



**JOINT DISCLOSURE BOOKLET  
FORMING PART OF THE MANAGEMENT PROXY CIRCULARS  
RELATING TO THE  
SPECIAL MEETING OF SHAREHOLDERS OF LUPAKA GOLD CORP.  
AND THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF ANDEAN AMERICAN GOLD CORP.  
REGARDING A PLAN OF ARRANGEMENT  
AMONG SUCH COMPANIES**

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**THIS JOINT DISCLOSURE BOOKLET FORMS A PART OF EACH OF THE MANAGEMENT PROXY CIRCULARS REFERRED TO ABOVE AND SHOULD BE READ IN CONJUNCTION WITH THEM. THE CIRCULARS CONTAIN DISCLOSURE AND STATEMENTS FORMING PART OF AND DIRECTLY RELEVANT TO THIS JOINT DISCLOSURE BOOKLET**

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**August 22, 2012**

## **JOINT DISCLOSURE BOOKLET**

This is the joint disclosure booklet (the "**Joint Disclosure Booklet**") of Lupaka Gold Corp. ("**Lupaka**") and Andean American Gold Corp. ("**Andean**") dated August 22, 2012 which contains the following Schedules:

Schedule "A" – Information Concerning the Combined Company after the Arrangement

Schedule "B" – Information Concerning Lupaka

Schedule "C" – Information Concerning Andean

Schedule "D" – Summary of Arrangement Agreement and the Voting Support Agreements

Schedule "E" – Pro Forma Financial Statements of the Combined Company

Any capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the management proxy circulars of which this Joint Disclosure Booklet forms a part.

For definitions of technical terms and abbreviations used in this Joint Disclosure Booklet and the management proxy circulars of which this Joint Disclosure Booklet forms a part, please refer to the glossaries contained in the Invicta Report or the Crucero Report, as applicable.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Joint Disclosure Booklet, the accompanying management proxy circulars and the documents incorporated herein and therein by reference contain "forward-looking information" which may include, but is not limited to, statements with respect to: the completion of the Arrangement; the future financial or operating performance of Lupaka, Andean, the issuer resulting from the Arrangement (the "**Combined Company**") and their respective projects; plans for the Crucero Gold Project and the Invicta Gold Project, including the costs and timing of future exploration; the estimation of mineral resources; capital, operating and exploration expenditures; requirements for additional capital and future financing of projects; and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Lupaka and Andean to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although Lupaka and Andean have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

The factors and assumptions of Lupaka and Andean and on which the forward-looking statements contained or incorporated in this Joint Disclosure Booklet, the accompanying management proxy circulars and the documents incorporated herein and therein are based, which may prove to be incorrect, include, but are not limited to: mineral resource estimates, the key assumptions and parameters on which such estimates are based; factors and assumptions concerning timing of receipt of required shareholder, court and regulatory approvals and the satisfaction of other conditions to the completion of the Arrangement; changes to the legislative and regulatory framework in Peru proceeding on a basis consistent with Lupaka's and Andean's current expectations; the exchange rate between applicable currencies being approximately consistent with current levels; that the current price of and demand for gold will be sustained or will improve; that general business and economic conditions will not change in a material adverse manner; that supplies, equipment, personnel, permits and local community approval required to conduct planned exploration and development activities will be available on reasonable terms and that Andean and Lupaka will not experience any material accident, labour dispute, or failure of equipment; and Andean's and Lupaka's ability to access capital markets and to generate sufficient cash flow from projected operations to meet future obligations.

Factors that could cause actual results or events to differ materially from those projected in the forward-looking statements include, but are not limited to: the failure to obtain necessary shareholder, court or regulatory approvals or satisfy the conditions to closing the Arrangement; the risk that the Arrangement will be delayed or will not complete; risks and uncertainties relating to potential political risks involving Lupaka's and Andean's operations in a foreign jurisdiction; actual results of exploration activities will be different than anticipated; cost of labour will increase more than expected; cost of equipment or materials will increase more than expected; that mineral resources are not as estimated; unexpected variations in mineral resources, grade or recovery rates; fluctuations in the currency markets; fluctuations in the price for gold or certain other commodities (such as diesel fuel and electricity); changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; changes in

national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Peru and/or other countries in which Lupaka or Andean may carry on business; business opportunities that may be presented to, or pursued by Lupaka and Andean; Lupaka's ability to successfully integrate acquisitions; actual results of exploration activities; the possibility of cost overruns or unanticipated expenses; employee relations; the speculative nature of mineral exploration and development, including the risks of obtaining and renewing necessary licenses and permits; contests over title to properties; and the occurrence of natural disasters, hostilities, acts of war or terrorism. In addition, there are risks and hazards associated with the business of mineral exploration and mining, including environmental hazards, industrial accidents, unusual or unexpected formation, pressures, cave-ins, and flooding (and the risk of inadequate insurance, or inability to obtain insurance to cover these risks). The factors identified above are not intended to represent a complete list of the factors that could affect Lupaka, Andean and the Combined Company. The information contained in this Joint Disclosure Booklet, the accompanying management proxy circulars and the documents incorporated herein and therein identifies additional factors that could affect the operating results and performance of Lupaka, Andean and the Combined Company (see, in particular, the factors set out under the section entitled "*Information Concerning the Combined Company After the Arrangement - Risk Factors*" contained in Schedule "A" of this Joint Disclosure Booklet).

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Joint Disclosure Booklet, the accompanying management proxy circulars and/or the documents incorporated herein and therein. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking statements.

The reader is further cautioned that the preparation of financial statements, including pro forma financial statements, in accordance with Canadian GAAP or IFRS, as the case may be, requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating resources is also critical to several accounting estimates and requires judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect as further information becomes available, and as the economic environment changes.

The forward-looking information contained in this Joint Disclosure Booklet, the accompanying management proxy circulars and the documents incorporated herein and therein is expressly qualified by this cautionary statement and is made as of the date of this Joint Disclosure Booklet, the accompanying management proxy circulars and the documents incorporated herein, as applicable. Unless otherwise noted, Lupaka and Andean do not undertake any obligation to publicly update or revise any forward-looking information to conform such statements to actual results or to changes in Lupaka's or Andean's expectations, except as otherwise required by applicable legislation.

## SCHEDULE "A"

### INFORMATION CONCERNING THE COMBINED COMPANY AFTER THE ARRANGEMENT

#### OVERVIEW OF THE COMBINED COMPANY

On the completion of the Arrangement, Andean will become a wholly-owned subsidiary of Lupaka and Lupaka, as the resulting issuer, will continue both the operations of Lupaka and Andean on a combined basis (the "**Combined Company**"). The Combined Company will continue to be governed by the *Business Corporations Act* (British Columbia).

The business and operations of the Combined Company will be managed from Lupaka's current head office located at 428 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6.

The Combined Company will be a well-financed Peru-focused gold explorer with geographic diversification and balance through its asset-based resource projects spread across three regions of Peru. The Combined Company will be focused on the exploration potential of the Crucero Gold Project, a near-term underground gold and poly-metallic development potential through the Invicta Gold Project (which has the potential to realize value through development with or without a joint venture or a sale of the project), and exposure to the AntaKori copper-gold deposit through a strategic 17% stake in Southern Legacy Minerals Inc.

#### SELECTED UNAUDITED PRO FORM CONSOLIDATED FINANCIAL INFORMATION

The selected unaudited pro forma consolidated financial information set forth in the table below sets out selected pro forma financial information for the Combined Company as of June 30, 2012, and should be considered in conjunction with the more complete information contained in the pro forma financial statements of the Combined Company attached as Schedule "E" to this Joint Disclosure Booklet. All currency amounts are stated in Canadian dollars.

<b>Balance Sheet Data</b>	<b>As at June 30, 2012</b>
Cash and cash equivalents	\$17,120,034
Working capital	\$15,331,282
Exploration properties and/or equipment	\$23,045,367
Total assets	\$43,550,999
Total liabilities	\$2,123,556
Shareholders' equity	\$41,427,443

#### DESCRIPTION OF MINERAL PROPERTIES

The following are brief descriptions of each of the material properties of the Combined Company. Further information regarding the Crucero Gold Project can be found in the Lupaka AIF, incorporated herein by reference. See "Documents Incorporated by Reference" in Schedule "B" to this Joint Disclosure Booklet.

Further information regarding the Invicta Gold Project can be found in Schedule "C" to this Joint Disclosure Booklet under the heading "Summary of the Invicta Gold Project".

## **Material Properties of the Combined Company**

### ***Crucero Gold Project, Peru***

The Combined Company will hold 100% of the shares of Minera Pacacorral S.A.C. ("**MP**"), a Peruvian company that holds the following interests in nine concession and petition claims covering an aggregate area of 5,500 hectares that comprise the Crucero Gold Project which is located in the Province of Carabaya and Sandia, within the Puno region of south-eastern Peru:

- (a) Crucero 1, Pacacorral 1 and Santa Cruz 1, which are 100% owned by MP, and are not subject to any nongovernmental royalty interest;
- (b) Pacacorral 2, Pacacorral 3 and Pacacorral 4, which are petition applications in process for mining concessions. If granted, these mining concessions will not be subject to any nongovernmental royalty interest; and
- (c) Mina Crucero 10, Mina Crucero 4 and Mina Crucero 2007 (the "**Assigned Concessions**"), which are held by MP pursuant to an assignment agreement (the "**Concession Assignment Agreement**") dated September 12, 2008 between MP and CEDIMIN S.A.C., the owner of Mina Crucero 10 and Mina Crucero 4, and CEDIMIN S.A.C.'s parent company, Compania de Minas Buenaventura S.A.A., the owner of Mina Crucero 2007. The Concession Assignment Agreement is similar to a lease agreement and expires in September 2038. As consideration for the Concession Assignment Agreement, MP agreed to pay a net smelter returns royalty on all gold and other minerals produced from the Assigned Concessions of:
  - (i) 1% if the average monthly price of an ounce of gold is greater than US\$300 and less than or equal to US\$400;
  - (ii) 2% if the average monthly price of an ounce of gold is greater than US\$400 and less than or equal to US\$600;
  - (iii) 3% if the average monthly price of an ounce of gold is greater than US\$600 and less than or equal to US\$800; and
  - (iv) 5% if the average monthly price of the ounce of gold is greater than US\$800.

The nearest major community to the Crucero Gold Project is the city of Juliaca, approximately 150km to the south-southwest, which has an airport that is served by domestic flights that connect with Lima, about 850 km to the northwest.

### ***Invicta Gold Project, Peru***

The Invicta Gold Project is comprised of 38 mining concessions which are held by Invicta Mining Corp. S.A.C. ("**Invicta**") which is in turn owned 100% by Andean. The Invicta Gold Project comprises a total area of 31,600 ha. Nine additional concessions covering approximately 6,600 ha are in the application process.

The Invicta Gold Project is located approximately 120 km to the northeast of the city of Lima. It is accessible by driving north along the Pan-American Highway from Lima to the city of Huaura, then along a portion of paved road and then a gravel road until the town of Huamboya for a total distance of 242 km. The property is located within the boundaries of the Paran, Lacsanga and Santo Domingo de Apache indigenous communities. Santo Domingo de Apache and Paran are in the district of Leoncio Prado while Lacsanga is in the district of Paccho.

Invicta entered into an option agreement in September 2005 pursuant to which Invicta was granted an option to acquire a 100% interest in five of the concessions comprising the Invicta Gold Project (these five concessions are referred to as the "**Victoria Property**") held by Minera ABX Explorations S.A. ("**ABX**"), a subsidiary of Barrick Gold Corporation. The option was exercised in 2007 and a transfer agreement was finalized in December 2008. Invicta has the following remaining payment obligations in respect of the Victoria Property, payable as long as the Combined Company wishes to retain the Victoria Property:

- a 1% NSR royalty capped at US\$1,000,000, with an annual advance payment of US\$100,000 towards the NSR royalty fee until the start of production. Invicta has to date paid US\$600,000 pursuant to the aforementioned royalty fee; and
- a separate quarterly production royalty of US\$50,000 payable after first production. The total production royalty is capped at US\$800,000.

In addition, Invicta is required to provide ABX with a copy of a feasibility study. ABX has a 90-day period to review the study. If the study demonstrates more than two million ounces of mineable gold-only reserves at the Victoria Property, ABX has the option to exercise a back-in right. Should ABX choose to exercise this back-in right, ABX would be required to pay Invicta 150% of all costs incurred by Invicta at the Victoria Property in exchange for 51% of the Victoria Property.

Invicta has no obligations regarding the remaining 33 concessions other than the annual payment of the "Derecho Vigencia" fees.

Invicta has a surface rights agreement with the community of Santo Domingo de Apache covering all aspects of mine development, mineral processing and infrastructure. Negotiations regarding surface rights agreements are ongoing with the communities of Paran and Lacsanga as agreements with all three communities are required to initiate construction and operation of a mine.

## **DIRECTORS AND OFFICERS**

On the Effective Date, as such term is defined in the Plan of Arrangement, the senior management and board of directors of the Combined Company are expected to be comprised of the following persons:

Name and Municipality of Residence and Proposed Position With the Combined Company	Director/ Officer Since	Present Occupation	Lupaka Shares Beneficially Owned Directly or Indirectly or Controlled after Giving Effect to the Arrangement <sup>(1)</sup>
Gordon Ellis British Columbia, Canada <i>Executive Chairman and Director</i>	President of Lupaka from November 3, 2000 to January 20, 2011; Executive Chairman of Lupaka since January 20, 2011; and Director of Lupaka since November 3, 2000	Business Executive	8,780,032 <sup>(2)</sup>
Eric Edwards British Columbia, Canada President, <i>Chief Executive Officer and Director</i>	President and Chief Executive Officer of Lupaka since January 20, 2011; and Director of Lupaka since January 25, 2011	Business Executive	1,017,507
Darryl Jones British Columbia, Canada <i>Chief Financial Officer</i>	Officer of Lupaka since October 1, 2010	Chartered Accountant	689,133
Kathleen Scales British Columbia, Canada <i>Corporate Secretary</i>	Officer of Lupaka since July 15, 2010	Corporate Secretary	129,500
John Graf British Columbia, Canada <i>Director</i>	Director of Lupaka since November 16, 2010	Chartered Accountant	150,000 <sup>(3)</sup>
Norman Keevil III British Columbia, Canada <i>Director</i>	Director of Lupaka since August 17, 2010	Engineer and Business Executive	200,000 <sup>(4)</sup>
Stephen Silbernagel British Columbia, Canada <i>Director</i>	Director of Lupaka since June 18, 2010	Retired Lawyer	330,000 <sup>(5)</sup>
Patrick Soares British Columbia, Canada <i>Director</i>	Director of Lupaka since August 17, 2010	Geologist	760,000
Paulo Bilezikjian São Paulo, Brazil <i>Director</i>	Director of Andean since December 7, 2009	Chief Investment Officer for Treviso Investments in Sao Paulo, Brazil.	1,225,000 <sup>(6)</sup>
David Rae British Columbia, Canada <i>Director</i>	President, Chief Executive Officer and Director of Andean since December 14, 2010	President and Chief Executive Officer of Andean	Nil

Notes:

- (1) Unless otherwise indicated herein all Lupaka Shares are held directly
- (2) This amount includes 500 Lupaka Shares held directly by Mr. Gordon Ellis; 100,000 held by Loadxi Minerals, a company wholly-owned by Mr. Ellis; 2,384,164 Lupaka Shares held by 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, a company that is wholly-owned by Gordann Consultants; and 4,000,000 Lupaka Shares held by K-Rok Minerals, a company of

which ABE Industries owns a 60% interest and Mr. Ellis through his majority ownership in Gordann controls voting and dispositive powers.

- (3) Number of Lupaka Shares held jointly by Mr. Graf and his spouse, with shared voting and dispositive power.
- (4) Number of Lupaka Shares held by Poncho Wilcox Engineering Inc., a company in which Mr. Keevil owns a 50% interest.
- (5) Number of Lupaka Shares held by L.E. Management Ltd., a company owned by Mr. Silbernagel.
- (6) Such Lupaka Shares are held by Greenapple Holdings Ltd, a private company wholly owned by Paulo Bilezikjian.

## **Board Committees**

The Combined Company will have an Audit Committee, Governance and Nominating Committee and a Compensation Committee which will be comprised entirely of independent directors in accordance with National Instrument 52-110 *Audit Committees* and the corporate governance practices set out in National Policy 58-201 *Corporate Governance Guidelines*, respectively.

## **Director and Officer Biographies**

Brief biographies are set forth below for each of the proposed officers and directors of the Combined Company.

### ***Gordon Ellis, Chairman, Director***

Mr. Ellis has been involved with the mining industry and resource development for over 40 years. He is a former owner/manager of a geophysical exploration consulting firm and has held senior management and director roles for a number of publicly traded mining exploration and development companies. The last two companies for which he was chairman were acquired by much larger firms in 2004 and 2010.

### ***Eric Edwards, Chief Executive Officer, Director***

Eric Edwards has over 25 years total experience in gold mining and exploration holding a number of positions in operations, business development and corporate finance.

Mr. Edwards was appointed President and Chief Executive Officer of Lupaka Gold Corp. in January 2011. Prior to that, Mr. Edwards was Chief Financial Officer of Andean Resources Limited, acquired by Goldcorp Inc. in December 2010. Mr. Edwards held the position of President and CEO of Ventura Gold Corp. and successfully completed the sale and transition of Ventura to International Minerals Corporation, closing in January 2010.

Mr. Edwards served as Vice President Finance, Chief Financial Officer and Corporate Secretary of Queenstake Resources Ltd. where he coordinated the public process and eventual merger of Queenstake with YGC Resources to form Yukon Nevada Gold Corporation. Over the past 15 years, Mr. Edwards has been Chief Financial Officer for a number of publicly traded gold companies including Viceroy Resource Corporation and Ivanhoe Mines Ltd. Mr. Edwards was the CFO for Ivanhoe Mines during the time that the company completed its initial public offering raising over \$275 million. Mr. Edwards has completed a number of acquisitions, divestitures, mergers, equity placements, project recourse facilities and corporate bridge facilities. Mr. Edwards holds a Masters of Business Administration degree from University of Utah and a Bachelor of Science (Honors) degree in Geology from Utah State University.

***Darryl Jones, Chief Financial Officer***

Mr. Jones is a Chartered Accountant with a wealth of experience in publicly traded companies. Most recently he was CFO with Corriente Resources Inc. for 7 years and was a key member of the management team which negotiated and closed the May 2010 cash sale of Corriente to CRCC-Tongguan Investment (Canada) Co., Ltd. for approximately \$680 million.

***Kathleen Scales, Corporate Secretary***

Ms. Scales has worked for several public companies in the capacity of corporate secretary and was with Goldgroup Mining Inc. prior to her current role.

***John Graf, Director***

Mr. Graf is a Chartered Accountant, who after having retired from Catalyst Paper Corporation as Vice-President, Secretary and Treasurer, was an independent Commissioner with the British Columbia Securities Commission for over nine years. Mr. Graf has extensive para-legal experience in the areas of taxation, corporate finance, securities law, corporate governance and secretarial fields.

***Norman Keevil, Director***

Mr. Keevil has been related to the mining industry all of his life. He is a Professional Engineer and president of Poncho Wilcox Engineering and sits on the Board of Teck Resources Limited (formerly Teck Cominco Limited), the largest diversified mining, mineral processing and metallurgical company in Canada. Mr. Keevil brings a wealth of mining experience and relationships to the Board.

***Stephen Silbernagel, Director***

Prior to his retirement at the end of 2009, Mr. Silbernagel spent over 35 years practicing law in Vancouver, primarily in the areas of corporate and commercial law. He also has many years of experience as director of various public companies traded on stock exchanges in both the US and Canada. In his retirement he continues as director of both public and private companies.

***Patrick Soares, Director***

Mr. Soares has been involved in various management roles with junior resource mining companies over the past 14 years. Four of the previous five junior resource companies he has worked for have received buyout bids, the most recent being the March 2010 sale of Brett Resources to Osisko Mining for transaction value of \$372 million.

***Paulo Bilezikjian, Director***

Mr. Bilezikjian has been the Chief Investment Officer for Treviso Investments in Sao Paulo, Brazil since 2008. Previously, from April 2004 to November 2008, he was a Partner with Hedging Griffio, then the largest independent asset management company in Brazil, where he headed their international investments division. A native of São Paulo, Brazil, with a degree from McGill University, Montreal, Mr. Bilezikjian previously worked for JP Morgan in Brazil and New York in the equity division from 1994 to 1996, and was the head of the equity proprietary desk for ING Brazil from 1996 to 2000. From 1997 to 2000, Mr. Bilezikjian was Managing Director and Chief Investment Officer of ING Investment Management in Brazil. In 2000, he became the Chief Investment Officer of one of the largest family offices in Brazil, managing assets in Brazil and internationally.

**David Rae, Director**

Mr. Rae is currently President and CEO of Andean. From 1998 to 2006 Mr. Rae worked in various management capacities with Falconbridge, becoming the Vice President, Strategy and Commercial, where he managed the global sales of Falconbridge Nickel products and business unit strategy. He successfully led the multi-disciplinary team integrating the Nickel unit of Falconbridge into Xstrata. Mr. Rae subsequently worked with Xstrata Nickel from 2006 to 2008, including the new position of Senior Vice President Europe and Africa, where he was responsible for strategic initiatives and sales growth. Prior to joining Andean, Mr. Rae had been advising in a consulting capacity to companies such as Kinross, Vale Inco and Iamgold on operational, productivity and strategic challenges. He holds a B.Sc. in Physical Metallurgy from Leeds University, Yorkshire, England.

**CAPITAL STRUCTURE**

The authorized capital of the Combined Company will be that of Lupaka after completion of the Arrangement. The authorized capital of Lupaka consists of an unlimited number of Lupaka Shares and an unlimited number of preferred shares. As of August 22, 2012, Lupaka had 44,762,451 issued and outstanding Lupaka Shares and no outstanding preferred shares. All of the Lupaka Shares rank equally as to participation of dividends and in distribution of Lupaka's assets on liquidation, dissolution or winding-up, or other distribution of assets for the purposes of winding-up of its affairs. Holders of Lupaka Shares are entitled to one vote for each share on all matters voted on by shareholders, including the election of directors.

<b>Description</b>	<b>Authorized At the date of this Joint Disclosure Booklet</b>	<b>Outstanding as at August 22, 2012</b>	<b>Outstanding as at August 22, 2012 after giving effect to the Arrangement</b>
Common Shares	Unlimited	44,762,451	81,751,769 (approximate)
Preferred Shares	Unlimited	Nil	Nil

In connection with the Arrangement, shareholders of Andean ("**Andean Shareholders**") will receive 0.245 of a Lupaka Share for each Andean Share held. Assuming no exercise of currently outstanding convertible securities, the Andean Shareholders will own approximately 45.2% of the Combined Company on a non-diluted basis.

**STOCK EXCHANGE LISTINGS**

On completion of the Arrangement, the Lupaka Shares will continue trading on the Toronto Stock Exchange (the "**TSX**") under the symbol LPK. The Andean Shares will be de-listed from the TSX Venture Exchange (the "**TSXV**") and Andean will apply to the applicable Canadian securities regulators to have Andean cease to be a reporting issuer.

**AUDITORS**

PricewaterhouseCoopers LLP will be the auditors of the Combined Company.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Lupaka Shares following the Arrangement will continue to be Computershare Investor Services Inc. which is located at 100 University Avenue, 9<sup>th</sup> Floor Toronto, Ontario M5J 2Y1.

## **RISK FACTORS**

The operations of the Combined Company should be considered speculative due the high-risk nature of its business. In evaluating the Arrangement and the Combined Company and its business, Andean Shareholders, Lupaka Shareholders and any person considering an investment in the Combined Company should carefully consider, in addition to the other information contained in this Joint Disclosure Booklet (including under "Schedule "B" - Information Concerning Lupaka - Risk Factors", "Schedule "C" - Information Concerning Andean – Risk Factors" and "Schedule "D" – Risk Factors Relating to the Arrangement Agreement"), the following material risk factors.

### ***Risks related to foreign investment in Peru***

Lupaka's mineral property, the Crucero Gold Project, and Andean's mineral property, the Invicta Gold Project, are located in Peru. Consequently, Lupaka and Andean are, and the Combined Company will be, subject to various risks associated with operating in a developing country such as Peru, including possible political or economic instability and governmental policies which may result in the impairment or loss of mineral concessions or other mineral rights in the Crucero Gold Project and Invicta Gold Project or otherwise adversely affect the Combined Company.

Peru's history since the mid-1980s has been one of political and economic instability under both democratically elected and dictatorial governments. These governments have frequently intervened in the national economy and social structure, including periodically imposing various controls the effects of which have been to restrict the ability of both domestic and foreign companies to freely operate. Peru's recent political and fiscal regimes were generally favorable to the mining industry and have been relatively stable over the past ten years. However, there is a risk that this will change.

On July 28, 2011, Ollante Humala, the leader of the Gana Peru party, was officially installed as the new President of the Republic of Peru. Although the Gana Peru party does not have a majority of the members of the Peruvian Congress or the constitutional assembly in Peru, this change in the government of Peru may result in changes to governmental policies that affect foreign mining companies that have operations in Peru and may have an adverse effect on the Combined Company's business, such as additional taxes on profits and assets, increased royalties on production of minerals and additional requirements for profit-sharing with Peruvian employees. The Combined Company's interests and operations may be affected by government regulations with respect to restrictions on property access, permitting, price controls, export controls, foreign exchange controls, income taxes, foreign investment, expropriation of property, environmental legislation and mine safety. There is also a risk of other adverse developments, such as labor unrest, widespread civil unrest or rebellion, which may adversely affect the Combined Company. The Combined Company's activities and results of operations may also be adversely affected by economic uncertainty associated with operating in a developing country. Peru has experienced inflation rates as high as 6% since 2002.

There can be no assurance that any governmental action will be taken to control inflationary or deflationary situations or that any such action will be effective. Future governmental action may trigger inflationary or deflationary cycles or otherwise contribute to economic uncertainty. Additionally, changes in inflation or deflation rates and governmental actions taken in response to such changes may affect

currency values. Any such events or changes could have a material adverse effect on the Combined Company's results of operations and financial condition.

In addition, labor in Peru is customarily unionized and there are risks that labor unrest or wage agreements may adversely impact the Combined Company's operations. These and other uncertainties associated with the Combined Company's mineral property interests being located in a developing country may make it more difficult for the Combined Company and any future joint venture partners to obtain any required financing.

***The Combined Company may not realize the benefits currently anticipated due to challenges associated with integrating the operations, technologies and personnel of Lupaka and Andean***

The success of the Combined Company will depend in large part on the success of management of the Combined Company in integrating the operations, technologies and personnel of Lupaka with those of Andean after the Arrangement. The failure of the Combined Company to achieve such integration could result in the failure of the Combined Company to realize anticipated benefits of the Arrangement and could impair the results of operations and financial results of the Combined Company.

In addition, the overall integration of the operations, technologies and personnel of Andean into the Combined Company may result in unanticipated operational problems, expenses, liabilities and diversion of management's attention.

***The Combined Company may not realize the benefits of its growth projects***

The Combined Company will continue existing efforts and initiate new efforts to develop new mineral projects and have an increased number of such projects as a result of the Arrangement. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, exploration, development, labour, operating, technical, and technological risks, uncertainties relating to capital and other costs, and financing risks. The failure to develop one or more of these initiatives successfully could have an adverse effect on the Combined Company's financial position and results of operations.

***Surface Rights***

The failure of the Combined Company to successfully negotiate and maintain surface rights access and purchase with respect to any of its projects could cause substantial delays in the development of its projects. With respect to the Invicta Gold Project, Andean's subsidiary, Invicta, has a surface rights agreement with the community of Santo Domingo de Apache covering all aspects of mine development, mineral processing and infrastructure. Negotiations regarding surface rights agreements are ongoing with the communities of Paran and Lacsanga as agreements with all three communities are required to initiate construction and operation of a mine. There is no assurance that such additional agreements will be entered into on acceptable terms and that existing agreements will be maintained in good standing as required.

***Property Risk***

There is no assurance that the expenditures of the Combined Company will result in discoveries of commercial ore bodies. Furthermore, there can be no assurance that the Combined Company's estimates of future exploration expenditures will prove accurate, and actual expenditures may be significantly higher than currently anticipated.

### ***Limited Operating History***

The Combined Company has a limited operating history in the mineral exploration and development business and there can be no assurance that the Combined Company will ever be profitable. As such, the Combined Company is subject to many risks common to such enterprises and there is no assurance that the Combined Company will be successful in achieving a return on shareholders' investment. Lupaka and Andean, and consequently the Combined Company, have no history of earnings.

### ***No History of Mineral Production***

The Combined Company's projects are exploration projects that have no operating history upon which to base estimates of future cash operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations.

The Combined Company has limited experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that the Combined Company will have available to it the necessary expertise when and if it places its mineral properties into production.

### ***Exploration and Development***

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Combined Company may be affected by numerous factors which are beyond the control of the Combined Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which may result in the Combined Company not receiving an adequate return of investment capital.

Lupaka and Andean's properties are in the exploration stages only and are without a known body of commercial ore. Development of the properties would follow only if favourable exploration results are obtained and commodity prices provide for economic project development viability. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that Lupaka and Andean's or the Combined Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Combined Company's operations will, in part, be directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations, or that funds required for development can be obtained on a timely basis.

### ***Operating Hazards and Uninsurable Risks***

Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The work that the Combined Company proposes to undertake will be subject to all the hazards and risks normally incidental to exploration, development and production, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions and cave-ins, are all the risks involved in the operation of mines and the conduct of exploration programs. The nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Combined Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Combined Company could incur significant costs or uninsured losses that could have a material adverse effect upon its financial condition.

### ***Risks Related to Resource Estimates***

Mineral resource estimates for development projects are, to a large extent, based on interpretations of geological data obtained from drill holes and other sampling techniques. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered may differ materially from the Combined Company's estimates. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Estimated mineral resources are periodically recalculated based on changes in prices of mineral products, changes in expected operating and capital costs and asset retirement obligations, further exploration or development activity or actual production experience. Such recalculations could materially and adversely affect estimates of the volume or grade of mineralization or other important factors which influence mineral resource estimates.

The disclosure of mineral resource estimates herein should not be regarded as a representation that these amounts can be economically exploited and no assurance can be given that such resource estimates will be converted into mineral reserves.

### ***Financial Risk***

The Combined Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that the Combined Company will be able to obtain financing required to execute its business plan. If the Combined Company is unable to obtain required financing, any investment in the Combined Company may be lost.

### ***No Dividends***

Neither Lupaka nor Andean has paid any dividends on its common shares and the Combined Company does not expect to pay dividends in the foreseeable future.

### ***Price Volatility of Publicly Traded Securities***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many junior companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that

continual fluctuations in price will not occur or increase in scope. It may be anticipated that any quoted market for the shares of the Combined Company will be subject to market trends generally, notwithstanding any potential success of the Combined Company in creating revenues, cash flows or earnings.

### ***Dilution***

Issuances of additional securities pursuant to future financings and otherwise may result in dilution of the equity interests of persons who are shareholders of the Combined Company on the closing of the Arrangement.

### ***Foreign Currency Risks***

The Combined Company's future revenues, if any, may be denominated in Peruvian Nuevos Sols and United States dollars, while the Combined Company will operate primarily in Peru and Canada. Consequently, a significant portion of the Combined Company's operating costs and capital expenditures are denominated in the Peruvian Sol, the United States dollar and the Canadian dollar. As a result, the Combined Company may in the future be exposed to the currency fluctuations relative to these currencies.

### ***Political Conditions***

Regardless of the economic viability of the Combined Company's property interests, factors such as political instability, expropriation by governments or the imposition of new regulations or tax laws may prevent or restrict mining or result in the loss of some or all of the Combined Company's deposits.

Political and related legal and economic uncertainty may exist in countries where the Combined Company may operate. The Combined Company's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry.

Other risks of foreign operations include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on exports and increased financing costs. These risks may limit or disrupt the Combined Company's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

Presently, the majority of the Combined Company's mineral properties are located in Peru. There can be no assurance that changes in the laws of Peru or changes in the regulatory environment for mining companies or for non-domiciled companies in Peru will not be made that would adversely affect the Combined Company. It is also possible that current or future social unrest in Peru will adversely affect the Combined Company's operations.

### ***Title***

No assurances can be given that title defects to the properties in which the Combined Company will have an interest do not exist. The properties may be subject to prior unregistered agreements or interests and title may be affected by undetected defects. If title defects do exist, it is possible that the Combined Company may lose all or a portion of its right, title, estate and interest in and to its properties to which the title defect relates.

### ***Approvals and Permits***

Government approvals and permits are currently, and may in the future be, required in connection with the properties in which the Combined Company has an interest. To the extent such approvals are required and not obtained, the Combined Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, 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 be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Combined Company and cause increases in capital expenditures or production costs or reductions in levels of production or require abandonment or delays in development.

### ***Regulations and Mining Law***

Mining operations and exploration activities are subject to extensive local and foreign laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations increases the costs of planning, designing, developing, constructing, operating and closing mines and other facilities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to the Combined Company or its properties which could have a material adverse impact on the Combined Company's current exploration programs and any future development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Combined Company from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities.

### ***Environmental Regulation***

The Combined Company's operations will be subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Combined Company's operations or result in substantial costs and liabilities in the future.

### ***Infrastructure***

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Combined Company's projects lie in remote areas with limited infrastructure. In addition, unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference

in the maintenance or provision of such infrastructure could adversely affect the Combined Company's operations and financial condition.

### ***Litigation***

The Combined Company may be subject to legal claims, with and without merit and the cost to defend and settle such legal claims can be substantial, regardless of the merit of the claim.

Substantially all of the Combined Company's assets are located outside of Canada. It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against the Combined Company's assets located outside of Canada.

### ***Potential for Conflict of Interest***

Certain of the directors and officers of the Combined Company are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Combined Company. Consequently, there exists the possibility for such directors and officers to be in a position of conflict, which may adversely affect the Combined Company.

### ***Dependence on Key Employees***

The Combined Company will be highly dependent on the principal members of its senior management group and the loss of their services might impede the Combined Company's business strategy and growth. The loss of one or more key employees could have an adverse effect on the growth and profitability of the Combined Company.

### ***Need to Attract and Retain Qualified Personnel***

The Combined Company's success will depend to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Combined Company will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If the Combined Company is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition.

### ***Competition***

The mineral industry is intensely competitive in all its phases. The Combined Company will compete with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

## SCHEDULE "B"

### INFORMATION CONCERNING LUPAKA

#### DOCUMENTS INCORPORATED BY REFERENCE

The following documents listed below and filed by Lupaka with the Canadian Securities Authorities are specifically incorporated by reference into, and form an integral part of, this Joint Disclosure Booklet dated August 22, 2012:

- (a) the Annual Information Form of Lupaka dated March 26, 2012 for the year ended December 31, 2011 (the "**Lupaka AIF**");
- (b) the Technical Report for the Crucero Property, Peru by Tetra Tech Inc., dated March 2, 2012 (the "**Crucero Report**");
- (c) the audited consolidated financial statements of Lupaka for the years ended December 31, 2011 and 2010 together with the auditors' report thereon and the notes thereto;
- (d) the management's discussion and analysis of results of operations and financial condition and results of operations of Lupaka for the fiscal year ended December 31, 2011;
- (e) the management information circular of Lupaka dated March 20, 2012 distributed in connection with the annual general meeting of shareholders held on May 17, 2012
- (f) the unaudited interim consolidated financial statements of Lupaka which comprise the consolidated interim statements of financial position as at June 30, 2012 and December 31, 2011 and the consolidated interim statements of loss and comprehensive loss, cash flow and changes in equity for the three and six months ended June 30, 2012 and 2011 together with the notes thereto;
- (g) the management's discussion and analysis of Lupaka for the interim period ended June 30, 2012;
- (h) the material change report dated July 20, 2012 relating to the entering into of the definitive agreement in respect of the Arrangement;
- (i) the material change report dated July 5, 2012 relating to the binding letter of intent in respect of the Arrangement; and
- (j) the material change report dated January 20, 2012 relating to the acquisition of the remaining 40% interest in Minera Pacacorral S.A.C.

Copies of the Lupaka documents incorporated by reference in this Joint Disclosure Booklet may be obtained upon request without charge from the Corporate Secretary of Lupaka at 428 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6 (Telephone: (604) 681-5900). These documents are also available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com).

Any other documents of the type described above (excluding confidential material change reports) or other disclosure documents required to be incorporated by reference into a prospectus filed under

National Instrument 44-101 — Short Form Prospectus Distributions ("NI 44-101"), that are filed by Lupaka with the securities commissions or similar authorities in any of the provinces of Canada subsequent to the date of this Joint Disclosure Booklet and prior to the closing of the Arrangement shall be deemed to be incorporated by reference in this Joint Disclosure Booklet.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Joint Disclosure Booklet to the extent that a statement contained in this Joint Disclosure Booklet or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Joint Disclosure Booklet, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of a material fact, nor an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

#### **LUPAKA GOLD CORP.**

Lupaka is focused on exploring and developing the Crucero Gold Project, its 5,500 hectare gold property located in southern Peru. Lupaka, based in Vancouver, Canada, is project operator and holds a 100% indirect interest in the Crucero Gold Project. Since commencing active exploration in April 2010, Lupaka has reported NI 43-101 compliant gold resource estimate updates in the first quarter of 2011 and 2012 (see the "**Crucero Report**"). In addition to the existing resource estimate, Lupaka has identified a number of exploration targets within the Crucero Gold Project that display similar anomalous characteristics. Lupaka is led by a strong management team with the proven ability to develop, finance and operate mining projects. Lupaka completed an initial public offering of its common shares and warrants on the TSX on June 28, 2011.

Further information regarding the business of Lupaka, its corporate structure, operations and its mineral properties can be found in the Lupaka AIF and other documents incorporated herein by reference. See "Documents Incorporated by Reference".

Lupaka is a reporting issuer or the equivalent in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut. The Lupaka Shares are listed and posted for trading on the TSX under the symbol "LPK".

The transfer agent and registrar for the Lupaka Shares is Computershare Investor Services Inc., which is located at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Canada. PricewaterhouseCoopers LLP are the auditors of Lupaka.

Lupaka's principal office is located at 428 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6 (Telephone: (604) 681-5900) and its registered office is located at 700 - 595 Howe Street, Vancouver, British Columbia V6C 2T5.

## Available Information

Lupaka files reports and other information with the Canadian provincial securities commissions listed above. These reports containing additional information with respect to Lupaka's business and operations are available to the public free of charge at [www.sedar.com](http://www.sedar.com).

## CAPITALIZATION

The following table sets forth Lupaka's capitalization as at August 22, 2012. The table should be read in conjunction with the unaudited consolidated financial statements of Lupaka as at and for the six months ended June 30, 2012, including the notes thereto, and the management's discussion and analysis incorporated by reference herein as well as the pro forma financial statements of the Combined Company in Schedule "E" to this Joint Disclosure Booklet.

Description	Authorized At the date of this Joint Disclosure Booklet	Outstanding as at August 22, 2012	Outstanding as at August 22, 2012 after giving effect to the Arrangement
Common Shares	Unlimited	44,762,451	81,751,769 (approximate)
Preferred Shares	Unlimited	Nil	Nil

## PRIOR SALES

The following table summarizes the issuance of Lupaka Shares within the 12 months prior to the date hereof.

Date	Price per Security	Number of Lupaka Shares
June 22, 2012	\$0.50	50,000
March 5, 2012	\$0.50	50,000
January 20, 2012	US\$1.00	5,200,000

## COMPARATIVE MARKET PRICES OF LUPAKA

The Lupaka Shares are listed and posted for trading on the TSX under the symbol "LPK". The following table sets forth, for the periods indicated, the high and low trading prices and the average trading volume of the Lupaka Shares on the TSX.

Month	High	Low	Avg Volume
Aug 1-21, 2012	0.70	0.56	11,800
Jul, 2012	0.85	0.65	12,400
Jun, 2012	0.95	0.80	12,000
May, 2012	1.06	0.90	6,500
Apr, 2012	1.23	0.98	26,800
Mar, 2012	1.45	1.15	21,000

Month	High	Low	Avg Volume
Feb, 2012	1.47	1.13	39,000
Jan, 2012	1.24	0.95	28,600
Dec, 2011	1.14	0.98	23,900
Nov, 2011	1.35	1.07	21,500
Oct, 2011	1.32	0.92	26,600
Sep, 2011	1.25	0.90	43,700
Aug, 2011	1.40	0.91	50,300

The closing price of the Lupaka Shares on the TSX on July 4, 2012, the last trading day immediately before the announcement of the Arrangement, was \$0.85.

The closing price of the Lupaka Shares on the TSX on August 21, 2012 was \$0.56.

### **RISK FACTORS**

The operations of Lupaka are speculative due to the high-risk nature of the mining business. An investment in securities of Lupaka involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. In addition to information set out elsewhere in this Joint Disclosure Booklet, investors should carefully consider the risk factors set out in the Lupaka AIF and other documents that are incorporated by reference herein. The risk factors that will be applicable to the Combined Company are also applicable to Lupaka- see "*Information Concerning the Combined Company After the Arrangement – Risk Factors*". Any one or more of such risk factors could materially affect Lupaka's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Lupaka.



## AUDITOR'S CONSENT

We have read the Joint Disclosure Booklet dated August 22, 2012 regarding a plan of arrangement among Lupaka Gold Corp. ("Lupaka") and Andean American Gold Corp. ("Andean"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Joint Disclosure Booklet of our report to the shareholders of Lupaka on the consolidated statements of financial position of Lupaka 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. Our report is dated March 28, 2012.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

August 22, 2012

*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7*

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

## SCHEDULE "C"

### INFORMATION CONCERNING ANDEAN

#### DOCUMENTS INCORPORATED BY REFERENCE

The following documents listed below and filed by Andean with the Canadian Securities Authorities are specifically incorporated by reference into, and form an integral part of, this Joint Disclosure Booklet dated August 22, 2012:

- (a) the Technical Report on the Invicta Gold Project dated April 16, 2012 prepared by SRK Consulting (U.S.) Inc. and entitled "NI 43-101 Technical Report on Resources - Invicta Gold Project – Huaura Province, Peru" (the "**Invicta Report**");
- (b) the audited consolidated financial statements of Andean which comprise the consolidated statements of financial position of Andean as at March 31, 2012 and 2011 and April 1, 2010 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years ended March 31, 2012 and 2011 together with the auditors' report thereon and the notes thereto, prepared in accordance with IFRS;
- (c) the audited consolidated financial statements of Andean which comprise the consolidated statements of financial position of Andean as at March 31, 2011 and 2010 and the results of their operations and their cash flows for the years then ended together with the auditors' report thereon and the notes thereto, prepared in accordance with Canadian generally accepted accounting principles;
- (d) the management's discussion and analysis of results of operations and financial condition and results of operations of Andean for the fiscal year ended March 31, 2012;
- (e) the unaudited interim consolidated financial statements of Andean which comprise the consolidated interim statements of financial position as at June 30, 2012 and March 31, 2012 and the consolidated interim statements of loss and comprehensive loss, cash flow and changes in equity for the three months ended June 30, 2012 together with the notes thereto; and
- (f) the management's discussion and analysis of results of operations and financial condition and results of operations of Andean for the period ended June 30, 2012.

Copies of the Andean documents incorporated by reference in this Joint Disclosure Booklet may be obtained upon request without charge from the Corporate Secretary of Andean at Westbury Corporate Centre, Suite 101, 2275 Upper Middle Road East, Oakville, Ontario L6H 0C3 (Telephone: (905) 368-9500). These documents are also available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com).

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Joint Disclosure Booklet to the extent that a statement contained in this Joint Disclosure Booklet or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Joint Disclosure Booklet, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior**

**statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of a material fact, nor an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

## **CORPORATE STRUCTURE**

The full corporate name of Andean is "Andean American Gold Corp." The registered office of Andean is located at 595 Burrard Street PO Box 49290, Suite 1000, Vancouver, British Columbia, V7X 1S8 and the head office of Andean is located at Westbury Corporate Centre, Suite 101, 2275 Upper Middle Road East, Oakville, Ontario L6H 0C3.

Andean was incorporated under the *Business Corporations Act* (British Columbia) on January 14, 1988 under the name of "Minerva Gold Mines Ltd. ". On February 19, 1996, Andean changed its name to "Consolidated Minerva Gold Mines Ltd." and on July 9, 1996 Andean changed its name to "El Misti Gold Limited". On December 6, 1996 Andean changed its jurisdiction of incorporation from British Columbia to New Brunswick. On September 21, 1999 Andean changed its name to "Andean American Mining Corp.". On October 28, 2005 Andean continued from the laws of New Brunswick to the laws of British Columbia. On September 3, 2010 Andean changed its name from "Andean American Mining Corp." to "Andean American Gold Corp.".

Effective September 15, 2011, Andean amended its articles in order to ensure that Andean's corporate charter facilitates the use of uncertificated shares and electronic record keeping systems and is in compliance with the 2007 proclamation of the *Securities Transfer Act* (British Columbia) and certain amendments to the *Business Corporations Act* (British Columbia).

### **Intercorporate Relationships**

Andean has two wholly-owned subsidiaries which are material:

- Invicta Mining Corp S.A.C., a Peruvian Company (100% owned)
- Andean Exploraciones S.A.C., a Peruvian Company (100% owned)

### **Description of the Business of Andean**

Andean is a Canadian-based exploration and development company. Andean's principal business is the exploration and development of the Invicta Gold Project. See the section entitled "Summary of the Invicta Gold Project" for details regarding the Invicta Gold Project. The common shares of Andean trade on the TSXV under the symbol "AAG".

At the date of this Joint Disclosure Booklet, Andean owns approximately 17% of the issued and outstanding common shares of Sothern Legacy Minerals Inc. (formerly Sinchao Metals Corp.) an issuer whose shares trade on the TSXV under the symbol "LCY".

### **Three-Year History**

*Year ending March 31, 2010*

During the year ended March 31, 2010 Andean sold its wholly owned subsidiary El Misti Gold S.A.C. ("**El Misti Peru**") for a nominal value. Andean also agreed to assume debt of approximately \$2,305,413 (US\$2,269,554) of remaining payables as at the date of sale. In exchange for assuming the debt Andean retained certain mineral property rights and equipment that were previously written down to and carried at \$nil and were not included in the sale of El Misti Peru. Subsequent to the sale of El Misti Peru Andean signed a Net Smelter Royalty agreement (NSR) with Minera Phoenix S.A.C ("**Minera**") a company owned by former employees of El Misti Peru. The agreement provided Minera with the rights to the mineral claims and use of the equipment retained by Andean in connection with the sale of El Misti Peru, for a period of three years. In return Andean received a 20% NSR. All amounts received from the NSR were to be used to extinguish the payables that Andean retained from the sale of El Misti Peru.

During the year ended March 31, 2010 Andean entered into a bridge loan agreement for \$220,000 to fund ongoing operating costs. Andean agreed to issue 700,000 bonus shares in connection with the loans. Related parties provided \$110,000 of the funding. The bridge loans were subsequently repaid in full.

On September 16, 2009 Andean completed a non-brokered private placement of 4,233,836 units at a price of \$0.30 per unit for gross proceeds of \$1,270,151. Each unit consisted of one common share and one half of one transferable share purchase warrant. One whole warrant entitled the holder to purchase an additional common share at \$0.35 until September 16, 2011.

On November 25, 2009 Andean completed a non-brokered private placement of 1,600,000 units at a price of C\$0.38 per unit for gross proceeds of \$608,000. Each unit consisted of one common share and one half of one transferable share purchase warrant. One whole share purchase warrant entitled the holder to purchase an additional common share at \$0.50 until November 25, 2011.

On March 3, 2010 Andean completed a non-brokered private placement of 250,000 common shares at a price of \$0.40 per share for gross proceeds of \$100,000.

On March 30, 2010 Andean announced a strategic relationship with Trafigura Beheer B.V. ("**Trafigura**") pursuant to which Trafigura agreed to make a \$3,000,000 equity investment in Andean and to enter long-term off-take agreements for the sale of the Invicta Gold Project's copper, lead and zinc concentrates. Andean also granted Trafigura an option to acquire up to an additional 16% of the common shares of Andean.

On March 31, 2010 Andean completed a non-brokered private placement with Trafigura of 7,500,000 common shares at a price of \$0.40 per share for gross proceeds of \$3,000,000.

During the year ended March 31, 2010 Andean issued 2,628,040 common shares as bonus shares relating to the bridge loans and finder's fees of 139,096 common shares. The value of these common shares issued was \$458,442 and the value of the common shares issued as finder's fees was \$27,500.

#### *Year ended March 31, 2011*

On July 9, 2010 Andean announced the filing of an optimized feasibility study on [www.sedar.com](http://www.sedar.com) for the Invicta Gold Project.

On July 30, 2010, Andean completed a non-brokered private placement for 6,923,682 common shares at \$0.50 per share for gross proceeds of \$3,461,840.

In September 2010, Andean commissioned SRK Consulting (U.S.) Inc. ("**SRK**") to conduct an independent gap analysis on the Invicta optimized feasibility study which had been completed in July

2010, to a feasibility study that would be acceptable to senior project lenders. The completion date for this upgraded study was originally targeted for June 2011. Management subsequently allowed a further seven months for completion of the upgraded feasibility study.

On November 12, 2010, Andean completed a brokered private placement for 18,169,000 common shares at \$0.90 per share for gross proceeds of \$16,352,100. The underwriters were paid a 5% cash fee on the gross proceeds of the offering and received 908,450 warrants or 5% of the shares sold under the offering. The warrants were exercisable at a price of \$1.25 per common share for a period of 12 months.

On January 31, 2011, Trafigura exercised their option, which was previously announced on March 30, 2010, to acquire an additional 16% of the outstanding common shares of Andean. This was effected on February 16, 2011 when Andean completed its non-brokered private-placement with Urion Mining International B.V. of Amsterdam, Netherlands, a wholly-owned subsidiary of Trafigura, for 19,574,605 common shares at \$0.77 per share for gross proceeds of \$15,072,445.

On February 7, 2011, Andean's subsidiary, Sinchao Metals Corp. ("**Sinchao**") completed a review of its properties and determined that title to the claims of four of the properties comprising the Sinchao Project were not properly transferred to a subsidiary of Andean. As a result neither Andean nor Sinchao held any proprietary interest in the claims, which claims management estimated contained approximately 40% of the inferred resource previously disclosed by Sinchao. Sinchao was unsuccessful in reaching an agreement with the parties to recover the lost properties, and wrote the project down by \$11,306,431 to management's best estimate of its fair value, which took into account management's estimate of the proportion of resources no longer accessible and the market value of Sinchao as a whole.

On March 18, 2011, Andean sold the Santa Rosa mineral property and its mining plant and equipment to Interandina S.A.C. for net proceeds of \$60,000.

On March 31, 2011, Andean signed a 20-year agreement with Santo Domingo de Apache and on April 20, 2011, Andean announced that agreements for long-term land lease and concurrent commitments for ongoing social development had been signed with the communities of Quintay and Sayán. These parcels of land provide servitude for the development of infrastructure for the Invicta Gold Project.

*Year ended March 31, 2012*

On October 28, 2011, Andean announced that the initial capital cost to build an underground mine at the Invicta Gold Project would be considerably higher than forecast in the July 2010 feasibility study, partly due to increases in the estimates for infrastructure, and that Andean had decided to delay completion of the upgraded feasibility study at Invicta Gold Project. Management and the board of Andean believed that this delay was necessary in the light of financial market conditions, the capital requirements to develop the Invicta Gold Project, the need to preserve Andean's healthy cash balance and the opportunities for value-adding mergers and acquisitions which arise in such a market.

On November 2, 2011, Andean announced that it had retained Paradigm Capital Inc. as its financial advisor to conduct an analysis of the strategic alternatives available to Andean in circumstances where management and the board believed that the market presented various merger and acquisition opportunities.

On November 16, 2011, Andean announced that it had entered into a letter of intent with Sundust Resources Inc. ("**Sundust**") to resolve its previously disclosed disagreement regarding Sundust's ownership interest in the Invicta Gold Project. Pursuant to the letter of intent, Sundust agreed that it would transfer any interest it had in the Invicta Gold Project and provide Andean with a release with

respect to any future claims in exchange for a payment of \$400,000 and the issuance of 5,600,000 common shares of Andean to Sundust at an aggregate deemed price of \$1,148,000. This transaction closed on February 21, 2012.

On February 13, 2012, Andean announced that it had commissioned SRK Consulting (US) Inc. to update the existing Invicta Gold Project resource estimate dated November 2009. The Invicta Report was published on April 30, 2012 and is available on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

On March 2, 2012 Sinchao and Southern Legacy Minerals Inc. ("**Southern Legacy**"), a private mineral exploration company organized under the laws of the State of Idaho, announced that they had entered into an agreement to combine the two companies by means of a share exchange or statutory arrangement (the "**Transaction**"). The Transaction was structured to consolidate a majority of Sinchao's deposit claims, located within the Yanacocha-Hualgayoc mining district in the department of Cajamarca, Northern Peru, and form a diversified mineral exploration company with base and precious metals properties in Peru, Chile and Colombia. The two companies agreed to combine by having a subsidiary of Sinchao amalgamate with Southern Legacy and as part of such amalgamation issuing shares of Sinchao to holders of Southern Legacy shares based on an exchange ratio of 0.8352 of a common share of Sinchao for each one common share of Southern Legacy. The transaction was completed on June 29, 2012 and Andean now owns approximately 17% of the combined company which has been renamed Southern Legacy Minerals Inc.

## **SUMMARY OF THE INVICTA GOLD PROJECT**

The following information about the Invicta Gold Project is an excerpt of the Summary section of the Invicta Report. Certain of the figures and tables from the Invicta Report are included herein. The remaining figures and tables are contained in the Invicta Report, which has been filed on the SEDAR website at [www.sedar.com](http://www.sedar.com). All summaries and references to the Invicta Gold Project and the Invicta Report are qualified in their entirety by reference to the complete text of the Invicta Report. Capitalized terms used in this section have the meaning ascribed thereto in the Invicta Report. Certain information contained in the below summary has been updated since the date of the Invicta Report. See "Information Concerning the Combined Company after the Arrangement – Description of Mineral Properties – Invicta Gold Project, Peru".

### **Summary**

This report was prepared as a Canadian National Instrument 43-101 (NI 43-101) Technical Report for Andean American Gold Corp. (Andean) by SRK Consulting (U.S.), Inc. (SRK) and concerns the Invicta Project located in the province of Huaura, department of Lima, Peru.

This report provides mineral resource estimates, and historical mineral reserve estimates, as well as a classification of resources in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: Definitions and Guidelines, November 27, 2010 (CIM). All currency amounts are stated in US dollars (US\$) unless otherwise specified.

### **Property Description and Ownership**

The Invicta Project is located approximately 120 km to the northeast of the city of Lima. It is accessible by driving north along the Pan-American Highway from Lima to the city of Huaura, then along a portion of paved road and then a gravel road until the town of Huambo for a total distance of 242 km. The property is located within the boundaries of the Paran, Lacsanga and Santo Domingo de Apache indigenous communities. Santo Domingo de Apache and Paran are in the district of Leoncio Prado while Lacsanga is in the district of Paccho.

Invicta Mining Corp. S.A.C. (Invicta) is 100% owner of the 38 mining concessions. Andean American Gold Corp. is 100% owner of Invicta.

Invicta exercised an option, in September 2005, (held by Andean American Mining, now Andean American Gold Corp.) for a 100% interest in five concessions held by Minera ABX Explorations S.A. (ABX), a subsidiary of Barrick Gold Corporation. The agreement was finalized in December 2008. Invicta has obligations set forth below for the maintenance of the five concessions acquired from ABX.

Payment of a 1% NSR royalty capped at US\$800,000. There is a payment to ABX of US\$100,000 per year towards the NSR royalty fee until the start of production. Invicta has to date paid US\$300,000 pursuant to the aforementioned royalty fee. A separate quarterly production royalty of US\$50,000 is payable after first production. The total production royalty is capped at US\$800,000.

In terms of the option agreement reached with ABX, Invicta is required to provide ABX with a copy of the Invicta Feasibility Study. ABX has a 90-day period to review the study. If the study demonstrates more than two million ounces of mineable gold-only reserves at the Invicta Project, ABX has the option to exercise a back-in right. Should ABX choose to exercise this back-in right, ABX would be required to pay Invicta 150% of all costs incurred at the Invicta Project in exchange for 51% of the project.

Invicta has no obligations regarding the remaining 33 concessions other than annual payment of the "Derecho Vigencia" fees.

Invicta has a surface rights agreement with the community of Santo Domingo de Apache covering all aspects of mine development, mineral processing and infrastructure. Negotiations regarding surface rights agreements are ongoing with the communities of Paran and Lacsanga as agreements with all three communities are required to initiate construction and operation.

## **Environmental**

Invicta has a previously approved Environmental Impact Assessment (EIA, 2009) from the Ministry of Energy and Mines, for the operation of a mine, plant (5,100 t/d of mineralized material based on a previous mine plan), and a power line. The mine, plant and infrastructure EIA (with the exception of the power line) was approved in December 2009. The EIA for the power line was approved by the Ministry of Energy and Mines, in December 2011.

The Invicta Project area currently has Certification of the Absence of Archaeological Ruins (CIRA), from the Ministry of Culture, covering slightly more than 400 hectares of the Invicta Gold Project property. Additional CIRAs will be required before initiation of construction activities.

Invicta is currently evaluating alternative mine and plant production rates, and processing plant locations in order to optimize the Invicta Project economics.

The Invicta Project closure plan (for the 5,100 t/d of mineralized material mine plan) was approved by the Ministry of Energy and Mines in January 2012. The Invicta Project closure plan is subject to change and will be updated.

Invicta has assumed all environmental liabilities related to the concessions, and has committed to a program of sustainable development over the life of the mine.

The following Federal permits or approvals would be required before construction activities commence:

- Domestic and Industrial Waste Treatment and Sanitary Disposal System;
- Operation of a dump yard for the treatment of domestic solid waste or hazardous waste;
- Mine Plan;
- Various authorizations related to the use, transportation and manipulation of explosives;
- Authorization to Commence Exploitation Activities; and
- Concession de Beneficio (plant operating License).

Additionally, Invicta must obtain Municipal or Provincial authorization to construct access roads to mine facilities.

There are three neighboring communities within 12 km of the Invicta Project area: Paran, Lacsanga and San Domingo de Apache. The main economic activity of each of these rural villages is agriculture, particularly growing peaches and avocados. These three communities are in the area of direct influence of the Invicta Project and are titleholders of the surface lands where Invicta Project development would occur. By adopting the "Equator Principles", the Invicta Project has committed to obtaining and maintaining good relationships with nearby and affected communities.

### **Geology and Mineralization**

The western part of Peru consists of the Andean Cordillera, a major mountain range parallel to the Peru-Chile oceanic trench that developed as a result of subduction of the Nazca plate beneath the South American plate. The Coastal Batholith is divided into several plutonic complexes one of which is the Huaura complex, comprised mainly granodiorite, tonalite and diorite.

On a regional scale, the contact between intrusive rocks of the Coastal Batholith and the Calipuy Group (mafic to felsic volcanic to sub-volcanic rocks) exhibits distinct west-northwest or east-northeast trending orientations, which may be related to large-scale regional faults.

The Invicta Project geology comprises mainly mafic volcanic rocks of the Calipuy Group that overlie diorite, tonalite and granodiorite of the Paccho pluton, an intrusive suite that is part of the Huaura plutonic complex (Coastal Batholith).

In general, mineralization is characterized by the presence of quartz-pyrite-chalcopyrite-acanthite-hematite bearing quartz veins with common crustiform, banded and cockade textures exhibiting distinctive vugs. The sulfide mineralogy comprises stringers and blebs of pyrite and chalcopyrite and pods of sphalerite and galena. Minor chalcocite, digenite, chalcopyrite and bornite are also reported with traces of tennantite. Petrographic studies conducted suggest that gold occurs as free grains in fractured quartz and pyrite. These characteristics are typical of epithermal vein systems. Mineralization is hosted dominantly by (sub-) volcanic mafic rocks of the Calipuy Group.

At least three mineralized zones have been identified to date which are spatially associated with the Atenea, Pucamina and Dany Fault.

The primary mineralized zone, in terms of the mineral resources stated, is the Atenea vein. Lesser mineral resources are hosted by, or associated with, the Pucamina and Dany faults and include the Ydalias, Dany and Pucamina Zones.

Other quartz-sulfide vein zones are exposed at the Invicta Project. Limited trenching and minimal drilling has tested these zones and indicated that these vein zones also carry gold, copper and silver attesting to the further exploration potential of the area. SRK has not inspected these other vein zones in detail. The presence of copper-rich quartz-sulfide veins may suggest a stage of mineralization and deformation that may pre-date the dominant gold-silver-copper mineralization.

## **Exploration Status**

During 1997 and 1998, a 112 hole diamond drill program was completed by Pangea. Other work included detailed geological mapping, a stream sediment geochemical survey, and a resource calculation. Between July 2006 and May 2008 Invicta drilled 52 diamond drillholes in two separate phases.

Surface samples have been taken from the Atenea and the Pucamina Zones, and additional samples have been taken from the 3,400 m level adit, which extends into the Atenea vein. The surface sampling was conducted to explore the continuity of the Atenea Vein along the surface. Adit sampling was performed to augment and support the existing database.

A study was conducted between July and December 2010 to better understand the mineralogical and structural characteristics relating to the origin of the Invicta deposit. The study involved geological field work, surface sampling, review of satellite imagery, microscopic and electron microscopic investigations, chemical analysis, petrographic analysis and analysis of fluid inclusions.

Between August 2011 and March 2012, the Invicta geological team completed 47.8 ha of detailed geological mapping in an area centered on the Atenea and Pucamina Zones. During November 2011, SRK conducted a review of the structural and geological mapping to date carried out by the Invicta geological team.

SRK's interpretation of the Invicta exploration programs is that of an appropriately-planned and executed exploration program. Contractors and Invicta personnel are knowledgeable in mapping, sampling, and drilling procedures. SRK found that the procedures in place for exploration data gathering, and data verifications meet industry norms for precious metals exploration methods.

SRK has suggested that there is potential for mineralization similar to the Atenea Vein at depth below the breccia zones at the surface along the projected continuation of the Atenea Vein, and believes that this is a high priority exploration target that requires drilling to 1) test the presence of potential mineralization similar to the Atenea Vein at depth; and 2) if mineralization is encountered, determine the strike, dip and plunge extent of economic zones of mineralization. Other exploration targets have been identified for the Invicta Project.

Based on the presence of gold and copper within poorly explored quartz-sulfide vein zones at the Invicta Project, SRK believes that the Invicta Project has good potential for expansion of the current resource base. In particular, the implementation of diligent structural geology mapping procedures will aid in delimiting the strike, dip and plunge extent of additional vein zones. A program of focused trenching coupled with targeted drilling is required to test the economic potential of these known as well as other vein zones that may potentially exist in the area.

## **Mineral Processing and Metallurgical Testing**

Extensive process development studies have been performed in several test laboratories for the Invicta Project. In recent metallurgical test programs the objective was to incorporate a conventional processing flow sheet to recover two concentrates, namely copper concentrate which contained most of the gold and some silver and lead, and a lead concentrate which contained some silver and gold.

The recent test work was undertaken at the National University of San Augustine of Arequipa, Peru. The program was designed by Dr. Deepak Malhotra, President, Resource Development Inc. (RDi). A large fresh sample, consisting of over 1 t of mineralized material from the Invicta deposit was provided for the study.

Locked-cycle tests were performed to simulate the metallurgical performance in the plant. A pilot plant continuous circuit was also run for a few days to demonstrate that the process developed on the bench scale works on a larger scale and to generate concentrates and tailings for additional testing (i.e. filtration, thickening, etc.).

Limited test work was undertaken on the lead/copper rougher tailings to demonstrate that one could recover and produce marketable zinc concentrate if desired. However, it is not incorporated into the process flow sheet at this time.

Sufficient metallurgical test work has been undertaken to demonstrate that conventional processing method consisting of grinding the mineralized material to liberation size ( $P_{80}$  of 74 microns) followed by bulk rougher and cleaner flotation produces a good Cu-Pb concentrate. The copper and lead concentrates can be separated by depressing lead minerals and floating copper minerals. The majority of the gold and half of silver reported to the copper concentrate and some gold and the other half of silver reported to the lead concentrate.

Based on the detailed metallurgical program results, overall recoveries and grades of the saleable metals in copper and lead concentrates were as follows:

- The lead concentrate assayed 52.87% Pb, 3.35% Cu, 4.28% Zn, 10.82 g/t Au, and 632.59 g/t Ag. The lead, gold and silver recoveries in the concentrate were 82.3%, 5.9% and 34.4%, respectively.
- The copper concentrate assayed 31.35% Cu, 3.33% Pb, 1.74% Zn, 111.93 g/t Au, and 648.98 g/t Ag. The copper, gold and silver recoveries in the concentrate were 81.5%, 78.9% and 45.4%, respectively.
- The overall gold and silver recoveries before discounting for smelter deductions were 84.8% and 79.8%, respectively.

Lead and copper separation in the current conventional circuit can be further optimized.

### **Mineral Resource Estimate**

The mineral resources for the Invicta gold-silver-copper-lead-zinc deposit, located in Huaura Province, Peru, is estimated by SRK at 8,644 kt grading an average of 2.13 g/t gold, 15.90 g/t silver, 0.43% copper, 0.24% lead and 0.29% zinc, classified as Measured and Indicated mineral resources; with an additional 2,534 kt grading an average of 1.61 g/t gold, 12.02 g/t silver, 0.46% copper, 0.27% lead and 0.18% zinc classified as Inferred mineral resources. The resource is stated above a 1.30 g/t gold equivalent cut-off and contained within potentially economically mineable mineralized solids. 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 gold equivalent calculation assumes 100% metallurgical recovery, and does not account for any smelting, transportation or refining charges.

The mineral resources are reported in accordance with Canadian National Instrument 43-101 (NI 43-101) and have been estimated in conformity with generally accepted Canadian Institute of Mining, Metallurgy and Petroleum (CIM) "Estimation of Mineral Resource and Mineral Reserves Best Practices" Guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. The resource estimate was completed by Frank Daviess, MAusIMM under the direction of Jeffrey Volk, CPG, FAusIMM, Principal Resource Geologist with SRK.

**Table 1: Mineral Resource Statement for the Invicta Gold-Silver-Copper-Lead-Zinc Deposit, Huaura Province, Peru, SRK Consulting (Inc.), April 6, 2012\***

Zone	Resource Category	Tonnes (000's)	Metal Grade						Contained Metal (000's)					
			AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq Oz	Au Oz	Ag Oz	Cu Lbs	Pb Lbs	Zn Lbs
Atenea - All Zones	Measured	131	6.65	4.29	31.71	0.73	0.39	0.38	28	18	133	2,119	1,110	1,105
	Indicated	5,696	3.83	2.34	17.99	0.45	0.28	0.34	701	429	3,294	56,848	35,251	43,094
	<b>M+I</b>	<b>5,827</b>	<b>3.89</b>	<b>2.39</b>	<b>18.29</b>	<b>0.46</b>	<b>0.28</b>	<b>0.34</b>	<b>729</b>	<b>447</b>	<b>3,427</b>	<b>58,967</b>	<b>36,361</b>	<b>44,198</b>
	Inferred	1,533	3.56	2.35	10.93	0.46	0.13	0.19	175	116	539	15,574	4,495	6,373
			0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0
Dany	Measured	868	1.97	0.54	13.45	0.58	0.11	0.09	55	15	375	11,151	2,153	1,723
	Indicated	<b>868</b>	<b>1.97</b>	<b>0.54</b>	<b>13.45</b>	<b>0.58</b>	<b>0.11</b>	<b>0.09</b>	<b>55</b>	<b>15</b>	<b>375</b>	<b>11,151</b>	<b>2,153</b>	<b>1,723</b>
	<b>M+I</b>													
	Inferred	668	1.72	0.14	12.66	0.53	0.58	0.16	37	3	272	7,876	8,496	2,387
			0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0
Pucamina	Measured	1,064	2.53	1.97	6.98	0.10	0.23	0.28	87	67	239	2,277	5,315	6,614
	Indicated	<b>1,064</b>	<b>2.53</b>	<b>1.97</b>	<b>6.98</b>	<b>0.10</b>	<b>0.23</b>	<b>0.28</b>	<b>87</b>	<b>67</b>	<b>239</b>	<b>2,277</b>	<b>5,315</b>	<b>6,614</b>
	<b>M+I</b>													
	Inferred	202	1.96	1.38	8.68	0.14	0.14	0.18	13	9	56	625	605	781
			0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0
Ydalias - All Zones	Measured	12	7.16	3.63	34.89	1.43	0.29	0.19	3	1	13	379	77	51
	Indicated	<b>12</b>	<b>7.16</b>	<b>3.63</b>	<b>34.89</b>	<b>1.43</b>	<b>0.29</b>	<b>0.19</b>	<b>3</b>	<b>1</b>	<b>13</b>	<b>379</b>	<b>77</b>	<b>51</b>
	<b>M+I</b>													
	Inferred	35	2.66	0.41	58.19	0.21	1.25	0.04	3	0	65	159	951	27
			0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0
Zone 4	Measured	872	3.31	2.15	12.94	0.44	0.12	0.10	93	60	363	8,393	2,375	2,000
	Indicated	<b>872</b>	<b>3.31</b>	<b>2.15</b>	<b>12.94</b>	<b>0.44</b>	<b>0.12</b>	<b>0.10</b>	<b>93</b>	<b>60</b>	<b>363</b>	<b>8,393</b>	<b>2,375</b>	<b>2,000</b>
	<b>M+I</b>													
	Inferred	95	2.74	0.87	15.37	0.78	0.16	0.14	8	3	47	1,645	344	285
			0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0
Total - All Zones	Measured	131	6.65	4.29	31.71	0.73	0.39	0.38	28	18	133	2,119	1,110	1,105
	Indicated	8,513	3.43	2.09	15.65	0.42	0.24	0.28	939	573	4,285	79,048	45,171	53,482
	<b>M+I</b>	<b>8,644</b>	<b>3.48</b>	<b>2.13</b>	<b>15.90</b>	<b>0.43</b>	<b>0.24</b>	<b>0.29</b>	<b>967</b>	<b>591</b>	<b>4,418</b>	<b>81,167</b>	<b>46,281</b>	<b>54,587</b>
	Inferred	2,534	2.90	1.61	12.02	0.46	0.27	0.18	236	131	979	25,879	14,891	9,854
			0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0

\*Notes:

- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves estimate;
- Resources stated as contained within potentially economically minable underground solids stated above a 1.3g/t Au Equivalent cut-off;
- The resource is stated above a 1.30 g/t gold equivalent cut-off and contained within potentially economically mineable mineralized solids. 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 gold equivalent calculation assumes 100% metallurgical recovery, and does not account for any smelting, transportation or refining charges.

- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;
- Mineral resource tonnage and grade are reported as diluted to reflect a potentially minable underground SMU of 3.0m; and
- The resource model has not been depleted for historical artisanal mining, as location and extent of these workings are largely undocumented.

### **Other Relevant Data and Information**

The previous Technical Report applicable to the Invicta Project was issued by The Lokhorst Group in July 2010, and was entitled "Invicta Gold Project Optimized Feasibility Study". This current Technical Report issued by SRK, "NI 43-101 Technical Report on Resources, Invicta Gold Project", supersedes the previous July 2010 Lokhorst Technical Report, the results of which are no longer to be relied on.

In October 2011, Andean announced that the initial capital cost to build an underground mine at the Invicta Project would be considerably higher than forecast in the July 2010 Feasibility Study, partly due to increases in the estimates for infrastructure. Andean's management and Board of Directors decided to delay completion of the SRK Feasibility Study on the Invicta Project in October 2011, and indicated that the (then ongoing) engineering studies would not be completed to a feasibility level at that stage. The SRK Feasibility Study on the Invicta Project was discontinued at that time.

Given that neither a Pre-Feasibility Study (PFS) nor Feasibility Study (FS) currently exists for the Invicta Project, which incorporates all presently applicable Invicta Project cost estimates, there is no currently valid PFS or FS. It follows that there are no current mineral reserves for the Invicta Project in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves: Definitions and Guidelines, November 27, 2010 (CIM).

Andean has agreed to reclassify the (previous) mineral reserves as mineral resources. The mineral resources are stated in Section 12. Andean's press release (dated February 13, 2012) announced this reclassification. In summary, there are no current mineral reserves estimated for the Invicta Project.

### **Conclusions and Recommendations**

#### *Conclusions*

SRK has suggested that there is potential for mineralization similar to the Atenea Vein at depth below the breccia zones at the surface along the projected continuation of the Atenea Vein, and believes that this is a high priority exploration target that requires drilling to test the presence of potential mineralization at depth and determine the strike, dip and plunge extent of economic zones of mineralization. Other exploration targets have been identified for the Invicta Project.

Based on the presence of gold and copper within the under- explored quartz-sulfide vein zones at the Invicta Project, SRK believes that the Invicta Project has good potential for expansion of the current resource base. In particular, the implementation of diligent structural geology mapping procedures will aid in delimiting the strike, dip and plunge extent of additional vein zones.

SRK has not reviewed the raw data that supports the QA/QC graphs presented in a previous NI 43-101 (Jaramillo, 2009) which support the validity of the drillhole database. However, SRK's opinion is that the QA/QC program in place for the drilling programs was adequate, and the reported results are satisfactory to verify data quality, and thus the drillhole database is sufficient for use in resource estimation.

SRK completed data verification by several means, including visual examination on site, verification of the assay database against laboratory assay certificates, and review of past and current QA/QC procedures and results.

SRK concluded that the data from the drilling campaign as provided are suitable for the use in resource estimation. It is SRK's opinion that there are no identified limitations to the resource database that will have a material effect on the resource estimation process or stated mineral resources.

Sufficient metallurgical test work has been undertaken to demonstrate that a conventional processing method consisting of grinding the ore to liberation size followed by bulk rougher and cleaner flotation produces a good Cu-Pb concentrate.

SRK has estimated the resources for the project using industry accepted practices and concludes that the sample data are of sufficient spacing to classify the resources into Measured, Indicated and Inferred resource categories. SRK is of the opinion that the potential to increase the resources with additional step-out and down dip drilling in the existing resource areas is good. SRK recommends that Invicta geology personnel construct a detailed 3-D geology and structural model based on additional information and interpretations carried out during the 2011 field programs to assist in targeting the resource expansion campaign.

Viable options for power, water supply and road access have been defined; however, alternatives have been identified that could result in a reduction in Invicta Project development capital costs.

#### *Recommendations*

As part of follow-up exploration, SRK recommends the following tasks be completed:

- Complete detailed structural-geological mapping over the entire Invicta Project;
- Develop a structural and stratigraphic 3D geological model, including cross- and long-sections for mineralized zones to identify potential areas of interest for exploration targeting; and
- Complete a regional structural geological interpretation of airborne geophysical and remote sensing data to better define the regional structural framework and identify conceptual targets in the wider region.

Lead and copper separation in the current conventional circuit can be further optimized. Alternative reagents and test conditions are variables that can continue to be refined for testing with the established flowsheet. Work on increasing solids density has showed promise on recoveries and reagent consumption.

The direct leach of the Invicta Project mineralized material to produce a precious metal doré remains an interesting alternative and test work was planned but not executed in the last phase of work. New scoping test work on gold amenability to direct leaching on current ore composites is recommended.

The following trade-off studies are recommended as part of a Phase I Work Program:

- Complete preliminary mining trade-off studies to determine the most suitable mining method and ore production rate;
- Complete preliminary project cash flow modeling to estimate project economics;

- Given satisfactory results from the preliminary project economic study, prepare summary documentation for Andean management approval to advance the Invicta Project to a feasibility study; and
- Future activities will include finalizing community agreements that will define the location of the process and tailings facilities.

Table 2 provides a breakdown of the total Phase I Work Program costs.

**Table 2: Phase I Costs**

<b>Item</b>	<b>Cost \$US</b>
Structural-Geological Mapping	7,000
Regional Structural Geological Interpretation	40,000
Metallurgical Leaching Testwork	40,000
Mining Trade-off Studies	40,000
Preliminary Project Economic Study	30,000
<b>Total</b>	<b>US\$157,000</b>

Based on the findings of the Phase I Work Program, a decision would be made to proceed to either a Phase IIA Work Program for a series of studies leading up to and including a Feasibility Study, or a Phase IIB Work Program for an infill and exploration drilling program, or to possibly execute components of both programs.

## **DIVIDENDS**

Andean has neither declared nor paid any dividends on the Andean Shares and does not currently anticipate paying dividends.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's discussion and analysis of the financial condition and results of operations of Andean for the fiscal year ended March 31, 2012 and March 31, 2011 and for the three months ended June 30, 2012 are incorporated by reference in this Joint Disclosure Booklet, and such management's discussion and analysis should be read in conjunction with the financial statements and the accompanying notes thereto incorporated by reference in this Joint Disclosure Booklet.

Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Cautionary Statement Regarding Forward-Looking Statements*".

## **DISCLOSURE OF OUTSTANDING SECURITIES DATA**

Andean is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As of the date of this Joint Disclosure Booklet, there were 150,976,810 common shares and no preferred shares issued and outstanding. The holders of common shares are entitled to one vote per share, are entitled to dividends as and when declared by the directors, and, upon liquidation or dissolution of Andean, are entitled to receive the remaining property of Andean on a pro rata basis.

In addition, as of the date of this Joint Disclosure Booklet, there were 6,850,000 stock options issued and outstanding under the Andean stock option plan and 2,500,000 common share purchase warrants of

Andean issued and outstanding. Each warrant entitles the holder thereof to acquire, on or before February 12, 2015, one common share of Andean at an exercise price of \$0.46 per share.

Andean has established a shareholder rights plan (the "**Andean Rights Plan**") to ensure, to the extent possible, that all shareholders will be treated equally and fairly in connection with any take-over bid for Andean. The Andean Rights Plan is designed to prevent the use of coercive and/or abusive takeover techniques and to encourage a potential acquiror to negotiate directly with Andean for the benefit of all shareholders. In addition, the Andean Rights Plan is intended to provide increased assurance that a potential acquiror would pay an appropriate control premium in connection with any acquisition of Andean.

The Andean Rights Plan is triggered when a person acquires beneficial ownership of 20% or more of the outstanding Andean common shares, other than under certain conditions. The purpose of the Andean Rights Plan is to provide the Andean board with time to review any unsolicited take-over bid that may be made and to take action, if appropriate, to enhance shareholder value. The Andean Rights Plan is intended to protect shareholders by requiring all potential bidders to comply with the conditions specified in the Andean Rights Plan, failing which such bidders are subject to the dilutive features of the Andean Rights Plan. By creating the potential for substantial dilution of a bidder's position, the Andean Rights Plan encourages an offeror to proceed by way of the permitted bid mechanism set forth in the Andean Rights Plan or to approach the Andean board with a view to a negotiation.

#### **Prior Sales**

In the twelve month period preceding the date of this Joint Disclosure Booklet, the following securities of Andean have been issued:

<b>Date of Issuance</b>	<b>Number &amp; Type of Securities</b>	<b>Issue Price Per Security</b>	<b>Nature of Consideration Received</b>	<b>Notes</b>
August 18, 2011	400,000 common shares	\$0.52	Cash	Exercise of Options
February 17, 2012	5,600,000 common shares	N/A	Settlement	Issued to Sundust Resources Inc. as settlement of an outstanding dispute
August 18, 2011	833,334 common shares	\$0.35	Cash	Exercise of Warrants
September 14, 2011	114,000 common shares	\$0.35	Cash	Exercise of Warrants
September 16, 2011	733,584 common shares	\$0.35	Cash	Exercise of Warrants
September 15, 2011	2,700,000 options	N/A	N/A	Issuance of options to directors consultants and employees – exercise price \$0.49.
November 14, 2011	100,000 options	N/A	N/A	Issuance of options to directors consultants and employees – exercise price \$0.42

### Price Range and Trading Volume of the Andean Common Shares

The common shares of Andean are listed for trading on the TSXV under the symbol "AAG".

The following table sets out the range of high and low sales prices (which are not necessarily the closing prices) and the trading volumes of Andean common shares traded on the TSXV for the periods indicated.

Period	High (\$)	Low (\$)	Volume Traded (Andean Common Shares)
August 1 to 21, 2012	\$0.145	\$0.13	3,270,296
Month ended July 31, 2012	\$0.195	\$0.135	4,636,765
Month ended June 30, 2012	\$0.185	\$0.145	2,722,155
Month ended May 31, 2012	\$0.195	\$0.11	1,827,338
Month ended April 30, 2012	\$0.21	\$0.15	1,666,540
Month ended March 31, 2012	\$0.212	\$0.16	1,636,017
Month ended February 29, 2012	\$0.26	\$0.18	1,892,098
Month ended January 31, 2012	\$0.29	\$0.21	1,887,654
Month ended December 31, 2011	\$0.345	\$0.175	5,236,571
Month ended November 30, 2011	\$0.425	\$0.21	9,142,691
Month ended October 31, 2010	\$0.41	\$0.22	5,304,474
Month ended September 30, 2011	\$0.61	\$0.355	2,057,820
Month ended August 30, 2011	\$0.64	\$0.435	1,620,824

Source: Info TSXV - Daily Trading Summary

### DIRECTORS AND EXECUTIVE OFFICERS

In the following table and notes thereto is stated the name of each of the current directors and executive officers of Andean, the province (or city) and country in which he is ordinarily resident, all offices of Andean now held by him, his current principal occupation, the period of time for which he has been a director of Andean, and the number and percentage of Andean Shares beneficially owned or controlled or directed, directly or indirectly, by such director or executive officer of Andean, as at August 22, 2012.

Name, Position and Province (or City) and Country of Residence <sup>(1)</sup>	Current Principal Occupation <sup>(1)</sup>	Director Since	No. of Andean Shares beneficially held <sup>(1)</sup> (and percentage of total outstanding Andean Shares <sup>(2)</sup> )
PAULO BILEZIKJIAN <sup>(3)</sup>	Chief Investment Officer for Treviso	December 7,	5,000,000 <sup>(5)</sup>

Name, Position and Province (or City) and Country of Residence <sup>(1)</sup>	Current Principal Occupation <sup>(1)</sup>	Director Since	No. of Andean Shares beneficially held <sup>(1)</sup>  (and percentage of total outstanding Andean Shares <sup>(2)</sup> )
<sup>(4)</sup> Director São Paulo, Brazil	Investments in Sao Paulo, Brazil since 2008.	2009	(3.31%)
MARIO CARON Director Ontario, Canada	Mr. Caron is a mining engineer who has held numerous senior executive and board positions and has extensive experience in exploration, project development, mining operations and capital markets with companies operating internationally. See "Director and Executive Officer Biographies" below.	January 1, 2011	Nil
DAVID RAE President, CEO and Director Ontario, Canada	President and CEO of Andean. See "Director and Executive Officer Biographies" below.	December 14, 2010	Nil
ERNESTO MAURER <sup>(4)</sup> Director Zurich, Switzerland	CEO of SSM Textile Machinery, Switzerland, an international textile machinery group. See "Director and Executive Officer Biographies" below.	November 30, 2005	392,000 (0.26%)
BRYAN MORRIS <sup>(3)</sup> Director British Columbia, Canada	Financial Consultant and a director of several junior mining companies. See "Director and Executive Officer Biographies" below.	June 17, 2005	20,000 <sup>(6)</sup> (0.13%)
JEAN-PIERRE CHAUVIN <sup>(3)</sup> Director Ontario, Canada	President and Senior Consultant of Chauvin Engineering Ltd.. See "Director and Executive Officer Biographies" below.	October 28, 2011	Nil
BRUCE RAMSDEN CFO, VP, Finance and Corporate Secretary Ontario, Canada	CFO, VP Finance and Corporate Secretary of Andean. See "Director and Executive Officer Biographies" below.	N/A	Nil

NOTES:

- (1) The information as to place of residence, principal occupation, business or employment and number of Andean Shares beneficially owned, controlled or directed by each of the above individuals is not within the knowledge of management of Andean and has been furnished by each director and executive officer.
- (2) Based on there being 150,976,810 issued and outstanding Andean Shares as of the date hereof.

- (3) Denotes member of the Audit Committee.
- (4) Denotes member of the Compensation Committee.
- (5) 5,000,000 shares are held by Greenapple Holdings Ltd, a private company wholly owned by Paulo Bilezikjian.
- (6) 20,000 shares are held by the spouse of Mr. Morris.

As at August 22, 2012, an aggregate of 5,412,000 Andean Shares (representing approximately 3.7% of the issued and outstanding Andean Shares) are beneficially owned or controlled or directed, directly or indirectly, by all directors and executive officers of Andean, as a group.

The term of office of each of the present directors of Andean included in the table above expires immediately before the election of directors at the Andean Meeting. For information regarding the Nominees, being David Rae, Bryan Morris, Jean-Pierre Chauvin and Paulo Bilezikjian, who will be presented for election at the Andean Meeting as management's nominees to hold office until the earlier of (i) the completion of the Arrangement and (ii) the next meeting of Andean Shareholders held for the purpose of electing directors or until their successors are elected or appointed, see "Annual General Meeting Matters to be Approved – Election of Directors" in the accompanying management proxy circular of Andean.

In conjunction with the completion of the Arrangement, the directors of Andean elected at the Andean Meeting will cease to hold office as directors of Andean, and it is expected that Lupaka will increase the number of directors of Lupaka to eight, effective as of the Effective Time, with the board of directors of Lupaka to be comprised of the existing six directors of Lupaka and two nominees of Andean (currently expected to be David Rae and Paulo Bilezikjian or, failing them, two other nominees of Andean acceptable to Lupaka, acting reasonably). See "Schedule "A" - Information Concerning the Combined Company after the Arrangement – Directors and Officers" in the Joint Disclosure Booklet for more information regarding the directors and officers who will assume office of Lupaka upon the completion of the Arrangement.

#### *Director and Executive Officer Biographies*

**Paulo Bilezikjian, Independent Director:** Mr. Bilezikjian has been the Chief Investment Officer for Treviso Investments in Sao Paulo, Brazil since 2008. Previously, from April 2004 to November 2008, he was a Partner with Hedging Griffo, then the largest independent asset management company in Brazil, where he headed their international investments division. A native of São Paulo, Brazil, with a degree from McGill University, Montreal, Mr. Bilezikjian previously worked for JP Morgan in Brazil and New York in the equity division from 1994 to 1996, and was the head of the equity proprietary desk for ING Brazil from 1996 to 2000. From 1997 to 2000, Mr. Bilezikjian was Managing Director and Chief Investment Officer of ING Investment Management in Brazil. In 2000, he became the Chief Investment Officer of one of the largest family offices in Brazil, managing assets in Brazil and internationally.

**Mario Caron, Independent Director:** Mr. Caron is a mining engineer who has held numerous senior executive and board positions and has extensive experience in exploration, project development, mining operations and capital markets with companies operating internationally. He was the President, CEO and a director of TSXV listed Axmin Inc. from January 2008 until June 2010. He has held positions with Tiberon Minerals Ltd., Defiance Mining Corporation and other advanced mining projects in Africa and South America. He is currently director and non-executive chairman of Orosur Mining Inc. and a director of First Uranium Corporation. Mr. Caron received his Bachelor of Engineering, Mining at McGill University and is a member of the Quebec Order of Engineers and the Association of Professional Engineers of Ontario.

**David Rae, Non-Independent Director, President and CEO:** Currently President and CEO of Andean American. From 1998 to 2006 Mr. Rae worked in various management capacities with Falconbridge, becoming the Vice President, Strategy and Commercial, where he managed the global sales of Falconbridge Nickel products and business unit strategy. He successfully led the multi-disciplinary team integrating the Nickel unit of Falconbridge into Xstrata. Mr. Rae subsequently worked with Xstrata Nickel from 2006 to 2008, including the new position of Senior Vice President Europe and Africa, where he was responsible for strategic initiatives and sales growth. Prior to joining Andean, Mr. Rae was advising in a consulting capacity to companies such as Kinross, Vale Inco and Iamgold on operational, productivity and strategic challenges. He holds a B.Sc. in Physical Metallurgy from Leeds University, Yorkshire, England.

**Ernesto Maurer, Independent Director:** Mr. Maurer is currently Chief Executive Officer for SSM Textile Machinery ("SSM") of Schweiter Technologies AG since January 4, 2010. SSM is an international textile machinery group with headquarters in Switzerland. Mr. Maurer served as Chief Executive Officer of Loepfe Brothers Ltd. and Iteima Switzerland (formerly Sultex) until the beginning of 2010. From 1990 to 2005 Mr. Maurer sat on various management boards, including at Sulzer. He served as Vice President of Zurmont Finanz AG, Switzerland, focused on turnarounds and restructuring. Mr. Maurer has been an independent director of Andean since November 30, 2005. He has an engineering degree from Swiss Federal Institute of Technology (ETH) in Zurich, an Economics degree from the University of Lausanne, Faculty of Economics and a Masters of Business Administration from the University of Lausanne, Faculty of Economics. Mr. Maurer speaks German, English, French and Spanish.

**Bryan Morris, Independent Director:** Mr. Morris brings many years of valuable experience to Andean. Until his retirement in August 2003, Mr. Morris worked for Teck Cominco Limited as Vice President, Business Development and was responsible for identifying, evaluating and negotiating acquisitions, primarily in the zinc business. Prior to that appointment he was Vice President, Finance and Director of Cominco Resources International Ltd., the listed international exploration arm of Cominco Ltd., and held senior positions in Cominco's finance organization. During his career with Teck Cominco he also served as a director of several subsidiaries and associated companies. Between 1965 and 1974, Mr. Morris worked in Peru for Cerro de Pasco Corporation and Centromin. He is a fellow of the Chartered Institute of Management Accountants (UK) and is also a director of several junior mining companies.

**Jean-Pierre Chauvin, Independent Director:** Mr. Chauvin is an engineer holding a B.Sc. in Mining Engineering from Queen's University with over 30 years of experience in the mining and construction industries. Formerly, Mr. Chauvin was the Interim President/Chief Executive Officer of PC Gold Inc., a public mineral exploration and development company (2011 to July, 2012). From July 2006 to January 2009, Mr. Chauvin served as Chief Operating Officer of Globestar Mining Corp. and was promoted to president in October 2006. From 2001, he has also acted as President and Senior Consultant of Chauvin Engineering Ltd., based in Oakville, Ontario, which company consults in the mining industry focusing on operational reviews and feasibility studies. He is currently a director of Macusani Yellowcake Inc., Lakeside Minerals Inc. and Guyana Goldfields Inc. He is also currently a director of PC Gold Inc., and serves as chairman of that company's technical committee.

**Bruce Ramsden, CFO, VP, Finance and Corporate Secretary:** Mr. Ramsden has been a Vice President and CFO with noted resource companies since 1996. In this capacity, he was responsible for the integrity of the financial reporting, corporate governance, budgeting and the facilitation of financial undertakings, including raising \$155 million in debt financing. He has a Bachelor of Commerce as well as a degree from The Institute of Chartered Secretaries and Administrators. Mr. Ramsden is a member of the Institute of Commercial and Financial Accountants of Southern Africa, the Institute of Chartered Secretaries and Administrators in both South Africa and Canada and Financial Executives International Canada.

*Order, Penalties and Bankruptcies*

Other than as described below, to the knowledge of Andean, as of the date hereof, no current director of Andean, Nominee or executive officer of Andean is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Andean) that:

- (a) was subject to an order that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after such person 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.

For the purposes of the above section, the term "order" means:

- (a) a cease trade order, including a management cease trade order;
- (b) an order similar to a cease trade order; or
- (c) 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.

Other than as described below, to the knowledge of Andean, as of the date hereof, no current director of Andean, Nominee, executive officer of Andean or shareholder holding a sufficient number of securities of Andean to affect materially the control of Andean:

- (a) is, or has been, within 10 years before the date hereof, a director or executive officer of any company (including Andean) that, while such person was acting in that capacity, or within a year of such 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;
- (b) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person;
- (c) has been subject to 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
- (d) has been subject to 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 or a reasonable securityholder in deciding whether to vote for a proposed director, as the case may be.

On August 2, 2007, the British Columbia Securities Commission ("**BCSC**") issued a cease trade order against Andean for deficiencies in Andean's continuous disclosure material related to its resource properties and for deficiencies in a previously filed NI 43-101 technical report. On October 22, 2007, Andean filed an amended NI 43-101 technical report and issued a clarifying news release. The BCSC revoked the cease trade order and the shares resumed trading on October 24, 2007. Messrs. Maurer and Morris were directors of Andean at that time.

On August 13, 2009, the BCSC issued Andean a cease trade order for failing to file its comparative financial statement and management discussion and analysis, for the period ended March 31, 2009, within the prescribed time period. On August 14, 2009, Andean filed its comparative financial statement and management discussion and analysis for the period ended March 31, 2009. On August 17, 2009, the BCSC revoked the cease trade order. Messrs. Maurer and Morris were directors of Andean at that time.

Bryan Morris was a director of Mediterranean Resources Ltd. ("**MRL**"). On April 19, 2005, MRL was cease-traded as a result of the failure to file its consolidated financial statements for the financial year ended December 31, 2004 on time. This was due primarily to the inability to obtain financial results from MRL's Peruvian subsidiaries, which had ceased active operations and closed their Peruvian offices as of July 1, 2004. On July 21, 2005, the British Columbia, Alberta and Manitoba Securities Commissions revoked the cease trade order. The cease trade order was subsequently revoked by the Ontario Securities Commission on August 17, 2005. Mr. Morris was a director of MRL during this period.

#### **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The current auditors of Andean are PricewaterhouseCoopers LLP, Chartered Accountants, of 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7.

The registrar and transfer agent for the Andean common shares is Computershare at its office in Toronto, Ontario.

#### **MATERIAL CONTRACTS**

Andean has not entered into any material contracts other than in the ordinary course of business within the previous two years prior to the date hereof, with the exception of:

- (i) Arrangement Agreement (see "**Schedule D**"); and
- (ii) Surface rights agreement between Invicta Mining Corp S.A.C. and the Comunidad Campesina De Santo Domingo De Apache dated October 22, 2010 covering all aspects of mine development, mineral processing and infrastructure.

#### **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 Joint Disclosure Booklet:

- (a) Peter Clarke, B.Sc., MBA, P. Eng, Allan V. Moran, CPG, R.G., Ivo Vos, Ph.D., P. Geo., Jeff Volk, M.Sc., CPG, FAusIMM, Deepak Malhotra, Ph.D., RM-SME, and Terry Braun, B.S., P.E. of SRK Consulting (U.S.) Inc. have prepared the Invicta Report in respect of the Invicta Gold Project (See the section entitled "*Narrative Description of the Business – Description of the Invicta Gold Project*");
- (b) Paradigm Capital Inc. has provided a fairness opinion (the "**Paradigm Fairness Opinion**"); and

- (c) PricewaterhouseCoopers LLP, Chartered Accountants, has provided:
- (i) an auditor's report on the consolidated financial statements of Andean which comprise the consolidated statements of financial position of Andean as at March 31, 2012 and 2011 and April 1, 2010 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years ended March 31, 2012 and 2011, which are incorporated by reference herein; and
  - (ii) an auditor's report on the consolidated financial statements of Andean which comprise the consolidated statements of financial position of Andean as at March 31, 2011 and 2010 and the results of their operations and their cash flows for the years then ended, which are incorporated by reference herein.

None of Peter Clarke, B.Sc., MBA, P. Eng, Allan V. Moran, CPG, R.G., Ivo Vos, Ph.D., P. Geo., Jeff Volk, M.Sc., CPG, FAusIMM, Deepak Malhotra, Ph.D., RM-SME, and Terry Braun, B.S., P.E. of SRK Consulting (U.S.) Inc. or Paradigm Capital Inc., who is named as having prepared or certified a part of this Joint Disclosure Booklet or prepared or certified a report or valuation described or included in this Joint Disclosure Booklet, has, or will have immediately following closing of the Arrangement, 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, Chartered Accountants, have advised Andean that it is independent of Andean within the meaning of the Rules of Professional Conduct of The Institute of Chartered Accountants of British Columbia.

#### *Expertised Reports*

Paradigm Capital Inc. completed the Paradigm Fairness Opinion. See "*Special Meeting Matter-The Arrangement –Paradigm Fairness Opinion*" in the accompanying management proxy circular of Andean.

### **RISK FACTORS**

The operations of Andean are speculative due to the high-risk nature of the mining business. An investment in securities of Andean involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. The risk factors that will be applicable to the Combined Company are also applicable to Andean. For a full description of such risk factors see "*Information Concerning the Combined Company After the Arrangement – Risk Factors*".

### **OTHER MATERIAL FACTS**

There are no other material facts about Andean, Lupaka, the Combined Company or the Arrangement that are not elsewhere disclosed herein, including in the Schedules attached hereto, and which are necessary in order for this Joint Disclosure Booklet to contain full, true and plain disclosure of all material facts relating to Andean, Lupaka and the Combined Company, assuming closing of the Arrangement.



## AUDITOR'S CONSENT

We have read the Joint Disclosure Booklet dated August 22, 2012 regarding a plan of arrangement among Lupaka Gold Corp. and Andean American Gold Corp. ("Andean"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Joint Disclosure Booklet of our report to the shareholders of Andean on the consolidated statements of financial position of Andean as at March 31, 2012 and 2011, and April 1, 2010 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for each of the years in the two –year period ended March 31, 2012 prepared in accordance with International Financial Reporting Standards. Our report is dated June 14, 2012.

We consent to the incorporation by reference in the above-mentioned Joint Disclosure Booklet of our report to the shareholders of Andean on the consolidated statements of financial position of Andean as at March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years then ended prepared in accordance with Canadian generally accepted accounting principles. Our report is dated June 28, 2011.

*signed "PricewaterhouseCoopers LLP"*

**Chartered Accountants**

August 22, 2012

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*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806, [www.pwc.com/ca](http://www.pwc.com/ca)*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

## SCHEDULE "D"

### SUMMARY OF THE ARRANGEMENT AGREEMENT

#### **The Arrangement Agreement**

On August 16, 2012, Andean and Lupaka entered into the Arrangement Agreement, a copy of which has been filed with the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com) and may also be obtained free of charge, upon request to the Corporate Secretary of Lupaka at 428 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6 (Telephone: (604) 681-5900). **The following description of certain material provisions of the Arrangement Agreement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement. Andean Shareholders and Lupaka Shareholders are encouraged to read the Arrangement Agreement in its entirety. Any capitalized terms in the following summary to the Arrangement Agreement that are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Arrangement Agreement.**

#### *Representations and Warranties*

The Arrangement Agreement contains a number of representations and warranties of Lupaka and Andean relating to, among other things, their corporate formation; corporate power; compliance with laws, permits, licences and constating documents; execution, delivery, authorization and enforceability of the Arrangement Agreement; financial statements; liabilities, taxes, material changes; interests in and title to property and assets; good standing of mining concessions; litigation; environmental matters; technical reports; employment, severance, termination and change of control payments; authorized and issued capital; subsidiaries; and reporting issuer and exchange listing status, the due filing of required documents with securities authorities and the absence of misrepresentation in the public record.

The representations and warranties were made solely for the purposes of the Arrangement Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, some of the representations and warranties contained in the Arrangement Agreement are qualified by knowledge or by reference to a contractual standard of materiality (including a Material Adverse Effect, as such term is defined in the Arrangement Agreement) that may be different from that generally applicable to public disclosure to Andean Shareholders and Lupaka Shareholders, or those standards used for the purpose of allocating risk between parties to an agreement. For the foregoing reasons, readers should not rely on the representations and warranties contained in Arrangement Agreement as a statement of factual information at the time they were made or otherwise. Andean Shareholders and Lupaka Shareholders may not directly enforce or rely upon the terms and conditions of the Arrangement Agreement.

The representations and warranties of the parties contained in the Arrangement Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Date and the date on which the Arrangement Agreement is terminated in accordance with its terms..

#### *Covenants*

##### *Covenants of Andean*

Andean has made certain covenants in favour of Lupaka under the Arrangement Agreement, including:

- (a) Andean agrees as follows from the date of the Arrangement Agreement until the earlier of the effective time, as such term is defined in the Plan of Arrangement (the "**Effective Time**"), and the time that the Arrangement Agreement is terminated in accordance with its terms, in each case except with the consent of Lupaka to any deviation therefrom, or as expressly contemplated in the Arrangement Agreement or the Plan of Arrangement or in connection with matters disclosed in the disclosure letter dated July 16, 2012 from Andean to Lupaka that:
- (i) Each of Andean and its subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices, (B) use commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with those having business dealings with it, and (C) maintain and keep its material properties and assets in as good repair and condition as at the date of the Arrangement Agreement, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.
  - (ii) Andean shall not, and it shall not permit any of its subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise; (B) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Andean Shares), or authorize any of the foregoing, except as required by the terms of any Andean securities outstanding on the date of the Arrangement Agreement; or (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.
  - (iii) Other than in respect of the previously disclosed proposed disposition of a mill and filters by Andean, Andean will refrain from any asset acquisitions or sales (whether or not in the ordinary course of business) where the amount exceeds \$50,000.
  - (iv) Andean will maintain a minimum working capital of \$11,500,000 determined in accordance with International Financial Reporting Standards, and also after deducting, accruing and reserving for all unpaid employee retention payments and severance cost and all of Andean's costs related to the Arrangement, including without limitation financial advisory, fairness opinion and other related fees, regulatory fees, severance and similar costs, legal and accounting costs, costs of due diligence and costs related to the Andean Meeting.
  - (v) Andean shall not, nor shall it permit any of its subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any

other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person.

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

- (x) Andean shall not, nor shall it permit any of its subsidiaries to, pay, discharge, satisfy, compromise or settle any claims, obligations or liabilities prior to the same being due.
- (xi) Except in the ordinary course of business, Andean shall not, nor shall it permit any of its subsidiaries to, (A) enter into, terminate or waive any provision of, exercise any option or relinquish any contractual rights under, or modify in any material respect any contract, agreement, guarantee, lease commitment or arrangement material to it; or (B) waive, transfer, grant or release any claims or potential claims of material value or (C) waive any benefits of, or agree to modify in any respect, or terminate, release or fail to enforce, or consent to any material matter with respect to which consent is required, under, any confidentiality, standstill or similar agreement to which Andean or any of its subsidiaries is a party or which Andean or any of its subsidiaries is a beneficiary.
- (xii) Andean shall not, nor shall it permit any of its subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Andean or any subsidiary of Andean except as required by law or by Canadian generally accepted accounting principles or International Financial Reporting Standards as advised by Andean's or such subsidiary's regular independent accountants, as the case may be.
- (xiii) Andean shall not, nor shall it permit any of its subsidiaries to, (A) make, change or rescind any material tax election, (B) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any tax return or the payment of any tax (except as otherwise required by law), (C) settle any material tax claim or assessment, (D) surrender any right or claim to a tax refund, or (E) amend any of its transfer pricing policies.
- (xiv) Andean shall not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any take-over law or other law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Lupaka and its subsidiaries) or any action taken thereby including any take-over bid, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom. Andean shall not nor shall it permit any subsidiary to, enter into any confidentiality or standstill agreement except as permitted by the terms of the Arrangement Agreement, amend, release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.
- (xv) Andean shall not, nor shall it permit any of its subsidiaries to, take or fail to take any action which would cause any of Andean's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in the Arrangement Agreement not to be satisfied.
- (xvi) Andean shall not, nor shall it permit any of its subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of the Arrangement

Agreement, except for scheduled renewals of any insurance policy in effect on the date of the Arrangement Agreement in the ordinary course of business consistent with past practice or in respect of any acquisition or disposition of any non-material property, plant and/or equipment in the ordinary course of business.

- (xvii) Andean shall not, nor shall it permit any of its subsidiaries to, (A) cancel any material indebtedness, or (B) waive, transfer, grant or release any claims or potential claims of material value.
  - (xviii) Andean shall not, nor shall it permit any of its subsidiaries to, enter into any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body other than with the prior approval of Lupaka, acting reasonably.
- (b) Andean shall promptly advise Lupaka in writing:
- (i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Andean contained in the Arrangement Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);
  - (ii) of any Material Adverse Effect, on Andean or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Andean;
  - (iii) of any breach by Andean of any covenant, obligation or agreement contained in the Arrangement Agreement; and
  - (iv) of any event or state of facts which occurrence or failure would, or would be reasonably expected to, result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder prior to the Effective Time.
- (c) Andean shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its subsidiaries to, perform all obligations required to be performed by Andean or any of its subsidiaries, as applicable, under the Arrangement Agreement, cooperate with Lupaka in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Andean shall:
- (i) subject to the terms of the Arrangement Agreement, solicit from the Andean Shareholders proxies in favour of approval of the Arrangement Resolution (in a commercially reasonable manner) and use commercially reasonable efforts to obtain the approval by Andean Shareholders of the Arrangement Resolution;
  - (ii) subject to the terms of the Arrangement Agreement, not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Andean Meeting without Lupaka's prior written consent except as required by law or, in

the case of adjournment, as may be required by Andean Shareholders as expressed by majority resolution;

- (iii) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in the Arrangement Agreement which are to be satisfied by Andean or which Andean may assist in causing to be satisfied;
- (iv) as soon as practicable apply for and use commercially reasonable efforts to obtain all appropriate regulatory approvals required to be obtained by Andean or any of its subsidiaries in order for Andean to consummate the transactions contemplated in the Arrangement Agreement and, in doing so, to keep Lupaka reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such appropriate regulatory approvals, including, but not limited to, providing Lupaka the opportunity to be present for all communications with any governmental entity and providing Lupaka with copies of all related applications and notifications, in draft and final form, in order for Lupaka to provide its reasonable comments and all such applications and notifications shall be subject to the prior approval of Lupaka, acting reasonably and without delay;
- (v) apply for and use commercially reasonable efforts to obtain the interim order of the Supreme Court of British Columbia (the "**Court**") providing for, among other things, the calling and holding of the Andean Meeting (the "**Interim Order**") and the final order of the Court approving the Arrangement (the "**Final Order**"), which Final Order shall be applied for on the basis that it shall be effective only upon Andean notifying the Court that the appropriate regulatory approvals have been obtained;
- (vi) carry out the terms of the Interim Order and the Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which applicable laws may impose on Andean or its subsidiaries with respect to the transactions contemplated in the Arrangement Agreement and by the Arrangement;
- (vii) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated in the Arrangement Agreement;
- (viii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated in the Arrangement Agreement;
- (ix) effect all necessary registrations, filings and submissions of information required by governmental entities from Andean or any of its subsidiaries in connection with the transactions contemplated in the Arrangement Agreement;
- (x) consult with Lupaka prior to making publicly available its financial results for any period after the date of the Arrangement Agreement and prior to filing with the securities regulatory authorities, stock exchanges and all applicable self-

regulatory authorities any forms, reports, schedules, statements, certification, material change reports and other documents required to be filed by it; and

- (xi) use commercially reasonable efforts to obtain any waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Andean or a subsidiary of Andean to consummate the transactions contemplated in the Arrangement Agreement which the failure to obtain would materially and adversely affect the ability of Andean or its subsidiaries to consummate the transactions contemplated in the Arrangement Agreement.
- (d) The board of directors of Andean shall recommend to the Andean Shareholders the approval of the Arrangement Resolution, provided that, notwithstanding any other provision of the Arrangement Agreement, the board of directors of Andean may withdraw, modify or change its recommendation if such withdrawal, modification or change is permitted by, and made in accordance with, the provisions of the Arrangement Agreement and prior to the approval of the Arrangement Resolution by the Andean Shareholders.

### ***Covenants of Lupaka***

Lupaka has made certain covenants in favour of Andean under the Arrangement Agreement, including:

- (a) Lupaka agrees as follows from the date of the Arrangement Agreement until the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms, in each case except with the consent of Andean to any deviation therefrom, or as expressly contemplated in the Arrangement Agreement or the Plan of Arrangement:
  - (i) Each of Lupaka and its subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices, (B) use commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with those having business dealings with it, and (C) maintain and keep its material properties and assets in as good repair and condition as at the date of the Arrangement Agreement, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.
  - (ii) Lupaka shall not, and it shall not permit any of its subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise; (B) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Lupaka

Shares), or authorize any of the foregoing, except as required by the terms of any Lupaka securities outstanding on the date of the Arrangement Agreement; or (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.

- (iii) Lupaka will refrain from any asset acquisitions or sales (whether or not in the ordinary course of business) where the amount exceeds \$50,000, except with the consent of Andean, such consent not to be unreasonably withheld.
- (iv) Lupaka will maintain a minimum working capital of \$2,000,000 determined in accordance with International Financial Reporting Standards, and also after deducting, accruing and reserving for all of Lupaka's costs related to the Arrangement, including without limitation financial advisory, fairness opinion and other related fees, regulatory fees, legal and accounting costs, costs of due diligence and costs related to the special meeting of shareholders of Lupaka;
- (v) Lupaka shall not, nor shall it permit any of its subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person.
- (vi) Lupaka shall not, nor shall it permit any of its subsidiaries to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets (other than relating to transactions between two or more wholly-owned subsidiaries of Lupaka or between a wholly-owned subsidiary and Lupaka) except in the ordinary course of business.
- (vii) Lupaka shall not, nor shall it permit any of its subsidiaries to, (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a "keepwell" or similar arrangement with respect to, any indebtedness, other than indebtedness between Lupaka and any of its subsidiaries and another of its subsidiaries, or (B) enter into any material operating lease or create any liens on the property of Lupaka or any of its subsidiaries in connection with any indebtedness.
- (viii) Except as required by applicable law or any agreement to which Lupaka or any of its subsidiaries is a party on the date of the Arrangement Agreement, Lupaka shall not, nor shall it permit any of its subsidiaries to:
  - (A) without the consent of Andean, such consent not to be unreasonably withheld, appoint any directors or officers or increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of Lupaka or any of its subsidiaries;

- (B) without the consent of Andean, such consent not to be unreasonably withheld, increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of Lupaka or any of its subsidiaries;
  - (C) amend, vary or modify Lupaka's stock option plan or any options outstanding thereunder; or
  - (D) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of Lupaka or any of its subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.
- (ix) Lupaka shall not, nor shall it permit any of its subsidiaries to, amend or propose to amend its constating documents.
  - (x) Lupaka shall not, nor shall it permit any of its subsidiaries to, pay, discharge, satisfy, compromise or settle any claims, obligations or liabilities prior to the same being due.
  - (xi) Except in the ordinary course of business, Lupaka shall not, nor shall it permit any of its subsidiaries to, (A) enter into, terminate or waive any provision of, exercise any option or relinquish any contractual rights under, or modify in any material respect any contract, agreement, guarantee, lease commitment or arrangement material to it; or (B) waive, transfer, grant or release any claims or potential claims of material value or (C) waive any benefits of, or agree to modify in any respect, or terminate, release or fail to enforce, or consent to any material matter with respect to which consent is required, under, any confidentiality, standstill or similar agreement to which Lupaka or any of its subsidiaries is a party or which Lupaka or any of its subsidiaries is a beneficiary.
  - (xii) Lupaka shall not, nor shall it permit any of its subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Lupaka or any subsidiary of Lupaka except as required by law or by International Financial Reporting Standards as advised by Lupaka's or such subsidiary's regular independent accountants, as the case may be.
  - (xiii) Lupaka shall not, nor shall it permit any of its subsidiaries to, (A) make, change or rescind any material tax election, (B) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any tax return or the payment of any tax (except as otherwise required by law), (C) settle any material tax claim or assessment, (D) surrender any right or claim to a tax refund, or (E) amend any of its transfer pricing policies.
  - (xiv) Lupaka shall not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any take-over law or other law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Lupaka and its subsidiaries) or any action

taken thereby including any take-over bid, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom. Lupaka shall not nor shall it permit any subsidiary to, enter into any confidentiality or standstill agreement except as permitted by the Arrangement Agreement, amend, release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.

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

- (c) Lupaka shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause Lupaka's wholly-owned subsidiary, Minera Pacacorral S.A.C., to perform all obligations required to be performed by Lupaka or Minera Pacacorral S.A.C., as applicable, under the Arrangement Agreement, cooperate with Andean in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Lupaka shall:
- (i) subject to the terms of the Arrangement Agreement solicit from the Lupaka Shareholders proxies in favour of approval of the Issuance Resolution (in a commercially reasonable manner) and use commercially reasonable efforts to obtain the approval by Lupaka Shareholders of the Issuance Resolution;
  - (ii) subject to the terms of the Arrangement Agreement, not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Lupaka Meeting without Andean's prior written consent except as required by law or, in the case of adjournment, as may be required by Lupaka Shareholders as expressed by majority resolution;
  - (iii) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in the Arrangement Agreement which are to be satisfied by Lupaka or which Lupaka may assist in causing to be satisfied;
  - (iv) as soon as practicable apply for and use commercially reasonable efforts to obtain all appropriate regulatory approvals required to be obtained by Lupaka in order for Lupaka to consummate the transactions contemplated in the Arrangement Agreement and, in doing so, to keep Andean reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such appropriate regulatory approvals, including, but not limited to, providing Andean the opportunity to be present for all communications with any governmental entity and providing Andean with copies of all related applications and notifications, in draft and final form, in order for Andean to provide its reasonable comments and all such applications and notifications shall be subject to the prior approval of Andean, acting reasonably and without undue delay;
  - (v) carry out the terms of the Interim Order and the Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which applicable laws may impose on Lupaka with respect to the transactions contemplated in the Arrangement Agreement and by the Arrangement;
  - (vi) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated in the Arrangement Agreement;
  - (vii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated in the Arrangement Agreement;

- (viii) effect all necessary registrations, filings and submissions of information required by governmental entities from Lupaka or any of its subsidiaries in connection with the transactions contemplated in the Arrangement Agreement;
- (ix) consult with Andean prior to making publicly available its financial results for any period after the date of the Arrangement Agreement and prior to filing with the securities regulatory authorities, stock exchanges and all applicable self-regulatory authorities any forms, reports, schedules, statements, certification, material change reports and other documents required to be filed by it; and
- (x) use commercially reasonable efforts to obtain any waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Lupaka or a subsidiary of Lupaka to consummate the transactions contemplated in the Arrangement Agreement which the failure to obtain would materially and adversely affect the ability of Lupaka or its subsidiaries to consummate the transactions contemplated in the Arrangement Agreement.

### ***Conditions Precedent to the Arrangement***

#### ***Mutual Conditions Precedent***

The Arrangement Agreement provides that the respective obligations of the parties to consummate the Arrangement are subject to the satisfaction, at or before the Effective Date, of each of the following conditions, each of which may only be waived with the mutual consent of the parties:

- (a) if required by the TSX or any other applicable regulatory authority, approval of the Lupaka Shareholders of the Issuance Resolution in accordance with applicable corporate law, stock exchange requirements and any required court proceedings;
- (b) the Arrangement shall have been approved by the Andean Shareholders at the Andean Meeting in the manner required by applicable laws (including any conditions imposed by the Interim Order);
- (c) the Interim Order and the Final Order shall have been obtained in a form and on terms satisfactory to each of Lupaka and Andean, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (d) the acceptance of the TSX, the TSXV and all other applicable securities and corporate regulatory approvals;
- (e) Lupaka shall have received all United States state securities or "blue sky" authorizations necessary to issue or assume, as applicable, Lupaka Shares, Lupaka stock options and Andean warrants pursuant to the Arrangement;
- (f) no provision of any applicable laws and no judgment, injunction, order or decree shall be in effect which restrains or enjoins or otherwise prohibits the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement;

- (g) the securities of Lupaka issuable at the Effective Time pursuant to the Arrangement shall be issued pursuant to exemptions from the registration and prospectus requirements of applicable Canadian securities laws and issued in a transaction exempt from registration under the United States Securities Act of 1933, as amended (the "**1933 Act**") pursuant to Section 3(a)(10) of the 1933 Act;
- (h) the appropriate regulatory approvals shall have been obtained and be in full force and effect and shall not be subject to any stop-order or proceeding seeking a stop-order or revocation;
- (i) the Lupaka Shares to be issued under the Plan of Arrangement and issuable upon the exercise or conversion of Lupaka stock options and Andean warrants shall have been conditionally approved for listing on the TSX, subject to official notice of issuance to the TSX;
- (j) all other consents, waivers, permits, orders and approvals of any governmental entity, and the expiry of any waiting periods, in connection with, or required to permit, the consummation of the Arrangement, the failure to obtain which or the non-expiry of which would constitute a criminal offense, or would, individually or in the aggregate, have a Material Adverse Effect on Lupaka or Andean after the Effective Time, shall have been obtained or received;
- (k) there shall not be any action taken, any law enacted, entered, enforced or deemed applicable by any governmental entity or pending or threatened any suit, action or proceeding by any governmental entity in connection with the grant of any appropriate regulatory approval or otherwise (i) seeking to prohibit or restrict the acquisition by Lupaka or any of its subsidiaries of any Andean Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Andean or Lupaka any damages that are material in relation to Andean and its subsidiaries taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by Lupaka or any of its subsidiaries of any material portion of the business or assets of Lupaka, Andean or any of their respective subsidiaries or to compel Lupaka or any of its subsidiaries to dispose of or hold separate any material portion of the business or assets of Lupaka or Andean or any of their respective subsidiaries, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Lupaka or any of its subsidiaries to acquire or hold, or exercise full rights of ownership of, any Andean Shares, including the right to vote the Andean Shares purchased by it on all matters properly presented to the shareholders of Andean, (v) seeking to prohibit Lupaka or any of its subsidiaries from effectively controlling in any material respect the business or operations of Andean and its subsidiaries or (vi) imposing any condition or restriction that in the judgment of Lupaka, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Lupaka or Andean after the Effective Time; and
- (l) other than in the normal course of business, (i) except as otherwise agreed to by Lupaka and Andean, there shall have been no material change in the employment arrangements of any senior officer of either Lupaka or Andean or any subsidiary thereof from the date of the Arrangement Agreement and (ii) neither Lupaka nor Andean nor any subsidiary thereof shall have hired any additional senior officers.

### ***Additional Conditions Precedent to the Obligations of Lupaka***

The Arrangement Agreement provides that the obligations of Lupaka to consummate the Arrangement are also subject to the satisfaction of each of the following conditions, among others, at or before the Effective Date, each of which is for the exclusive benefit of Lupaka and may be waived by Lupaka:

- (a) Andean Shareholders holding not more than 3% of the Andean Shares shall have exercised their dissent rights (and not withdrawn such exercise) in respect of the Arrangement;
- (b) Andean shall have performed and complied in all respects with the terms of the Arrangement Agreement and in all material respects with all of the other covenants and obligations thereof required to be performed by it on or before the Effective Time;
- (c) each of the representations and warranties of Andean under the Arrangement Agreement shall be true and correct in all material respects on the date of the Arrangement Agreement and as of the Effective Date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date);

since the date of the Arrangement Agreement, there shall have been no Material Adverse Effect with respect to Andean or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Andean or which would materially and adversely affect the ability of Andean to consummate the transactions contemplated in the Arrangement Agreement; and

- (d) Andean shall not have disposed of an interest in any of its properties or otherwise have entered into any material transaction with, or have incurred any material liability to, any other person or have agreed to do any of the foregoing or have performed any act or have entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated in the Arrangement Agreement, other than as contemplated in the Arrangement Agreement, without the consent of Lupaka thereto, such consent not to be unreasonably withheld.

### ***Additional Conditions Precedent to the Obligations of Andean***

The Arrangement Agreement provides that the obligations of Andean to consummate the Arrangement are also subject to the satisfaction of each of the following conditions, among others, at or before the Effective Date, each of which is for the exclusive benefit of Andean and may be waived by Andean:

- (a) Lupaka shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by them on or before the Effective Time;
- (b) the representations and warranties of Lupaka under the Arrangement Agreement shall be true and correct in all material respects on the date of the Arrangement Agreement and as of the Effective Date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date);
- (c) since the date of the Arrangement Agreement, there shall have been no Material Adverse Effect with respect to Lupaka or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Lupaka or which would

materially and adversely affect the ability of Lupaka to consummate the transactions contemplated in the Arrangement Agreement; and

- (d) Lupaka shall not have disposed of an interest in any of its properties or otherwise have entered into any material transaction with, or have incurred any material liability to, any other corporation or person or have agreed to do any of the foregoing or have performed any act or have entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated in the Arrangement Agreement, other than as contemplated in the Arrangement Agreement, without the consent of Andean thereto, such consent not to be unreasonably withheld.

### ***Indemnification and Insurance***

Lupaka has agreed under the Arrangement Agreement, among other things, to, or to cause Andean and its subsidiaries to, maintain for a period of six years from the Effective Date customary directors' and officers' liability insurance providing protection no less favourable to the protection currently provided by the policies maintained by Andean and providing protection in connection with claims arising from facts or events that occurred prior to the Effective Date (provided, however, that, prior to the Effective Date, Andean may, in the alternative, with the prior approval of Lupaka which approval will not be unreasonably withheld or delayed, purchase run off directors' and officers' liability insurance for a period of up to six years from the Effective Date). In addition, Lupaka has agreed to honour specified existing rights of indemnification of Andean officers and directors for acts or omissions occurring on or prior to the Effective Time, and has acknowledged that such rights will continue in full force and effect until the earlier of the expiration of the applicable statute of limitations with respect to any claims against directors.

### ***Board of Directors and Officers of Lupaka***

In conjunction with the completion of the Arrangement, Lupaka has agreed to increase the number of directors of Lupaka to eight, effective as of the Effective Time, with the board of directors of Lupaka to be comprised of the existing six directors of Lupaka and two nominees of Andean (currently expected to be David Rae and Paulo Bilezikjian or, failing them, two other nominees of Andean acceptable to Lupaka, acting reasonably). See "Schedule "A" - Information Concerning the Combined Company after the Arrangement – Directors and Officers" in this Joint Disclosure Booklet for more information regarding the directors and officers who will assume office of Lupaka upon the completion of the Arrangement.

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

### ***No Solicitation***

Subject to the terms of the Arrangement Agreement and except as otherwise mutually agreed upon by the parties, from the date of the Arrangement Agreement until the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with the terms of the Arrangement Agreement, Lupaka and Andean have agreed that they will not, directly or indirectly, and will not authorize or permit any representative thereof to, directly or indirectly: (a) solicit, initiate, encourage, engage in or respond to any inquiries or proposals regarding any Acquisition Proposal (as defined below) , (b) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal, (c) agree to, approve or recommend an Acquisition Proposal, or (d) enter into any agreement

related to an Acquisition Proposal; provided, however, that nothing shall prevent Lupaka or Andean from furnishing non-public information to, or entering into a confidentiality agreement and/or discussions with, any person in response to a bona fide unsolicited Acquisition Proposal that is submitted by such person after the date of the Arrangement Agreement and did not result from a breach of this Section of the Arrangement Agreement and which is not withdrawn if (i) the board of directors of Lupaka or Andean, as the case may be, conclude in good faith, after consultation with its financial advisor and outside legal counsel, that the Acquisition Proposal is reasonably likely to constitute a Superior Proposal (as defined below); (ii) the board of directors of Lupaka or Andean, as the case may be, conclude in good faith, after consultation with its financial advisor and outside legal counsel, that such action is required in order for them to comply with their fiduciary obligations under applicable law; (iii) prior to furnishing such non-public information to, entering into a confidentiality agreement with, or entering into discussions with, such person, Lupaka or Andean, as the case may be, gives the other of them, written notice of its intention to furnish non-public information to, enter into a confidentiality agreement with, or enter into discussions with, such person; and (iv) prior to furnishing such non-public information to, or entering into discussions with, such person, Lupaka or Andean, as the case may be, obtains a confidentiality and standstill agreement from such person that is on terms no more favourable to such person than the confidentiality agreement between the parties hereto including a standstill provision at least as stringent as contained in such confidentiality agreement provided that it shall not preclude such person from making a Superior Proposal. Lupaka and Andean shall immediately after the execution of the Arrangement Agreement terminate all existing discussions or negotiations with any person (other than the other of them) with respect to any potential Acquisition Proposal. Lupaka and Andean shall promptly notify the other of them of any future Acquisition Proposal which any director, senior officer or agent thereof is or becomes aware of, any amendment to any of the foregoing or any request for non-public information relating to them. Such notice shall include a description of the material terms and conditions of any such proposal and the identity of the person making such proposal, inquiry, request or contact. "**Acquisition Proposal**" means any of the following (other than the transactions contemplated by the Arrangement Agreement or the Arrangement): (a) any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its or any of its subsidiaries' assets; (b) any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities (unless in connection with an issuance of securities consented to by the other party in accordance with the Arrangement Agreement); or (c) any type of similar transaction which would or could, in any case, constitute a de facto change of control of Lupaka or Andean, as the case may be. "**Superior Proposal**" means a bona fide unsolicited Acquisition Proposal received after August 16, 2012 that: (a) is not conditional on obtaining financing or due diligence, (b) that is made for all of the shares of Andean or Lupaka, as applicable, not owned by the person making such Acquisition Proposal, (c) is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal, (d) in respect of which the directors of Lupaka or Andean, as the case may be, have determined in good faith, after consultation with, and receiving advice from the financial, legal and other advisors thereto that (A) such Acquisition Proposal would, if consummated in accordance with its terms, be more favourable from a financial point of view to its shareholders than the Arrangement; and (B) the failure to recommend such Acquisition Proposal to the Lupaka Shareholders or the Andean Shareholders, as applicable, would be inconsistent with the fiduciary duties of the board of directors of Lupaka or Andean, as applicable.

### ***Right to Accept a Superior Proposal***

- (a) Either Lupaka or Andean (the "**Terminating Party**") or the directors thereof may accept, approve or recommend, and/or enter into any agreement to effect an Acquisition Proposal (the party hereto other than the Terminating Party hereinafter referred to as the "**Non-Terminating Party**") that did not result from a breach of the provisions listed under the

heading "No Solicitation" above if: (A) such Acquisition Proposal constitutes a Superior Proposal; (B) the Non-Terminating Party has been provided with a copy of the document containing such Superior Proposal (with such deletions as are necessary to protect any confidential portions of such document, provided that material terms and conditions of, and the identity of the person making, such Superior Proposal may not be deleted); (C) five business days have elapsed from the later of the date on which the Non-Terminating Party received notice of the determination of the Terminating Party to accept, approve or recommend or to enter into an agreement in respect of such Superior Proposal (the "**Notice of Superior Proposal**") and the date the Non-Terminating Party receives a copy of the document containing such Superior Proposal and the Non-Terminating Party has not, within such five business day period, agreed to amend the Arrangement Agreement so that the consideration hereunder will at least match such Superior Proposal, as determined by the directors of the Terminating Party in good faith; and (D) if the Non-Terminating Party has not matched the Superior Proposal, the Terminating Party terminates the Arrangement Agreement in order to enter into a definitive written agreement with respect to a Superior Proposal and pays the Break Fee (as defined in paragraph (b) below) in accordance with the terms of the Arrangement Agreement. In the event that the Terminating Party provides the Non-Terminating Party with a Notice of Superior Proposal on a date that is less than five business days prior to a shareholder meeting to approve the Arrangement or matters which must be approved to complete the Arrangement, such meeting shall be adjourned to a date that is not less than seven business days and not more than 30 business days after the Notice of Superior Proposal.

- (b) During the five business day period referred to in paragraph (a) above, the Terminating Party agrees that the Non-Terminating Party shall have the right, but not the obligation, to offer to amend the terms of the Arrangement Agreement. The board of directors of the Terminating Party will review any proposal by the Non-Terminating Party to amend the terms of the Arrangement Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether the Non-Terminating Party's amended proposal upon acceptance by the Terminating Party would result in such Superior Proposal ceasing to be a Superior Proposal. If the board of directors of the Terminating Party so determines, it will enter into an amendment agreement to the Arrangement Agreement with the Non-Terminating Party reflecting the Non-Terminating Party's amended proposal. If the board of directors of the Terminating Party continues to believe, in good faith and after consultation with financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects the Non-Terminating Party's amended proposal, the Terminating Party may, on termination of the Arrangement Agreement in accordance its terms and payment of the sum of \$1,150,000 (the "**Break Fee**") as required pursuant to the Arrangement Agreement, accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.
- (c) Lupaka and Andean have also acknowledged and agreed that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal and the requirement under the Arrangement Agreement to initiate an additional five business day notice period.

## ***Termination***

The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of the Arrangement Agreement or the Arrangement Resolution by the Andean Shareholders or the Arrangement by the Court):

- (a) by mutual agreement between Lupaka and Andean;
- (b) by Lupaka, provided that Lupaka is not in default of any provision of the Arrangement Agreement, if the Arrangement is not completed by September 28, 2012 or such other later date as Andean and Lupaka may mutually agree in writing (the "**Termination Date**");
- (c) by Andean, provided that Andean is not in default of any provision of the Arrangement Agreement, if the Arrangement is not completed by the Termination Date;
- (d) by Lupaka if any of the mutual conditions or the conditions to the obligations of Lupaka in the Arrangement Agreement is not satisfied or waived on or prior to the completion of the Arrangement, without detracting from the rights of Lupaka arising from any breach by Andean but for which the condition would have been satisfied;
- (e) by Andean if any of the mutual conditions precedent or the conditions precedent to the obligations of Andean in the Arrangement Agreement is not satisfied or waived on or prior to the completion of the Arrangement, without detracting from the rights of Andean arising from any breach by Lupaka but for which the condition would have been satisfied;
- (f) by Lupaka if (A) the board of directors of Andean shall have failed to recommend, or has withdrawn, modified, qualified or changed in a manner adverse to Lupaka, its approval or recommendation of the Arrangement or the Arrangement Resolution by or in any manner which could reasonably be expected to reduce the likelihood of such resolution being approved at the Andean Meeting; or (B) the board of directors of Andean shall have approved or recommended an Acquisition Proposal;
- (g) by Lupaka if Andean shall have failed to hold the Andean Meeting on or before September 21, 2012 or such later date as Andean and Lupaka may mutually agree in writing (the "**Meeting Date**") unless such failure results from: (A) an adjournment of the Andean Meeting for not more than 21 business days due to its obligation to adjourn the Andean Meeting in the circumstances described in the Arrangement Agreement; or (B) reasons beyond the control of Andean (which may include, without limitation, a delay in the receipt of any required approval from the TSXV for the Arrangement or the Andean Circular) so long as Andean is in material compliance with the terms and conditions of the Arrangement Agreement and it has been and continues to be using all reasonable best efforts to hold the Andean Meeting as soon as practicable after the Meeting Date;
- (h) be terminated by Lupaka or Andean if the approval of the shareholders of Andean shall not have been obtained by reason of the failure to obtain the required vote on the Arrangement Resolution at the Andean Meeting;
- (i) by Andean if (A) the board of directors of Lupaka shall have failed to recommend, or has withdrawn, modified, qualified or changed in a manner adverse to Lupaka, its approval or

recommendation of the Arrangement or the Issuance Resolution by or in any manner which could reasonably be expected to reduce the likelihood of such resolution being approved at the Lupaka Meeting; or (B) the board of directors of Lupaka shall have approved or recommended an Acquisition Proposal;

- (j) by Andean if Lupaka shall have failed to hold the Lupaka Meeting (if required) on or before the Meeting Date unless such failure results from: (A) an adjournment of the Lupaka Meeting for not more than 21 business days due to its obligation to adjourn the Lupaka Meeting in the circumstances described in paragraph (a) under the heading "Right to Accept a Superior Proposal"; or (B) reasons beyond the control of Lupaka (which may include, without limitation, a delay in the receipt of any required approval from the TSX for the Arrangement or the Lupaka Circular) so long as Lupaka is in material compliance with the terms and conditions of the Arrangement Agreement and it has been and continues to be using all reasonable best efforts to hold the Lupaka Meeting as soon as practicable after the Meeting Date;
- (k) by Andean or Lupaka if the approval of the Lupaka Shareholders shall not have been obtained by reason of the failure to obtain the required vote on the Issuance Resolution at the Lupaka Meeting (if required);
- (l) by Lupaka or Andean in order to enter into a definitive written agreement with respect to a Superior Proposal in accordance with the terms of the Arrangement Agreement;
- (m) by Lupaka if there is an intentional, willful or deliberate breach of the covenants in the Arrangement Agreement by Andean, any of its subsidiaries or any of their respective representatives; and
- (n) by Andean if there is an intentional, willful or deliberate breach of the covenants in the Arrangement Agreement by Lupaka, any of its subsidiaries or any of their respective representatives.

### ***Break Fee***

The Break Fee is payable as follows:

- (a) If the Arrangement Agreement is terminated by Lupaka pursuant to paragraphs (f), (g) or (m) listed above under the heading "Termination" or by either party pursuant to paragraph (h), then Andean shall pay to Lupaka an amount equal to the Break Fee within two business days of date upon which the Arrangement Agreement is terminated pursuant to the provisions listed above under the heading "Termination" (the "**Date of Termination**").
- (b) If the Arrangement Agreement is terminated by Andean pursuant to paragraphs (i), (j) or (n) listed above under the heading "Termination" or by either party pursuant to paragraph (k), then Lupaka shall pay to Andean an amount equal to the Break Fee within two business days of the Date of Termination.
- (c) If a party terminates the Arrangement Agreement in order to enter into a Superior Proposal then the Terminating Party shall pay to the Non-Terminating Party the Break Fee concurrently with such termination.

### *Amendment and Waiver*

The Arrangement Agreement may, at any time and from time to time before or after the Meeting Date but not later than the Effective Time, be amended by mutual written agreement of Andean and Lupaka and any such amendment may, without limitation: (a) change the time for performance of any of the obligations or acts of the parties, including an extension of the Termination Date; (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto; (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of Andean and Lupaka; and (d) waive compliance with or modify any conditions precedent in the Arrangement Agreement.

### **RISK FACTORS RELATING TO THE ARRANGEMENT AGREEMENT**

In evaluating the Arrangement Agreement, Andean Shareholders, Lupaka Shareholders and any person considering an investment in the Combined Company should carefully consider, in addition to the other information contained in this Joint Disclosure Booklet, the following material risk factors.

***There can be no certainty that all conditions precedent to the Arrangement will be satisfied or that the Arrangement will be completed. Failure to complete the Arrangement could negatively impact the share price of Lupaka or otherwise adversely affect the business of Lupaka.***

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of either or both of Lupaka and Andean. There can be no certainty, nor can Lupaka or Andean provide any assurance, that these conditions will be satisfied. If the Arrangement is not completed, the market price of the Lupaka Shares and the Andean Shares may decline. If the Arrangement is not completed and Andean or Lupaka decides to seek an alternative merger or business combination transaction, there can be no assurance that a suitable alternative transaction will be available, or, if available, that it will be as beneficial as, or less dilutive to their respective shareholders than, the Arrangement. If the Arrangement is not completed Lupaka will require additional funds to fund further exploration and development of the Crucero Property and to maintain its operations. There can be no assurance that additional funding will be available to Lupaka on suitable terms or at all, and such additional funding, if obtained, may be more dilutive to Lupaka Shareholders than the Arrangement.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Lupaka and Andean even if the Arrangement is not completed. If the Arrangement is not completed, Lupaka or Andean may also be required to pay to the other a break fee under certain circumstances. See "Summary of the Arrangement Agreement – Break Fee" in this Schedule "D" to the Joint Disclosure Booklet.

#### ***Risks associated with the fixed consideration.***

Pursuant to the provisions of the Arrangement, each Andean Share will be exchanged for 0.245 of a Lupaka Share (the "**Consideration**"). The Consideration is fixed and it will not increase or decrease due to fluctuations in the market price of either Lupaka Shares or Andean Shares. The implied value of the Consideration that Lupaka will give pursuant to the Arrangement will partly depend on the market price of Lupaka Shares and Andean Shares on the date of the Arrangement. If the market price of Andean Shares decreases or increases relative to the value of Lupaka Shares, the value of the Consideration that Lupaka gives pursuant to the Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of Andean Shares on the date of the Arrangement will not be lower than the market price of such shares on the date of the Lupaka shareholder meeting. In addition, the number of

Lupaka Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of Andean Shares. The factors that affect the market price of the Lupaka Shares and the Andean Shares are largely beyond the control of Lupaka and Andean.

***The issuance of Lupaka Shares under the Arrangement and their subsequent sale may cause the market price of Lupaka Shares to decline.***

As of August 22, 2012, 44,762,451 Lupaka Shares were outstanding. Under the Arrangement, Lupaka would be required to issue up to approximately 39,280,069 Lupaka Shares (including Lupaka Shares issuable in respect of Andean stock options and warrants). The issue of these Lupaka Shares and the sale of such shares could depress the market price for the shares in the Combined Company.

***Potential payment to Andean Shareholders who exercise dissent rights could have an adverse effect on the combined company's financial condition.***

Pursuant to the terms of the Arrangement, Andean Shareholders have the right to exercise dissent rights and demand payment or the fair value of their Andean Shares in cash. If dissent rights are validly exercised in respect of a significant number of shares, the resulting cash payments could have an adverse effect on the financial condition and cash resources of the Combined Company.

***The issuance of Lupaka Shares under the Arrangement will be dilutive to Lupaka Shareholders.***

The issuance of Lupaka Shares in connection with the Arrangement will dilute the ownership interest of current Lupaka Shareholders. The Combined Company may also issue additional equity securities from time to time in the future. If it does so, the ownership interest of the Combined Company's shareholders will also be diluted.

***Potential Undisclosed Liabilities Associated with the Arrangement.***

Upon completion of the Arrangement, Andean will be a wholly-owned subsidiary of Lupaka and will continue to have the liabilities that existed prior to completion of the Arrangement. There may be liabilities of Andean that Lupaka failed to discover or was unable to accurately assess or quantify in its due diligence. Lupaka will not be indemnified for any liabilities of Andean.

## **VOTING SUPPORT AGREEMENTS**

### **Andean Voting Support Agreements**

Each of the directors and senior officers of Andean (the "**Andean Locked-up Shareholders**") has entered into a voting support agreement with Lupaka (the "**Andean Voting Support Agreements**"). Each Andean Voting Support Agreement sets forth the terms and conditions upon which each Andean Locked-up Shareholder has agreed, among other things, to vote in favour of resolutions approving the Arrangement and all matters which must be approved to complete the Arrangement all of the Andean Shares and securities of Andean exchangeable, exercisable or otherwise convertible into Andean Shares currently owned or controlled by such Andean Locked-up Shareholder and any Andean securities acquired by it or over which it may acquire control or direction subsequent to the record date of the Andean Meeting (the "**Owned Andean Securities**"). The following is a summary of the principal terms of the Andean Voting Support Agreements.

Each Andean Locked-up Shareholder has irrevocably covenanted and agreed in favour of Lupaka:

- (a) to vote, or cause to be voted, all Owned Andean Securities at any meeting of shareholders of Andean including without limitation, any adjournment(s) or postponement(s) thereof (a "**Meeting**") and in any action by written consent, in favour of resolutions approving the Arrangement and all matters which must be approved to complete the Arrangement;
- (b) to vote or cause to be voted all of the Owned Andean Securities that may be voted by the Andean Locked-up Shareholder at any Meeting and in any action by written consent, against any action that could reasonably be expected to reduce the likelihood of, impede, interfere with or delay the completion of the Arrangement;
- (c) not to, directly or indirectly, take any action of any kind which might reduce the likelihood of, impede, interfere with or delay, the completion of the Arrangement, including without limitation, not to support or vote in favour of any Acquisition Proposal (as defined below) or transaction, other than the Arrangement, not to, directly or indirectly, tender any of the Owned Andean Securities under any other offer or transaction, and not take any action that would or could result in the Owned Andean Securities not being voted in accordance with the Andean Locked-up Agreement. For the purposes of the Andean Locked-up Agreements, "**Acquisition Proposal**" means any of the following (other than the transactions contemplated by the Arrangement Agreement or the Arrangement) in respect of Andean: (a) any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its or any of its subsidiaries' assets; (b) any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities (unless in connection with an issuance of securities consented to by Lupaka in accordance with the Arrangement Agreement); or (c) any type of similar transaction which would or could, in any case, constitute a de facto change of control of Andean;
- (d) except as permitted under the Arrangement Agreement, the Locked-up Andean Shareholder will not, directly or indirectly, take any other action that would or could cause Andean to fail to comply with any of its covenants or obligations under the Arrangement Agreement;
- (e) not to, directly or indirectly, sell, transfer, option or otherwise dispose of any of the Owned Andean Securities or the voting rights attached thereto except with the prior written consent of Lupaka;
- (f) not to, directly or indirectly, through any advisor, representative, agent or otherwise, or if a corporation, through any officer, director, employee, advisor, representative, agent or otherwise: (i) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding or providing any other form of assistance) the initiation of any inquiries or proposals regarding, or other action that constitutes, or may be reasonably expected to lead to, an Acquisition Proposal; (ii) participate in any discussions or negotiations in furtherance of such inquiries or proposals or regarding an Acquisition Proposal; (iii) approve, recommend or remain neutral with respect to, any Acquisition Proposal; or (iv) accept or enter into any agreement, letter of intent, arrangement or understanding relating to an Acquisition Proposal; and
- (g) not to grant or agree to grant any proxy or other voting right to any of the Owned Andean Securities, or enter into any voting trust, voting agreement, vote pooling or other

agreement with respect to the right to vote; requisition, call or join in any requisition of a Meeting; or give consents or approvals of any kind with respect to the Owned Andean Securities, other than pursuant to the provisions of the Andean Locked-up Agreement.

Each Andean Locked-up Agreement will terminate automatically upon the termination of the Arrangement Agreement in accordance with its terms.

### **Lupaka Voting Support Agreements**

Each of the directors and senior officers of Lupaka (the "**Lupaka Locked-up Shareholders**") has entered into a voting support agreement with Andean (the "**Lupaka Voting Support Agreements**"). Each Lupaka Voting Support Agreement sets forth the terms and conditions upon which each Lupaka Locked-up Shareholder has agreed, among other things, to vote in favour of resolutions approving the Arrangement and all matters which must be approved to complete the Arrangement all of the Lupaka Shares and securities of Lupaka exchangeable, exercisable or otherwise convertible into Lupaka Shares currently owned or controlled by such Lupaka Locked-up Shareholder and any Lupaka securities acquired by it or over which it may acquire control or direction subsequent to the record date of the Lupaka Meeting (the "**Owned Lupaka Securities**"). The following is a summary of the principal terms of the Lupaka Voting Support Agreements.

Each Lupaka Locked-up Shareholder has irrevocably covenanted and agreed in favour of Andean:

- (a) to vote, or cause to be voted, all Owned Lupaka Securities at any meeting of shareholders of Lupaka including without limitation, any adjournment(s) or postponement(s) thereof (a "**Meeting**") and in any action by written consent, in favour of resolutions approving the Arrangement and all matters which must be approved to complete the Arrangement;
- (b) to vote or cause to be voted all of the Owned Lupaka Securities that may be voted by the Lupaka Locked-up Shareholder at any Meeting and in any action by written consent, against any action that could reasonably be expected to reduce the likelihood of, impede, interfere with or delay the completion of the Arrangement;
- (c) not to, directly or indirectly, take any action of any kind which might reduce the likelihood of, impede, interfere with or delay, the completion of the Arrangement, including without limitation, not to support or vote in favour of any Acquisition Proposal (as defined below) or transaction, other than the Arrangement, not to, directly or indirectly, tender any of the Owned Lupaka Securities under any other offer or transaction, and not take any action that would or could result in the Owned Lupaka Securities not being voted in accordance with the Lupaka Locked-up Agreement. For the purposes of the Lupaka Locked-up Agreements, "Acquisition Proposal" means any of the following (other than the transactions contemplated by the Arrangement Agreement or the Arrangement) in respect of Lupaka: (a) any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its or any of its subsidiaries' assets; (b) any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities (unless in connection with an issuance of securities consented to by Andean in accordance with the Arrangement Agreement); or (c) any type of similar transaction which would or could, in any case, constitute a de facto change of control of Lupaka;

- (d) except as permitted under the Arrangement Agreement, the Locked-up Lupaka Shareholder will not, directly or indirectly, take any other action that would or could cause Lupaka to fail to comply with any of its covenants or obligations under the Arrangement Agreement;
- (e) not to, directly or indirectly, sell, transfer, option or otherwise dispose of any of the Owned Lupaka Securities or the voting rights attached thereto except with the prior written consent of Andean;
- (f) not to, directly or indirectly, through any advisor, representative, agent or otherwise, or if a corporation, through any officer, director, employee, advisor, representative, agent or otherwise: (i) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding or providing any other form of assistance) the initiation of any inquiries or proposals regarding, or other action that constitutes, or may be reasonably expected to lead to, an Acquisition Proposal; (ii) participate in any discussions or negotiations in furtherance of such inquiries or proposals or regarding an Acquisition Proposal; (iii) approve, recommend or remain neutral with respect to, any Acquisition Proposal; or (iv) accept or enter into any agreement, letter of intent, arrangement or understanding relating to an Acquisition Proposal; and
- (g) not to grant or agree to grant any proxy or other voting right to any of the Owned Lupaka Securities, or enter into any voting trust, voting agreement, vote pooling or other agreement with respect to the right to vote; requisition, call or join in any requisition of a Meeting; or give consents or approvals of any kind with respect to the Owned Lupaka Securities, other than pursuant to the provisions of the Lupaka Locked-up Agreement.

Each Lupaka Locked-up Agreement will terminate automatically upon the termination of the Arrangement Agreement in accordance with its terms.

## **SCHEDULE E**

# **Pro Forma Combined Consolidated Financial Statements of Lupaka Gold Corp.**

(expressed in Canadian Dollars)

(Unaudited)

# Lupaka Gold Corp.

## Pro Forma Combined Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2012

(expressed in Canadian Dollars)

	Reported by Lupaka	Andean Adjusted Note 4 g)	Pro Forma Adjustments	Note	Pro Forma Lupaka
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3,627,941	14,877,093	(1,385,000)	4 a)	17,120,034
Trade and other receivables	71,526	87,813	–		159,339
Prepaid expenses and deposits	108,955	66,510	–		175,465
	<u>3,808,422</u>	<u>15,031,416</u>	<u>(1,385,000)</u>		<u>17,454,838</u>
<b>Non-current assets</b>					
Investment in Southern Legacy Minerals Inc.	–	8,168,073	(5,117,279)	4 j)	3,050,794
Equipment	398,688	1,289,154	–		1,687,842
Mineral properties	16,863,931	8,717,520	(7,495,800)	4 b)	
			3,271,874	4 d)	21,357,525
	<u>21,071,041</u>	<u>33,206,163</u>	<u>(10,726,205)</u>		<u>43,550,999</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	357,616	1,765,940	–		2,123,556
<b>Non-current liabilities</b>					
Derivative liability warrants	–	68,178	(68,178)	4 c)	–
	<u>357,616</u>	<u>1,834,118</u>	<u>(68,178)</u>		<u>2,123,556</u>
<b>Equity</b>					
Common shares	29,889,421	99,464,312	20,714,018	4 d)	
			(99,464,312)	4 d)	50,603,439
Share purchase warrants	801,809	–	66,250	4 h)	868,059
Share options	1,694,970	5,196,991	(5,196,991)	4 d)	
			203,850	4 h)	1,898,820
Share-based contingent consideration	598,045	–	–		598,045
Deficit	(12,946,568)	(73,289,258)	(535,000)	4 a)	
			(7,495,800)	4 b)	
			68,178	4 c)	
			81,251,880	4 d)	
			(270,100)	4 h)	(13,216,668)
Accumulated other comprehensive income	675,748	–	–		675,748
Total equity	<u>20,713,425</u>	<u>31,372,045</u>	<u>(10,658,027)</u>		<u>41,427,443</u>
<b>Total liabilities and equity</b>	<u>21,071,041</u>	<u>33,206,163</u>	<u>(10,726,205)</u>		<u>43,550,999</u>

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

# Lupaka Gold Corp.

## Pro Forma Combined Consolidated Statement of Loss/(Income) (Unaudited)

For the six months ended June 30, 2012

(expressed in Canadian Dollars)

	<b>Reported by Lupaka</b>	<b>Andean Adjusted Note 6 a)</b>	<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Lupaka</b>
<b>Operating expenses</b>					
Exploration					
Exploration	1,657,531	–	2,505,125	4 b)	4,162,656
Write-down of mineral properties	–	24,373,775	(24,373,775)	4 b)	–
	1,657,531	24,373,775	(21,868,650)		4,162,656
General and administration	1,321,531	2,399,159	(827,541)	4 f)	2,893,149
<b>Operating loss</b>	<b>2,979,062</b>	<b>26,772,934</b>	<b>(22,696,191)</b>		<b>7,055,805</b>
Finance expense	22,381	(653)	–		21,728
Finance income – interest	(19,481)	(44,860)	–		(64,341)
Foreign exchange loss (gain)	21,399	(120,144)	–		(98,745)
Derivative loss (gain)	–	(2,104,980)	2,104,980	4 c)	–
Gain on disposal of equipment	–	(13,487)	–		(13,486)
Dilution gain	–	(6,375,935)	6,375,935	4 f)	–
Loss/(income) for the period from continuing operations	3,003,361	18,112,875	(14,215,276)		6,900,961
<b>Discontinued operations</b>					
Dilution gain	–	(1,040,454)	(12,853,091)	4 e)	(13,893,545)
Exploration	–	–	374,970	4 b)	374,970
Dilution gain	–	–	(6,375,935)	4 f)	(6,375,935)
General and administration	–	–	827,541	4 f)	827,541
Discontinued operations	3,003,361	(1,040,454)	(18,026,515)		(19,066,969)
<b>Loss/(income) for the period</b>	<b>3,003,361</b>	<b>17,072,421</b>	<b>(32,241,791)</b>		<b>(12,166,008)</b>
Attributable to:					
Equity owners of the parent					
Loss/(income) for the period from continuing operations	2,975,289	16,048,750	(12,200,817)		6,823,223
Loss/(income) for the period from discontinued operations	–	(1,040,454)	(18,437,654)		(19,478,108)
Loss/(income) for the period attributable to equity owners of the parent	2,975,289	15,008,296	(30,638,470)		(12,654,885)
Non-controlling interest					
Loss for the period from continuing operations	28,072	2,064,125	(2,014,459)	4 i)	77,738
Loss for the period from discontinued operations	–	–	411,139	4 i)	411,139
Loss for the period attributable to non-controlling interest	28,072	2,064,125	(1,603,320)		488,876
	3,003,361	17,072,421	(32,241,791)		(12,166,008)
Loss/(income) per share - continuing					\$ 0.08
Loss/(income) per share - discontinued					\$(0.24)
Loss/(income) per share – total					\$ (0.16)

The accompanying notes are an integral part of these combined interim financial statements.

# Lupaka Gold Corp.

## Pro Forma Combined Consolidated Statement of Loss/(Income) (Unaudited) For the twelve months ended December 31, 2011

(expressed in Canadian Dollars)

	Reported by Lupaka	Andean Adjusted Note 6 b)	Pro Forma Adjustments	Notes	Pro Forma Lupaka
<b>Operating expenses</b>					
Exploration					
Exploration	2,953,125	–	7,967,939	4 b)	10,921,064
Write-down of mineral properties	–	11,343,122	(11,343,122)	4 b)	–
	2,953,125	11,343,122	(3,375,183)		10,921,064
General and administration	2,155,326	5,537,414	(512,156)	4 f), 4 h)	7,180,584
<b>Operating loss</b>	5,108,451	16,880,536	(3,887,339)		18,101,648
Finance expense	658,220	(4,940)	–		653,280
Finance income – interest	(82,995)	(262,961)	–		(345,956)
Foreign exchange loss (gain)	(148,894)	105,594	–		(43,300)
Derivative loss (gain)	–	1,793,353	(1,793,353)	4 c)	–
Gain on disposal of equipment	–	224,535	–		224,535
Loss for the period from continuing operations	5,534,782	18,736,117	(5,680,692)		18,590,207
<b>Discontinued operations</b>					
Discontinued operations	–	534,724	–	4 f)	534,724
Exploration	–	–	404,410		404,410
General and administration	–	–	782,256		782,256
Discontinued operations	–	534,724	1,186,666		1,721,390
<b>Loss for the period</b>	5,534,782	19,270,841	(4,494,026)		20,311,597
Loss attributable to:					
Equity owners of the parent					
Loss for the period from continuing operations	4,558,673	13,924,645	(1,430,747)		17,052,571
Loss for the period from discontinued operations	–	534,724	770,739		1,305,463
Loss for the period attributable to equity owners of the parent	4,558,673	14,459,369	(660,007)		18,358,034
Non-controlling interest					
Loss for the period from continuing operations	976,109	4,811,472	(4,249,945)	4 i)	1,537,636
Loss for the period from discontinued operations	–	–	415,926	4 i)	415,926
Loss for the period attributable to non-controlling interest	976,109	4,811,472	(3,834,019)		1,953,563
	5,534,782	19,270,841	(4,494,026)		20,311,597
Loss per share - continuing					\$0.24
Loss per share - discontinued					\$0.02
Loss per share – total					\$0.26

The accompanying notes are an integral part of these combined interim financial statements.

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements

June 30, 2012(Unaudited)

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(expressed in Canadian Dollars)

### 1 ARRANGEMENT AGREEMENT

On July 5, 2012, Lupaka Gold Corp. ("Lupaka") and Andean Gold Corp. ("Andean") signed a binding letter of intent to combine the two companies based on an agreed exchange ratio of 0.245 of a Lupaka common share for each Andean common share outstanding (the "Exchange Ratio"). On July 16, 2012, Lupaka and Andean entered into an initial arrangement agreement, and on August 16, 2012 the two companies entered into an amended and restated arrangement agreement (the "Arrangement Agreement"), pursuant to which Lupaka agreed to 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 common shares, on an undiluted basis;
- Andean's existing shareholders will hold approximately 45.2% of the outstanding Lupaka common shares, on an undiluted basis;
- Andean will become a wholly-owned subsidiary of Lupaka; and
- Lupaka will indirectly hold Andean's 100% interest in the Invicta gold and poly-metallic project in Peru and a 17% ownership interest in Southern Legacy Minerals Inc., a Canadian public company listed on the TSX.V.

Lupaka will account for the Arrangement as a purchase of net assets.

The terms of the Arrangement provide that each Andean Share will be exchanged for 0.245 of a Lupaka common share and that holders of Andean stock options and warrants will be entitled to receive upon exercise 0.245 of a Lupaka common share in lieu of one Andean common share at an exercise price determined by dividing the exercise price per Andean Share in effect immediately before the completion of the Arrangement by 0.245. As of August 21, 2012, there are 150,976,810 Andean common shares outstanding and outstanding Andean stock options and warrants exercisable to acquire 6,850,000 Andean common shares and 2,500,000 Andean common shares, respectively.

The Arrangement Agreement contains customary deal protection mechanisms, including a reciprocal break fee of \$1,150,000 payable upon termination of the Arrangement in certain circumstances, customary non-solicitation covenants by both Lupaka and Andean, as well as a right to match any superior proposal that may arise.

For a summary of the Arrangement Agreement, see Schedule "D" of this Joint Disclosure Booklet.

### 2 BASIS OF PREPARATION

The unaudited pro forma combined consolidated statement of financial position as at June 30, 2012, the unaudited pro forma combined consolidated statements of loss/(income) and comprehensive loss/(income) for the six months ended June 30, 2012, and the twelve months ended December 31, 2011 have been prepared by Lupaka management in accordance with International Financial Reporting Standards ("IFRS"), for illustrative purposes only, to show the effect of the Arrangement.

The unaudited pro forma combined consolidated statement of financial position has been prepared as if the Arrangement had occurred on June 30, 2012 using the unaudited consolidated statement of

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements June 30, 2012(Unaudited)

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(expressed in Canadian Dollars)

financial position of Lupaka as at June 30, 2012, prepared in accordance with IFRS, and the unaudited consolidated statement of financial position of Andean as at June 30, 2012, prepared in accordance with IFRS. Andean's unaudited consolidated statement of financial position as at June 30, 2012 was translated from United States dollars, which is Andean's reporting currency, to Canadian dollars using an exchange rate as at June 30, 2012 of Cdn\$1.0181 to US\$1.

The unaudited pro forma combined consolidated statement of loss/(income) for the six months ended June 30, 2012 has been prepared as if the Arrangement occurred on January 1, 2011 using the unaudited consolidated statement of loss and comprehensive loss of Lupaka for the six months ended June 30, 2012, prepared in accordance with IFRS, and the unaudited constructed consolidated statement of operations and comprehensive loss of Andean for the six months ended June 30, 2012 (Note 6(a)), prepared in accordance with IFRS.

The unaudited pro forma combined consolidated statement of loss/(income) for the twelve month period ended December 31, 2011 has been prepared as if the Arrangement occurred on January 1, 2011 using the audited consolidated statement of loss and comprehensive loss of Lupaka for the year ended December 31, 2011, prepared in accordance with IFRS, and the unaudited constructed consolidated statement of operations and comprehensive loss of Andean for the twelve month period ended December 31, 2011 (Note 6(b)), prepared in accordance with IFRS.

The adjustments made to Lupaka's and Andean's combined consolidated statement of financial position and combined consolidated statement of loss/(income) for the six month period ended June 2012 and combined consolidated statement of loss/(income) for the twelve month period ended December 31, 2011 have been included as pro forma adjustments and are described in Note 4.

These unaudited pro forma combined consolidated financial statements should be read in conjunction with the unaudited interim consolidated financial statements of Lupaka for the six months ended June 30, 2012 and the audited consolidated financial statements of Lupaka for the year ended December 31, 2011, which were prepared in accordance with IFRS. These unaudited pro forma combined consolidated financial statements should also be read in conjunction with the unaudited interim consolidated financial statements of Andean for the three months ended June 30, 2012 and the audited consolidated financial statements of Andean for the year ended March 31, 2012, which were prepared in accordance with IFRS. These financial statements can be found at [www.sedar.com](http://www.sedar.com).

It is management's opinion that these unaudited pro forma combined consolidated financial statements include all the adjustments necessary for the fair presentation of the Arrangement in accordance with IFRS. Actual amounts recorded upon consummation of the Arrangement will likely differ from those recorded in these unaudited pro forma combined consolidated financial statements. Any potential synergies that may be realized, as well as integration costs that may be incurred upon consummation of the Arrangement, have been excluded from these unaudited pro forma combined consolidated financial statements. Further, the unaudited pro forma combined consolidated statement of loss/(income) are not necessarily indicative of the results of operations that may be obtained in the future.

Andean's accounting for certain items (see Note 4) has been adjusted to align with the accounting policies of Lupaka, and certain elements of Andean's combined consolidated financial statements have been reclassified to provide a consistent classification format.

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements

June 30, 2012(Unaudited)

(expressed in Canadian Dollars)

### 3 PURCHASE OF NET ASSETS OF ANDEAN

These unaudited pro forma combined consolidated financial statements assume that the cost of acquisition will be approximately \$21.6 million and will include the following:

- the fair value of the Lupaka common shares issued, based on the issuance of 36,989,318 Lupaka common shares at Cdn.\$0.56 per share;
- the incremental fair value of existing Andean options and warrants was determined to be \$Nil.
- Lupaka's transaction costs of approximately \$850,000

The measurement of the purchase price in these pro forma combined consolidated financial statements is based on a Lupaka common share price of Cdn.\$0.56, representing the closing price on the TSX on August 21, 2012, and assumes that there are 150,976,810 Andean common shares issued and outstanding just prior to closing. Under IFRS, the actual measurement date of the purchase price will occur on the date the consideration is paid. Consequently, the value of the purchase price for accounting purposes will differ from the amount assumed in these unaudited pro forma combined consolidated financial statements due to any future changes in the market price of Lupaka shares or in the number of Andean shares issued and outstanding.

<b>Preliminary purchase price</b>	<b>\$</b>
36,989,318 common shares of Lupaka issued	20,714,018
Transactions costs (estimated)	850,000
<b>Total preliminary purchase price</b>	<b>21,564,018</b>

<b>Net assets acquired</b>	<b>\$</b>
Current assets	14,496,416
Investment in Southern Legacy Minerals Inc. (i)	3,050,794
Plant and equipment	1,289,154
Current liabilities	(1,765,941)
Mineral properties	4,493,595
<b>Total net assets acquired</b>	<b>21,564,018</b>

- (i) Based on 9,841,270 common shares of Southern Legacy Minerals Inc. ("SLM") valued at the August 21, 2012 closing market price of \$0.31 per SLM share on the TSX.V.

The fair value of the net assets of Andean to be acquired will ultimately be determined after the closing of the Arrangement. Therefore, it is likely that the fair value of net assets acquired will vary from those shown above and the differences may be material.

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements June 30, 2012(Unaudited)

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(expressed in Canadian Dollars)

### 4 PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

Pro forma adjustments made to the combined consolidated statement of financial position as at June 30, 2012 and combined consolidated statements of loss/(income) for the six month period ended June 30, 2012 and year ended December 31, 2011 are as follows:

- a) To decrease cash and cash equivalents for Andean's and Lupaka's estimated transaction costs of \$535,000 and \$850,000, respectively.
- b) To adjust the carrying values of Andean's exploration and evaluation assets to comply with Lupaka's accounting policy of expensing exploration costs as incurred.
- c) To eliminate the accounting treatment of Andean warrants as derivatives as a result of the conversion of Andean warrants to Lupaka warrants as part of the Arrangement Agreement. The converted warrants are priced in Canadian dollars and Lupaka's functional currency is Canadian dollars.
- d) To record the acquisition of Andean at a purchase price of \$21.6 million and to eliminate the book value of Andean's shareholders' equity accounts.
- e) To adjust the dilution gain realised on Andean's deconsolidation of Sinchao Metals Corp. for the impact of the harmonisation of the exploration accounting policies noted in 4(b) above.
- f) To reclassify expenses and dilution gains related to Andean's deconsolidation of Sinchao Metals Corp. as result of discontinued operations.
- g) Andean's unaudited consolidated statement of financial position as at June 30, 2012 was translated from United States dollars to Canadian dollars using an exchange rate as at June 30, 2012 of Cdn\$1.0181 to US\$1.
- h) The incremental fair value on the issuance date for the issuance of stock options to purchase 1,678,250 Lupaka common shares after applying the Exchange Ratio to, and replacing, Andean's 6,850,000 outstanding stock options; and the conversion of Andean's 2,500,000 warrants to purchase 612,500 Lupaka common shares after applying the Exchange Ratio. An incremental fair value has been expensed in the earliest period presented on the basis that all options were fully vested and none of the converted warrants have any continued service conditions. The incremental fair values of the replacement stock options and converted Andean warrants were calculated using the Black-Scholes pricing model and were determined to be approximately \$270,000. The value of the purchase price for accounting purposes may differ from the amount assumed in these unaudited pro forma combined consolidated financial statements due to changes in the assumptions used in applying the Black-Scholes option pricing model or changes in the number of converted stock options and converted Andean Warrants assumed on closing. The incremental fair value determined on closing will be an expense for Lupaka in the period in which the closing occurs.
- i) To record the non-controlling interest share of the adjustments discussed above.
- j) The investment in SLM shares is based on 9,841,270 common shares of SLM held by Andean, at the August 21, 2012 closing market price of \$0.31 per SLM share on the TSX.V.

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements June 30, 2012(Unaudited)

(expressed in Canadian Dollars)

### 5 PRO FORMA LOSS/(INCOME) PER SHARE

Pro forma basic and diluted loss/(income) per share for the six months ended June 30, 2012 and for the twelve months ended December 31, 2011 have been calculated based on the actual weighted average number of Lupaka common shares outstanding for the respective periods and the assumed number of Lupaka common shares issued to Andean shareholders effective on January 1, 2011.

	Six months ended June 30, 2012	Year ended December 31, 2011
<b>Basic earnings loss/(income) per share:</b>		
Basic weighted average number of Lupaka common shares outstanding for the period	44,153,935	32,547,491
Assumed number of Lupaka common shares to be issued to Andean shareholders	36,989,318	36,989,318
Pro forma weighted average number of common shares outstanding for the period	<u>81,143,253</u>	<u>69,536,809</u>
Pro forma adjusted net loss/(income) from continuing operations	<u>\$6,823,223</u>	<u>\$17,052,571</u>
Pro forma adjusted net loss/(income) from discontinued operations	<u>(\$19,478,108)</u>	<u>\$1,305,463</u>
Pro forma adjusted basic loss/(income) per share from continuing operations	<u>\$0.08</u>	<u>\$0.24</u>
Pro forma adjusted basic loss/(income) per share from discontinued operations	<u>(\$0.24)</u>	<u>\$0.02</u>
	Six months ended June 30, 2012	Year ended December 31, 2011
<b>Diluted loss/(income) per share:</b>		
Basic weighted average number of Lupaka common shares outstanding for the period	44,153,935	32,547,491
Dilutive effect of Lupaka's options and warrants	1,310,512	-
Assumed number of Lupaka common shares to be issued to Andean shareholders	36,989,318	36,989,318
Dilutive effects of converted Andean stock options and warrants	-	-
Pro forma weighted average number of common shares outstanding for the period – diluted	<u>82,453,765</u>	<u>69,536,809</u>
Pro forma adjusted net loss/(income) from continuing operations	<u>\$6,823,223</u>	<u>\$17,052,571</u>
Pro forma adjusted net loss/(income) from discontinued operations	<u>(\$19,478,108)</u>	<u>\$1,305,463</u>
Pro forma adjusted loss/(income) per share from continuing operations – diluted	<u>\$0.08</u>	<u>\$0.24</u>
Pro forma adjusted loss/(income) per share from discontinued operations – diluted	<u>(\$0.23)</u>	<u>\$0.02</u>

In a period when net losses are incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements June 30, 2012(Unaudited)

(expressed in Canadian Dollars)

### 6 ADJUSTED STATEMENTS OF OPERATIONS OF ANDEAN

#### a) Six months ended June 30, 2012

Andean's unaudited pro forma consolidated statement of operations and comprehensive loss for the six months ended June 30, 2012 were calculated by: (i) adding Andean's unaudited consolidated statement of operations and comprehensive loss for the three months ended June 30, 2012 and the audited consolidated statement of operations and comprehensive loss for the year ended March 31, 2012, and then; (ii) subtracting the unaudited consolidated statements of operations and comprehensive loss for the nine months ended December 31, 2011, and then; (iii) translating the calculated results for the six months ended June 30, 2012 to Canadian dollars by using the average foreign exchange rate of Cdn.\$1.0057 to \$1 for the period.

	Three months ended June 30, 2012 US\$	Year ended March 31, 2012 US\$	Nine months ended Dec. 31, 2011 US\$	Adjusted six months ended June 30, 2012 US\$	Adjusted six months ended June 30, 2012 US\$ (converted to Cdn.\$ at 1.0057 per US\$)
<b>Operating expenses</b>					
Write-down of exploration and evaluation assets	19,185,013	5,050,619	–	24,235,632	24,373,775
General and administration					
Salaries and benefits	726,727	2,766,368	2,568,471	924,624	929,894
Shareholder and investor relations	28,001	159,887	132,679	55,209	55,524
Professional and regulatory fees	636,933	1,323,530	836,469	1,123,994	1,130,401
Office and general	54,619	519,175	378,540	195,254	196,367
Travel	36,404	165,667	115,591	86,480	86,973
	1,482,684	4,934,627	4,031,750	2,385,561	2,399,159
<b>Operating loss</b>	20,667,697	9,985,246	4,031,750	26,621,193	26,772,934
Finance expense	–	–	649	(649)	(653)
Finance income – interest	(45,208)	(194,757)	(195,359)	(44,606)	(44,860)
Foreign exchange loss (gain)	189,975	656,035	965,473	(119,463)	(120,144)
Derivative loss (gain)	(70,876)	(2,237,091)	(214,917)	(2,093,050)	(2,104,980)
Discontinued operations	(790,966)	(243,591)	–	(1,034,557)	(1,040,454)
Dilution gain	(6,339,798)	–	–	(6,339,798)	(6,375,935)
Loss on disposal of equipment	–	213,554	226,964	(13,410)	(13,486)
<b>Loss for the period</b>	13,610,824	8,179,396	4,814,560	16,975,660	17,072,421
Loss attributable to:					
Equity owners of the parent	13,513,283	6,012,762	4,602,811	14,923,234	15,008,296
Non-controlling interest	97,541	2,166,634	211,749	2,052,426	2,064,125
	13,610,824	8,179,396	4,814,560	16,975,660	17,072,421

# Lupaka Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements June 30, 2012(Unaudited)

(expressed in Canadian Dollars)

### b) Twelve months ended December 31, 2011

Andean's unaudited pro forma consolidated statement of operations and comprehensive loss for the twelve months ended December 31, 2011 were calculated by: (i) adding Andean's unaudited consolidated statements of operations and comprehensive loss for the nine months ended December 31, 2011 and the audited consolidated statements of operations and comprehensive loss for the twelve months ended March 31, 2011, both of which were prepared under IFRS; and then (ii) subtracting the unaudited consolidated statement of operations and comprehensive loss for the nine months ended December 31, 2010, prepared under IFRS and then; (iii) translating the calculated results for the twelve month period ended December 31, 2011 to Canadian dollars by using the 2011 average foreign exchange rate of Cdn.\$0.9893 to \$1.

	Nine months ended Dec. 31, 2011 US\$	Year ended March 31, 2011 US\$	Nine months ended Dec. 31, 2010 US\$	Adjusted year ended Dec. 31, 2011 US\$	Adjusted year ended Dec. 31, 2011 US\$ (converted to Cdn. \$ at 0.9893 per US\$)
<b>Operating expenses</b>					
Write-down of exploration and evaluation assets	–	11,465,806	–	11,465,806	11,343,122
General and administration					
Salaries and benefits	2,568,471	2,987,307	2,277,882	3,277,896	3,242,823
Shareholder and investor relations	132,679	147,596	119,090	161,185	159,460
Professional and regulatory fees	836,469	1,034,778	630,076	1,241,171	1,227,890
Office and general	378,540	402,521	211,645	569,416	563,323
Travel	115,591	283,563	147,725	251,429	248,739
Royalty revenue	–	–	(96,208)	96,208	95,179
	<u>4,031,750</u>	<u>4,855,765</u>	<u>3,290,210</u>	<u>5,597,305</u>	<u>5,537,414</u>
<b>Operating loss</b>	4,031,750	16,321,571	3,290,210	17,063,111	16,880,536
Finance expense	649	246,248	251,890	(4,993)	(4,940)
Finance income – interest	(195,359)	(76,380)	(5,934)	(265,805)	(262,961)
Foreign exchange loss (gain)	965,473	(1,421,961)	(563,224)	106,736	105,594
Derivative gain	(214,917)	1,596,020	(431,646)	1,812,749	1,793,353
Discontinued operations	–	540,507	–	540,507	534,724
Loss on disposal of equipment	226,964	–	–	226,964	224,535
<b>Loss for the period</b>	<u>4,814,560</u>	<u>17,206,005</u>	<u>2,541,296</u>	<u>19,479,269</u>	<u>19,270,841</u>
Loss attributable to:					
Equity owners of the parent	4,602,811	12,314,773	2,301,827	14,615,757	14,459,368
Non-controlling interest	211,749	4,891,232	239,469	4,863,512	4,811,473
	<u>4,814,560</u>	<u>17,206,005</u>	<u>2,541,296</u>	<u>19,479,269</u>	<u>19,270,841</u>

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