



**MANAGEMENT PROXY CIRCULAR**

**RELATING TO A**  
**SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**LUPAKA GOLD CORP.**

**REGARDING THE ISSUANCE OF LUPAKA SECURITIES**

**IN THE ARRANGEMENT**

**INVOLVING**

**LUPAKA GOLD CORP.**

**AND**

**ANDEAN AMERICAN GOLD CORP.**

**August 22<sup>nd</sup>, 2012**

Dear Shareholders:

The board of directors (the "**Board**") of Lupaka Gold Corp. ("**Lupaka**") cordially invites you to attend a special meeting (the "**Meeting**") of shareholders of Lupaka ("**Lupaka Shareholders**") to be held at the offices of DuMoulin Black LLP, 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia on September 21, 2012 at 10:00 a.m. (Pacific time).

At the Meeting, you will be asked to consider and approve certain matters related to a proposed plan of arrangement (the "**Arrangement**") involving Lupaka and Andean American Gold Corp. ("**Andean**").

Upon the completion of the Arrangement, Andean will become a wholly-owned subsidiary of Lupaka. The resulting company will be primarily a Peru-focused gold development and exploration company. Current Lupaka Shareholders will hold approximately 54.8% of the shares of the resulting company and current shareholders of Andean will hold approximately 45.2% of the shares of the resulting company.

Pursuant to the listing rules of the Toronto Stock Exchange, a listed company is generally required to obtain shareholder approval in connection with an acquisition transaction where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis.

At the Meeting, you will be asked to consider and approve an ordinary resolution (the "**Issuance Resolution**"), the full text of which is set forth in Schedule "A" to the management proxy circular (the "**Circular**") that accompanies this letter, approving the issuance of common shares in the capital of Lupaka (the "**Lupaka Shares**") to Andean securityholders in connection with the Arrangement.

In order to become effective, the Issuance Resolution requires an affirmative vote of not less than the majority of the votes cast by the Lupaka Shareholders who vote in respect of the Issuance Resolution in person or by proxy at the Meeting. The completion of the Arrangement is also subject to certain other conditions including the approval of the shareholders of Andean and the Supreme Court of British Columbia.

The Board has determined that the Arrangement is fair to Lupaka Shareholders and is in the best interests of Lupaka. The Board came to this determination based on, among other things, the opinion of Lupaka's financial advisor, Haywood Securities Inc., that as of July 5, 2012, the consideration to be paid by Lupaka in connection with the Arrangement, is fair, from a financial point of view, to Lupaka, subject to the assumptions and limitations described in such opinion. **Accordingly, the Board recommends that Lupaka Shareholders vote FOR the Issuance Resolution.**

If the Lupaka Shareholders approve the Issuance Resolution and all of the conditions to the Arrangement are satisfied or, where permitted, waived, it is anticipated that the Arrangement will be completed in September 2012.

It is important that your Lupaka Shares be represented at the Meeting. Whether or not you are able to attend the Meeting in person, we urge you to complete the enclosed form of proxy and return it by 10:00 a.m. (Pacific time) on September 19, 2012 to the attention of the Proxy Department of Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, facsimile number (416) 263-9524 or by using the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-732-8683 (VOTE). Voting by proxy will ensure that your vote will be counted if you are unable to attend the Meeting in person.

If you hold Lupaka Shares through a broker, investment dealer, bank, trust company or other intermediary, you should follow the instructions provided by your intermediary to ensure your vote is counted at the Meeting.

Included with this letter, in addition to the form of proxy referred to below, is a notice of the Meeting, the Circular and Lupaka and Andean's joint disclosure booklet (the "**Joint Disclosure Booklet**"). The Circular and Joint Disclosure Booklet contain a detailed description of the Arrangement, including the arrangement agreement between Lupaka and Andean governing the terms of the Arrangement. We have provided a brief description of the Arrangement in this letter to assist you in making your decision, but you should carefully consider all of the information in, and incorporated by reference in, the Circular, including the schedules thereto and the Joint Disclosure Booklet. If you require assistance, please consult your financial, legal or other professional advisors.

On behalf of Lupaka, I would like to thank all Lupaka Shareholders for their continuing support.

Yours very truly,

*"Eric Edwards"* (signed)

Eric Edwards  
President and Chief Executive Officer

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**LUPAKA GOLD CORP.**  
**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Special Meeting (the "**Meeting**") of the shareholders of Lupaka Gold Corp. (the "**Company**" or "**Lupaka**") will be held at the offices of DuMoulin Black LLP, 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia on September 21, 2012 at 10:00 a.m. (Pacific time) for the following purposes:

1. to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is set forth in Schedule "A" to the accompanying Management Proxy Circular (the "**Circular**") approving the issuance of Lupaka common shares (the "**Lupaka Shares**") pursuant to a plan of arrangement between Lupaka and Andean American Gold Corp. ("**Andean**") under the provisions of Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) in accordance with the amended and restated arrangement agreement dated August 16, 2012 between Andean and Lupaka, as it may be amended, all as more particularly described and set forth in the Circular and the accompanying joint disclosure booklet of Andean and Lupaka; and
2. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a form of proxy, the Circular, and Lupaka and Andean's joint disclosure booklet.

The board of directors of the Company fixed the close of business on August 17<sup>th</sup>, 2012 as the Record Date for the determination of the shareholders entitled to notice of and to vote at the Meeting, and any adjournment or postponement thereof.

*Registered shareholders* who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and send it in the enclosed envelope or otherwise to the attention of the Proxy Department of Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, facsimile number (416) 263-9524 or vote by using the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-732-8683 (VOTE). To be effective, a proxy must be received not later than 10:00 a.m. on September 19<sup>th</sup>, 2012.

*Non-registered shareholders* who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

DATED at Vancouver, British Columbia this 22<sup>nd</sup> day of August, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS**

"Eric Edwards" (signed)

Eric Edwards  
President and Chief Executive Officer

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## INFORMATION CONTAINED IN THIS PROXY CIRCULAR AND THE ACCOMPANYING JOINT DISCLOSURE BOOKLET

This Management Proxy Circular (the "**Circular**") of Lupaka Gold Corp. ("**Lupaka**" or the "**Company**") and the accompanying Joint Disclosure Booklet (the "**Joint Disclosure Booklet**") of Lupaka and Andean American Gold Corp. ("**Andean**") are each dated August 22<sup>nd</sup>, 2012 and, unless otherwise indicated, all information in this Circular and the Joint Disclosure Booklet is current as of such date. This Circular is to be reviewed together with the accompanying Joint Disclosure Booklet, which forms part of and is an integral part of this Circular.

No person has been authorized to give information or to make any representations in connection with the transactions discussed herein other than those contained in this Circular and, if given or made, any such information or representations should be considered as not having been authorized by Lupaka or Andean.

Lupaka Shareholders should not construe the contents of this Circular and the Joint Disclosure Booklet as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

Certain information pertaining to Andean, including forward-looking statements made by Andean, included or incorporated by reference herein has been provided by Andean or are based on publicly available documents and records on file with the Canadian securities authorities and other public sources. Although Lupaka does not have any knowledge that would indicate that any such information is untrue or incomplete, Lupaka assumes no responsibility for the accuracy or completeness of such information, nor for the failure by such other persons to disclose events which may have occurred or which may affect the completeness or accuracy of such information but which is unknown to Lupaka.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Circular, the Joint Disclosure Booklet and the documents incorporated by reference herein and therein contain "forward-looking statements" and "forward-looking information" within the meaning of securities regulations in Canada and the United States (collectively, the "**forward-looking statements**"). **The forward-looking statements contained in this Circular, the Joint Disclosure Booklet, and the documents incorporated by reference herein and therein are expressly qualified by the important cautionary statement set out under "Cautionary Statement Regarding Forward-Looking Statements" contained in the Joint Disclosure Booklet, which you are urged to read.**

### NOTICE TO SHAREHOLDERS IN THE UNITED STATES

Information concerning the properties and operations of Andean and Lupaka included or incorporated by reference in this Circular and the Joint Disclosure Booklet has been prepared in accordance with Canadian disclosure standards under applicable Canadian securities laws, which are not comparable in all respects to United States disclosure standards. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" (and similar expressions) used in this Circular, the Joint Disclosure Booklet or in the documents incorporated by reference herein or therein are Canadian mining terms as defined in accordance with National Instrument 43-101 under guidelines set out in the standards set by the Canadian Institute of Mining, Metallurgy and Petroleum.

While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under the standards of the U.S. Securities and Exchange Commission ("**SEC**"). As such, certain information contained or incorporated by reference in this Circular and the Joint Disclosure

Booklet concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. An "Inferred Mineral Resource" has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It cannot be assumed that all or any part of an "Inferred Mineral Resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. Investors are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Mineral Reserves. Investors are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable.

### CURRENCY PRESENTATION

Unless otherwise indicated, all dollar amounts in this Circular are expressed in Canadian dollars.

### GENERAL PROXY INFORMATION

Lupaka's management is using this Circular to solicit proxies from the shareholders of Lupaka ("**Lupaka Shareholders**") for use at the special meeting (the "**Meeting**") at the time and place and for the purposes set forth in the enclosed Notice of Meeting. Lupaka's board of directors (the "**Board**") has fixed the close of business on August 17<sup>th</sup>, 2012 as the date for the determination of Lupaka Shareholders entitled to notice of and to vote at the Meeting (the "**Record Date**"), and any adjourned or postponement thereof.

#### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but Lupaka's directors, officers and regular employees may also solicit proxies personally or by telephone. Lupaka will bear all costs of the solicitation. Lupaka has arranged for intermediaries to forward the Meeting materials to beneficial owners of common shares in the capital of Lupaka ("**Lupaka Shares**") held of record by those intermediaries and Lupaka may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

### COMPLETION AND VOTING OF PROXIES

#### Voting of Proxies

The Lupaka Shares represented by the accompanying form of proxy, if properly executed and received at the offices of Computershare Investor Services Inc., Attention: Proxy Department, 9th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1, by no later than **10:00 a.m. (Pacific Time)** on September 19, 2012 or, if the Meeting is adjourned, then not less than 48 hours (excluding Saturdays, Sundays and holidays) before any such adjourned meeting), will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made. **In the absence of such a specification, the persons designated in the accompanying form of proxy will vote in favour of all matters to be acted on at the Meeting.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters set forth in the accompanying notice of Meeting, and all other business or matters that may properly come before the Meeting. At the date hereof, management of Lupaka knows of no such amendments, variations or other business or matters to come before the Meeting.



## Registered Holders

Only Lupaka Shareholders registered as shareholders in the Company's shareholder registry maintained by the Company's registrar and transfer agent ("**Registered Shareholders**") or duly appointed Proxyholders (except as discussed below under "Non-Registered Shareholders") will be recognized to make motions or vote at the Meeting.

## Beneficial (Non-Registered) Shareholders

Lupaka Shareholders who hold Lupaka Shares through their brokers, intermediaries, trustees, or other nominees (such shareholders being collectively called "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the share register of the Company may be recognised and acted upon at the Meeting. If Lupaka Shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholder **will not** appear on the share register of the Company. Such shares will most likely be registered in the name of the broker or an agent of the broker. The vast majority of such shares will be registered in the name of "CDS & Co.", the registration name of The Canadian Depository for Securities Limited, which acts as nominee for many brokerage firms. Such shares can only be voted by brokers, agents, or nominees and can only be voted by them in accordance with instructions received from Beneficial Shareholders. **As a result Beneficial Shareholders should carefully review the voting and instructions provided by their broker, agent or nominee with this proxy Circular and ensure that they direct the voting of their shares in accordance with those instructions.**

Applicable regulatory policies require brokers and intermediaries to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Each broker or intermediary has its own mailing procedures and provides its own return instructions to clients. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by such shareholder's broker, agent or nominee is limited to instructing the registered holder on how to vote such shares on behalf of the Beneficial Shareholders. Most brokers in Canada now delegate responsibility to obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares voting instruction forms, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of such shares to the Company's registrar and transfer agent, Computershare Investor Services Inc. **Beneficial Shareholders should note that only registered Lupaka Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. A Beneficial Shareholder cannot be recognized at the Meeting for the purposes of voting his or her common shares unless such holder is appointed by the applicable intermediary as a proxyholder. If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please refer to the instructions set out on the "Request for Voting Instruction" (VIF)" that accompanies this Circular.**

**Beneficial Shareholders should follow the instructions on the forms that they receive and contact their intermediaries promptly if they need assistance.**

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and officers of the Company. **Registered Shareholders have the right to appoint as their proxy some other person or company of their choice, provided that Registered Shareholders that are individuals must only appoint another Registered Shareholder as their proxy.**

**A Registered Shareholder, desiring to appoint some other person or company to represent them at the Meeting, may do so either by inserting the name of such person or company in the blank space provided in the accompanying form of proxy and striking out the names of the management nominees or by duly completing another proper form of proxy** and, in either case, depositing the completed proxy at the offices of the Company's registrar and transfer agent, Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue Toronto, Ontario M5J 2Y1, before the specified time described in the previous section.

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it: (a) by attending the Meeting and voting the Registered Shareholder's Lupaka Shares, (b) by fully executing another form of proxy bearing a later date and duly depositing the same before the specified time, or (c) by executing a valid notice of revocation (where a new proxy is not also filed).

A later dated proxy or notice of revocation must be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Registered Shareholder is a Company, by an officer or attorney duly authorized, and delivered by fax to 1-866-249-7775, or by mail (via postage paid return envelope) to Computershare Investor Services Inc., attention: Proxy Department, 100 University Avenue Toronto, Ontario M5J 2Y1, or to the head office of the Company located at #428 - 800 Pender Street West, Vancouver, British Columbia, Canada, V6C 2V6.

A later dated proxy may be received at any time up to and including the business day before the Meeting, or if the Meeting is adjourned, at any time up to and including the last business day before any reconvening thereof at which the proxy is to be used, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof.

Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their intermediaries to change the vote and, if necessary, revoke their proxy.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

#### **EXERCISE OF DISCRETION**

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Lupaka Shareholders appointing them. **In the absence of such direction, such shares will be voted in accordance with management's recommendation in respect of the Issuance Resolution. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

#### **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares (the "**Preferred Shares**") without par value. As at the date hereof, there are a total of 44,762,451 issued and outstanding Lupaka Shares, each share carrying the right to one vote, and no Preferred Shares. The Lupaka Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "LPK".

To the knowledge of the directors and executive officers of the Company, the only persons who, or corporations which, beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company are:

Name	Number of Lupaka Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Lupaka Shares
Gordon L. Ellis	8,780,032 <sup>(1)</sup>	19.61%

Note:

- (1) This amount includes 500 Lupaka Shares held directly by Mr. Gordon Ellis; 100,000 Lupaka Shares held by Loadxi Minerals Limited, a company wholly-owned by Mr. Ellis; 2,384,164 Lupaka Shares held by Gordann Consultants Inc. ("Gordann Consultants"), a company in which Mr. Ellis holds a 51% interest and his spouse holds a 49% interest; 2,295,368 Lupaka Shares held by ABE Industries (1980) Inc., a company that is wholly-owned by Gordann Consultants, and 4,000,000 Lupaka Shares held by K-Rok Minerals Inc., a company of which Mr. Ellis owns a 60% interest and controls voting and dispositive powers.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Description of the Arrangement

On July 16, 2012, Lupaka entered into an arrangement agreement (the "**Original Arrangement Agreement**") with Andean which was amended and restated on August 16, 2012 (the "**Arrangement Agreement**"), pursuant to which Lupaka agreed to, among other things, acquire all of the issued and outstanding common shares of Andean (the "**Andean Shares**") pursuant to an all-share transaction (the "**Arrangement**"). Following completion of the Arrangement, current Lupaka Shareholders will hold approximately 54.8% of the outstanding Lupaka Shares, Andean's existing shareholders will hold approximately 45.2% of the outstanding Lupaka Shares and Andean will become a wholly-owned subsidiary of Lupaka.

The terms of the Arrangement provide that each Andean Share will be exchanged for 0.245 of a Lupaka Share and that holders of Andean stock options and warrants will be entitled to receive upon exercise 0.245 of a Lupaka Share in lieu of one Andean Share at an effective exercise price per Lupaka Share generally determined by dividing the exercise price per Andean Share in effect immediately before the completion of the Arrangement by 0.245. As of August 22, 2012, there are 150,976,810 Andean Shares outstanding and outstanding Andean stock options and warrants exercisable to acquire 6,850,000 Andean Shares and 2,500,000 Andean Shares, respectively.

For a summary of the Arrangement Agreement, refer to Schedule "D" of the Joint Disclosure Booklet.

### Background to the Arrangement

The provisions of the Arrangement Agreement are the result of arm's length negotiations between representatives of Lupaka and Andean and their respective legal and financial advisors. The following is a summary of the background to the execution of the Arrangement Agreement.

On October 28, 2011 Andean publicly announced that in light of the current financial market conditions and the capital requirements to develop its Invicta Gold Project in Peru, the management and Board of Andean were considering various merger and acquisition opportunities that may include the involvement of joint venture partners, the sale of certain properties and/or the use of funds to purchase new projects for Andean.

On April 26, 2012, Haywood Securities Inc. ("**Haywood**") introduced members of Lupaka's management team to the idea of a transaction with Andean. Thereafter, Lupaka's management team was introduced to the management team of Andean to discuss potential opportunities with respect to a possible business combination between the two companies.

On May 2, 2012 Lupaka and Andean signed a confidentiality agreement which allowed for the sharing of confidential information of Andean as well as a site visit by Lupaka's representatives to Andean's Invicta Gold Project. Lupaka technical and community relations review teams conducted site due diligence at the Invicta Gold Project site and surrounding communities from May 18 through May 20, 2012. Management from Lupaka and Andean met in person on June 12, 2012 to begin detailed discussions toward a business combination.

On June 18 and June 21, 2012 the Board approved the submission of a proposal to Andean and the entering into of a non-binding letter of intent, authorizing management of Lupaka to negotiate certain terms of such non-binding letter of intent and to enter into an agreement to engage Haywood as Lupaka's financial advisor for a potential transaction with Andean.

On June 22, 2012 Lupaka and Andean entered into a non-binding letter of intent that set forth a framework for continued discussions and negotiation of a transaction agreement, as well as the parties' initial mutual understanding of the key terms of a potential transaction. The non-binding letter of intent provided for an exclusivity period to June 28, 2012 with a view to entering into a binding agreement. The non-binding letter of intent also provided that the directors and officers of Andean and Lupaka would enter into support agreements with the other party pursuant to which they would agree, among other things, to vote in favour of the proposed transaction. Following execution of the non-binding letter of intent, Lupaka and Andean conducted further due diligence and also commenced negotiation of a binding agreement setting out the terms of a potential transaction. The non-binding letter of intent was extended to July 5, 2012 while such due diligence and negotiations between the parties continued.

On July 5, 2012, the Board held a meeting to review the results of Lupaka's due diligence, the negotiated principal terms of a proposed transaction with Andean and to receive an oral fairness opinion from Haywood. Haywood presented its analysis and opinion on the financial terms of the Arrangement and concluded that the proposed transaction was fair, from a financial point of view, to Lupaka, subject to the assumptions and limitations described in such opinion. Following further discussion of the proposed Arrangement, the Board approved the entering into of a binding letter agreement (the "**Binding LOI**") setting out the principal terms of the Arrangement and obligating Lupaka and Andean to negotiate in good faith and enter into a more detailed and definitive agreement.

The Binding LOI was entered into and announced by joint news release of Lupaka and Andean on July 5, 2012. Lupaka and Andean thereafter commenced finalization of the transaction structure and negotiation of the definitive arrangement agreement.

On July 16, 2012, the Board unanimously approved the entering into of the Original Arrangement Agreement and resolved to recommend that the Lupaka Shareholders vote in favour of the Issuance Resolution (as defined below under the heading "Particulars of Matters to Be Acted Upon - Lupaka Shares to be Issued in Connection with the Arrangement").

The Original Arrangement Agreement was entered into on the evening of July 16, 2012 and on July 17, 2012 Lupaka and Andean issued a joint press release announcing the signing of the Arrangement Agreement.

On August 16, 2012, Lupaka and Andean entered into the amended and restated Arrangement Agreement to provide for a procedural change to the Arrangement.

## Haywood's Fairness Opinion

Pursuant to a letter agreement dated June 18, 2012, the Board retained Haywood as its financial advisor in connection with Lupaka's consideration of a transaction involving Andean. Haywood was engaged to provide advisory services to Lupaka, including the assessment of and recommendation in respect of the fairness from a financial point of view of the consideration to be paid by Lupaka. Haywood was not engaged to make (and has not made) an independent formal valuation of either Lupaka or Andean or of their respective material assets or securities.

Haywood delivered its written opinion on July 5, 2012. Based on its review and subject to the assumptions and limitations summarized therein, Haywood was of the opinion that, as of July 5, 2012, the consideration to be paid by Lupaka in connection with the Arrangement is fair, from a financial point of view, to Lupaka.

The full text of the written opinion of Haywood dated July 5, 2012 which sets forth the assumptions made, procedures followed, scope of review, matters considered and limitations on the review undertaken, is set forth at Schedule "B" to this Circular. **Lupaka Shareholders are urged to read the Haywood fairness opinion in its entirety.** The Haywood fairness opinion was prepared at the request and for the information of the Board and the opinion is directed only to the fairness, from a financial point of view, of the consideration payable by Lupaka pursuant to the Arrangement, and does not address the merits of the underlying decision by the Board to participate in the Arrangement and does not constitute a recommendation of any kind to any Lupaka Shareholder as to how such Lupaka Shareholder should vote with respect to the matters to be considered at the Meeting.

Haywood is not an insider, associate or affiliate of Lupaka or Andean, nor any of their respective associates or affiliates. Haywood has been retained to act solely as Lupaka's financial advisor and not as an advisor to any other party, including the Lupaka Shareholders.

Haywood may in the ordinary course of its business, provide financial advisory or investment banking services to Lupaka or Andean from time to time. In addition, in the ordinary course of its business, Haywood, the associates and affiliates thereof and the officers, directors and employees of any of them at any time may hold long or short positions, may trade or otherwise effect transactions, for their own account, for managed accounts or for the accounts of customers, in debt or equity securities of Lupaka or Andean or related assets or derivative securities.

Haywood will receive a fee for its services in connection with the Arrangement Agreement, which is not contingent upon the outcome of the Arrangement. Lupaka has also agreed to indemnify Haywood and certain related persons against liabilities in connection with its engagement.

## Recommendation of the Board of Lupaka

**The Board has determined that the Arrangement is in the best interests of Lupaka and is fair to the Lupaka Shareholders, and recommends that Lupaka Shareholders vote FOR the Issuance Resolution to be considered at the Meeting, the details of which are discussed in this Circular.**

In arriving at their recommendation, the Board, in consultation with senior management, legal counsel, and Haywood, considered the following:

- a) the business combination of Lupaka and Andean will create a well-financed Peru-focused gold explorer with a combined Measured and Indicated resource estimate of approximately 2.1

million ounces of gold equivalent and an additional combined Inferred resource estimate of approximately 0.9 million ounces of gold equivalent<sup>1 2</sup>;

- b) the business combination of Lupaka and Andean will create geographic diversification and balance through an asset base spread across three regions of Peru, while taking advantage of country-wide synergies, relationships and expertise;
- c) the resulting company will focus its exploration on the potential of the Crucero Gold Project, with a view to drive shareholder value through the addition of new estimated resources and discoveries on additional targets within the Crucero Gold Project area;
- d) Andean's Invicta Gold Project has near-term underground gold and poly-metallic development potential with limited regional exploration to date, and has the potential to realize value through development with or without a joint venture or a sale of the project;
- e) Lupaka Shareholders will gain exposure to the substantial and prospective AntaKori copper-gold deposit through Andean's strategic 17% stake in Southern Legacy Minerals Inc.;
- f) the Arrangement will provide a platform to pursue further accretive acquisitions;
- g) the resulting company will benefit from complementary on-site management teams and in-country experience offering relative strengths in exploration, permitting, community relations and development; and
- h) the Haywood fairness opinion concluded that the consideration to be paid by Lupaka in connection with the Arrangement, is fair, from a financial point of view, to Lupaka.

In reaching its determination, the Board also considered and evaluated, among other things:

- a) information concerning the results of operations, performance, financial condition and prospects of both Lupaka and Andean on a company-by-company basis and on a combined basis;

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<sup>1</sup> Resource information for the Invicta Gold Project is from the "NI 43-101 Technical Report on Resources Invicta Gold Project Huaura Province, Peru" by SRK Consulting (U.S.), Inc., April 6, 2012 (the "**Invicta Report**") which is available on SEDAR. Mineral resource estimate calculated using a 1.30 g/t gold equivalent cut-off grade. Metal prices assumed for the gold equivalent calculation are US\$1,500/oz for gold, US\$32.50/oz for silver, US\$3.90/lb for copper, US\$1.05/lb for lead and US\$1.00/lb for zinc. The Measured and Indicated resource estimate is based on 8,644,000 tonnes grading 2.13 g/t Au, 15.90 g/t Ag, 0.43% Cu, 0.24% Pb and 0.29% Zn, the Inferred resource estimate is based on 2,534,000 tonnes grading 1.61 g/t Au, 12.02 g/t Ag, 0.46% Cu, 0.27% Pb and 0.18% Zn. Jeffrey Volk, CPG, FAusIMM, is a Principal Resource Geologist with SRK Consulting (US), Inc., a "qualified person" as defined by National Instrument 43-101 ("**NI 43-101**") and is independent of Andean as defined by Section 1.5 of NI 43-101. Mr. Volk is the author of the Invicta Report and prepared or supervised the preparation of the information that forms the basis for the foregoing scientific and technical information regarding the Invicta Gold Project which was derived from the Invicta Report.

<sup>2</sup> Resource information for the Crucero Gold Project is from the "Technical Report for the Crucero Property, Peru" by Tetra Tech Inc., March 2, 2012 (the "**Crucero Report**") which is available on SEDAR. Mineral resource estimate calculated using a 0.40 g/t gold cut-off grade. The Indicated resource estimate is based on 34,641,233 tonnes grading 1.03 g/t Au (capped) for 1,145,000 gold ounces and the Inferred mineral resource estimate is based on 28,965,683 tonnes grading 0.69 g/t Au (capped) for 647,000 gold ounces. Greg Mosher is an employee of Tetra Tech, a "qualified person" as defined by NI 43-101 and is independent of Lupaka as defined by Section 1.5 of NI 43-101. Mr. Mosher has reviewed and approved the foregoing scientific and technical information regarding the Crucero Gold Project which was derived from the Crucero Report.

- b) information with respect to recent and historical trading prices and trading multiples of the publicly traded shares of both Lupaka and Andean;
- c) current economic, industry and market conditions affecting both companies;
- d) the results of the due diligence review conducted by Lupaka with respect to the business and operations of Andean; and
- e) the terms of the Arrangement Agreement and the structure of the Arrangement.

Based on these factors and such other factors as the Board deemed relevant, the Board approved the Arrangement Agreement and the Arrangement contemplated thereby. This discussion of the information and the factors considered by the Board is not intended to be exhaustive. The above factors are not presented in any particular order, and the Board did not assign any relative or specific weight to the foregoing factors and individual directors may have given differing weight to different factors.

#### **Approval of Lupaka Shares to be Issued in Connection with the Arrangement**

Pursuant to the listing rules of the TSX, a listed company is required to obtain shareholder approval in connection with an acquisition transaction where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis.

Under the Arrangement, Lupaka would be required to issue up to approximately 39,280,069 Lupaka Shares (which includes Lupaka Shares issuable pursuant to the exercise of all of the outstanding Andean stock options and warrants), which is equal to approximately 87.8% of the non-diluted Lupaka Shares outstanding as at August 22, 2012.

Therefore, in order for the acquisition of Andean to be completed, Lupaka Shareholders must approve an ordinary resolution (the "**Issuance Resolution**"), the full text of which is set out in Schedule "A", approving the issuance of Lupaka Shares to Andean securityholders in connection with the Arrangement.

As the exact number of Lupaka Shares issuable pursuant to the Arrangement cannot be determined prior to completion of the Arrangement due to the treatment of fractional shares under the terms of the Arrangement, the number of Lupaka Shares to be approved under the Issuance Resolution has been rounded up to 39,300,000.

**The Issuance Resolution must be approved by a majority of the votes cast, either in person or by proxy at the Meeting.**

**The Board recommends that the Lupaka Shareholders vote in favor of the Issuance Resolution. If named as a proxy, the management designees of Lupaka intend to vote the Lupaka Shares represented by such proxy at the Meeting for the approval of the Issuance Resolution, unless otherwise directed in the proxy.**

## RISK FACTORS

Lupaka Shareholders should carefully consider the risk factors under the headings "Information Concerning the Combined Company After the Arrangement - Risk Factors" and "Risk Factors Relating to the Arrangement Agreement" in Schedule "A" and "D" of the Joint Disclosure Booklet, respectively, in evaluating whether to approve the Issuance Resolution. These risk factors should be considered in conjunction with the other information included in this Circular and the Joint Disclosure Booklet.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company adopted a stock option plan (the "Option Plan") to permit the Company to grant incentive stock options equal to up to 10% of the issued and outstanding Lupaka Shares to the directors, officers, employees and consultants of the Company or its subsidiaries. The Option Plan was approved by Lupaka Shareholders on September 20, 2010.

The following table sets forth as of the financial year ended December 31, 2011 the number of securities authorized for issuance under the Option Plan.

Plan Category	Number of Lupaka Shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	3,697,000	\$0.73	249,245
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>3,697,000</b>	<b>\$0.73</b>	<b>249,245</b>

Note:

- (1) As at December 31, 2011, there were 3,697,000 options issued and outstanding under the Option Plan, representing 9.4% of the Company's issued and outstanding capital (as of December 31, 2011).

As of August 22, 2012, there were 44,762,451 Lupaka Shares outstanding and 3,647,000 Lupaka Shares issuable upon exercise of outstanding Lupaka stock options, and 150,976,810 Andean Shares outstanding and 6,850,000 Andean Shares issuable upon exercise of outstanding Andean stock options. If the Arrangement is completed and assuming there are no changes to the outstanding securities of Lupaka and Andean prior to such completion, the number of outstanding common shares of the resulting company to be issued upon exercise of outstanding options will be approximately 5,325,250 at a weighted average exercise price of approximately \$1.21, and the number of common shares remaining available for future issuance under the Option Plan will be approximately 2,849,927.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to the Company, or any of its



subsidiaries, nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

#### **INTERESTS OF EXPERTS**

The following professional persons have prepared reports or have provided opinions that are either included in, referred to in or incorporated by reference in this Circular:

- (a) Greg Z. Mosher, P.Geo. of Tetra Tech Wardrop a "Qualified Person" for the purposes of NI 43-101, is the author of the technical report dated March 2, 2012 entitled "Technical Report for the Crucero Property, Peru";
- (b) PricewaterhouseCoopers LLP, Chartered Accountants, provided the auditors' report on the annual consolidated financial statements of Lupaka which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and the consolidated statements of loss and comprehensive loss, cash flow and changes in equity for the years ended December 31, 2011 and 2010 together with the auditors' report thereon and the notes thereto; and
- (c) Haywood Securities Inc. provided a fairness opinion dated July 5, 2012 (the "**Fairness Opinion**").

Mr. Mosher does not, as of the date hereof, hold any direct or indirect interest in Andean, Lupaka or the Combined Company or an affiliate or associate of Andean, Lupaka or the Combined Company (other than through the ownership of shares of Andean, Lupaka or the Combined Company or any affiliate or associate thereof representing less than one percent of the outstanding shares of Andean, Lupaka or the Combined Company or any affiliate or associate thereof).

Neither Haywood nor each partner, employee or consultant of Haywood who (a) participated in and was in a position to directly influence or (b) was in a position to directly influence the outcome of the preparation of the Fairness Opinion, has as of the date hereof, any direct or indirect interest in Andean, Lupaka or the Combined Company or an affiliate or associate of Andean, Lupaka or the Combined Company (other than through the ownership of shares of Andean, Lupaka or the Combined Company or any affiliate or associate thereof representing less than one percent of the outstanding shares of Andean, Lupaka or the Combined Company or any affiliate or associate thereof). PricewaterhouseCoopers LLP reports that they are independent of Lupaka in accordance with the professional standards of the Institute of Chartered Accountants of British Columbia.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Circular, since the beginning of the last completed financial year, no informed person of the Company or any associate or affiliate of an informed person, has or had any material interest, director or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or its subsidiaries.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as disclosed in this Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last completed financial year or any associate or affiliate of any such director or executive officer has any material interest, director or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

### MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

### ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's consolidated financial statements and MD&A for its financial year ended December 31, 2011 and 2010, and the condensed consolidated interim financial statements for the three and six months ended June 30, 2012 and 2011, available on SEDAR at [www.sedar.com](http://www.sedar.com).

Lupaka Shareholders may request copies of the Company's financial statements and MD&A by contacting the Corporate Secretary of the Company at 604-681-5900.

### BOARD APPROVAL

The contents of this Circular and the sending of it to each shareholder entitled to receive notice of the Meeting, to each director of the Company, to the auditor of the Company, and to the appropriate regulatory agencies has been authorized by the Board of Directors of the Company.

**DATED** as of the 22<sup>nd</sup> day of August, 2012.

### BY ORDER OF THE BOARD OF DIRECTORS

"*Eric Edwards*" (signed)

Eric Edwards  
President and Chief Executive Officer

**SCHEDULE "A"**  
**ISSUANCE RESOLUTION**

"BE IT RESOLVED THAT:

1. the issuance of such number of Lupaka Gold Corp. ("**Lupaka**") common shares ("**Lupaka Shares**") as may be required to be issued pursuant to the terms of the plan of arrangement under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**Arrangement**") in accordance with the amended and restated arrangement agreement dated August 16, 2012 between Andean American Gold Corp. ("**Andean**") and Lupaka, as it may be amended, comprised of Lupaka Shares forming the consideration to be paid to Andean shareholders and Lupaka Shares issuable to holders of Andean stock options and warrants upon exercise, up to a maximum of 39,300,000 Lupaka Shares, is hereby authorized and approved;
2. any one director or officer of Lupaka be and is hereby authorized and directed, acting for, in the name of and on behalf of Lupaka, to execute or cause to be executed, and to deliver or to cause to be delivered, all such deeds, documents, instruments and assurances and to do or cause to be done all such other acts and things as such director or officer of Lupaka may determine to be necessary or desirable to carry out the terms of this resolution, the execution and delivery of any such deed, document, instrument or assurance or the doing of any such act or thing being conclusive evidence of such determination; and
3. the Board is hereby authorized at any time in its absolute discretion, to determine whether or not to proceed with the foregoing without further approval, ratification or confirmation by Lupaka Shareholders."

**SCHEDULE "B"**  
**FAIRNESS OPINION**



July 5, 2012

The Board of Directors

Lupaka Gold Corp.

800 West Pender Street, Suite 428

Vancouver, BC V6C 2V6

To the Board of Directors:

Haywood Securities Inc. (the “**Advisor**” or “**Haywood Securities**”) understands that Lupaka Gold Corp. (the “**Corporation**” and which term shall, to the extent required or appropriate in the context, include the affiliates of the Corporation) and Andean American Gold Corp. (“**Andean American**”) have agreed to enter into a plan of arrangement transaction (the “**Transaction**”) pursuant to which (i) all of the outstanding shares of Andean American will be exchanged for common shares of the Corporation at the ratio of 0.245 of a share of the Corporation for every one Andean American share held (the “**Exchange Ratio**”), and (ii) each of the outstanding options and warrants to acquire common shares of Andean American will, subject to regulatory approval, be exchanged for an option or warrant of the Corporation exercisable to acquire 0.245 of a common share of the Corporation at an exercise price adjusted by the Exchange Ratio, as contemplated by the binding letter agreement dated July 5, 2012 between the Corporation and Andean American (the “**Binding Letter Agreement**” and which term shall include the schedules attached thereto). The final structure of the Transaction will be determined by the parties taking into consideration all applicable securities, corporate and/or tax law implications, and the parties will enter into a definitive agreement setting out such structure and which will supersede the Binding Letter Agreement. The Transaction will be described in detail in a management proxy circular (the “**Circular**”) to be prepared by the Corporation and sent to the shareholders of the Corporation.

The Board of Directors of the Corporation (the “**Board of Directors**”) has engaged Haywood Securities to render an opinion (this “**Fairness Opinion**”) as to the fairness, from a financial point of view, of the consideration to be paid by the Corporation in connection with the Transaction. Haywood Securities has not prepared a valuation of either the Corporation, or Andean American, or any of their respective securities or assets and this Fairness Opinion should not be construed as such.

## **Engagement**

The Board of Directors initially contacted Haywood Securities regarding a potential advisory assignment in May 2012 and Haywood Securities was formally engaged by the Board of Directors pursuant to an agreement entered into on June 18, 2012 between the Corporation and Haywood Securities (the “**Advisory Agreement**”). Under the Advisory Agreement, Haywood Securities agreed to render an opinion to the Board of Directors with respect to the fairness, from a financial point of view, of the consideration offered to Andean American in connection with the Transaction. Following the review of the terms of the Transaction by Haywood Securities, Haywood Securities rendered its oral opinion to the Board of Directors as to the fairness, from a financial point of view, of the consideration offered to Andean American in connection with the Transaction.

The terms of the Advisory Agreement provide that Haywood Securities is to be paid fees for its services under the Advisory Agreement.

## **Independence of Haywood Securities**

Haywood Securities is not an insider, associate, or affiliate of the Corporation or Andean American or any of their respective associates or affiliates. Haywood Securities has not entered into any other agreements or arrangements with the Corporation or Andean American or any of their affiliates with respect to any future dealings. Haywood Securities, however, acts as a trader and dealer, 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 the Corporation and Andean American or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, Haywood Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Corporation or Andean American or the Transaction. During the 24 months prior to the engagement of Haywood Securities by the Corporation, Haywood Securities has participated in a financing by Andean American in which Haywood Securities acted as the lead.

## **Credentials of Haywood Securities**

Haywood Securities is one of Canada's leading independent investment dealers with operations in corporate finance, equity sales and trading and investment research. The opinion expressed herein is the opinion of Haywood Securities, and the individuals primarily responsible for preparing this opinion are professionals of Haywood Securities experienced in merger, acquisition, divestiture and fairness opinion matters.

## **Scope of Review and Approach to Analysis**

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

- (a) reviewed the Binding Letter Agreement between the Corporation and Andean American concerning the proposed Transaction;
- (b) reviewed the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2010 and 2011;
- (c) reviewed the Management's Discussion and Analysis of the Corporation for the financial years ended December 31, 2010 and 2011;

- (d) reviewed the unaudited consolidated financial statements of the Corporation for the financial quarters ended June 30, and September 30, 2011;
- (e) reviewed the Management's Discussion and Analysis of the Corporation for the financial quarters ended June 30, and September 30, 2011;
- (f) reviewed the Annual Information Form of the Corporation for the financial year ended December 31, 2011;
- (g) reviewed the Final Long Form Prospectus of the Corporation dated June 15, 2011;
- (h) reviewed the Corporation's Management Information Circular dated March 20, 2012;
- (i) reviewed the audited consolidated financial statements of Andean American for the financial years ended March 31, 2011 and 2012;
- (j) reviewed the Management's Discussion and Analysis of Andean American for the financial years ended March 31, 2011 and 2012;
- (k) reviewed the unaudited consolidated financial statements of Andean American for the financial quarters ended June 30, 2011, September 30, 2011, and December 31, 2011;
- (l) reviewed the Management's Discussion and Analysis of Andean American for the financial quarters ended June 30, 2011, September 30, 2011, and December 31, 2011;
- (m) reviewed Andean American's Management Information Circular dated August 8, 2011;
- (n) reviewed Sinchao Metals Corp. Management Information Circular dated May 30, 2012 with respect to the proposed merger with Southern Legacy Minerals, Inc.;
- (o) conducted discussions with the management of the Corporation concerning the current business plan of Andean American, its assets, its financial condition, its future business prospects and potential alternatives to the Transaction;
- (p) reviewed public information relating to the business, financial condition and trading history of each of the Corporation and Andean American and other select public companies we considered relevant;
- (q) reviewed 43-101 compliant technical reports of each of the Corporation, Andean American, Sinchao Metals Corp. and Southern Legacy Minerals, Inc.;
- (r) reviewed certain projected financial and operating information, including without limitation, operational forecasts including internal mine models (where applicable), and financial forecasts and budgets, which were prepared and provided by the Corporation and Andean American;
- (s) reviewed certain internal documents, including without limitation, material contracts and exploration reports, which were prepared and provided by the Corporation and Andean American;

- (t) reviewed historical market prices and valuation multiples for the common shares of the Corporation and the common shares of Andean American and compared such prices and multiples with those of certain publicly traded companies that we deemed relevant for the purposes of our analysis;
- (u) reviewed the financial results of the Corporation and Andean American and compared them with publicly available financial data concerning certain publicly traded companies that we deemed to be relevant for the purposes of our analysis;
- (v) reviewed publicly available financial data for merger and acquisition transactions that we deemed comparable for the purposes of our analysis;
- (w) compared the consideration offered to Andean American and its implied transaction value to the historical market prices of the common shares of Andean American and the Corporation;
- (x) reviewed certain industry reports and statistics that we deemed relevant for purposes of our analysis;
- (y) reviewed and considered such other financial, market, technical and industry information, conducted such other investigations, analyses and discussions (including discussions with senior management, legal counsel to the Corporation and other third parties) as we considered relevant and appropriate in the circumstances.

In our assessment, we considered several techniques and used a blended approach to determine our opinion on the Transaction. We based this Fairness Opinion upon a number of quantitative and qualitative factors.

Haywood Securities has not, to the best of its knowledge, been denied access by the Corporation to any information under its control requested by Haywood Securities. Haywood Securities did not meet with the auditors of the Corporation or Andean American and has assumed the accuracy and fair presentation of and relied upon the audited consolidated financial statements of each of the Corporation and Andean American and the reports of the auditor thereon.

### **Assumptions and Limitations**

With the approval and agreement of the Board of Directors, we have relied upon and assumed, without assuming responsibility or liability for independent verification, the completeness, accuracy and fair presentation of all financial information, business plans, financial analyses, forecasts and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Corporation or Andean American, their respective subsidiaries, directors, officers, associates, affiliates, consultants, advisors and representatives relating to the Corporation, Andean American, their respective subsidiaries, associates and affiliates, and to the Transaction. The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to or, subject to the exercise of professional judgment, attempted to verify independently the completeness, accuracy or fair presentation of any such information, data, advice, opinions and representations. We have relied upon the due diligence review of Andean American conducted by the Corporation and its external consultants and advisors. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Corporation or Andean American under any provincial or federal laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or the facilities of the Corporation or Andean American.



With respect to any financial analyses, forecasts, projections, estimates and/or budgets provided to Haywood Securities and used in its analyses, Haywood Securities notes that projecting future results of any company is inherently subject to uncertainty. Haywood Securities has assumed, however, that such financial analyses, forecasts, projections, estimates and/or budgets were prepared using the assumptions identified therein and that such assumptions reflect the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Corporation and Andean American to which such financial analyses, forecasts, projections, estimates and/or budgets relate. We express no view as to such financial analyses, forecasts, projections, estimates and/or budgets or the assumptions on which they were based.

We have also assumed that the Transaction will have the tax consequences described in the Binding Letter Agreement. In preparing the Fairness Opinion, we have made several assumptions, including that all of the conditions required to complete the Transaction will be met and that the disclosure provided in the Circular with respect to the Corporation, Andean American and their respective subsidiaries and affiliates and the Transaction will be accurate in all material respects.

We have relied as to all legal matters relevant to rendering our opinion upon advice of counsel. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Corporation or Andean American or on the contemplated benefits of the Transaction.

The Fairness Opinion is rendered as at the date hereof and on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Corporation as they are reflected in the information provided by the Corporation and as they were represented to us in our discussions with the management of the Corporation. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion. We are expressing no opinion herein as to the price at which the common shares of the Corporation will trade at any future time. In our analyses and in connection with the preparation of the Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Haywood Securities and any party involved in the Transaction.

We have not been asked to prepare and have not prepared a valuation of the Corporation, or Andean American or any of the securities or assets thereof and our opinion should not be construed as a "formal valuation" (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*).

This Fairness Opinion is provided for the use of the Board of Directors of the Corporation only and may not be disclosed, referred or communicated to, or relied upon by, any third party without our prior written approval. Haywood Securities consents to the inclusion of this Fairness Opinion in the Circular. Haywood Securities disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of Haywood Securities after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, Haywood Securities reserves the right to change, modify or withdraw the Fairness Opinion.

Haywood Securities 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 a misleading view of the process underlying this Fairness Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

**Fairness Conclusion**

Based on and subject to the foregoing and such other factors as Haywood Securities considered relevant, Haywood Securities is of the opinion that, as of the date hereof, the consideration to be paid by the Corporation in connection with the Transaction, is fair, from a financial point of view, to the Corporation.

Yours truly,

*"Haywood Securities Inc."*

**HAYWOOD SECURITIES INC.**

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