible for monitoring SpinCo's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements and for directing the auditors' examination of specific areas. All of the members of the Audit Committee will be "independent" directors as defined in NI 52-110 and the initial members of the SpinCo Audit Committee will be Lawrence Lepard, Rostislav Raykov and David Birkett. Each member of the SpinCo Audit Committee will be considered to be "financially literate" within the meaning of NI 52-110 which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of SpinCo's financial statements. The SpinCo Board intends to adopt a charter for the SpinCo Audit Committee prior to the Effective Time.

Relevant Education and Experience

The relevant education and experience of each of the proposed members of the SpinCo Audit Committee is as follows:

Name of Member	Biography
Lawrence Lepard, Chair (Independent)	Mr. Lepard runs Equity Management Associates, LLC (EMA), an investment partnership that has focused on investing in gold, silver, and gold and silver miners since 2008. Prior to EMA, Mr. Lepard spent 25 years as a professional investor and venture capitalist. From 1991 to 2004 he was one of two Managing Partners at Geocapital Partners in New Jersey. Prior to Geocapital Mr. Lepard spent seven years as a General Partner at Summit Partners in Boston, MA. Mr. Lepard holds an MBA with Academic Distinction from Harvard Business School and a BA in Economics from Colgate University. Mr. Lepard is the current chair of the Audit Committee.
David Birkett (Independent)	David Birkett graduated in 1985 from the University of Waterloo with a Bachelor of Arts Degree in Economics. He is the President & CEO of UVA Dynamics Inc. and Stratus Aeronautics Inc., both technology companies dedicated to UAV development and services. Mr. Birkett was the President of Alton Natural Gas Storage LP (from 2005 to 2015) and the President of AltaGas Natural Gas Storage Ltd. (from 2010 to 2015). Mr. Birkett was the President, Chief Executive Officer and founding director of Landis Energy Corporation, a publicly traded company until it was acquired by AltaGas Ltd. in 2010. From 2000 to 2014 served as a director of Moss Lake Gold Mines Ltd. until it was acquired by Wesdome in 2014.
Rostislav Raykov (Independent)	Mr. Rostislav Raykov earned a B.S. in Business Administration from the University of North Carolina at Chapel Hill. Mr. Raykov has been the Chief Executive Officer of Fennec Pharmaceuticals, Inc., a TSX listed company, since 2009. He served on the board of directors of Wesdome Gold Mines Ltd. from 2013 to 2016. He was a General Partner of Alchem Investment Partners from 2006 to 2008, an event driven hedge fund. Mr. Raykov was a portfolio manager and securities analyst for John A. Levin & Co. Event Driven Fund from 2002 to 2005. Mr. Raykov was a securities analyst for the Merger Associates Fund at Tiedemann Investment Group from 1999 to 2002 and an investment banking analyst at Bear Stearns Companies, Inc. from 1998 to 1999.

All three members of the SpinCo Audit Committee are financially literate and have experience and education that are relevant to the performance of their responsibilities as a member of the SpinCo Audit Committee. The three members of the SpinCo Audit Committee are considered independent.

Pre-Approval Policies and Procedures

The SpinCo Audit Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of SpinCo.

CORPORATE GOVERNANCE

Policy Statement 58-201 *to Corporate Governance Guidelines* sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of SpinCo's intended approach to corporate governance in relation to the Guidelines.

The Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the SpinCo Board, be reasonably expected to interfere with such member's independent judgment. At the Effective Time, the Board is expected to be comprised of five members, four of whom the SpinCo Board has determined will be "independent directors" within the meaning of NI 58-101.

At the Effective Time, of SpinCo's proposed directors, Messrs. Uloth, Laing, Lepard, Raykov, Silva and Birkett will be considered independent directors since they are each independent of management and free from any material relationship with SpinCo. The basis for this determination is that, since the date of incorporation of SpinCo, none of the independent directors have worked for SpinCo, received remuneration from SpinCo or had material Contracts with or material interests in SpinCo which could interfere with their ability to act with a view to the best interests of SpinCo. Mr. Mutchler is not independent director since he is an officer of SpinCo.

The SpinCo Board believes that it will function independently of management. To enhance its ability to act independent of management, the SpinCo Board may in the future meet in the absence of members of management or may excuse such persons from all or a portion of any meeting where an actual or potential conflict of interest arises or where the SpinCo Board otherwise determines is appropriate.

Directorships

All of the directors and proposed directors are currently directors of Amarillo. In addition, certain of the directors or proposed directors of SpinCo are also current directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Orientation and Continuing Education

While SpinCo currently has no formal orientation and education program for new SpinCo Board members, it is expected that sufficient information (such as recent financial statements, technical reports and various other operating, property and budget reports) will be provided to all new members of the SpinCo Board to ensure that new directors are familiarized with SpinCo's business and the procedures of the SpinCo Board.

In addition, new directors will be encouraged to visit and meet with management on a regular basis. SpinCo will also encourage continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to SpinCo. The SpinCo Board's continuing education will also consist of correspondence with SpinCo's legal counsel to remain up to date with developments in relevant corporate and securities' law matters.

Ethical Business Conduct

A director, in the exercise of his or her functions and responsibilities, must act with complete honesty and good faith in the best interest of SpinCo. He or she must also act in accordance with the applicable laws, regulations and policies.

In the event of a conflict of interest, a director is required to declare the nature and extent of any material interest he or she has in any important contract or proposed contract of SpinCo, as soon as he or she has knowledge of the agreement or of SpinCo's intention to consider or enter into the proposed contract and in such a case, the director shall abstain from voting on the subject.

SpinCo will adopt a code of ethics and business conduct for directors, officers and employees of SpinCo (the "**Code of Ethics**"). Consultants and suppliers of goods and services will be also required to comply with the provisions of the Code of Ethics.

Board Committees

The SpinCo Board will have two standing committees: the SpinCo Audit Committee and the SpinCo Compensation Committee. The proposed members of these committees are in Appendix E under the heading "*Audit Committee"* above, and under the heading "*Compensation Committee".* The SpinCo Board intends to adopt a charter for the SpinCo Audit Committee and for the SpinCo Compensation Committee prior to the Effective Time.

Nomination of Directors

The responsibility for identifying new candidates to join the SpinCo Board will belong to the SpinCo Board as a whole. The SpinCo Board will encourage all directors to participate in the process of identifying and recruiting new candidates. The SpinCo Compensation Committee will have the responsibility of making recommendations to the SpinCo Board with respect to the new nominees and for assessing directors on an on-going basis. While there are no specific criteria for SpinCo Board membership, SpinCo will seek to attract and retain directors with business knowledge and a particular expertise in mineral exploration and development or other areas of specialized knowledge (such as finance) which will assist in guiding the officers of SpinCo. All of the members of the SpinCo Compensation Committee will be independent directors and the initial members will be Rostislav Raykov (Chair), David Laing and Lawrence Lepard. See in this Appendix E, "*Executive Compensation*" and *"— Compensation*".

Compensation Committee

The SpinCo Compensation Committee will be responsible for assisting SpinCo in determining compensation of senior management as well as reviewing the adequacy and form of the directors' compensation and will ensure that the levels of compensation of the SpinCo Board reflect the responsibilities, time commitment and risks involved in being an effective director. The SpinCo Compensation Committee is expected to annually review the annual goals and objectives of SpinCo's senior executives and to perform an appraisal of their performance for the previous financial year. The SpinCo

Compensation Committee will also administer and make recommendations regarding the operation of the SpinCo's incentive plans. See in this Appendix E, "*Executive Compensation"* and "— *Compensation"*.

Audit Committee

On or before the Effective Date, SpinCo will establish the SpinCo Audit Committee comprised of directors considered to be independent and financially literate in accordance with applicable securities laws. The SpinCo Board intends to adopt a charter for the SpinCo Audit Committee prior to the Effective Time. The initial members of the SpinCo Audit Committee will be Lawrence Lepard (Chair), Rostislav Raykov and David Birkett.

Other Board Committees

Other than the SpinCo Audit Committee and the SpinCo Compensation Committee, it is not anticipated that SpinCo will have any additional committees immediately following the Effective Time. The SpinCo Board may, however, establish additional committees after the Effective Time, depending on the needs of SpinCo.

The SpinCo Board does not intend to adopt a written formal mandate describing the SpinCo Board's duties, responsibilities and role as well as the SpinCo's expectations of individual directors and of management.

Primary Role and Objectives

The mandate of the SpinCo Board will be to supervise the management of the business and affairs of SpinCo. The SpinCo Board will monitor the manner in which SpinCo will conduct its business as well as the senior management responsible for the day-to-day operations of SpinCo. The SpinCo Board will set SpinCo's policies, assesses their implementation by management and reviews the results.

The SpinCo Board's fundamental objectives will be to enhance and preserve long-term shareholder value and to ensure that SpinCo will conduct business in an ethical and safe manner, having regard for the legitimate interests of its stakeholders.

The SpinCo Board, either directly or through one of its committees, will assume specific responsibility for the following five matters: (i) the adoption of a strategic planning process; (ii) the identification of the principal risks of SpinCo's business and the implementation of appropriate systems to effectively manage these risks; (iii) the appointing, training, evaluation and monitoring of senior management as well as planning for their succession; (iv) communications with shareholders and the public at large; and (v) the integrity of SpinCo's internal control and management information systems. At the end of each fiscal year, the SpinCo Board will receive, analyse and, where appropriate, approve a yearly plan of action and budget submitted by the President and Chief Executive Officer for the following fiscal year. Throughout the fiscal year, the Board will receive periodic reports from the President and Chief Executive Officer and other senior executives to monitor SpinCo's performance with reference to the adopted budget. SpinCo periodically will review its strategic plan in light of developments in the mining industry and SpinCo's development. This strategic plan will produce along with five-year financial forecasts. In addition to decisions requiring formal approval by the SpinCo Board pursuant to the law or SpinCo's Articles and By-laws, the SpinCo Board will make all important decisions concerning, among other things, major investments and significant divestitures.

Assessments

Given its early stage of development, the SpinCo Board will not initially take any formal steps to assess the performance of the SpinCo Board or its committees. The SpinCo Board will consider SpinCo Board and committee performance, from time to time, as required.

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of SpinCo and could cause SpinCo's operating and financial performance to differ materially from the estimates described in forward-looking statements related to SpinCo. These include widespread risks associated with any form of business and specific risks associated with SpinCo's business and its involvement in the mineral exploration and development industry. An investment in the SpinCo Shares, as well as SpinCo's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its operations. Shareholders of SpinCo may lose their entire investment. The risks described below are not the only ones facing SpinCo. Additional risks not currently known to SpinCo, or that SpinCo currently deems immaterial, may also impair SpinCo's business or operations. If any of the following risks actually occur, SpinCo's business, financial condition, operating results and prospects could be adversely affected.

Amarillo Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in SpinCo. In evaluating SpinCo and its business and whether to vote in favour of the Arrangement, Amarillo Shareholders should carefully consider, in addition to the other information contained in the Circular and this Appendix E, the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular "*The Arrangement — Risks Associated with the Arrangement*"). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in SpinCo or in connection with SpinCo's business or operations.

Commodity prices

The price of SpinCo's securities, its financial results, and its access to the capital required to finance its exploration activities may in the future be adversely affected by declines in the price of precious and base metals and, in particular, the price of gold. Precious metal prices fluctuate widely and are affected by numerous factors beyond SpinCo's control such as the sale or purchase of precious metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, and international political and economic trends, conditions and events. If these or other factors continue to adversely affect the price of gold, the market price of SpinCo's securities may decline.

Project risk

The ability of SpinCo to successfully explore its properties and find sufficient mineral resources and reserves to consider mine development, and there after sustain or increase levels of gold production will be dependent in part on the success of its projects. The only significant project contemplated for the next few years is the Lavras do Sul Project. However, this project may not proceed, and other projects may arise. Risks and unknowns inherent in all projects include, but are not limited to, the accuracy of reserve estimates; metallurgical recoveries; geotechnical and other technical assumptions; capital and operating costs of such projects; the future price of gold; and scoping of major projects including delays, aggressive schedules and unplanned events and conditions. The significant capital expenditures and long time period required to develop new mines or other projects are considerable and changes in costs and market conditions or unplanned events or construction schedules can affect project economics. Actual costs and economic returns may differ materially from SpinCo's estimates or SpinCo could fail or be delayed in obtaining the governmental approvals necessary for the execution of a project, in which case, the project may not proceed either on its original timing or at all.

SpinCo may be unable to develop projects that demonstrate attractive economic feasibility at low gold prices. The number of projects in the future may outweigh SpinCo's capital, financial and staffing capacity restricting the ability to concurrently execute multiple projects and adversely affecting the potential timing of when those projects can be put into production. The inability to execute adequate governance over developmental projects can also have a major negative impact on project development activities.

Exploration

The exploration process generally begins with the identification and appraisal of mineral prospects. Exploration and development projects have no operating history upon which to base estimates of future operating costs and capital requirements. Mining projects frequently require a number of years and significant expenditures during the mine development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits, acquiring title to prospects and the receipt of adequate financing. The economic feasibility of development projects is based on many factors such as:

- Estimation of reserves;
- anticipated metallurgical recoveries;
- environmental considerations and permitting;
- estimates of future gold prices; and
- anticipated capital and operating costs of such projects.

Exploration and development of mineral deposits thus involve significant financial risks which a combination of careful evaluation, experience and knowledge may not eliminate. The discovery of an ore body may result in substantial rewards, however, few properties which are explored are ultimately developed into producing mines. A mine must generate sufficient revenues to offset operating and development costs such as the costs required to establish reserves by drilling, to develop metallurgical processes, to construct facilities and to extract and process metals from the ore. Once in production, it is impossible to determine whether current exploration and development programs at any given mine will result in the establishment of new reserves.

The only material property interest of SpinCo is its interest in the Butiá Prospect, which forms part of the Lavras do Sul Project, located in Brazil. As a result, unless SpinCo acquires additional property interests, any adverse developments affecting this property could have a Material Adverse Effect upon SpinCo and

would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of SpinCo. While SpinCo may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that SpinCo will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to SpinCo or at all. See "*Principal Properties"* in this Appendix E.

Mineral reserves and mineral resources

Mineral reserves and mineral resources are based on estimates of mineral content and quantity derived from limited information acquired through drilling and other sampling methods and requires judgmental interpretations of geology, structure, grade distributions and trends, and other factors. No assurance can be given that the estimates are accurate or that the indicated level of metal will be produced. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Market price fluctuations of gold as well as increased production and capital costs, reduced recovery rates or technical, economic, regulatory or other factors may render SpinCo's proven and probable reserves unprofitable to develop or continue to exploit at a particular site or sites for periods of time or may render mineral reserves containing relatively lower- grade mineralization uneconomic. Successful extraction requires safe and efficient mining and processing. Moreover, short- term operating factors relating to the mineral reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore types, may cause mineral reserves to become uneconomic or SpinCo to be unprofitable in any particular reporting period. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require SpinCo to reduce its mineral reserves and resources, which could have a negative impact on SpinCo's financial results. Failure to adequately allocate resources at a pace equal to, or better than mine depletion will also impact the estimates. Failure to obtain or maintain necessary permits or government approvals, or revocation of or regulatory changes affecting necessary permits or government approvals, or environmental concerns could also cause SpinCo to reduce its mineral reserves. There is also no assurance that SpinCo will achieve indicated levels of gold recovery or obtain the prices for gold production assumed in determining the amount of such reserves. Anticipated levels of production may be impacted by numerous factors, including, but not limited to, mining conditions, labour availability and relations, weather, seismic events, civil disturbances and supply shortages.

Advanced project development studies

SpinCo internally and/or along with third party specialists conducts advanced project development studies, including prefeasibility studies and feasibility studies to advance and demonstrate the economic viability of a project and to further refine the engineering designs, mine plans, ore body models, infrastructure and environmental requirements, capital and operating costs and financial models. The results of the advanced project development studies represent forward-looking information and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such information. Such information speaks only as of the date of the assessment report and is based on a number of assumptions which are believed to be valid as of that date, but which may prove to be incorrect in the future. Advanced project development studies are intended to provide an increased level of analysis versus preliminary economic assessments; however, they are still only estimated to a relatively wide confidence interval and there is no certainty that the projected economic and production results may be realized.

Life of mine plans

The life of mine estimates for each of the material properties of SpinCo are based on a number of factors and assumptions and may prove to be incorrect. In addition, life of mine plans, by design, may have declining grade profiles and increasing rock hardness over time and mine life could be shortened if SpinCo increases production, experiences increased production costs or if the price of gold declines significantly. Reserves at operating sites can be replaced by upgrading existing resources to mineral reserves generally by the completion of additional drilling and/or development to improve the estimate confidence and by demonstrating their economic viability, by expanding known deposits, by locating new deposits, or by making acquisitions. Substantial expenditures are required to delineate resources and ultimately establish proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by resource conversions, expansions, discoveries, or acquisitions.

Titles

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral deposits may be disputed. Although SpinCo believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims on underlying portions of SpinCo's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, SpinCo may be unable to operate its properties as permitted or to enforce its rights in respect of its properties. Moreover, where SpinCo's interest in a property is less than 100%, or a third party holds a form of profit sharing interest, SpinCo's entitlement to, and obligations in respect of, the property are subject to the terms of the agreement relating to that property, or in the absence of an agreement subject to provincial or federal laws and regulations, which in certain circumstances may be the subject of differing interpretations between the parties.

Permitting

Mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to SpinCo in a timely manner, or at all, or, if they are issued, that they will be renewed, or that SpinCo will be in a position to comply with or can afford to comply with all conditions that may be imposed.

Government regulations

SpinCo's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, and local governments in the jurisdictions in which SpinCo operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. New laws, regulations or taxes, amendments to current laws, regulations or taxes governing operations and activities of mining corporations or more stringent implementation or interpretation thereof could have a material adverse impact on SpinCo, cause a reduction in levels of production and delay or prevent the development of new mining properties.

The Canadian mining industry is subject to federal and provincial environmental protection legislation. This legislation sets high standards on the mining industry in order to reduce or eliminate the effects of waste generated by extraction and processing operations and subsequently emitted into the air or water. Consequently, drilling, refining, extracting and milling are all subject to the restrictions imposed by such legislation. In addition, the construction and commercial operation of a mine typically entail compliance with applicable environmental legislation and review processes, as well as the obtaining of permits, particularly for the use of the land, permits for the use of water, and similar authorizations from various governmental bodies. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating and closing mines and other facilities.

All of SpinCo's operations are subject to reclamation, site restoration and closure requirements. Costs related to ongoing site restoration programs are expensed when incurred. SpinCo calculates its estimates of the ultimate reclamation liability based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its operating mine sites. It is possible that SpinCo's estimates of its ultimate reclamation liability could change as a result of possible changes in laws and regulations and changes in cost estimates.

Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may become subject to civil or criminal fines or penalties for violations of applicable laws or regulations.

New or expanded environmental regulations, if adopted, or more stringent enforcement of existing laws and regulations, could affect SpinCo's projects or otherwise have a Material Adverse Effect on its operations. As a result, expenditures on any and all projects, actual production quantities and rates and cash operating costs, among other things, may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs, and estimated production dates may be delayed materially, in each case. Any such event would materially and adversely affect SpinCo's business, financial condition, results of operations and cash flows.

Key personnel

Production at SpinCo's mines and mine projects will be dependent on the efforts of SpinCo's employees and contractors. Changes in the relationship between SpinCo and its employees or contractors may have a Material Adverse Effect on SpinCo's business, results of operations and financial condition.

SpinCo will be also dependent upon key management personnel. The loss of the services of one or more of such key management personnel could have a Material Adverse Effect on SpinCo. SpinCo's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. SpinCo faces significant competition for qualified personnel and SpinCo may not be able to attract and retain such personnel.

Competition

The mining industry is intensely competitive, and SpinCo will be in competition with other mining corporations for the acquisition of interests in precious and other metal or mineral mining properties which are in limited supply. In the pursuit of such acquisition opportunities, SpinCo will compete with other Canadian and foreign companies that may have substantially greater financial and other resources. As a

result of this competition, SpinCo may be unable to maintain or acquire attractive mining properties on acceptable terms, or at all.

On a regular basis, SpinCo will evaluate potential acquisitions of mining properties and/or interests in other mining corporations, which may entail certain risks.

Consistent with its growth strategy, SpinCo will evaluate the potential acquisition of advanced exploration, development and production assets on a regular basis. From time to time, SpinCo may also acquire securities of or other interests in corporations with whom SpinCo may complete acquisition or other transactions. These transactions involve inherent risks, including, without limitation:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of key employees or the key employees of any business SpinCo acquires;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, corporations or securities.

Any one or more of these factors or other risks could cause SpinCo not to realize the benefits anticipated to result from the acquisition of properties or corporations, and could have a Material Adverse Effect on SpinCo's ability to grow and, consequently, on SpinCo's financial condition and results of operations.

SpinCo will seek acquisition opportunities consistent with its acquisition and growth strategy, however, it may not be able to identify additional suitable acquisition candidates available for sale at reasonable prices, to consummate any acquisition, or to integrate any acquired business into its operations successfully. Acquisitions may involve a number of special risks, circumstances or legal liabilities, some or all of which could have a Material Adverse Effect on SpinCo's business, results of operations and financial condition. In addition, to acquire properties and corporations, SpinCo could use available cash, incur debt, issue SpinCo Shares or other securities, or a combination of any one or more of these. This could limit SpinCo's flexibility to raise additional capital, to operate, explore and develop its properties and to make additional acquisitions, and could further dilute and decrease the trading price of the SpinCo Shares. When evaluating an acquisition opportunity, SpinCo cannot be certain that it will have correctly identified and managed the risks and costs inherent in the business that it is acquiring.

At any given time, discussions and activities can be in the process on a number of initiatives, each at different stages of development. Potential transactions may not be successfully completed, and, if completed, the business acquired may not be successfully integrated into SpinCo's operations. If SpinCo fails to manage its acquisition and growth strategy successfully, it could have a Material Adverse Effect on its business, results of operations and financial condition.

Additional Capital

SpinCo plans to focus on exploring for minerals and will use its working capital to carry out such exploration. However, the development and exploration of SpinCo's properties may require substantial additional financing. Further exploration and development of the Lavras do Sul Project and/or SpinCo's other properties may be dependent upon its ability to obtain financing through equity or debt, and there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such

financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of SpinCo's projects.

IT systems security

SpinCo may be exposed to pilferage of private and sensitive data to deliberate cyber attacks or inadvertent loss of media, such as loss of laptops, phones, etc. in public places. Furthermore, unauthorized access to confidential information would have a negative effect on SpinCo's reputation, business, prospects, results of operations and financial condition. The systems that are in place may not be enough to guard against loss of data due to the rapidly evolving cyber threats. SpinCo may be required to increasingly invest in better systems, software, and use of consultants to periodically review and adequately adapt and respond to dynamic cyber risks.

Asset valuation

SpinCo tests the valuation of its property, plant and equipment and exploration and evaluation assets when indications of potential impairment or reversal of a previously recognized impairment are identified.

Management's assumptions and estimates of future cash flows are subject to risks and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of SpinCo's control. Therefore, it is reasonably possible that changes could occur with evolving economic and market conditions, which may affect the fair value of SpinCo's property, plant and equipment and exploration and evaluation assets resulting in either an impairment charge or reversal of impairment.

If SpinCo fails to achieve its valuation assumptions or if any of its property, plant and equipment, exploration and evaluation assets or cash generating units have experienced a decline in fair value, an impairment charge may be required to be recorded, causing a reduction in SpinCo's earnings.

Conversely, if there are observable indicators that any of its property, plant and equipment, exploration and evaluation assets or cash generating units have experienced an increase in fair value, a reversal of a prior impairment may be required to be recorded, causing an increase in SpinCo's earnings.

Financial Risks

Stock price volatility

The market price of SpinCo Shares may fluctuate due to a variety of factors relating to SpinCo's business, including the announcement of expanded exploration, development and production activities by SpinCo and its competitors, gold price volatility, exchange rate fluctuations, consolidations, dispositions, acquisitions and financing, changes or restatements in the amount of SpinCo's mineral resources, fluctuations in SpinCo's operating results, sales of SpinCo Shares in the marketplace, failure to meet analysts' expectations, changes in quarterly revenue or earnings estimates made by the investment community, speculation in the press or investment community about SpinCo's strategic position, results of operations, business or significant transactions and general conditions in the mining industry or the worldwide economy. In addition, wide price swings are currently common in the markets on which SpinCo's securities trade. This volatility may adversely affect the prices of SpinCo Shares regardless of SpinCo's operating performance. The market price of SpinCo Shares may experience significant fluctuations in the future, including fluctuations that are unrelated to SpinCo's performance. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. SpinCo may

in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

No assurance of listing of SpinCo Shares

The SpinCo Shares are not currently listed on any stock exchange. Although an application has been made to the TSXV for listing of the SpinCo Shares on the TSXV, there is no assurance when, or if, the SpinCo Shares will be listed on the TSXV or on any other stock exchange. Until the SpinCo Shares are listed on a stock exchange, shareholders of SpinCo may not be able to sell their SpinCo Shares. Even if a listing is obtained, ownership of SpinCo Shares will entail a high degree of risk.

Lack of funding to satisfy contractual obligations

SpinCo may in the future enter into partnerships or joint ventures in order to fully exploit the exploration and production potential of its exploration assets. SpinCo may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and SpinCo may have its property interests subject to such agreements reduced as a result or even face termination of such agreements.

Stock dilution

Issuance of a substantial number of SpinCo Shares by SpinCo, for example, in connection with a potential acquisition or to raise additional capital for operations, or to reduce indebtedness, or pursuant to existing agreements, or the availability of a large number of SpinCo Shares that may be available for sale, could adversely affect the prevailing market prices for the outstanding SpinCo Shares. A decline in the market price of the outstanding SpinCo Shares could impair SpinCo's ability to raise additional capital through the issuance of securities should SpinCo desire to do so.

Credit and capital markets

SpinCo may require funds for exploration and development of SpinCo's Properties and continuing exploration projects that may require substantial capital expenditures. In addition, a portion of SpinCo's activities may be directed to the search and exploration for new mineral deposits and their development. The availability of this capital is subject to general economic conditions and lender and investor interest in SpinCo and its projects. SpinCo may be required to seek a continuation of the current financial arrangements with its lenders and/or seek additional financing to maintain its capital expenditures at planned levels. Financing may not be available when needed or, if available, may not be available on terms acceptable to SpinCo or SpinCo may be unable to find a partner for financing. Failure to obtain any financing necessary for SpinCo's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of SpinCo's Properties. In addition, there can be no certainty that SpinCo may be able to renew or replace its current credit facility or debt financing on similar or favourable terms to SpinCo prior to, or upon, its maturity.

Dividends

SpinCo has no current plans to pay dividends on its SpinCo Shares. In the future, the SpinCo Board may declare dividends according to its assessment of the financial position of SpinCo, taking into account its financing requirements for future growth and other factors that the SpinCo Board may deem relevant in the circumstances.

Indemnified liability risk

Pursuant to the Arrangement Agreement, SpinCo has covenanted and agreed that, following the Effective Time, it will indemnify each Indemnified Party from all losses suffered or incurred by an Indemnified Party as a result of or arising directly or indirectly out of or in connection with any Indemnified Liability (as such term is defined in the Arrangement Agreement), which includes:

(a) a liability or obligation (other than any liability or obligation for Taxes) that, following the Effective Time, (i) Amarillo is legally or contractually obliged to pay but which was incurred or accrued prior to the Effective Time in respect (but only in respect) of the SpinCo Assets (including the operations or activities in connection therewith);

(b) any liability or obligation for Tax which is payable to any Governmental Authority arising from, or in connection with: (i) the transaction contemplated under the SpinCo Conveyance Agreement, including the transfer of the SpinCo Assets to, or the assumption of the SpinCo Liabilities by, SpinCo or any subsidiary of SpinCo on or prior to the Effective Date; (ii) any transfer or distribution of the SpinCo Assets that is completed in connection with the transaction referred to in (i) above; or

(c) any liability or obligation for Tax, which is payable but not yet paid or reflected in the reserves in the Amarillo Annual Financial Statements, to any Governmental Authority and is imposed on, or is in respect of, the SpinCo Assets and/or the SpinCo Liabilities, for or in respect of any taxable period (or portion thereof) ending on or prior to the Effective Date, in each case, only to the extent that such Tax is payable after Amarillo has claimed the maximum amount of all credits, deductions, and other amounts available to it (including any loss carry forwards) for its respective taxation year that includes the transfer of SpinCo Assets to SpinCo; or

(d) any liability or obligation for Tax, which is payable but not yet paid or reflected in the reserves in the Amarillo Annual Financial Statements, to any Governmental Authority in respect of the issuance of any "flow-through shares" (as defined in subsection 66(15) of the Tax Act) completed prior to the Effective Date.

SpinCo will remain liable under this indemnity for one year following the Effective Date, or until 30 days after the expiration of the relevant statutory limitation period in respect of claims for taxes. Because of SpinCo's limited financial resources, any requirement to indemnify under these provisions could have a Material Adverse Effect on the ability of SpinCo to carry out its business plan.

Litigation

SpinCo could be subject to litigation arising in the normal course of business and may be involved in legal disputes or matters with other parties, including governments and their agencies, regulators and members of SpinCo's own workforce, which may result in litigation. The causes of potential litigation cannot be known and may arise from, among other things, business activities, employment matters, including compensation issues, environmental, health and safety laws and regulations, tax matters, volatility in SpinCo's stock price, failure to comply with disclosure obligations or labour disruptions at its mine sites. Regulatory and government agencies may initiate investigations relating to the enforcement of applicable laws or regulations and SpinCo may incur expenses in defending them and be subject to fines or penalties in case of any violation, and could face damage to its reputation in the case of recurring workplace incidents resulting in an injury or fatality for which SpinCo is found responsible. The results and costs of litigation and

investigations cannot be predicted with certainty. If SpinCo is unable to resolve these disputes or matters favourably, this may have a material adverse impact on SpinCo's financial performance, cash flows and results of operations.

Bankruptcy, liquidation or reorganization

In the event of a bankruptcy, liquidation or reorganization of SpinCo, holders of certain of its indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of SpinCo before any assets are made available for distribution to the shareholders. The SpinCo Shares will be effectively subordinated to most of the other indebtedness and liabilities of SpinCo.

Taxes and tax audits

SpinCo is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest and penalties, which would negatively affect SpinCo's financial condition and operating results. Changes in tax rules and regulations or in the interpretation of tax rules and regulations by the courts or the tax authorities may also have a substantial negative impact on SpinCo's business.

Going concern and insolvency

SpinCo's financial statements will be prepared on a going concern basis, which assumes that SpinCo will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

Conflicts of interest

Some of the directors and officers of SpinCo will be engaged as directors or officers of other corporations involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. Any decision taken by these directors and officers and involving SpinCo will be in conformity with their duties and obligations to act fairly and in good faith with SpinCo and these other corporations. Moreover, these directors and officers will declare their interests and refrain from voting on any issue which could give rise to a conflict of interest.

Shareholder activism

Recently, there has been increased shareholder activism in the mining industry. Should an activist shareholder engage with SpinCo, it could cause disruption to its strategy, operations and leadership organization, resulting in a material unfavourable impact on the financial performance and longer-term value creation strategy of SpinCo.

Inadequate controls over financial reporting

NI 52-109 requires an annual assessment by management of the effectiveness of SpinCo's internal control over financial reporting. SpinCo's failure to satisfy the requirements of NI 52-109 on an ongoing and timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm SpinCo's business and negatively impact the trading price of its SpinCo Shares or market value of its other securities. In addition, any failure to implement required new or improved control(s), or difficulties encountered in their implementation could harm SpinCo's operating results or cause it to fail to meet its reporting obligations. No evaluation can provide complete assurance that SpinCo's internal control over financial reporting will detect or uncover all failures of persons within SpinCo to disclose material

information required to be reported. Accordingly, SpinCo's management does not expect that its internal control over financial reporting will prevent or detect all errors and all fraud. In addition, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that SpinCo continue to improve its internal control over financial reporting.

Public company obligations

As a publicly traded company, listed on the TSXV or a recognised stock exchange, SpinCo will be subject to numerous laws, including, without limitation, corporate, securities and environmental laws, compliance with which is both very time consuming and costly. The failure to comply with any of these laws, individually or in the aggregate, could have a Material Adverse Effect on SpinCo, which could cause a significant decline in SpinCo's stock price.

Furthermore, laws applicable to SpinCo constantly change and SpinCo's continued compliance with changing requirements is both very time consuming and costly. SpinCo's continued efforts to comply with numerous changing laws and adhere to a high standard of corporate governance will increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Sensitivity to general economic conditions

SpinCo's business will be influenced by a variety of economic and business conditions (including inflation, interest rates, exchange rates and access to debt and capital markets), as well as by monetary and regulatory policies. Deterioration in economic conditions increase in interest rates or a decrease in consumer demand and/or a decrease in investment demand, could have an adverse impact on SpinCo's financial performance and condition, cash flows and growth prospects.

COVID-19

SpinCo may be impacted by risks related to COVID-19, which could significantly disrupt its operations and may have a material and adverse effect on its business and financial conditions.

In December 2019, a new strain of coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the United States, and infections have been reported worldwide, resulting in a global pandemic. The extent to which COVID-19 will affect SpinCo's business, including its operations and the market for its securities, will depend on developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the epidemic and the measures taken to contain or treat the coronavirus epidemic. Consequently, the continued spread of COVID-19 worldwide could have a significant and adverse impact on SpinCo's business, including employee's health, labour productivity, flow-through share obligations, increased insurance premiums, availability of experts and industry personnel, restrictions on its drilling program and/or schedule for the processing of drill holes and other metallurgical tests and other factors that will depend on future developments beyond SpinCo's control, which could have a material and adverse effect on its business, financial condition and results of operations.

There can be no assurance that SpinCo's personnel will be affected by these pandemic diseases and ultimately experience reduced labour productivity or incur increased medical expenses/insurance premiums as a result of these health risks.

In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic slowdown that could adversely affect the demand for precious metals and SpinCo's future prospects.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

Certain directors and officers of Amarillo have certain interests in connection with the Arrangement. See "*The Arrangement*

– Interests of Certain Persons in the Arrangement – Executive Officers" of the Circular.

Since SpinCo's incorporation, no director, executive officer, or SpinCo Shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding SpinCo Shares, or any known associates or affiliates or such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect SpinCo other than Amarillo in connection with SpinCo's incorporation (see in this Appendix E, "*Corporate Structure and History*"), the entering into of the Arrangement Agreement (see in the Circular, "*The Arrangement*"), and the transfer of the SpinCo Assets to SpinCo in connection with the Arrangement (see in this Appendix E, "*Description of the Business*"). See also in this Appendix E, "*Material Contracts*" below.

The proposed directors and officers of SpinCo are also currently directors and officers of Amarillo. See in the Circular "*The Arrangement*".

MATERIAL CONTRACTS

The only material Contract entered into by SpinCo, other than in the ordinary course of business, since the date of incorporation of SpinCo or to be entered into in connection with the Arrangement is the SpinCo Contribution Agreement (see in this Appendix E, "*Description of the Business —Acquisition of the SpinCo Assets*").

A copy of the SpinCo Contribution Agreement will be available for inspection by Amarillo Shareholders at the head office of Amarillo at 82 Richmond Street East, Suite 201 Toronto, ON M5C 1P1 during normal business hours prior to the Meeting. Following completion of the Arrangement, the SpinCo Contribution Agreement will be filed electronically with regulators by SpinCo and will be available for public viewing under SpinCo's profile on SEDAR at www.sedar.com.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of SpinCo are MNP LLP, Chartered Professional Accountants.

LEGAL MATTERS

There are no legal proceedings or regulatory actions involving SpinCo or its properties as at the date of the Circular, and SpinCo knows of no such proceedings or actions currently contemplated.

INTERESTS OF EXPERTS

Volodymyr Myadzel of VMG Consultoria, Belo Horizonte, Minas Gerais, Brazil, and Frank Richard Baker of Baker Mineração Limited, Belo Horizonte, Minas Gerais, Brazil have acted as "qualified persons" within

the meaning of NI 43-101, on the Butiá Technical Report, with respect to the Butiá Prospect, which forms part of the Lavras do Sul Project, and with respect to the description of the Butiá Prospect in this Appendix E. To SpinCo's knowledge, each of the foregoing firms or persons beneficially owns, directly or indirectly, less than 1% of the issued and outstanding Amarillo Shares.

The technical and scientific information contained in this Appendix E, including in respect of the Butiá Prospect, which forms part of the Lavras do Sul Project, was reviewed and approved in accordance with NI 43-101 by Mike Durose of Durose Asset Management, Oakville, Ontario, Canada and a "Qualified Person" as defined in NI 43-101. To SpinCo's knowledge, Mike Durose beneficially owns, directly or indirectly, less than 1% of (i) the issued and outstanding Amarillo Shares; and (ii) the issued and outstanding SpinCo Shares.

As of the date of the Circular, MNP are the auditors of SpinCo and they are independent with respect to SpinCo within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada.

Certain legal matters relating to the Arrangement are to be passed upon Osler, Hoskin & Harcourt LLP and Irwin Lowy LLP on behalf of SpinCo. All Canadian tax related matters relating to the Arrangement have been passed upon by Osler, Hoskin & Harcourt LLP. Based on security holdings as of the date of the Circular, the partners and associates of Osler, Hoskin & Harcourt LLP and Irwin Lowy LLP will hold less than 1% of the SpinCo Shares on the Effective Date.

Other than as described above, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of SpinCo or of any associate or affiliate of SpinCo.

PROMOTER

Amarillo, the sole shareholder of SpinCo as at the date of this Circular, may be considered to be a promoter of SpinCo within the meaning of relevant Canadian securities legislation. As of the date hereof, Amarillo beneficially owns or exercises control or direction over one SpinCo Share, comprising 100% of all issued and outstanding SpinCo Shares as of the date hereof. Following completion of the Arrangement, the Initial SpinCo Share held by Amarillo will be cancelled without any payment therefor and Amarillo will be removed from the register of holders of SpinCo Shares. See in this Appendix E, "*Principal Shareholders of SpinCo".*

SCHEDULE I

SPINCO'S CARVE-OUT FINANCIAL STATEMENTS

See attached.

Lavras Gold Corp.

Audited Financial statements
From November 25, 2021 (date of incorporation) to December 31, 2021
(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholder of Lavras Gold Corp.:

Opinion

We have audited the financial statements of Lavras Gold Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in equity and cash flows for the period from November 25, 2021 (date of incorporation) to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and its cash flows for the period from November 25, 2021 to December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mississauga, Ontario

January XX, 2022

Chartered Professional Accountants

Licensed Public Accountants

Lavras Gold Corp.

Statement of Financial Position
As at December 31, 2021
(Expressed in Canadian dollars)

		As at Dec. 31, 2021
ASSETS		
Current assets		
Cash	$	1
Total assets	**$**	**1**
SHAREHOLDER'S EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$**	–
Total liabilities		–
Shareholder's equity		
Share capital (Note 5)		1
Deficit		–
Total shareholder's equity and liabilities	**$**	**1**

The accompanying notes are an integral part of these financial statements.

Subsequent event (Note 6)

Approved by the Board

/s/ Lawrence Lepard
Chair, Audit Committee

/s/ Rowland Uloth
Chair, Board of Directors

Lavras Gold Corp.

Statement of Cash Flow
From November 25, 2021 (date of incorporation) to December 31, 2021
(Expressed in Canadian dollars)

		Provided from November 25, 2021 (date of incorporation) to December 31, 2021
Financing activity		
Common share issued upon incorporation (Note 5)	**$**	**1**
Net cash provided by financing activity		**1**
Net change in cash		**1**
Cash, beginning of period		**–**
Cash, end of period	**$**	**1**

The accompanying notes are an integral part of these financial statements.

Lavras Gold Corp.

Statement of Change in Equity
From November 25, 2021 (date of incorporation) to December 31, 2021
(Expressed in Canadian dollars)

	Share Capital $	Deficit $	Total $
Incorporation share issued (Note 5)	1	–	1
Net loss for the period	–	–	–
Balance, December 31, 2021	1	–	1

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Lavras Gold Corp. was incorporated pursuant to the *Business Corporations Act* (British Columbia) on November 25, 2021 (the "Company"). The Company's head office is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, Canada M5C 1P1 with its registered office at 1055 West Hastings Street, Suite 1700, Vancouver, BC, Canada V6E 2E9.

The Company was incorporated for the sole purpose of participating in the Arrangement Agreement dated November 29, 2021 ("Arrangement") between the Company, Amarillo Gold Corporation ("Amarillo"), Hochschild Mining PLC ("Hochschild") and 1334940 B.C. Ltd. whereby certain assets and liabilities of Amarillo will be transferred to the Company as part of the Arrangement. The Company, which is a wholly owned subsidiary of Amarillo, has not carried on any active business other than in connection with the Arrangement.

The COVID-19 outbreak has been declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. The Company continues to operate under these conditions.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") which are relevant to the preparation of such a financial statement and are in effect as of December 31, 2021 and is presented in Canadian dollars,the Company's functional currency, on a historical cost basis. There were no activities other than the issuance of share capital, accordingly, no statements of earnings/loss have been presented.

The policies applied in these financial statements are based on IFRS issued and outstanding as of January 18, 2022, when the board of directors of the Company approved the statements.

3. ACCOUNTING POLICIES

Cash

Cash includes cash on hand.

Exploration and evaluation assets

The Company capitalizes all costs of acquiring, retaining, evaluating, and exploring resource properties or maintaining an interest in such properties. Such costs include, but are not limited to, geological consulting, drilling and related expenses, sampling, assay expenditures, geophysical studies, and other exploration costs directly related to the development of such properties. The Company expenses costs incurred before obtaining the legal rights to explore an area. It also writes off the accumulated capitalized costs relating to non-productive properties in which it abandons an interest.

The Company expects to amortize the capitalized costs in the future, over the estimated useful life of the producing properties, on a method relating recoverable reserve volumes to production volumes.

The Company reviews the recoverability of the carrying values of its resource properties and deferred evaluation and exploration expenditures at the end of each reporting period.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company's financial instruments include cash.

The Company's financial instruments are measured at fair value on initial recognition of the instrument plus any directly attributable transaction costs except for financial assets and liabilities at fair value through profit or loss ("FVTPL") whereby any directly attributable transaction costs are expensed as incurred. Subsequent measurement of financial instruments is based on their initial classification.

Financial assets at FVTPL are measured at fair value and changes in fair value would be recognized in net income. Cash is classified as FVTPL and is classified as Level 1. Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost.

4. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

i. to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future opportunities, and pursuit of acquisitions of exploration and evaluation assets; and
ii. to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of directors of the Company on an ongoing basis.

The Company considers its capital to be equity, comprising share capital and deficit, which at December 31, 2021 totaled $1.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its exploration and evaluation assets. Selected information is frequently provided to the board of directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

5. SHARE CAPITAL

Authorized share capital
An unlimited number of common shares without par value, voting and participating.

Issued
The Corporation was incorporated on November 25, 2021, issuing a single share for $1 per share.

	Shares #	Share capital $
Incorporation share issued, November 25, 2021	1	1
Balance, December 31, 2021	1	1

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6. SUBSEQUENT EVENT

Under the Arrangement, a holder of common shares in the capital of Amarillo (each, an "Amarillo Common Share") will receive, in exchange for each Amarillo Common Share, cash consideration of C$0.40 and one common share in the capital of the Company.

The Company is a newly formed entity that will own all of Amarillo's exploration assets in 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", plus approximately C$10 million of net cash. In addition, the Company will own a 2.0% net smelter revenue royalty on certain of Amarillo's exploration properties located outside of the current Posse resource and mine plan at Amarillo's Mara Rosa property in Goias state, Brazil.

Lavras Project Carve-out Financial Statements

As at September 30, 2021, and as at December 31, 2020, 2019 and 2018, and as at January 1, 2018; and for the nine months ended September 30, 2021 and 2020, and for the years ended December 31, 2020, 2019 and 2018
(Information as at September 30, 2021 and 2020, and for the nine-month periods then ended is unaudited)

Independent Auditor's Report

To the Directors of Amarillo Gold Corporation (“Amarillo”)

Opinion

We have audited the carve-out financial statements of Amarillo's Lavras Project (the "Lavras Project"), which comprise the carve-out statements of financial position as at December 31, 2020, December 31, 2019, December 31, 2018 and January 1, 2018 and the carve-out statements of loss and comprehensive loss, changes in net investment and cash flows for the years ended December 31, 2020, December 31, 2019, and December 31, 2018 and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the carve-out financial position of the Lavras Project as at December 31, 2020, December 31, 2019, December 31, 2018 and January 1, 2018, and its carve-out financial performance and its carve-out cash flows for the years ended December 31, 2020, December 31, 2019, and December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Carve-out Financial Statements section of our report. We are independent of the Lavras Project in accordance with the ethical requirements that are relevant to our audits of the carve-out financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the carve-out financial statements, which indicates that during the year ended December 31, 2020, the Lavras Project has not earned any revenues to date from its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Lavras Project’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the carve-out financial statements which describe the fact that the Lavras Project has not operated as a separate entity. These carve-out financial statements are, therefore, not necessarily indicative of results that would have occurred if the Lavras Project had been a separate stand-alone entity during the years presented or of the future results of the Lavras Project. Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

The comparative information as at September 30, 2021 and for the nine months ended September 30, 2021 and September 30, 2020 is unaudited.

Responsibilities of Management and Those Charged with Governance for the Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Lavras Project’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Lavras Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Lavras Project’s financial reporting process.

Auditor's Responsibilities for the Audit of the Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lavras Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Lavras Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Lavras Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

January 18, 2022

Licensed Public Accountants

Lavras Project
Carve-out Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	September 30, 2021 (unaudited) $	December 31, 2020 (audited) $	December 31, 2019 (audited) $	December 31, 2018 (audited) $	January 1, 2018 (audited) $
Current assets		•	•	•	•	•
Cash and cash equivalents		377,832	334,626	117,933	31,187	165
Prepaids and deposits		16,903	11,460	2,366	2,603	1,591
		394,735	**346,086**	**120,299**	**33,790**	**1,756**
Non-current assets			•	•	•	•
Resource properties and deferred exploration expenditures	4	18,667,572	17,219,988	16,132,985	15,701,289	15,233,633
Other assets		10,438	10,591	5,504	6,344	3,884
Total assets		**19,072,745**	**17,576,665**	**16,258,787**	**15,741,423**	**15,239,273**
Liabilities and net investment		•	•	•	•	•
Current liabilities						
Accounts payables and accrued liabilities		**305,908**	**108,201**	**79,817**	**83,464**	**47,218**
Net investment		•	•	•	•	•
Net investment in assets		**18,766,837**	**17,468,464**	**16,178,970**	**15,657,959**	**15,192,055**
Total liabilities and net investment		**19,072,745**	**17,576,665**	**16,258,787**	**15,741,423**	**15,239,273**

The accompanying notes are an integral part of these carve-out financial statements.

Business activities and going concern (Note 1).

Approved by the Board

/s/O/S Lawrence Lepard
Chair
Audit Committee

/s/ O/S Rowland Uloth
Chair
Board of Directors

Lavras Project
Carve-out Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Nine months ended September 30, 2021 (unaudited) $	Nine months ended September 30, 2020 (unaudited) $	Year ended December 31, 2020 (audited) $	Year ended December 31, 2019 (audited) $	Year ended December 31, 2018 (audited) $
Expenses (income)		•	•	•	•	•
Consulting		65,790	10,645	9,977	3,148	6,347
Salaries and benefits		58,759	41,904	53,726	31,628	21,973
General and administrative		26,594	10,660	16,161	5,289	8,296
Foreign exchange (gain) loss		20,695	(6,401)	(23,848)	17,038	(15,867)
Interest income		(8,008)	-	-	-	-
Interest and finance charges		566	263	211	916	1,454
		164,396	**57,071**	**56,227**	**58,019**	**22,203**
Loss before income tax		**(164,396)**	**(57,071)**	**(56,227)**	**(58,019)**	**(22,203)**
Deferred tax (expense) recovery		-	-	-	-	-
Total loss and comprehensive loss		**(164,396)**	**(57,071)**	**(56,227)**	**(58,019)**	**(22,203)**

The accompanying notes are an integral part of these carve-out financial statements.

Lavras Project
Carve-out Statements of Changes in Net Investment
(Expressed in Canadian dollars)

	Net earnings (loss) $	Equity in net assets $	Total equity in net assets $
Balance as at January 1, 2018	**(470,066)**	**15,662,121**	**15,192,055**
Contributions	–	488,107	488,107
Net loss and comprehensive loss	(22,203)	–	(22,203)
Balance as at December 31, 2018	**(492,269)**	**16,150,228**	**15,657,959**
Contributions	–	579,030	579,030
Net loss and comprehensive loss	(58,019)	–	(58,019)
Balance as at December 31, 2019	**(550,288)**	**16,729,258**	**16,178,970**
Contributions	–	933,122	933,122
Net loss and comprehensive loss	(57,071)	–	(57,071))
Balance as at September 30, 2020 (unaudited)	**(607,359)**	**17,662,380**	**17,055,021**
Contributions	–	412,599	412,599
Net earnings and comprehensive earnings	844	–	844
Balance as at December 31, 2020	**(606,515)**	**18,074,979**	**17,468,464**
Contributions	–	1,462,769	1,462,769
Net loss and comprehensive loss	(164,396)	–	(164,396)
Balance as at September 30, 2021 (unaudited)	**(770,911)**	**19,537,748**	**18,766,837**

The accompanying notes are an integral part of these carve-out financial statements.

Lavras Project
Carve-out Statements of Cash Flow
(Expressed in Canadian dollars)

	Notes	Nine months ended September 30, 2021 (unaudited) $	Nine months ended September 30, 2020 (unaudited) $	Year ended December 31, 2020 (audited) $	Year ended December 31, 2019 (audited) $	Year ended December 31, 2018 (audited) $
Operating activities		•	•	•	•	•
Net loss		(164,396)	(57,071)	(56,227)	(58,019)	(22,203)
Prepaids and deposits		(5,443)	(4,342)	(9,094)	238	(1,012)
Accounts payable and accrued liabilities		197,708	(13,198)	28,383	(3,647)	36,245
Net cash used in operating activities		**27,869**	**(74,611)**	**(36,938)**	**(61,428)**	**13,030**
Investing activities		•	•	•	•	•
Resource properties and deferred exploration expenditures		(1,447,584)	(837,594)	(1,087,003)	(431,696)	(467,655)
Other assets		152	(4,992)	(5,087)	840	(2,460)
Net cash used in investing activities		**(1,447,432)**	**(842,586)**	**(1,092,090)**	**(430,856)**	**(470,115)**
Financing activities						
Net contributions		**1,462,769**	**933,122**	**1,345,721**	**579,030**	**488,107**
Net change in cash and cash equivalents		43,206	15,925	216,693	86,746	31,022
Cash and cash equivalents, beginning of period		334,626	117,933	117,933	31,187	165
Cash and cash equivalents, end of period		**377,832**	**133,858**	**334,626**	**117,933**	**31,187**

The accompanying notes are an integral part of these carve-out financial statements.

1. BUSINESS ACTIVITIES AND GOING CONCERN

On November 29, 2021, Amarillo Gold Corporation ("**Amarillo**"), Hochschild Mining Plc ("**Hochschild**"), Lavras Gold Corp. and 1334940 B.C. Ltd. entered into an arrangement agreement (the "**Arrangement Agreement**"), pursuant to which the parties have agreed to complete an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia). In accordance with the Arrangement Agreement, on completion of the Arrangement, Hochschild will acquire all of the outstanding common shares of Amarillo, thereby indirectly acquiring Amarillo's Mara Rosa property in Goias state, Brazil, on which its Posse Gold Project and planned Posse mine are located.

Under the Arrangement, holders of common shares in the capital of Amarillo (each, an "**Amarillo Common Share**") will receive, in exchange for each Amarillo Common Share held, cash consideration of $0.40 and one common share in the capital of Lavras Gold Corp. ("**Lavras SpinCo**"), a newly formed company, which will hold the assets and liabilities that will not be sold to Hochschild.

Following the completion of the Arrangement, Lavras SpinCo will own the business comprised of the Lavras do Sul gold project (the "**Lavras Project**" or the "**Company**") in southern Brazil in the state of Rio Grande do Sul, and certain other assets (collectively, the "**Carve-out Assets**"), including (a) $10,000,000 of cash, less (i) any cash amounts held by LDS Mineração do Brasil Ltda. ("**LDS**") at the effective time of the Arrangement, and (ii) any amounts spent on exploration related to the Lavras Project that are in excess of the amounts allocated for such expenditures in the Company's budget agreed with Hochschild, and (b) a 2.0% net smelter revenue royalty on certain of Amarillo's exploration properties located outside of Amarillo's current Posse resource and mine plan at Amarillo's Mara Rosa property, in each case, pursuant to the terms of the Arrangement.

Management is not aware of any cases of the novel strain of coronavirus known as Covid-19 among its personnel and the outbreak has not had a significant impact on operations to date. Management has an appropriate response plan in place, and will continue to monitor and assess ongoing developments and respond accordingly. However, the Company's business could be adversely impacted by the effects of Covid-19 or other pandemics.

The Company has not earned any revenue to date from its operations. It is in the process of exploring and developing its resource properties.

The recoverability of the properties' carrying values and of the related deferred evaluation and exploration expenditures depends on:

- discovering economically recoverable reserves;
- maintaining the Company's interest in the underlying mineral claims;
- the Company's ability to obtain necessary financing to complete their development; and
- establishing profitable production in the future or selling the properties for sufficient proceeds.

The Company's management has been able to source financing for its projects, and while it has been successful in doing so in the past, no assurance exists that it will be able to do so in the future.

These Carve-out Financial Statements have been prepared on the assumption that the Company will continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue to do so is dependent on its ability to obtain financing and to attain profitable operations. There are no assurances that the Company will successfully achieve these goals.

These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and ultimately on the appropriateness of using accounting principles applicable to a going concern. These Carve-out Financial Statements do not give effect to any adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

The Lavras Project is currently operated by Amarillo directly and through its 99.99% owned subsidiary, LDS and not as a standalone company. In connection with the Arrangement, all of the Carve-out Assets will be transferred to Lavras SpinCo or LDS (to the extent not currently held by LDS), to the effect that, upon completion of the Arrangement, Lavras SpinCo will hold 99.99% of the equity of LDS and own directly or indirectly through LDS, all of the Carve-out Assets. Accordingly, these Carve-out Financial Statements comprise the historical activities of Amarillo's business comprised of the Lavras Project, derived from Amarillo's historical accounting records and are presented on a carve-out basis.

The audited Carve-out Financial Statements as at December 31, 2020, 2019, 2018 and January 1, 2018 and for the years then ended have been prepared by Amarillo's management in accordance with International Financial Reporting Standards ("**IFRS**"). The interim Carve-out Financial Statements as at September 30, 2021 and 2020, and for the nine month periods then ended have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("**IAS 34**").

These Carve-out Financial Statements have been approved by Amarillo's board of directors on January 18, 2022.

These Carve-out Financial Statements include the Lavras Project's interests in the Carve-out Assets and include allocations of certain transactions and balances. Management has allocated certain corporate functions including costs related to administrative expenses and salaries directly related to the business comprised of the Lavras Project. Estimated corporate expenses related to the Lavras Project's operations were allocated based on estimated activity levels compared to Amarillo's consolidated financial statements.

The Carve-out Financial Statements have been derived from the accounting records of Amarillo, and should be read in conjunction with Amarillo's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2020, 2019, 2018 and as at January 1, 2018.

The preparation of Carve-out Financial Statements requires the use of significant judgments made by management in the allocation of reported amounts related to the Carve-out Assets. Management believes the allocation assumptions applied in the Carve-out Financial Statements to be a reasonable reflection of the utilization of services provided by Amarillo. However, different allocation assumptions could have resulted in different outcomes. The allocations are therefore not necessarily representative of the financial position, financial performance or cash flows that would have been reported if the Lavras Project operated on its own or as an entity independent from Amarillo during the periods presented.

Management believes the basis of preparation described above results in the Carve-out Financial Statements reflecting the assets and liabilities associated with the proposed spin-out of the Carve-out Assets and reflects costs associated with the functions that would be necessary to operate independently. However, as the Lavras Project did not operate as a stand-alone entity during the periods presented, the Carve-out Financial Statements may not be indicative of the Lavras Project's future performance.

A deferred income tax asset has not been recorded in the Lavras Project assets as the assets do not have a history of earnings; therefore, no assurance can be given that a deferred tax asset could be realized in the future.

Amarillo's direct and indirect ownership of the net assets is shown as a net investment in place of shareholders' equity because share capital of the Lavras Project did not exist at September 30, 2021 and December 31, 2020 and 2019, and as at January 1, 2018. All excess cash flows are assumed to be distributed to Amarillo and all cash flow deficiencies are assumed to be funded by Amarillo, through the net investment.

Carve-out Assumptions

The carve-out financial statements include 100% of all costs incurred by the Company with respect to the resource properties and deferred evaluation and exploration activities of the Lavras Project. See Note 3 for the accounting policy regarding the Resource Properties and Deferred Evaluation and Exploration Assets.

The Carve-out Financial Statements include a portion of corporate overhead from the consolidated financial statements of Amarillo as it is assumed that in order to operate the Lavras Project on a stand-alone basis, corporate salaries and administrative costs would be incurred as part of the on-going operations.

Corporate overhead costs were allocated from Amarillo on the following basis:

- 40% of the corporate salaries and administrative expenditures in each reporting period were allocated to all of Amarillo's Brazil projects including the Lavras Project. Of these amounts, an allocation was made between the Lavras Project and Amarillo's Mara Rosa Project pro rata based on the relative amounts of exploration expenditures incurred on these respective projects.

3. SIGNIFICANT ACCOUNTING POLICIES

These Carve-out Financial Statements have been prepared by Amarillo's management in accordance with IFRS, as adopted by the International Accounting Standards Board ("**IASB**"). The following describes the significant accounting policies applicable to these Carve-out Financial Statements.

Use of Judgments, Estimates and Assumptions

Preparing financial statements in conformity with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Items affected by significant estimates include, but are not limited to income taxes, and the estimated net realizable value of the resource properties and deferred evaluation and exploration expenditures. In this case, actual results could differ from the estimates used.

The impacts of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to the following:

- *The recoverability of resource properties and deferred exploration expenditures*
  The recoverability of resource properties is uncertain because of the estimates and judgments like forecasts of metal prices, operating costs, capital costs, and income taxes among numerous other valuation inputs, discount rates, comparability of the Company's properties to those of other market participants and the selection of market-participant assumptions used in the determination of fair value.

- *Income taxes*
  Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The adequacy of these provisions is reviewed at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

- *Provisions and contingent liabilities*
  Judgments are made as to whether a past event has led to a liability that should be recognized in the Carve-out Financial Statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

Foreign currency translation
The operations of the Carve-out Assets of the Lavras Project are presented in the currency of the primary economic environment in which the Carve-out Assets are operated (its functional currency), which is Canadian dollars for Canadian operations and Brazilian Reals for Brazilian operations.

In preparing financial statements of the Carve-out Assets, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting period date. Non-monetary assets, liabilities, revenues and expenses are translated at transaction date exchange rates. Exchange gains or losses are included in the determination of net income as foreign exchange gains or losses.

For the purpose of presenting Carve-out Financial Statements, the assets and liabilities of the Brazilian operations, with the Brazilian Real as their functional currency, are expressed in Canadian dollars using exchange rates prevailing at the reporting period date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in net investment.

Classifying and measuring financial instruments
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques using either direct observable inputs (i.e., prices) or indirect observable inputs (i.e., derived from prices) for the asset or liability, other than the quoted prices in Level 1.
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents
Cash and cash equivalents in the carve-out statements of financial position comprise cash at banks. Cash is invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand. There is no investment in any asset-backed deposits/investments.

Resource properties and deferred evaluation and exploration expenditures
All costs of acquiring, retaining, evaluating, and exploring resource properties or maintaining an interest in such properties are capitalized. Such costs include, but are not limited to, geological consulting, drilling and related expenses, sampling, assay expenditures, geophysical studies, and other exploration costs directly related to the development of such properties. Costs incurred before obtaining the legal rights to explore an area are expensed. Accumulated capitalized costs relating to non-productive properties in which it abandons an interest are written off.

Capitalized costs will be amortized in the future, over the estimated useful life of the producing properties, on a method relating recoverable reserve volumes to production volumes. The current carrying amount, based on capitalized costs, does not necessarily reflect present or future fair values.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability of to obtain financing to complete the development of the properties, and on future production or proceeds of disposition.

The recoverability of the carrying values of its resource properties and deferred evaluation and exploration expenditures is reviewed at the end of each reporting period. Since properties are in the exploration stage, it has not yet been conclusively determined whether the properties have economically recoverable reserves.

Impairment of long-lived assets
At the end of each reporting period, the carrying amounts of its equipment and finite life intangible assets, including deferred evaluation and exploration expenditures, is reviewed to determine whether any indication exists that any of those assets have suffered an impairment loss. If there is an indication, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any).

Where it is not possible to estimate an individual asset's recoverable amount, the recoverable amount of the cash-generating unit that the asset belongs to is estimated.

Where a reasonable and consistent basis of allocation can be identified, corporate assets is allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

When an asset or cash-generating unit's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the asset or unit's carrying amount is increased to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have existed if no impairment loss had been recognized in prior years. A reversal of an impairment loss is immediately recognized in profit or loss.

Provisions including asset retirement obligations
A provision is recognized when there has a present obligation (legal or constructive) as a result of a past event, it is probable it will be required to settle the obligation, and a reliable estimate of its amount can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the surrounding risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows, calculated using a pre-tax discount rate reflecting the risks specific to the liability. The liability is adjusted at the end of each reporting period for the unwinding of the discount rate and for changes to the discount rate or to the amount or timing of the estimated cash flows underlying the obligation.

In particular, as a result of exploring, developing, and operating mineral properties, legal or constructive obligations may result in asset retirement or site restoration costs. These obligations are measured at the best estimate of their net present value and which are capitalized cost to the related asset's carrying amount.

Income taxes
Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the Carve-out Financial Statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expensed to apply when the deferred tax asset or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per Share
The current structure is not indicative of its prospective capital structure since no direct ownership relationship existed over the Carve-out Assets. Accordingly, historical loss per share have not been presented in the Carve-out Financial Statements.

Segmented Operations
All non-current assets are located in in Brazil. The Company does not hold any non-current assets in Canada.

4. RESOURCE PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	September 30, 2021 (unaudited) $	December 31, 2020 (audited) $	December 31, 2019 (audited) $	December 31, 2018 (audited) $
Resource properties				
Balance, beginning and end of period/year	**2,968,088**	**2,968,088**	**2,968,088**	**2,968,088**
Deferred evaluation and exploration expenditures				
Balance, beginning of period/year	**14,251,900**	**13,164,897**	**12,733,201**	**12,265,545**
Expenditures during the period/year				
Engineering and consulting	140,712	188,573	69,135	32,883
Drilling and related costs	901,551	347,651	–	–
Assays and metallurgy	13,345	97,388	6,423	20,298
Aeromagnetic survey	–	–	67,751	85,000
Exploration	110,483	144,297	8,751	11,665
Transportation	11,949	12,919	7,105	10,846
Concession taxes	14,086	13,598	12,763	23,650
Travel	5,603	989	8,684	20,148
Depreciation	–	408	–	–
Salaries	113,890	144,384	189,925	187,021
Other evaluation and exploration expenses	135,965	136,796	61,159	76,145
	1,447,584	**1,087,003**	**431,696**	**467,656**
Balance, end of period/year	**15,699,484**	**14,251,900**	**13,164,897**	**12,733,201**
Total	**18,667,572**	**17,219,988**	**16,132,985**	**15,701,289**

Lavras do Sul Property

Rio Tinto Agreement

The Company acquired an option on the gold project in southern Brazil in the state of Rio Grande do Sul near to the town of Lavras do Sul (the "Lavras Project") from Rio Tinto Desenvolvimentos Ltda. ("Rio Tinto") in October 2006.

The Lavras Project area covers 220 square kilometres and is in the state of Rio Grande do Sul, approximately 320 kilometres by paved road southwest of the state capital Porto Alegre.

Amarillo's requirements under the option terms were to:
- pay US$1,265,000 through various instalments up to January 31, 2008, to acquire an initial 60% interest in the property – these payments were made;
- issue 2,000,000 warrants exercisable at $0.50 to Rio Tinto within 60 days of signing the final agreement – these warrants were issued and expired on January 22, 2010; and
- spend US$2,550,000 by January 31, 2008 exploring the property – spent.

Having met these terms, Amarillo can form a joint venture with the underlying owners. If the underlying owners elect not to contribute, then Amarillo will earn a 100% interest in the property and pay a 1.5% net smelter royalty ("NSR") on production. Amarillo has not entered into a joint venture, but continue to negotiate this agreement with prospective partners. Amarillo may withdraw from this agreement at any time by giving 30 days written notice.

If Amarillo forms a joint venture with the underlying owners as set out in the option agreement, Amarillo must also make the following payments to Rio Tinto:

- US$1,806,000 upon receipt of the Installation License covering the Lavras Project, and
- pay a 0.5% NSR on production from the Lavras Project.

IAMGOLD Agreement

On May 23, 2008, a Heads of Agreement (the "HOA") was signed between IAMGOLD Corporation ("IAMGOLD") and Amarillo. The HOA gave Amarillo the right to acquire up to 80% interest in eight license areas with a cumulative net area of approximately 7,000 hectares that are contiguous to the Lavras Project. Amarillo met its commitments in the HOA earning a 51% interest in the license areas.

On May 28, 2021, Amarillo agreed to purchase the four of the remaining license areas covered by the HOA (the "Property"), with a cumulative area of approximately 5,660 hectares, and the HOA, with its underlying terms and conditions, was terminated upon this agreement.

The purchase price payable by Amarillo is a maximum of US$700,000 payable in tranches upon attaining certain milestones up to commercial production on the Property. In addition, Amarillo agreed to grant to IAMGOLD a 3.0% NSR on the Property. Amarillo may elect to purchase from IAMGOLD 1.0% of the NSR for US$1,000,000 at any time prior to the commencement of commercial production on the Property.

5. RELATED PARTY TRANSACTIONS

Transactions with Amarillo

These Carve-out Financial Statements include transactions with Amarillo and its subsidiary that are outside of the Lavras Project activities. Amarillo is a related party as it controlled the Lavras Project activities during the periods presented. The most significant related party transactions are described below.

	Nine months ended September 30, 2021 (unaudited) $	Nine months ended September 30, 2020 (unaudited) $	Year ended December 31, 2020 (audited) $	Year ended December 31, 2019 (audited) $	Year ended December 31, 2018 (audited) $
Allocation of corporate expenses included in salaries and benefits	55,812	39,075	50,366	20,628	20,190
Allocation of corporate expenses included in administration expenses	8,774	4,360	6,624	1,768	3,748
	64,586	**43,435**	**56,990**	**22,396**	**23,938**

6. DEFERRED INCOME TAXES

The following table reconciles the income tax expense (recovery) computed by applying the Brazilian statutory rate of 34% to the net loss before tax per the carve-out statements of comprehensive loss with the actual income tax expense (recovery) recorded:

	Nine months ended September 30, 2021 (unaudited) $	Nine months ended September 30, 2020 (unaudited) $	Year ended December 31, 2020 (audited) $	Year ended December 31, 2019 (audited) $	Year ended December 31, 2018 (audited) $
Net loss before income tax expense (recovery)	(164,396)	(57,071)	(56,227)	(58,019)	(22,203)
Expected income tax recovery	(55,895)	(19,404)	(19,117)	(19,726)	(7,549)
Non-deductible					
Unrecognized deferred tax assets	55,895	19,404	19,117	19,726	7,549
Deferred income tax expense (recovery)	–	–	–	–	–

A deferred tax asset was not recognized as it is not probable that sufficient future taxable income will be available to realize the asset and thus no asset is recognized on the statement of financial position.

7. CAPITAL RISK MANAGEMENT

The Company's capital management objective is to have sufficient capital to be able to pursue its exploration activities plan in order to ensure the growth of its assets. It also aims to have sufficient liquidity to finance its exploration expenses, investing activities and working capital requirements. The Company has financed its operations primarily from funding provided by Amarillo.

In order to maintain or adjust the capital structure, the Company may issue new capital instruments, obtain debt financing and acquire or sell mining properties to improve its financial performance and flexibility.

Access to financing depends on the economic situation and equity and credit market conditions. The Company has no dividend policy.

8. FINANCIAL RISK FACTORS

The Company's activities expose it to three key financial risks:
- credit risk;
- liquidity risk; and
- market risk, including interest rate, foreign rate, and gold price risk.

The Company's management team is responsible for managing these risks. It receives guidance from the Audit Committee under policies approved by the board of directors of the Company, which also provides regular guidance on overall risk management.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to make its payment obligations.

The Company's credit risk is primarily attributable to cash and cash equivalents, and accounts receivable. Credit risk on cash and cash equivalents is remote, as they are held with reputable financial institutions and closely monitored by management.

Management believes that the credit risk for financial instruments included in accounts receivable is remote. Most of the receivables are made up of taxes receivable, so no amount was applied to the expected credit losses.

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its short-term financial obligations.

The Company's goal in managing this risk is making sure it can meet its liabilities when they are due. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of the financing will be favourable (Note 1).

It is expected following the Arrangement that the Lavras Project will have approximately $10 million to meet its exploration commitments (as described in Note 1).

Market risk

Market risk is the risk of loss from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
The Company regularly monitors its cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as the Company's cash is relatively unaffected by changes in short-term interest rates and the interest rate.

(b) Foreign currency risk
The Company's functional currency is the Canadian dollar. It transacts major purchases in Canadian dollars and Brazilian Reals (BRL). It maintains a Brazilian Real-denominated bank account to fund exploration expenses with enough funds to support monthly forecasted cash outflows.

(c) Commodity price risk
Commodity price risk, specifically relating to the price of gold, could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years.

Gold price risk affects the completion of future equity transactions like equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

9. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30, 2021 (unaudited) $	December 31, 2020 (audited) $	December 31, 2019 (audited) $	December 31, 2018 (audited) $	Balance as at January 1, 2018 (audited) $
Financial assets					
Cash and cash equivalents	377,832	334,626	117,933	31,187	165
Financial liabilities					
Accounts payable and accrued liabilities	305,908	108,201	79,817	83,464	47,218

The fair value of cash and cash equivalents approximate their carrying amounts due to their short-term nature. The fair value of the accounts payable and accrued liabilities approximates their carrying values due to current market rates and consistency of credit spread.

As at September 30, 2021 and December 31, 2020, 2019, and 2018, cash and cash equivalents were measured at fair value and are classified within Level 1 of the fair value hierarchy.

SCHEDULE II

SPINCO'S UNAUDITED PRO FORMA FINANCIAL STATEMENTS

See attached.

Lavras Gold Corp. ("Spinco")
Unaudited Pro Forma Financial Statements

As at September 30, 2021 and for the period from January 1, 2021 to September 30, 2021 and the year ended December 31, 2020

(Expressed in Canadian Dollars)

Lavras Gold Corp. ("Spinco")

Unaudited Pro Forma Statement of Financial Position
As at September 30, 2021
(Expressed in Canadian dollars)

	Note	Lavras Gold Corp. (Spinco) As at December 31, 2021 $	Lavras Project Carve-out Financials As at September 30, 2021 $	Pro Forma Adjustments $	SpinCo Pro Forma Consolidated $
ASSETS					
Current assets					
Cash and cash equivalents	3A	1	377,832	10,000,000 (1)	10,377,832
Prepaids and deposits		–	16,903	–	16,903
Total current assets		**1**	**394,735**	**9,999,999**	**10,394,735**
Exploration and evaluation assets		–	18,667,572	–	18,667,572
Other assets		–	10,438	–	10,438
Total non-current assets		–	**18,678,010**	–	**18,678,010**
Total assets		**1**	**19,072,745**	**9,999,999**	**29,072,745**
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		–	305,908	–	305,908
Total liabilities		–	**305,908**	–	**305,908**
Share capital	3A,3C	1	–	28,766,837 (1)	28,766,837
Net investment in SpinCo Assets	3C	–	18,766,837	(18,766,837)	–
Total liabilities and equity		**1**	**19,072,745**	**9,999,999**	**29,072,745**

The accompanying notes are an integral part of these pro forma financial statements.

Lavras Gold Corp. ("Spinco")

Unaudited Pro Forma Statement of Operations
For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

	Note	Lavras Gold Corp. (Spinco) $	Lavras Project Carve-out Financials $	Pro Forma Adjustments $	Spinco Pro Forma Consolidated $
Expenses (income)					
Consulting		–	65,790	–	65,790
Salaries and benefits		–	58,759	–	58,759
General and administrative		–	26,594	–	26,594
Foreign exchange loss (gain)		–	20,695	–	20,695
Interest income		–	(8,008)	–	(8,008)
Interest and finance charges		–	566	–	566
Total expenses		–	**164,396**	**–**	**164,396**
Loss before income tax		–	**(164,396)**	**–**	**(164,396)**
Deferred tax (expense) recovery		–	–	–	–
Total loss and comprehensive loss		–	**(164,396)**	**–**	**(164,396)**
Pro forma common shares outstanding	3B				411,288,694
Loss per share – basic and diluted					(0.00)

The accompanying notes are an integral part of these pro forma financial statements.

Lavras Gold Corp. ("Spinco")

Unaudited Pro Forma Statement of Operations
For the year ended December 31, 2020

(Expressed in Canadian dollars)

	Note	Lavras Gold Corp. (Spinco) $	Lavras Project Carve-out Financials $	Pro Forma Adjustments $	Pro Forma Consolidated $
Expenses (income)					
Consulting		–	9,977	–	9,977
Salaries and benefits		–	53,726	–	53,726
General and administrative		–	16,161	–	16,161
Foreign exchange loss (gain)		–	(23,848)	–	(23,848)
Interest income		–	–	–	–
Interest and finance charges		–	211	–	211
Total expenses		–	**56,227**	**–**	**56,227**
Loss before income tax		–	**(56,227)**	**–**	**(56,227)**
Deferred tax (expense) recovery		–	–	–	–
Total loss and comprehensive loss		–	**(56,227)**	**–**	**(56,227)**
Pro forma common shares outstanding	3B				411,288,694
Loss per share – basic and diluted					(0.00)

The accompanying notes are an integral part of these pro forma financial statements.

(Expressed in Canadian dollars)

1. BASIS OF PRESENTATION

This pro forma statement of financial position has been prepared for Amarillo Gold Corporation's ("Amarillo") Management Information Circular ("Information Circular") dated January 27, 2022.

On November 29, 2021 Amarillo Gold Corporation ("Amarillo"), Hochschild Mining Plc ("Hochschild"), Lavras Gold Corp. and 1334940 B.C. Ltd. entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which the parties have agreed to complete an arrangement (the "Arrangement") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia). In connection with the Arrangement, Amarillo's Lavras Project assets and liabilities (the "Carve-out Assets" of "Lavras Project") will be transferred to the Lavras Gold Corp. ("SpinCo" or the "Company").

Amarillo's management has prepared these unaudited pro forma financial statements for the Arrangement and are expressed in Canadian dollars. The unaudited pro forma financial statements have been derived from:

(i) Lavras Project unaudited carve-out financial statements for the nine months ended September 30, 2021;
(ii) Lavras Project audited carve-out financial statements for the year ended December 31, 2020;
(iii) the audited statement of financial position of the Company as at December 31, 2021;
(iv) the Arrangement (Note 2); and,
(v) other information available to Amarillo's management.

These unaudited pro forma financial statements should be read in conjunction with Amarillo's audited consolidated financial statements for the year ended December 31, 2020 and the financial statements mentioned above in items (i), (ii), and (iii).

In the opinion of Amarillo's management, these unaudited pro forma financial statements contain all the necessary adjustments for a fair presentation in accordance with International Financial Reporting Standards ("IFRS").

These unaudited pro forma financial statements are for illustrative and information purposes only and may not be indicative of the results that would have occurred if the Arrangement had been in effect on the dates indicated or of the results that may be obtained in the future. In addition to the pro forma adjustments to the historical carve-out financial statements, various other factors will influence the financial condition and results of operations after the completion of the Arrangement.

The unaudited pro forma statement of financial position gives effect to the Arrangement as if it had taken place on September 30, 2021. The unaudited statements of operations give effect to the Arrangement as if it had taken place on January 1, 2020. Note 3 outlines the pro forma assumptions and adjustments that have been made.

2. THE ARRANGEMENT

Under the Arrangement, a holder of common shares in the capital of Amarillo (each, an "Amarillo Common Share") will receive, in exchange for each Amarillo Common Share, cash consideration of Cdn$0.40 and one common share in the capital of Lavras Gold Corp. ("SpinCo" or the "Company"), a newly formed company that will hold the assets and liabilities that will not be sold to Hochschild.

Following the completion of the Arrangement, SpinCo will own the assets constituting and relating to the gold project (the "Lavras 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" (the "Carve- out Assets") currently owned by Amarillo, plus approximately C$10 million of cash that will be contributed by Hochschild under the Arrangement; and a 2.0% net smelter revenue royalty on certain of Amarillo's exploration properties located outside of the current Posse resource and mine plan at Amarillo's Mara Rosa property.

SpinCo will be owned by the shareholders of Amarillo at the record date of the shareholders' meeting called to vote on the Arrangement.

Assuming all in-the-money Amarillo stock options, incentive shares and deferred common shares are exchanged for cash consideration, SpinCo will have approximately 411,288,694 common shares outstanding after the Arrangement. A detailed description of the Arrangement is set out in the Information Circular.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The following adjustments reflect the expected changes to SpinCo's historical results which would arise from the Arrangement.

(a) Cash and cash equivalents and share capital increased by Cdn$10 million. The unaudited pro forma statement of financial position does not reflect any excess cash that may be on hand in SpinCo at the closing date of the Arrangement due to the difference between the budget limits for the period from November 1, 2021 to closing as specified in the Arrangement Agreement and actual capital, operating and administrative costs.

(b) As a result of the Arrangement described in Note 2, the pro forma net loss per common share is calculated using 411,288,694 of pro forma shares outstanding. The value of stated capital (common share capital) will be determined at the time of the Arrangement.

(c) The amount of Amarillo's net investment in the Lavras Project, which was recorded in the Lavras Project as net investment in the Carve-out Assets in its carve-out financial statements, is reclassified to Share capital.

(d) Transactions costs to be incurred on the above transactions have not been considered in these pro forma consolidated financial statements.

SCHEDULE III

SPINCO'S MANAGEMENT'S DISCUSSION AND ANALYSIS

See attached.

Lavras Gold Corp. ("SpinCo)

Management's Discussion and Analysis
For the nine months ended September 30, 2021 and year ended December 31, 2020

Management's Discussion and Analysis

The following management's discussion and analysis has been prepared by Lavras Gold Corp. ("SpinCo") from a review of the Carve-out Financial Statements of the Lavras Project (the "Lavras Project") as at September 30, 2021, December 31, 2020, and 2019, and for the nine months ended September 30, 2021, and for the years ended December 31, 2020 and 2019. It should be read in conjunction with the Carve-out Financial Statements and the accompanying notes contained at Schedule II to Appendix E to the Management Information Circular of Amarillo Gold Corporation dated January 27, 2022 (the "**Circular**").

The financial statements (and the financial information contained in this management's discussion and analysis) were prepared in accordance with IFRS and reported in Canadian dollars. Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly. See "Forward-Looking Information" in the Circular and "Risk Factors" in Appendix E to the Circular.

The Lavras Project was not operated as a stand-alone entity and there is no assurance that had the Lavras Project been done so, the results would have been the same.

PRO FORMA FINANCIAL POSITION

1. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The following adjustments reflect the expected changes to SpinCo's historical results which would arise from the Arrangement.

(a) Cash and cash equivalents and share capital increased by Cdn$10 million. The unaudited pro forma statement of financial position does not reflect any excess cash that may be on hand in SpinCo at the closing date of the Arrangement due to the difference between the budget limits for the period from November 1, 2021 to closing as specified in the Arrangement Agreement and actual capital, operating and administrative costs.

(b) As a result of the Arrangement described in Note 2, the pro forma net loss per common share is calculated using 411,288,694 of pro forma shares outstanding. The value of stated capital (common share capital) will be determined at the time of the Arrangement.

(c) The amount of Amarillo's net investment in the Lavras Project, which was recorded in the Lavras Project as net investment in the Carve-out Assets in its carve-out financial statements, is reclassified to Share capital.

(d) Transactions costs to be incurred on the above transactions have not been considered in these pro forma consolidated financial statements.

TABLE 1: FINANCIAL POSITION

The following table summarizes the Lavras Project's financial position as at September 30, 2021, December 2020 and 2019.

	September 30, 2021 (unaudited) $	December 31, 2020 (audited) $	December 31, 2019 (audited) $
Current assets	•	•	•
Cash and cash equivalents	377,832	334,626	117,933
Prepaids and deposits	16,903	11,460	2,366
	394,735	**346,086**	**120,299**
Non-current assets		•	•
Resource properties and deferred exploration expenditures (see Table 4 for details)	18,667,572	17,219,988	16,132,985
Other assets	10,438	10,591	5,504
Total assets	**19,072,745**	**17,576,665**	**16,258,787**
Liabilities and net investment	•	•	•
Current liabilities			
Accounts payables and accrued liabilities	**305,908**	**108,201**	**79,817**
Net investment	•	•	•
Net investment in assets	**18,766,837**	**17,468,464**	**16,178,970**
Total liabilities and net investment	**19,072,745**	**17,576,665**	**16,258,787**

The following table summarizes the Lavras Project's major operating expense categories for the nine months ended September 30, 2021 and 2020; and for the years ended December 2020 and 2019.

TABLE 2: LAVRAS PROJECT'S EXPENSES (INCOME) AND LOSS

	Nine months ended September 30, 2021 (unaudited) $	Nine months ended September 30, 2020 (unaudited) $	Year ended December 31, 2020 (audited) $	Year ended December 31, 2019 (audited) $
Expenses (income)	•	•	•	•
Consulting	65,790	10,645	9,977	3,148
Salaries and benefits	58,759	41,904	53,726	31,628
General and administrative	26,594	10,660	16,161	5,289
Foreign exchange (gain) loss	20,695	(6,401)	(23,848)	17,038
Interest income	(8,008)	-	-	-
Interest and finance charges	566	263	211	916
Total loss and comprehensive loss	**(164,396)**	**(57,071)**	**(56,227)**	**(58,019)**

SUMMARY OF QUARTERLY FINANCIAL RESULTS

Table 3 presents the unaudited quarterly results of operations and total assets for each of the last eight quarters. All periods reflect accounting policies consistent with IFRS.

TABLE 3: SUMMARY QUARTERLY FINANCIAL RESULTS

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Category	$	$	$	$
Net (loss) income	(52,146)	(45,976)	(66,276)	844
Total assets	19,072,745	17,838,510	17,695,915	17,576,665
Total non-current liabilities	-	-	-	-

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	$	$	$	$
Net (loss) income	2,704	(14,057)	(45,718)	(14,505)
Total assets	17,121,639	16,942,831	16,730,394	16,258,787
Total non-current liabilities	-	-	-	-

TABLE 4: RESOURCE PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	September 30, 2021 (unaudited) $	December 31, 2020 (audited) $	December 31, 2019 (audited) $
Resource properties			
Balance, beginning and end of period/year	**2,968,088**	**2,968,088**	**2,968,088**
Deferred evaluation and exploration expenditures			
Balance, beginning of period/year	**14,251,900**	**13,164,897**	**12,733,201**
Expenditures during the period/year			
Engineering and consulting	140,712	188,573	69,135
Drilling and related costs	901,551	347,651	–
Assays and metallurgy	13,345	97,388	6,423
Aeromagnetic survey	–	–	67,751
Exploration	110,483	144,297	8,751
Transportation	11,949	12,919	7,105
Concession taxes	14,086	13,598	12,763
Travel	5,603	989	8,684
Depreciation	–	408	–
Salaries	113,890	144,384	189,925
Other evaluation and exploration expenses	135,965	136,796	61,159
	1,447,584	**1,087,003**	**431,696**
Balance, end of period/year	**15,699,484**	**14,251,900**	**13,164,897**
Total	**18,667,572**	**17,219,988**	**16,132,985**

Quarterly variations in net loss/income

Net (loss)/income consists mainly of consulting, salaries and benefits, general and administrative and foreign exchange (loss)/gain. Expenditures other than foreign exchange relate to corporate type expenditures that are not capitalized to the exploration properties. Salaries and benefits and general

and administrative expenditures include an allocation of expenditures incurred at head office in Canada. Estimated corporate expenses related to the Lavras Project's operations were allocated based on estimated activity levels compared to Amarillo's consolidated financial statements. Foreign exchange gain/loss relate to the quarterly variation in the Brazilian Real relative to the Canadian dollar. Quarters which resulted in net income are due to significant foreign exchange gain in that quarter.

The preparation of Carve-out Financial Statements requires the use of significant judgments made by management in the allocation of reported amounts related to the Carve-out Assets. Management believes the allocation assumptions applied in the Carve-out Financial Statements to be a reasonable reflection of the utilization of services provided by Amarillo. However, different allocation assumptions could have resulted in different outcomes. The allocations are therefore not necessarily representative of the financial position, financial performance or cash flows that would have been reported if the Lavras Project operated on its own or as an entity independent from Amarillo during the periods presented.

Quarterly variations in the balance sheet

The main variation in the balance sheet relate to the capitalization of exploration and related expenditures on the Lavras do Sul properties. In the quarters leading up to Q3 2020, expenditures were limited to general exploration on target properties and conducting work programs to maintain tenement status.

In Q3 2020 the management embarked on a drilling and exploration campaign to unlock the potential of these highly prospective properties. The Lavras exploration team has identified at least 23 known gold targets and showings through its systematic and phased approach to mineral exploration. Most of the property had never been explored by modern exploration methods — due to a fragmented land ownership dating back to the late-1880s — until 2006. The most advanced of the 23 prospects are Butia, Cerrito, and Matilde. Management also launched an updated resource study on the Butia property. This update would replace the NI 43-101 resource study conducted in September 2010.

A 3,000 metre drill program was completed in 2020. An induced polarization survey over select targets. and regional surface gold soil surveying program is underway targeting areas in the northern portion of the concession. Results will be used to help define priority drill targets for further testing.

LIQUIDITY AND CAPITAL RESOURCES

The cash position of Lavras Project as at September 30, 2021 was $377,832. The only source of funding has been from Amarillo and this is expected to continue until closing under the Arrangement. Amarillo has agreed with Hochschild to spend approximately $1.3 million in exploration expenditures for the period from November 1, 2021 to April 30, 2022. Approximately $0.2 million was incurred in October 2021 and prior to the Arrangement Agreement. Management has planned a 15,500 meters drilling campaign which will be concluded in Q2 2022 with a total of 18,000 metres for all of 2022. In addition, it expects to incur expenditures to fulfill the recommendations from the Butia updated resource study. Based on the $10 million arising from the Arrangement Agreement, SpinCo expects to fund operations for the next 22 months after closing of the Transaction.

The completion of the Arrangement, as well as ongoing operations, could be adversely impacted by Covid-19.

SpinCo has not earned any revenue from its operations to date. The Lavras Project management is in the process of exploring and developing its resource properties. It relies on external sources of cash for current short- and long-term working capital requirements, and to fund its exploration programs and business development activities.

Without additional financing or other satisfactory arrangements, the Lavras Project's financial resources may not be sufficient to adequately maintain and/or further complete the development of its projects. The Lavras Project's ability to continue its exploration, development, and eventually future production activities is dependent on its ability to secure significant additional financing in the future.

SpinCo may require additional financial sources, and while it has been successful in obtaining financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to SpinCo or that they will be available on acceptable terms.

SHARE CAPITAL

SpinCo's initial share capital upon incorporation on November 25, 2021 was 1 common share for stated capital of $1.00. This initial SpinCo share was issued to Amarillo at a price of $1.00 to facilitate the initial organization of SpinCo.

If the Arrangement were to be successfully concluded, the issued shares, not giving effect to any share consolidations, is expected to be approximately 411,288,000 common shares in the capital of SpinCo.

TRANSACTIONS WITH RELATED PARTIES

Transactions with Amarillo

These Carve-out Financial Statements include transactions with Amarillo and its subsidiary that are outside of the Lavras Project activities. Amarillo is a related party as it controlled the Lavras Project activities during the periods presented. The most significant related party transactions are described below.

TABLE 5: SUMMARY OF TRANSACTIONS WITH RELATED PARTIES DURING THE PERIOD

	Nine months ended September 30, 2021 (unaudited) $	Nine months ended September 30, 2020 (unaudited) $	Year ended December 31, 2020 (audited) $	Year ended December 31, 2019 (audited) $
Allocation of corporate expenses included in salaries and benefits	55,812	39,075	50,366	20,628
Allocation of corporate expenses included in administration expenses	8,774	4,360	6,624	1,768
	64,586	**43,435**	**56,990**	**22,396**

CRITICAL ACCOUNTING ESTIMATES

These Carve-out Financial Statements have been prepared by Amarillo's management in accordance with IFRS, as adopted by the International Accounting Standards Board ("**IASB**"). The following describes the significant accounting policies applicable to these Carve-out Financial Statements.

Carve-out Assumptions

The Carve-out Financial Statements include 100% of all costs incurred by the Lavras Project with respect to the resource properties and deferred evaluation and exploration activities on the Lavras properties.

The Carve-out Financial Statements include a portion of corporate overhead from the consolidated financial statements of Amarillo as it is assumed that in order to operate the Lavras Project on a stand-alone basis, corporate salaries and administrative costs would be incurred as part of the on- going operations.

Corporate overhead costs were allocated from Amarillo on the following basis:

- 40% of the corporate salaries and administrative expenditures in each reporting period were allocated to all of Amarillo's Brazil projects including the Lavras Project. Of these amounts, an allocation was made between the Lavras Project and Amarillo's Mara Rosa Project pro rata based on the relative amounts of exploration expenditures incurred on these respective projects.

Use of Judgments, Estimates and Assumptions

Preparing financial statements in conformity with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Items affected by significant estimates include, but are not limited to, income taxes, and the estimated net realizable value of the resource properties and deferred evaluation and exploration expenditures. In this case, actual results could differ from the estimates used.

The impacts of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to the following:

- *The recoverability of resource properties and deferred exploration expenditures*
  The recoverability of resource properties is uncertain because of the estimates and judgments like forecasts of metal prices, operating costs, capital costs, and income taxes among numerous other valuation inputs, discount rates, comparability of the Lavras properties to those of other market participants and the selection of market-participant assumptions used in the determination of fair value.

- *Income taxes*
  Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The adequacy of these provisions is reviewed at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

- *Provisions and contingent liabilities*
  Judgments are made as to whether a past event has led to a liability that should be recognized in the Carve-out Financial Statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CONTROLS AND PROCEDURES

Management's responsibility for financial information

The Lavras Project's financial statements are the responsibility of its management and have been approved by the board of directors of SpinCo.

The Carve-out Financial Statements are prepared in accordance with IFRS accounting principles. These financial statements include certain amounts based on the use of estimates and assumptions.

These amounts are established in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Disclosure controls and procedures

The effectiveness of the disclosure controls and procedures have been evaluated. It was concluded that these controls and procedures are sufficiently effective as of September 30, 2021 to provide reasonable assurance that material information relating to the Lavras Project is reported to management and disclosed in accordance with applicable securities regulations.

Management's report on internal control over financial reporting

Pursuant to Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, the effectiveness of the disclosure controls and procedures as at September 30, 2021 have been evaluated and found to meet the required standards.

A system of internal control is maintained to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable.

SpinCo's board of directors approves the financial statements and ensures that management discharges its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically with management and auditors to review financial reporting and control matters. From time to time the Board may also form special sub-committees that investigate and report to the Board on specific topics.

CAPITAL RISK MANAGEMENT

SpinCo's capital management objective is to have sufficient capital to be able to pursue its exploration activities plan in order to ensure the growth of its assets. It also aims to have sufficient liquidity to finance its exploration expenses, investing activities and working capital requirements. SpinCo has financed its operations primarily from funding provided by Amarillo.

In order to maintain or adjust the capital structure, SpinCo may issue new capital instruments, obtain debt financing and acquire or sell mining properties to improve its financial performance and flexibility.

Access to financing depends on the economic situation and equity and credit market conditions. SpinCo has no dividend policy.

FINANCIAL RISK FACTORS

SpinCo's activities expose it to three key financial risks:
- credit risk;
- liquidity risk; and
- market risk, including interest rate, foreign rate, and gold price risk.

SpinCo's management team is responsible for managing these risks. It receives guidance from the Audit Committee under policies approved by the board of directors of SpinCo, which also provides regular guidance on overall risk management.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to make its payment obligations.

SpinCo's credit risk is primarily attributable to cash and cash equivalents, and accounts receivable. Credit risk on cash and cash equivalents is remote, as they are held with reputable financial institutions and closely monitored by management.

Management believes that the credit risk for financial instruments included in accounts receivable is remote. Most of the receivables are made up of taxes receivable, so no amount was applied to the expected credit losses.

Liquidity risk
Liquidity risk is the risk that SpinCo will be unable to meet its short-term financial obligations.

SpinCo's goal in managing this risk is making sure it can meet its liabilities when they are due. However, there can be no assurance that SpinCo will be able to obtain adequate financing in the future or that the terms of the financing will be favourable (Note 1).

It is expected following the Arrangement that SpinCo will have approximately $10 million to meet its exploration commitments.

Market risk

Market risk is the risk of loss from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

SpinCo regularly monitors its cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as SpinCo's cash is relatively unaffected by changes in short-term interest rates and the interest rate.

(b) Foreign currency risk

SpinCo's functional currency is the Canadian dollar. It transacts major purchases in Canadian dollars and Brazilian Reals. It maintains a Brazilian Real-denominated bank account to fund exploration expenses with enough funds to support monthly forecasted cash outflows.

(c) Commodity price risk

Commodity price risk, specifically relating to the price of gold, could adversely affect SpinCo. In particular, SpinCo's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years.

Gold price risk affects the completion of future equity transactions like equity offerings and the exercise of stock options and warrants. This may also affect SpinCo's liquidity and its ability to meet its ongoing obligations.

CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30, 2021 (unaudited) $	December 31, 2020 (audited) $	December 31, 2019 (audited) $
Financial assets			
Cash and cash equivalents	377,832	334,626	117,933
Financial liabilities			
Accounts payable and accrued liabilities	305,908	108,201	79,817

The fair value of cash and cash equivalents approximate their carrying amounts due to their short-term nature. The fair value of the accounts payable and accrued liabilities approximates their carrying values due to current market rates and consistency of credit spread.

As at September 30, 2021 and December 31, 2020, 2019, and 2018, cash and cash equivalents were measured at fair value and are classified within Level 1 of the fair value hierarchy.

APPENDIX F
SPINCO OMNIBUS PLAN

See attached.

LAVRAS GOLD CORP.

OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN

ARTICLE 1

ESTABLISHMENT, PURPOSE AND DURATION

1.1 Establishment of the Plan.

Lavras Gold Corp., a corporation incorporated under the laws of British Columbia (the "**Corporation**"), hereby establishes an incentive compensation plan to be known as the Omnibus Equity Incentive Compensation Plan (the "**Plan**"). The Plan permits the grant of Options, Restricted Shares, Restricted Share Units, Deferred Share Units, Performance Shares and Performance Units. The Plan shall be adopted and become effective on the date approved by the Board (the "**Effective Date**"), subject to the prior approval of the Plan by the TSX Venture Exchange (the "**TSXV**").

1.2 Purpose of the Plan.

The purposes of the Plan are: (i) to promote a significant alignment between Officers and employees of the Corporation and its Affiliates (as defined below) and the growth objectives of the Corporation; (ii) to associate a portion of participating employees' compensation with the performance of the Corporation over the long term; and (iii) to attract, motivate and retain the critical employees to drive the business success of the Corporation.

1.3 Duration of the Plan.

The Plan shall commence as of the Effective Date, as described in Section 1.1 herein, and shall remain in effect until terminated by the Board (as defined below) pursuant to Article 13 hereof.

ARTICLE 2

DEFINITIONS

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

"**Affiliate**" means any corporation, partnership or other entity (i) in which the Corporation, directly or indirectly, has majority ownership interest or (ii) which the Corporation controls. For the purposes of this definition, the Corporation is deemed to "control" such corporation, partnership or other entity if the Corporation possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

"**Award**" means, individually or collectively, a grant under this Plan of Options, Deferred Share Units, Restricted Shares, Restricted Share Units, Performance Shares, Performance Units or Share-Based Awards, in each case subject to the terms of this Plan.

"**Award Agreement**" means either (i) a written agreement entered into by the Corporation or an Affiliate of the Corporation and a Participant setting forth the terms and provisions applicable to Awards granted

under this Plan; or (ii) a written statement issued by the Corporation or an Affiliate of the Corporation to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan. An Award Agreement need not be identical to other Award Agreements either in form or substance.

"**Blackout Period**" means a period during which the Corporation prohibits Participants from exercising, redeeming or settling their Awards.

"**Board**" or "**Board of Directors**" means the Board of Directors of the Corporation.

"**Cashless Exercise**" has the meaning ascribed thereto under Section 6.6(a).

"**Cause**" means any of:

(a) dishonesty of the Participant as it relates to the performance of his duties in the course of his employment by, or as an Officer or Director of, the Corporation or an Affiliate;

(b) fraud committed by the Participant;

(c) willful disclosure of confidential or private information regarding the Corporation or an Affiliate by the Participant;

(d) the Participant aiding a competitor of the Corporation or an Affiliate;

(e) misappropriation of a business opportunity of the Corporation or an Affiliate by the Participant;

(f) willful misconduct or gross negligence in the performance of the Participant's duties under his or her employment agreement;

(g) a breach by the Participant of a material provision of his or her employment agreement or the Code of Business Conduct and Ethics adopted by the Corporation from time to time;

(h) the willful and continued failure on the part of the Participant to substantially perform duties in the course of his employment by, or as an Officer of, the Corporation or an Affiliate, unless such failure results from an incapacity due to mental or physical illness;

(i) willfully engaging in conduct that is demonstrably and materially injurious to the Corporation or an Affiliate, monetarily or otherwise; or

(j) any other act or omission by the Participant which would amount to just cause for termination at common law.

"**Change of Control**" shall occur if any of the following events occur:

(a) the acquisition, directly or indirectly and by any means whatsoever, by any person, or by a group of persons acting jointly or in concert, of beneficial ownership or control or direction over that number of Voting Securities which is greater than 50% of the total issued and outstanding Voting Securities immediately after such acquisition, unless such acquisition arose as a result of or pursuant to:

(i) an acquisition or redemption by the Corporation of Voting Securities which, by reducing the number of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by such person to 50% or more of the Voting Securities then outstanding;

(ii) acquisitions of Voting Securities which were made pursuant to a dividend reinvestment plan of the Corporation;

(iii) the receipt or exercise of rights issued by the Corporation to all the holders of Voting Securities to subscribe for or purchase Voting Securities or securities convertible into Voting Securities, provided that such rights are acquired directly from the Corporation and not from any other person;

(iv) a distribution by the Corporation of Voting Securities or securities convertible into Voting Securities for cash consideration made pursuant to a public offering or by way of a private placement by the Corporation ("**Exempt Acquisitions**");

(v) a stock-dividend, a stock split or other event pursuant to which such person receives or acquires Voting Securities or securities convertible into Voting Securities on the same pro rata basis as all other holders of securities of the same class ("**Pro-Rata Acquisitions**"); or

(vi) the exercise of securities convertible into Voting Securities received by such person pursuant to an Exempt Acquisition or a Pro-Rata Acquisition ("**Convertible Security Acquisitions**");

provided, however, that if a person shall acquire 50% or more of the total issued and outstanding Voting Securities by reason of any one or a combination of (1) acquisitions or redemptions of Voting Securities by the Corporation, (2) Exempt Acquisitions, (3) Pro-Rata Acquisitions, or (4) Convertible Security Acquisitions and, after such share acquisitions or redemptions by the Corporation or Exempt Acquisitions or Pro-Rata Acquisitions or Convertible Security Acquisitions, acquires additional Voting Securities exceeding one per cent of the Voting Securities outstanding at the date of such acquisition other than pursuant to any one or a combination of Exempt Acquisitions, Convertible Security Acquisitions or Pro-Rata Acquisitions, then as of the date of such acquisitions such acquisition shall be deemed to be a "Change of Control";

(b) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board of Directors, unless such election or appointment is approved by 50% or more of the Board of Directors in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened; and

(c) any transaction or series of transactions, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, whereby all or substantially all of the shares or assets of the Corporation become the property of any other person (the "**Successor Entity**"), (other than a subsidiary of the Corporation) unless:

(i) individuals who were holders of Voting Securities immediately prior to such transaction hold, as a result of such transaction, in the aggregate, more than 50% of the voting securities of the Successor Entity;

(ii) a majority of the members of the board of directors of the Successor Entity is comprised of individuals who were members of the Board of Directors immediately prior to such transaction; and

(iii) after such transaction, no person or group of persons acting jointly or in concert, holds more than 50% of the voting securities of the Successor Entity unless such person or group of persons held securities of the Corporation in the same proportion prior to such transaction.

"**Change of Control Price**" means (i) the highest price per Share offered in conjunction with any transaction resulting in a Change of Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash), or (ii) in the case of a Change of Control occurring solely by reason of a change in the composition of the Board, the highest Fair Market Value of the Shares on any of the thirty (30) trading days immediately preceding the date on which a Change of Control occurs, except if the relevant participant is subject to taxation under the ITA such Change of Control price shall be deemed to be a price determined by the Committee based on the closing price of a Share on the Exchange on the trading day preceding the Change of Control date or based on the volume weighted average trading price of the Shares on the Exchange for the five trading days immediately preceding the Change of Control date.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

"**Committee**" means the Board of Directors or if so delegated in whole or in part by the Board, or any duly authorized committee of the Board appointed by the Board to administer the Plan.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Consultant**" means, in relation to the Corporation, an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or Company that:

(a) is engaged to provide on an ongoing bona fide basis, consulting, technical,management or other services to the Corporation or to any of its subsidiaries, other thanservices provided in relation to a Distribution (as such term is defined in the policies of the TSXV);

(b) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Corporation, as the case may be; and

(c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.

"**Consultant Company**" means a Consultant that is a Company.

"**Corporation**" means Lavras Gold Corp., a corporation incorporated under the laws of the British Columbia, and any successor thereto as provided in Article 15 herein.

"**Deferred Share Unit**" means an Award denominated in units that provides the holder thereof with a right to receive Shares upon settlement of the Award, granted under Article 8 herein and subject to the terms of this Plan.

"**Director**" means any individual who is a director (as defined under Securities Laws) of the Corporation or of any of its subsidiaries.

"**Dividend Equivalent**" means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to the Plan and such other terms and conditions set forth in the Award Agreement as the Committee shall determine.

"**Employee**" means:

(a) an individual who is considered an employee of the Corporation or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;

(b) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or

(c) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source.

"**Exchange**" means the TSXV or, if at any time the Shares are not listed and posted for trading on the TSXV, shall be deemed to mean such other stock exchange or trading platform upon which the Shares trade and which has been designated by the Committee.

"**Fair Market Value**" or "**FMV**" means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Corporation's desired accounting for Awards or by the rules of the Exchange, a price that is determined by the Committee, provided that such price cannot be less than the greater of (i) the volume weighted average trading price of the Shares on the Exchange for the five trading days immediately prior to the grant date, (ii) the closing price of the Shares on the Exchange on the trading day immediately prior to the grant date or (iii) the closing price of the Shares on the Exchange on the grant date.

"**Fiscal Year**" means the Corporation's fiscal year commencing on January 1 and ending on December 31 or such other fiscal year as approved by the Board.

"**Insider**" " means, when used in relation to the Corporation:

(a) a director or senior officer of the Corporation,

(b) a director or senior officer of a Company that is an Insider or subsidiary of the Corporation;

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Securities carrying more than 10% of the voting rights attached to all outstanding Voting Securities of the Corporation, or

(d) the Corporation itself if it holds any of its own securities.

"**Issued Shares**" means, at any time, the number of Shares of the Corporation that are then issued and outstanding on a non-diluted basis and, in the discretion of the Exchange, may include a number of securities of the Corporation, other than Security Based Compensation, warrants and convertible debt, that are convertible into Shares of the Corporation.

"**Investor Relations Activities**" " shall have the meaning ascribed thereto in Policy 1.1 of the Exchange.

"**Investor Relations Service Provider**" includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.

"**ITA**" means the *Income Tax Act* (Canada).

"**Material Information**" means a Material Fact and/or Material Change as such terms are defined by applicable Securities Laws and Exchange policies.

"**Management Company Employee**" means an individual employed by a Company providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation.

"**Notice Period**" means any period of contractual notice or reasonable notice that the Corporation or the Affiliate may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Corporation or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant's employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

"**Officer**" means an officer (as defined under Securities Laws) of the Corporation or of any of itssubsidiaries.

"**Option**" means the conditional right to purchase Shares at a stated Option Price for a specified period of time subject to the terms of this Plan.

"**Option Price**" means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

"**OSA**" means the *Securities Act* (Ontario), as may be amended from time to time.

"**Participant**" means a Director, Officer, Employee, Management Company Employee or Consultant that is the recipient of an Award granted or issued by the Corporation.

"**Performance Goal**" means a performance criterion selected by the Committee for a given Award.

"**Performance Period**" means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.

"**Performance Share**" means an Award granted under Article 9 herein and subject to the terms of this Plan, denominated in Shares, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

"**Performance Unit**" means an Award granted under Article 9 herein and subject to the terms of this Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

"**Period of Restriction**" means the period when an Award of Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.

"**Person**" shall have the meaning ascribed to such term in Section 1(1) of the OSA.

"**Policy 4.4**" means Policy 4.4 - *Security Based Compensation* of the TSXV.

"**Restricted Share Unit**" means an Award denominated in units subject to a Period of Restriction, with a right to receive Shares upon settlement of the Award, granted under Article 7 herein and subject to the terms of this Plan.

"**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Corporation.

"**Security Based Compensation**" has the meaning ascribed thereto in Policy 4.4.

"**Security Based Compensation Plan**" has the meaning ascribed thereto in Policy 4.4.

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

"**Successor Entity**" has the meaning ascribed thereto under subsection (c) of the definition of Change of Control.

"**Trading Day**" means a day when trading occurs through the facilities of the Exchange.

"**TSXV**" means the TSX Venture Exchange.

"**Voting Securities**" shall mean any securities of the Corporation ordinarily carrying the right to vote at elections of Directors and any securities immediately convertible into or exchangeable for such securities.

"**VWAP**" means the volume weighted average trading price of the Corporation's Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the

five Trading Days immediately preceding the exercise of the subject Stock Option, provided that where appropriate, the Exchange may exclude internal crosses and certain other special terms trades from the calculation.

ARTICLE 3

ADMINISTRATION

3.1 General.

The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Corporation, and its Officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Corporation, and all other interested parties.

3.2 Authority of the Committee.

The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price and vesting terms, determining Performance Goals applicable to Awards and whether such Performance Goals have been achieved, making adjustments under Section 4.10 and, subject to Article 13, adopting modifications and amendments, or subplans to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Corporation and Affiliates operate.

3.3 Delegation.

The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

ARTICLE 4

SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS

4.1 Number of Shares Available for Awards.

The Plan is a "*rolling up to 10% and fixed up to 10%*" Security Based Compensation Plan, as defined in Policy 4.4 - *Security Based Compensation* of the TSXV. The Plan is a: (a) "rolling" plan pursuant to which the number of Shares that are issuable pursuant to the exercise of Options granted hereunder shall not exceed 10% of the Issued Shares of the Corporation as at the date of any Option grant, and (b) "fixed" plan under which the number of Shares of the Corporation that are issuable pursuant to all Awards other than Options granted hereunder and under any other Security Based Compensation Plan of the Corporation, in aggregate is a maximum of 10% of the issued Shares of the Corporation as at the effective date of implementation of the Plan, which shall be the first date, if any, on which the Shares of the Corporation

commence trading on the Exchange, and which such number of issued Shares of the Corporation is expected to be approximately 411,288,694, and in each case, subject to adjustment as provided in Section 4.10 herein.

4.2 Specific Allocations

The Corporation cannot grant or issue an Award hereunder unless and until the Award has been allocated to a particular Participant.

4.3 Limits for Individuals

Unless the Corporation has obtained the requisite disinterested shareholder approval pursuant to Policy 4.4, the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Person must not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person, except as expressly permitted and accepted by the Exchange for filing under Part 6 of Policy 4.4 shall not be included in calculating this 5% limit.

4.4 Limits for Consultants

The maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Consultant must not exceed 2% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Consultant, except that securities that are expressly permitted and accepted for filing under Part 6 of Policy 4.4 shall not be included in calculating this 2% limit.

4.5 Limits for Investor Relations Service Providers

(a) The maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Options granted in any 12 month period to all Investor Relations Service Providers in aggregate shall not exceed 2% of the Issued Shares of the Corporation, calculated as at the date any Option is granted to any such Investor Relations Service Provider.

(b) Options granted to any Investor Relations Service Provider shall vest in stages over a period of not less than 12 months such that:

(i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted;

(ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted;

(iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and

(iv) the remainder of the Options vest no sooner than 12 months after the Options were granted.

4.6 Minimum Price for Security Based Compensation other than Options

The minimum exercise price of an Option is set out in section 6.4 and the same principles apply to other Awards where the value of the Award is initially tied to market price.

4.7 Hold Period and Escrow

All Awards and Shares issuable thereunder are subject to any applicable resale restrictions under Securities Laws and the Exchange Hold Period (as defined in the policies of the TSXV), and shall have affixed thereto any legends required under Securities Laws and the policies of the Exchange.

4.8 Other Restrictions

The Plan is subject to the following provisions:

(a) Awards shall not entitle a Participant to any shareholder rights (including, without limitation, voting rights, dividend entitlement or rights on liquidation) until such time as underlying Shares are issued to such Participant; provided, other than an accrual of dividends accepted by the Exchange;

(b) all Awards are non-assignable and non-transferable;

(c) the maximum aggregate number of Shares that are issuable pursuant to all Awards granted or issued to Insiders (as a group) shall not exceed 10% of the Issued Shares of the Corporation at any point in time (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to section 5.3 of Policy 4.4);

(d) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Awards granted or issued in any 12 month period to Insiders (as a group) shall not exceed 10% of the Issued Shares of the Corporation, calculated as at the date any Award is granted or issued to any Insider (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to section 5.3 of Policy 4.4);

(e) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Person (and where permitted under this Policy, any Companies that are wholly owned by that Person) shall not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Award is granted or issued to the Person (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to section 5.3 of Policy 4.4);

(f) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Consultant shall not exceed 2% of the Issued Shares of the Corporation, calculated as at the date any Award is granted or issued to the Consultant;

(g) Investor Relations Service Providers may not receive any Award other than Options;

(h) if a Participant's heirs or administrators are entitled to any portion of an outstanding Award, the period in which they can make such claim shall not exceed one year from the Participant's death;

(i) for Awards granted or issued to Employees, Consultants or Management Company Employees, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be; and

(j) any Award granted or issued to any Participant who is a Director, Officer, Employee, Consultant or Management Company Employee shall expire in accordance with the provisions of the Plan, but in any event, within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Plan.

4.9 Blackout Periods

Notwithstanding the expiry date, redemption date or settlement date of any Award, such expiry date, redemption date or settlement date, as applicable, of the Award shall be extended to the tenth business day following the last day of a Blackout Period if the expiry date would otherwise occur in a Blackout Period. The following requirements are applicable to any such automatic extension provision:

(a) the Blackout Period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information;

(b) the automatic extension of the expiry date, redemption date or settlement date, as applicable, of a Participant's Award is not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation's securities; and

(c) the automatic extension is available to all eligible Participants under the Plan under the same terms and conditions.

4.10 Adjustments in Authorized Shares.

Subject to the approval of the Exchange, where applicable, in the event of any corporate event or transaction (collectively, a "**Corporate Reorganization**") (including, but not limited to, a change in the Shares of the Corporation or the capitalization of the Corporation) such as a merger, arrangement or amalgamation that does not constitute a Change of Control under Article 12, or a consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Corporation, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Corporation, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the number of Shares eligible to be issued hereunder, the limit on issuing Awards other than Options granted with a Grant Price equal to at least the FMV of a Share on the date of grant, and any other value determinations applicable to outstanding Awards or to this Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such Corporate Reorganization. In

connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in this Plan) and the holder will then accept on the exercise of such Option, in lieu of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments shall comply with Section 409A of the Code with respect to any U.S. Participants and the rules of any stock exchange or market upon which such Shares are listed or traded.

Subject to the provisions of Article 11 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Awards under this Plan in connection with any such corporate event or transaction, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

ARTICLE 5

ELIGIBILITY AND PARTICIPATION

5.1 Eligibility.

Only a Director, Officer, Employee, Management Company Employee or Consultant of the Corporation or of any of its subsidiaries is eligible to participate in the Plan. Except in relation to Consultant Companies, Awards may be granted only to an individual or to a Company that is wholly owned by individuals eligible to receive Awards. If the Participant is a Company, excluding Participants that are Consultant Companies, it must provide the Exchange with a completed Certification and Undertaking Required from a Company Granted Security Based Compensation in the form of Schedule "A" to Form 4G - Summary Form – Security Based Compensation, as provided for in Policy 4.4 - *Security Based Compensation* of the TSXV. Any Company to be granted an Award, other than a Consultant Company, must agree not to effect or permit any transfer of ownership or option of securities of the Company or to issue further shares of any class in the Company to any other individual or entity as long as the Security Based Compensation remains outstanding, except with the prior written consent of the TSXV.

5.2 Actual Participation.

Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Directors, Officers, Employees, Management Company Employees and Consultants of the Corporation or of any of its subsidiaries, those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award in accordance with the Plan.

ARTICLE 6

STOCK OPTIONS

6.1 Grant of Options.

Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion, and subject to the terms of the Plan.

6.2 Additional Terms for Options

The following provisions apply to all Option Awards:

(a) Options can be exercisable for a maximum of 10 years from the date of grant, subject to extension where the expiry date falls within a Blackout Period, as provided for in Section 4.9;

(b) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Options granted in any 12 month period to all Investor Relations Service Providers in aggregate shall not exceed 2% of the Issued Shares of the Corporation, calculated as at the date any Option is granted to any such Investor Relations Service Provider; and

(c) disinterested Shareholder approval shall be obtained for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

6.3 Award Agreement.

Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.

6.4 Option Price.

The Option Price for each grant of an Option under this Plan shall be determined by the Committee and shall be specified in the Award Agreement. The minimum exercise price of an Option shall not be less than the Discounted Market Price (as defined in the policies of the TSXV), provided that, if the Corporation does not issue a news release to announce the grant and the exercise price of an Option, the Discounted Market Price is the last closing price of the Shares before the date of grant of the Option less the applicable discount. A minimum exercise price cannot be established unless the Options are allocated to particular Persons.

6.5 Duration of Options.

Subject to Section 4.9 and Section 6.2(a), each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant.

6.6 Exercise of Options.

Options granted under this Article 6 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant. Without limiting the foregoing, the Committee may, in its sole discretion, permit the exercise of an Option through either:

(a) a cashless exercise (a "**Cashless Exercise**") mechanism, whereby the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm:

(i) agrees to loan money to a Participant to purchase the Shares underlying the Options to be exercised by the Participant;

(ii) then sells a sufficient number of Shares to cover the exercise price of the Options in order to repay the loan made to the Participant; and

(iii) receives an equivalent number of Shares from the exercise of the Options and the Participant receives the balance of Shares pursuant to such exercise, or the cash proceeds from the sale of the balance of such Shares (or in such other portion of Shares and Cash as the broker and Participant may otherwise agree); or

(b) a net exercise (a "**Net Exercise**") mechanism, whereby Options, excluding Options held by any Investor Relations Service Provider, are exercised without the Participant making any cash payment so the Corporation does not receive any cash from the exercise of the subject Options, and instead the Participant receives only the number of underlying Shares that is the equal to the quotient obtained by dividing:

(i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the exercise price of the subject Options; by

(ii) the VWAP of the underlying Shares.

6.7 Payment.

Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Corporation or an agent designated by the Corporation in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares. The Option Price upon exercise of any Option shall be payable to the Corporation in full either: (a) by certified cheque or wire transfer; or (b) by any other method approved or accepted by the Committee in its sole discretion subject to the rules of the Exchange and such rules and regulations as the Committee may establish. Subject to Section 6.8 and any governing rules or regulations, as soon as practicable after receipt of a notification of exercise and full payment for the Shares, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable shares of the Corporation. As of the business day the Corporation receives such notice and such payment, the Participant (or the person claiming through him, as the case may be) shall be entitled to be entered on the share register of the Corporation as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter a certificate or evidence of book entry representing the said number of Shares. The Corporation shall cause to be delivered to or to the direction of the Participant Share

certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s) as soon as reasonably practicable following the issuance of such Shares.

6.8 Restrictions on Share Transferability.

The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted pursuant to this Plan as it may deem advisable, including, without limitation, requiring the Participant to hold the Shares acquired pursuant to exercise for a specified period of time, or restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed and/or traded.

6.9 Death and Termination of Employment.

(a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:

(i) the executor or administrator of the Participant's estate may exercise Options of the Participant equal to the number of Options that were exercisable at the Termination Date (as defined at Section 6.9(c) below);

(ii) the right to exercise such Options terminates on the earlier of: (i) the date that is 12 months after the Termination Date; and (ii) the date on which the exercise period of the particular Option expires. Any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Corporation on the Termination Date; and

(iii) such Participant's eligibility to receive further grants of Options under the Plan ceases as of the Termination Date.

(b) Termination of Employment: Except as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates (for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice)), then:

(i) any Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of:

(A) the date that is three months after the Termination Date; and

(B) the date on which the exercise period of the particular Option expires,

except as otherwise provided in the Participant's employment contract or such date as is otherwise determined by the Board. Notwithstanding the foregoing or any term of an employment contract, in no event shall such right extend beyond the Option Period or one year from the Termination Date.

(ii) any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Corporation on the Termination Date,

(iii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date, and

(iv) notwithstanding 6.9(b)(i) and 6.9(b)(ii) above, unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment arrangement within or among the Corporation or an Affiliate for so long as the Participant continues to be an employee of the Corporation or an Affiliate.

(c) For purposes of section 6.9, the term, "Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Corporation or an Affiliate terminates:

(i) by reason of the Participant's death, the date of death;

(ii) for any reason whatsoever other than death, the date of the Participant's last day actively at work for or actively engaged by the Corporation or the Affiliate, as the case may be; and for greater certainty "Termination Date" in any such case specifically does not mean the date on which any period of contractual notice or reasonable notice that the Corporation or the Affiliate, as the case may be, may be required at law to provide to a Participant would expire.

6.10 Non-transferability of Options.

An Option granted under this Article 6 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

ARTICLE 7

RESTRICTED SHARE UNITS

7.1 Grant of Restricted Share Units.

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

7.2 Restricted Share Unit Agreement.

Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date for Restricted Share Units, and any such other provisions as the Committee shall determine, provided that, no Restricted Share Unit shall vest (i) earlier than one year, or (ii) later than three years, after the date of grant, except that the

Committee may in its sole discretion accelerate the vesting required by this Section 7.2 for a Participant who dies or who ceases to be an eligible Participant under the Plan in connection with a Change of Control.

7.3 Non-transferability of Restricted Share Units.

The Restricted Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated or disposed of by the Participant, whether voluntarily or by operation of law, otherwise than by testate succession or the laws of descent and distribution, until the end of the applicable Period of Restriction specified in the Award Agreement and until the date of settlement through delivery or other payment, and any attempt to do so will cause such Restricted Share Units to be null and void. A vested Restricted Share Unit shall be redeemable only by the Participant and, upon the death of a Participant, the person to whom the rights shall have passed by testate succession or by the laws of descent and distribution may redeem any vested Restricted Share Units in accordance with the provisions of Section 7.7.

7.4 Other Restrictions.

The Committee shall impose, in the Award Agreement at the time of grant or anytime thereafter, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to this Plan as it may deem advisable, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Restricted Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions on vesting following the attainment of the performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Corporation upon vesting of such Restricted Share Units.

To the extent deemed appropriate by the Committee, the Corporation may retain the certificates representing Shares delivered in settlement of Restricted Share Units, in the Corporation's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse. Restricted Share Units shall be settled through payment in Shares.

7.5 Voting Rights.

A Participant shall have no voting rights with respect to any Restricted Share Units granted hereunder.

7.6 Dividends and Other Distributions.

During the Period of Restriction, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in accordance with the Plan and otherwise in such a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares and Restricted Share Units, provided that any Dividend Equivalents paid in the form of additional Awards shall reduce the applicable pool of Shares available for issuance of Awards. Further, any additional Restricted Share Units credited to the Participant's account in satisfaction of payment of dividends or Dividend Equivalents will vest in proportion to and will be paid under the Plan in the same manner as the Restricted Share Units to which they relate.

7.7 Death and other Termination of Employment.

(a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:

(i) any Restricted Share Units held by the Participant that have not vested as at the Termination Date (as defined at Section 7.7(c) below) shall vest immediately;

(ii) any Restricted Share Units held by the Participant that have vested (including Restricted Share Units vested in accordance with Section 7.7(a)(i)) as at the Termination Date (as defined at Section 7.7(c) below), shall be paid to the Participant's estate in accordance with the terms of the Plan and Award Agreement; and

(iii) such Participant's eligibility to receive further grants of Restricted Share Units under the Plan ceases as of the Termination Date.

(b) Termination other than Death: Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then:

(i) any Restricted Share Units held by the Participant that have vested before the Termination Date (as defined at Section 7.7(c) below) shall be paid to the Participant. Any Restricted Share Units held by the Participant that are not yet vested at the Termination Date (as defined at Section 7.7(c) below) will be immediately cancelled and forfeited to the Corporation on the Termination Date;

(ii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date; and

(iii) notwithstanding Section 7.7(b)(i), unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Restricted Share Units and Restricted Shares are not affected by a change of employment arrangement within or among the Corporation or an Affiliate for so long as the Participant continues to be an employee of the Corporation or an Affiliate.

(iv) Any settlement or redemption of any Restricted Share Units shall occur within one year following the Termination Date.

(c) For purposes this Agreement, the term, "Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Corporation or an Affiliate terminates:

(i) by reason of the Participant's death, the date of death;

(ii) by reason of termination for Cause, resignation by the Participant, the Participant's last day actively at work for or actively engaged by the Corporation or an Affiliate;

(iii) for any reason whatsoever other than death, termination for Cause, the later of the (A) date of the Participant's last day actively at work for or actively engaged by the Corporation or the Affiliate, and (B) the last date of the Notice Period; and

(iv) the resignation of a Director and the expiry of a Director's term on the Board without re-election (or nomination for election) shall each be considered to be a termination of his or her term of office.

7.8 Payment in Settlement of Restricted Share Units.

When and if Restricted Share Units become payable, the Participant issued such units shall be entitled to receive payment from the Corporation in settlement of such units, Shares (issued from treasury) of equivalent value (based on the FMV, as defined in the Award Agreement at the time of grant or thereafter by the Committee).

ARTICLE 8

DEFERRED SHARES UNITS

8.1 Grant of Deferred Share Units.

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine, provided that, no Deferred Share Unit shall vest earlier than one year after the date of grant, except that the Committee may in its sole discretion accelerate the vesting required by this Section 8.1 for a Participant who dies or who ceases to be an eligible Participant under the Plan in connection with a Change of Control.

8.2 Deferred Share Unit Agreement.

Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which the Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Corporation upon vesting of such Deferred Share Units.

8.3 Non-transferability of Deferred Share Units.

The Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.

8.4 Termination of Employment, Consultancy or Directorship

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Corporation or Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination. Any settlement or redemption of any Deferred Share Units shall occur within one year following the Termination Date.

ARTICLE 9

PERFORMANCE SHARES AND PERFORMANCE UNITS

9.1 Grant of Performance Shares and Performance Units.

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Shares and/or Performance Units to Participants in such amounts and upon such terms as the Committee shall determine, provided that, no Performance Shares and/or Performance Units shall vest earlier than one year after the date of grant, except that the Committee may in its sole discretion accelerate the vesting required by this Section 9.1 for a Participant who dies or who ceases to be an eligible Participant under the Plan in connection with a Change of Control.

9.2 Value of Performance Shares and Performance Units.

Each Performance Share and Performance Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Share or Performance Unit that will be paid to the Participant.

9.3 Earning of Performance Shares and Performance Units.

Subject to the terms of this Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Shares/Performance Units shall be entitled to receive payout on the value and number of Performance Shares/Performance Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Corporation shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

9.4 Form and Timing of Payment of Performance Shares and Performance Units.

Payment of vested Performance Shares/Performance Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee will pay vested Performance Shares/Performance Units in the form of Shares issued from treasury equal to the value of the vested Performance Shares/Performance Units at the end of the applicable Performance Period. Any Shares may be issued subject to any restrictions deemed appropriate by the Committee.

9.5 Dividends and Other Distributions.

The Committee shall determine whether Participants holding Performance Shares will receive Dividend Equivalents with respect to dividends declared with respect to the Shares, provided that any Dividend Equivalents paid in the form of additional Awards shall reduce the applicable pool of Shares available for issuance of Awards. Dividends or Dividend Equivalents may be subject to accrual, forfeiture or payout restrictions as determined by the Committee in its sole discretion.

9.6 Death and other Termination of Employment.

(a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:

(i) the number of Performance Shares or Performance Units held by the Participant that have not vested shall be adjusted as set out in the applicable Award Agreement (collectively referred to in this Section 9.6 as "**Deemed Awards**");

(ii) any Deemed Awards shall vest immediately;

(iii) any Performance Shares and Performance Units held by the Participant that have vested (including Deemed Awards vested in accordance with Section 9.6(a)(ii)) shall be paid to the Participant's estate in accordance with the terms of the Plan and Award Agreement;

(iv) any settlement or redemption of any Performance Units or Performance Shares shall occur within one year following the Termination Date; and

(v) such Participant's eligibility to receive further grants of Performance Shares or Performance Units under the Plan ceases as of the Termination Date (as defined at Section 9.6(c) below).

(b) Termination other than Death: Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then:

(i) any Performance Units or Performance Shares held by the Participant that have vested before the Termination Date shall be paid to the Participant in accordance with the terms of the Plan and Award Agreement, and any Performance Units or Performance Shares held by the Participant that are not yet vested at the Termination Date will be immediately cancelled and forfeited to the Corporation on the Termination Date;

(ii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date;

(iii) any settlement or redemption of any Performance Units or Performance Shares shall occur within one year following the Termination Date; and

(iv) unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Performance Units or Performance Shares are not affected by a change of employment arrangement within or among the Corporation or an Affiliate for so long as the Participant continues to be an employee of the Corporation or an Affiliate.

(c) For purposes of this Section 9.6, the term, "Termination Date" has the meaning set out in Section 7.7(c).

9.7 Non-transferability of Performance Shares and Performance Units.

Performance Shares/Performance Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

ARTICLE 10

BENEFICIARY DESIGNATION

10.1 Beneficiary.

A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

10.2 Discretion of the Committee.

Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 10, or both, in favor of another method of determining beneficiaries.

ARTICLE 11

RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE

11.1 Employment.

Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Corporation or an Affiliate to terminate any Participant's employment, consulting or other service relationship with the Corporation or an Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Corporation or an Affiliate.

Neither an Award nor any benefits arising under this Plan shall constitute part of an employment or service contract with the Corporation or an Affiliate, and, accordingly, subject to the terms of this Plan, this Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Corporation or an Affiliate for severance payments or otherwise, except as provided in this Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Corporation and an Affiliate or among Affiliates, shall not be deemed a termination of employment.

11.2 Participation.

No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Award. No person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.

11.3 Rights as a Shareholder.

A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

ARTICLE 12

CHANGE OF CONTROL

12.1 Accelerated Vesting and Payment.

Subject to the provisions of Section 12.2 or as otherwise provided in the Plan or the Award Agreement, in the event of a Change of Control, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled upon a Change of Control, and that the value of such Awards, as determined by the Committee in accordance with the terms of the Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change of Control Price within a reasonable time subsequent to the Change of Control, subject to the approval of the Exchange.

12.2 Alternative Awards.

Notwithstanding Section 12.1, no cancellation, acceleration of vesting, lapsing of restrictions or payment of an Award shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change of Control that such Award shall be honored or assumed, or new rights substituted therefor (with such honored, assumed or substituted Award hereinafter referred to as an "**Alternative Award**") by any successor to the Corporation or an Affiliate as described in Article 14; provided, however, that any such Alternative Award must:

(a) be based on stock which is traded on a recognized stock exchange;

(b) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule (including vesting upon termination of employment) and identical or better timing and methods of payment;

(c) recognize, for the purpose of vesting provisions, the time that the Award has been held prior to the Change of Control;

(d) provide for similar eligibility requirements for such Alternative Award as provided for in the Plan; and

(e) have substantially equivalent economic value to such Award (determined prior to the time of the Change of Control).

ARTICLE 13

AMENDMENT, MODIFICATION, SUSPENSION AND TERMINATION

13.1 Amendment, Modification, Suspension and Termination.

(a) Except as set out in clauses (b) and (c) below, and as otherwise provided by law, or Exchange rules, the Committee or Board may, at any time and from time to time, alter, amend, modify, suspend or terminate the Plan or any Award in whole or in part without notice to, or approval from, shareholders, including, but not limited to for the purposes of:

(i) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, it may be expedient to make, including amendments that are desirable as a result of changes in law or as a "housekeeping" matter; or

(ii) making such changes or corrections which are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

(b) Other than as expressly provided in an Award Agreement or as set out in Section 12.2 hereof or with respect to a Change of Control, the Committee shall not alter or impair any rights or increase any obligations with respect to an Award previously granted under the Plan without the consent of the Participant.

(c) The following amendments to the Plan shall require the prior approval of the Corporation's shareholders, other than, in respect of the amendments contemplated under Sections 13.1(c)(i)-(iii) below, those carried out pursuant to Section 4.10 hereof:

(i) A reduction in the Option Price of a previously granted Option benefitting an Insider of the Corporation or one of its Affiliates.

(ii) Any amendment or modification which would increase the total number of Shares available for issuance under the Plan.

(iii) An increase to the limit on the number of Shares issued or issuable under the Plan to Insiders of the Corporation;

(iv) An extension of the expiry date of an Option other than as otherwise permitted hereunder in relation to a Blackout Period or otherwise; or

(v) Any amendment to the amendment provisions of the Plan under this Section 13.1.

13.2 Awards Previously Granted.

Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

ARTICLE 14

WITHHOLDING

14.1 Withholding.

The Corporation or any Affiliate shall have the power and the right to deduct or withhold, or require a Participant to remit to the Corporation or any Affiliate, an amount sufficient to satisfy federal, state and local taxes or provincial, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising or as a result of this Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Corporation withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.

14.2 Acknowledgement.

Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Corporation. Participant further acknowledges that the Corporation: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of this Plan; and (b) does not commit to and is under no obligation to structure the terms of this Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Corporation may be required to withhold or account for taxes in more than one jurisdiction.

ARTICLE 15

SUCCESSORS

Rights and obligations under the Plan may be assigned by the Corporation (without the consent of Participants) to a successor in the business of the Corporation, any Company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Corporation, or any Company acquiring all or substantially all of the assets or business of the Corporation. Any obligations of the Corporation or an Affiliate under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Corporation or Affiliate, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Corporation or Affiliate, as applicable.

ARTICLE 16

GENERAL PROVISIONS

16.1 Forfeiture Events.

Without limiting in any way the generality of the Committee's power to specify any terms and conditions of an Award consistent with law, and for greater clarity, the Participant's rights, payments and benefits with respect to an Award shall, at the sole discretion of the Committee, be subject to reduction, cancellation, forfeiture of any vested and unvested Awards or recoupment of any payments or settlements made in the current Fiscal Year or immediately prior Fiscal Year (provided such determination is made within 45 days of the end of that Fiscal Year) upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such specified events shall include, but shall not be limited to, any of: (a) the Participant's failure to accept the terms of the Award Agreement, violation of material Corporation and Affiliate policies, breach of non-competition, confidentiality, non-solicitation, non-interference, corporate property protection or other agreements that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Corporation and Affiliates; (b) the Participant's misconduct, fraud, gross negligence; and (c) the restatement of the financial statements of the Corporation that resulted in Awards which should not have vested, settled, or been paid had the original financial statements been properly stated. Except as expressly otherwise provided in this Plan or an Award Agreement, the termination and the expiry of the period within which an Award will vest and may be exercised by a Participant shall be based upon the last day of actual service by the Participant to the Corporation and specifically does not include any period of notice that the Corporation may be required to provide to the Participant under applicable employment law.

16.2 Legend.

The certificates for Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

16.3 Delivery of Title.

The Corporation shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Corporation determines are necessary or advisable; and

(b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Corporation determines to be necessary or advisable.

16.4 Investment Representations.

The Committee may require each Participant receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

16.5 Uncertificated Shares.

To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a non-certificated basis to the extent not prohibited by applicable law or the rules of any applicable stock exchange.

16.6 Unfunded Plan.

Participants shall have no right, title or interest whatsoever in or to any investments that the Corporation or an Affiliate may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation or an Affiliate and any Participant, beneficiary, legal representative or any other person. Awards shall be general unsecured obligations of the Corporation, except that if an Affiliate executes an Award Agreement instead of the Corporation the Award shall be a general unsecured obligation of the Affiliate and not any obligation of the Corporation. To the extent that any individual acquires a right to receive payments from the Corporation or an Affiliate, such right shall be no greater than the right of an unsecured general creditor of the Corporation or Affiliate, as applicable. All payments to be made hereunder shall be paid from the general funds of the Corporation or Affiliate, as applicable, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

16.7 No Fractional Shares.

No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.

16.8 Other Compensation and Benefit Plans.

Nothing in this Plan shall be construed to limit the right of the Corporation or an Affiliate to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.

16.9 No Constraint on Corporate Action.

Nothing in this Plan shall be construed (i) to limit, impair or otherwise affect the Corporation's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Corporation or an Affiliate to take any action which such entity deems to be necessary or appropriate.

16.10 Compliance with Canadian Securities Laws.

All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable.

ARTICLE 17

LEGAL CONSTRUCTION

17.1 Gender and Number.

Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

17.2 Severability.

In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

17.3 Requirements of Law.

The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Corporation or an Affiliate shall receive the consideration required by law for the issuance of Awards under the Plan. The inability of the Corporation or an Affiliate to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation or an Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Corporation or Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17.4 Governing Law.

The Plan and each Award Agreement shall be governed by the laws of the Province of Ontario excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

17.5 Compliance with Section 409A of the Code.

(a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that this Plan and any Awards made hereunder shall not provide for the payment of "deferred compensation" within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. This Plan and any Awards made hereunder shall be administrated and interpreted in a manner consistent with this intent.

(b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan or any Award Agreement by reason of the occurrence of a Change of Control or the Participant's disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of "change in control event," "disability," or "separation from service," as the case may be, in Section

409A of the Code and applicable proposed or final treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under this Plan or any Award Agreement.

(c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Article 17.5 will apply to a Participant who is subject to taxation under the ITA.

APPENDIX G
SPINCO OMNIBUS PLAN RESOLUTION

Omnibus Plan Resolution

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The incentive compensation plan (the "**Omnibus Plan**") to be known as the "Omnibus Equity Incentive Plan" of Lavras Gold Corp. ("**SpinCo**") in the form set out in Appendix "F" – "SpinCo Omnibus Plan" to the Circular, is hereby authorized, approved and adopted.

2. The number of common shares of SpinCo reserved for issuance on the exercise of Options issued under the Omnibus Plan will be no more than 10% of SpinCo's issued and outstanding share capital from time to time, and the number of common shares of SpinCo reserved for issuance pursuant to all other Awards (as defined in the Omnibus Plan) issued under the Omnibus Plan shall not be more than 10% of the then outstanding common shares of SpinCo.

3. SpinCo is hereby authorized and directed to issue such common shares of SpinCo pursuant to the Omnibus Plan as fully paid and non-assessable common shares of SpinCo.

4. The board of directors of SpinCo is hereby authorized and empowered to make any changes to the Omnibus Plan as may be required by the TSX Venture Exchange or any other stock exchange on which SpinCo's common shares are listed at such applicable time.

5. Any officer or director of SpinCo is hereby authorized and directed for and on behalf of SpinCo 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 resolutions 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.

APPENDIX H
SECTION 238 OF THE BCA

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on,

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91, or

(iii) without limiting subparagraph (i), in the case of a benefit company, to alter the company's benefit provision;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(1.1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent under section 51.995 (5) in respect of a resolution to alter its notice of articles to include or to delete the benefit statement.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those share.