

APPENDIX “D”
INFORMATION CONCERNING MP LLC

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INFORMATION CONCERNING MP LLC

Capitalized terms in this Appendix “D” not otherwise defined have the meanings set out in the Glossary of Terms of the Circular.

Cautionary Notice Regarding Forward-Looking Statements

This Appendix “D” to the Circular contains forward-looking information within the meaning of Canadian securities laws (“**forward-looking statements**”) including, without limitation, forward-looking statements concerning MP LLC’s expected production and costs for 2015, the anticipated capital expenditures at the Pirquitas Mine and planned exploration and development expenditures for MP LLC’s projects in Argentina. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Generally, forward-looking statements can be identified by the use of words or phrases such as “expects,” “anticipates,” “plans,” “projects,” “estimates,” “assumes,” “intends,” “strategy,” “goals,” “objectives,” “potential,” or variations thereof, or stating that certain actions, events or results “may,” “could,” “would,” “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions. These forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, the following risks and uncertainties referred to under the heading “*Risk Factors*”:

- uncertainty of production, development plans and cost estimates for the Pirquitas Mine;
- MP LLC’s ability to replace Mineral Reserves;
- commodity price fluctuations;
- potential export duty and related interest on current and past production of silver concentrate from the Pirquitas Mine;
- political or economic instability and unexpected regulatory changes;
- currency fluctuations, particularly the value of the Argentine peso against the U.S. dollar;
- subject to approval of the Arrangement and SSRI exercising its Election to Proceed, MP LLC’s ability to complete and successfully integrate Golden Arrow and the Chinchillas Properties into its current operations;
- the possibility of future losses;
- general economic conditions;
- recoverability and tightened controls over the VAT collection process in Argentina;
- counterparty and market risks related to the sale of MP LLC’s concentrate and metals;
- uncertainty in the accuracy of Mineral Reserves and Mineral Resources estimates and in MP LLC’s ability to extract mineralization profitably;
- differences in U.S. and Canadian practices for reporting Mineral Reserves and Mineral Resources;
- lack of suitable infrastructure or damage to existing infrastructure;
- future development risks, including start-up delays and operational issues;

- MP LLC's ability to obtain adequate financing for further exploration and development programs;
- uncertainty in acquiring additional commercially mineable mineral rights;
- delays in obtaining or failure to obtain governmental permits, or non-compliance with permits MP LLC has obtained;
- MP LLC's ability to attract and retain qualified personnel and management and potential labour unrest, including labour actions by its unionized employees at the Pirquitas Mine;
- governmental regulations, including health, safety and environmental regulations, increased costs and restrictions on operations due to compliance with such regulations;
- reclamation and closure requirements for the Pirquitas Mine;
- unpredictable risks and hazards related to the development and operation of a mine or mineral property that are beyond MP LLC's control;
- assessments by taxation authorities in multiple jurisdictions;
- claims and legal proceedings, including adverse rulings in current or future litigation against MP LLC and/or its managers or officers;
- compliance with anti-corruption laws and increased regulatory compliance costs;
- maintenance of adequate internal controls over financial reporting;
- complying with evolving corporate governance regulations;
- complying with emerging climate change regulations and the impact of climate change;
- uncertainties related to title to MP LLC's mineral properties and the ability to obtain surface rights;
- MP LLC's insurance coverage;
- civil disobedience in Argentina;
- operational safety and security risks;
- actions required to be taken by MP LLC under human rights law;
- competition in the mining industry for mineral properties;
- shortage or poor quality of equipment or supplies; and
- information systems security threats.

This list is not exhaustive of the factors that may affect any of MP LLC's forward-looking statements. MP LLC's forward-looking statements are based on what management considers to be reasonable assumptions, beliefs, expectations and opinions based on information currently available to management. MP LLC cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect.

Assumptions have been made regarding, among other things, MP LLC's ability to carry on its exploration and development activities, MP LLC's ability to meet its obligations under property agreements, the timing and results of drilling programs, the discovery of Mineral Resources and Mineral Reserves on its mineral properties, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of its projects, the price of the

minerals MP LLC produces, the costs of operating and exploration expenditures, MP LLC's ability to operate in a safe, efficient and effective manner, MP LLC's ability to obtain financing as and when required and on reasonable terms and its ability to continue operating the Pirquitas Mine. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. MP LLC's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and MP LLC does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

Cautionary Notice Regarding Mineral Reserves and Mineral Resources Estimates

The disclosure included in this Appendix "D" to the Circular uses Mineral Reserves and Mineral Resources classification terms that comply with reporting standards in Canada and the Mineral Reserves and Mineral Resources estimates are made in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves (the "**CIM Standards**") adopted by the CIM Council on May 10, 2014 and NI 43-101. NI 43-101 is a rule developed by the CSA that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The following definitions are reproduced from the CIM Standards:

A ***Mineral Resource*** is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An ***Inferred Mineral Resource*** is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An ***Indicated Mineral Resource*** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve. "Modifying Factors" are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

A ***Measured Mineral Resource*** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated

Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

A **Mineral Reserve** is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

A **Probable Mineral Reserve** is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

A **Proven Mineral Reserve** is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

Unless otherwise indicated, all Mineral Reserves and Mineral Resources estimates included in this Appendix “D” to the Circular have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the SEC set out in SEC Industry Guide 7. Consequently, Mineral Reserves and Mineral Resources information included in this Appendix “D” to the Circular is not comparable to similar information that would generally be disclosed by domestic U.S. reporting companies subject to the reporting and disclosure requirements of the SEC.

In particular, SEC Industry Guide 7 applies different standards in order to classify mineralization as a reserve. As a result, the definitions of “Proven Mineral Reserves” and “Probable Mineral Reserves” used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, Mineral Reserves estimates included in this Appendix “D” to the Circular may not qualify as “reserves” under SEC standards.

In addition, this Appendix “D” to the Circular uses the terms “Mineral Resources,” “Measured Mineral Resources,” “Indicated Mineral Resources” and “Inferred Mineral Resources” to comply with the reporting standards in Canada. SEC Industry Guide 7 does not recognize Mineral Resources and U.S. companies are generally not permitted to disclose resources in documents they file with the SEC. Furthermore, disclosure of “contained ounces” is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Golden Arrow Securityholders are specifically cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into SEC defined mineral reserves. Further, “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, Golden Arrow Securityholders are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists. In accordance with Canadian rules, estimates of “Inferred Mineral Resources” cannot form the basis of feasibility or pre-feasibility studies. It cannot be assumed that all or any part of “Mineral Resources,” “Measured Mineral Resources,” “Indicated Mineral Resources” or “Inferred Mineral Resources” will ever

be upgraded to a higher category. Golden Arrow Securityholders are cautioned not to assume that any part of the “Mineral Resources,” “Measured Mineral Resources,” “Indicated Mineral Resources” or “Inferred Mineral Resources” reported in this Appendix “D” to the Circular is economically or legally mineable. In addition, the definitions of “Proven Mineral Reserves” and “Probable Mineral Reserves” under reporting standards in Canada differ in certain respects from the standards of the SEC. For the above reasons, information included in this Appendix “D” to the Circular that describes the Mineral Reserves and Mineral Resources estimates for the Pirquitas Mine is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

The term “Qualified Person” as used in this Appendix “D” to the Circular means a Qualified Person as that term is defined in NI 43-101.

Notice Regarding Non-GAAP Measures

This Appendix “D” to the Circular includes certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and incorporated in the Handbook of the Canadian Institute of Chartered Accountants (“IFRS”), including cash costs and total costs per payable ounce of silver sold. MP LLC believes that, in addition to conventional measures prepared in accordance with IFRS, Golden Arrow Securityholders may use such information to evaluate MP LLC’s performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-GAAP measures should be read in conjunction with the combined carve-out financial statements for the Pirquitas Mine, which are attached to the Circular as Appendices “I” and “J”. For the purposes of such combined carve-out financial statements and in relation to all relevant references in this Appendix “D” to the Circular, the “Pirquitas Mine” constitutes MP LLC, MPSA and the revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership, directly related to the sale of concentrate from the Pirquitas Mine. See “Non-GAAP Financial Measures” in the management’s discussion and analysis of the financial position and results of operations for the year ended December 31, 2014 and for the three and nine months ended September 30, 2015 attached to this Appendix “D” as Schedule “A” and Schedule “B”, respectively.

CORPORATE STRUCTURE

Name, Address and Incorporation

Sunshine Argentina, Inc. (“**Sunshine Argentina**”) was incorporated on September 27, 1994 as a Delaware Corporation. On December 18, 2006, Sunshine Argentina changed its name to Mina Pirquitas, Inc. (“**MPI**”). In accordance with a Certificate of Conversion filed with the Secretary of State of the State of Delaware on December 22, 2014, effective as of December 31, 2014, MPI was converted from a Delaware Corporation to a Delaware limited liability company, MP LLC.

MP LLC’s registered office is located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

Intercorporate Relationships

As of the date of this Circular, MP LLC is a wholly-owned subsidiary of SSRI. After completion of the Transactions, MP LLC will be a wholly-owned subsidiary of JVco. MP LLC operates a registered branch, MPSA, in Argentina.

THREE-YEAR HISTORY

MP LLC's focus is on profitable silver production from the Pirquitas Mine in Argentina. During each of 2012, 2013 and 2014, the Pirquitas Mine operated to plan.

2015 Developments

The 2015 outlook for the Pirquitas Mine is as follows:

Silver Production	Moz	9.5 – 10.5
Zinc Production	Mlb	10.0 – 12.0
Cash cost per payable ounce sold	U.S.\$/oz	\$10.50 – \$11.50
Capital Expenditures	U.S.\$M	\$10

In the nine months ended September 30, 2015, the Pirquitas Mine has produced a total of 7.7 million ounces of silver and 8.6 million pounds of zinc.

On September 30, 2015, SSRI and MP LLC signed the Business Combination Agreement to explore and evaluate the Chinchillas Project, located approximately 30 kilometers from the Pirquitas Mine.

2014 Developments

In 2014, the Pirquitas Mine produced a record 8.7 million ounces of silver and 30.0 million pounds of zinc. The mine produced silver at a cash cost of U.S.\$12.08 per payable ounce sold. Also in 2014, MP LLC secured an exploration lease (or cateo) to explore an extensive adjacent property to the Pirquitas Mine covering an area of 4,417 hectares.

Effective as of December 31, 2014, MPI, a Delaware corporation, was converted to MP LLC, a Delaware limited liability company.

2013 Developments

In 2013, the Pirquitas Mine produced 8.2 million ounces of silver and 27.0 million pounds of zinc. The Pirquitas Mine produced silver at a cash cost of U.S.\$12.87 per payable ounce sold. Significant operating cost reductions were achieved through 2013, with the main focus on replacing third party contract services, reducing staffing and implementing operational controls at the plant and mine to drive efficiencies.

2012 Developments

In 2012, the Pirquitas Mine produced 8.6 million ounces of silver and 11.2 million pounds of zinc. The mine produced silver at a cash cost of U.S.\$19.14 per payable ounce sold. Also in 2012, approximately 53,000 metres of drilling was completed at the Pirquitas Mine. The majority of the planned drilling was designed to expand and better define the Cortaderas Breccia and Cortaderas Valley Mineral Resources and upgrade portions of these Mineral Resources from the Inferred Mineral Resource to the Indicated Mineral Resource category.

BUSINESS OF MP LLC

General

MP LLC, through MPSA, owns and operates the Pirquitas Mine, an open-pit silver and zinc mine. The Pirquitas Mine is located in the Puna de Jujena region of northwestern Argentina in the Province of Jujuy. The mine achieved commercial production on December 1, 2009 and utilizes a fleet of 100-tonne trucks and three loading units. Ore is crushed and treated in a gravity pre-concentrator prior to processing in a conventional, two product mineral floatation plant. The separate silver and zinc concentrates produced from the plant are shipped to third party smelters.

Principal Products

MP LLC's principal products are silver and zinc concentrates which are sold to external customers located in various geographical areas. MP LLC's concentrate has been sold to five customers who individually accounted for between 13% and 35% of total revenue during the nine months ended September 30, 2015. MP LLC's concentrate was sold to five customers who individually accounted for between 11% and 22% of total revenue during 2014, and was sold to four customers who individually accounted for between 17% and 23% of total revenue during 2013. In the future, the loss of any one smelting and refining client may have a material adverse effect on MP LLC's business if alternate smelters and refiners are not available, although MP LLC has diversified its customer base and believes that there is sufficient global capacity available to address the loss of any one particular customer.

MP LLC's revenue by product category for the financial years ended December 31, 2014 and December 31, 2013 was as follows:

Product Revenue	2014	2013
Silver Concentrate	82%	91%
Zinc Concentrate	16%	9%
Other	2%	---

In 2014, silver prices performed negatively with the price of silver declining 20% to an average of U.S.\$19.08 per ounce from an average of U.S.\$23.82 per ounce in 2013. In 2015, silver prices have continued to fall. As of November 12, 2015 the year to date average price of silver per ounce was U.S.\$15.45.

Specialized Skills and Knowledge

Various aspects of MP LLC's and MPSA's business require specialized skills and knowledge, including in areas of geology, engineering, drilling, metallurgy, permitting, logistics, planning and implementation of exploration programs as well as legal compliance, finance and accounting. MPSA has entered into certain service agreements with SSRI pursuant to which SSRI provides MPSA with a variety of services, including, technical, financial, management and administrative services.

Competitive Conditions

The precious and base mineral exploration and mining business is competitive. MP LLC's competition is primarily for: (a) technical experts that can find, develop, and mine such mineral properties; (b) labour to operate the mineral properties; and (c) capital to finance development and operations. Many larger

competitors conduct business globally and thus have greater financial and technical resources available to them.

Employees

As at December 31, 2014, MP LLC employed a total of 599 full-time employees and 216 contract employees. Of these employees, 430 of the full-time employees were represented by a union.

Foreign Operations

The Pirquitas Mine operations are in Argentina. Any changes in regulations or shifts in political attitudes in Argentina are beyond MP LLC's control and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes to such regulations) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. On October 25, 2015, Argentina held elections in certain provinces, including Jujuy, and the first round of Presidential elections. The second, and final, round of Presidential elections are scheduled to be held on November 22, 2015. The elected administrations at both the provincial and federal level are scheduled to take office on December 10, 2015. MP LLC cannot accurately predict the effect of these factors.

Corporate Social Responsibility

As a wholly-owned subsidiary of SSRI, MP LLC complies with SSRI's policies and procedures relating to corporate social responsibility. For SSRI, being a responsible corporate citizen means protecting the natural environment associated with its business activities, providing a safe workplace for its employees and contractors, and investing in infrastructure, economic development, and health and education in the communities where it operate so that it can enhance the lives of those who work and live there beyond the life of such operations. SSRI takes a long-term view of its corporate responsibility, which is reflected in the policies that guide its business decisions, and in its corporate culture that fosters safe and ethical behavior across all levels of SSRI.

(i) Health and Safety

SSRI reflects its commitment to the health and safety of its employees by creating and maintaining a safe working environment and by complying with all applicable health and safety laws, rules and regulations. It acknowledges that there are risks associated with mining and, through proactive risk management, SSRI continuously aims to minimize and control these risks.

SSRI's safety vision is "Safe for Life", and the ultimate goal is to deliver safe production every day. The safety program emphasizes balancing the human and technical aspects of safety: blending leadership behaviors with traditional management activities to create a safe productive culture. SSRI ensures that its workers understand their individual contributions to safe production. In this positive environment, employees maintain safety awareness, recognizing hazards and analyzing risk in their daily activities. Each employee has established commitments related to their personal and work safety and health behaviors, and each employee is empowered to take the necessary actions to minimize risks. The technical aspects of safety are addressed by identifying critical tasks, establishing policies and procedures and providing appropriate training. Performance measurement and accountability provides feedback and maintains focus on continuous improvement.

SSRI's board of directors has established a Safety and Sustainability Committee that, as part of its mandate, is responsible for reviewing health, safety, security, environmental and community relations

policies and practices and monitoring the company's performance in these areas. The Safety and Sustainability Committee meets and reports to SSRI's board of directors on a regular basis.

(ii) *Environmental Protection*

MP LLC's activities are subject to extensive laws and regulations governing the protection of the environment and natural resources. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. MP LLC is required to obtain governmental permits and violations of environmental laws are subject to civil sanctions and, in some cases, criminal sanctions, including the suspension or revocation of permits. The failure to comply with environmental laws and regulations or liabilities related to hazardous substance contamination could result in project development delays, material financial impacts or other material impacts to MP LLC's projects and activities, fines, penalties, lawsuits by the government or private parties, or material capital expenditures. Additionally, environmental laws in Argentina require that MP LLC periodically perform and update environmental impact studies at the Pirquitas Mine. These studies could reveal environmental impacts that would require MP LLC to make significant capital outlays or cause material changes or delays in its intended activities.

MP LLC complies with the policies created by SSRI relating to sustainable resource development aimed at the protection of human health and the natural environment. MP LLC complies with regulatory requirements and diligently applies appropriate methodologies to protect the environment throughout its exploration, development, mining, processing and closure activities. MP LLC's environmental obligations include, but are not limited to, obtaining and maintaining all environmental permits and approvals required for the conduct of the Pirquitas Mine operations, the proper handling, storage and disposal of regulated materials and the timely and accurate submission of required reports to the appropriate government agencies.

MP LLC has certain reclamation obligations for the Pirquitas Mine. The closure and reclamation cost estimate is based on conceptual level engineering and will be updated to reflect changes in the life of mine plan. The current proposed reclamation work focuses on diverting water around the waste dumps and pit areas as well as capturing and passively treating impacted waters.

(iii) *Community Engagement*

MP LLC's community relations program is based on open and continuous communication with the members of communities located in the area of operation of the Pirquitas Mine. MP LLC takes a cooperative approach to local development activities to promote sustainable long-term economic and social benefits. In addition, MP LLC strives to ensure that local stakeholders have an opportunity for input and dialogue.

At the Pirquitas Mine, MP LLC supports the educational system in the Province of Jujuy, Argentina through collaboration with local schools. It has assisted with the renovation of six local educational facilities and with a number of information sessions and educational activities held for students throughout the region. MP LLC also collaborated with the Argentina Ministry of Education to create a program allowing members of local communities, including employees of MPSA, to complete their secondary education. In addition, MP LLC's medical services and health campaigns provide higher health standards and practices in the remote areas in close proximity to the Pirquitas Mine. At the Pirquitas health center, MP LLC has initiated a general practitioner outreach program for local towns, commenced a dental care program and held numerous illness prevention workshops.

MINERAL PROPERTIES – PIRQUITAS MINE

The following disclosure relating to the Pirquitas Mine is based, in part, on information derived from a NI 43-101 technical report dated December 23, 2011 entitled “NI 43-101 Technical Report on the Pirquitas Mine, Jujuy Province, Argentina” (the “**Pirquitas Technical Report**”) prepared by Dr. Warwick S. Board, P.Geo., R. Bruce Kennedy, P.E., and Trevor J. Yeomans, ACSM, P.Eng., each of whom is a Qualified Person under NI 43-101. The Pirquitas Technical Report is available for review under SSRI’s profile on the SEDAR website at www.sedar.com. This disclosure has been updated to include information about the Pirquitas Mine subsequent to the date of the Pirquitas Technical Report.

Summary of Mineral Reserves and Mineral Resources Estimates

The following table summarizes, as at December 31, 2014, estimated Mineral Reserves and Mineral Resources for the Pirquitas Mine.

	Tonnes millions	Silver g/t	Zinc %	Silver million oz
<u>MINERAL RESERVES:</u>				
Probable Mineral Reserves				
Pirquitas Mine	5.37	220.10	0.47	38.0
Pirquitas Mine Stockpiles	0.64	136.52	0.62	2.8
Total				40.8
Total Proven and Probable Mineral Reserves				
Pirquitas Mine	5.37	220.10	0.47	38.0
Pirquitas Mine Stockpiles	0.64	136.52	0.62	2.8
Total Proven and Probable				40.8
<u>MINERAL RESOURCES:</u>				
Indicated Mineral Resources (Inclusive of Probable Mineral Reserves)				
Pirquitas Mine	11.65	183.0	0.53	68.7
Pirquitas Mine UG	4.37	176.1	4.34	24.7
Pirquitas Mine Stockpiles	1.20	111.0	0.99	4.4
Total				137.8
Measured and Indicated Mineral Resources (Inclusive of Mineral Reserves)				
Pirquitas Mine	11.65	183.0	0.53	68.7
Pirquitas Mine UG	4.37	176.1	4.34	24.7
Pirquitas Mine Stockpiles	1.20	111.0	0.99	4.4
Total Measured and Indicated				137.8
Inferred Mineral Resources				
Pirquitas Mine UG	2.85	174.0	3.61	15.9
Total Inferred				15.9

Notes to Mineral Reserves and Mineral Resources Table:

- All estimates of Mineral Reserves and Mineral Resources have been prepared in accordance with NI 43-101.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources and Mineral Reserves figures have some rounding applied. Exact totals can be found in the Pirquitas Technical Report available under SSRI's profile on the SEDAR website at www.sedar.com or on SSRI's website at www.silverstandard.com. All ounces reported herein represent troy ounces, and "g/t" represents grams per tonne.
- Mineral Reserves and Mineral Resources estimates are reported below the as-mined surface as at December 31, 2014. Mineral Reserves are presented at a cut-off of U.S.\$33.26 per tonne net smelter returns ("NSR"), using a silver price of U.S.\$19.00 per ounce and a zinc price of U.S.\$2,204 per tonne. Mineral Resources for the Cortaderas Area are reported above a cut-off grade of 50 g/t silver; Mineral Resources for the Mining Area (includes San Miguel, Oploca and Potosí zones) are reported at 65 g/t silver constrained to an optimized pit based on current cost and engineering information, using a silver price of U.S.\$25.00 per ounce and a zinc price of U.S.\$2,425 per tonne; and Mineral Resources for the underground Mining Area (Pirquitas UG) are reported at a cut-off grade of 200 g/t silver. Mineral Resources for the Mining Area are reported inclusive of Mineral Reserves. The Mineral Reserves and Mineral Resources estimates were prepared under the supervision of Bruce Butcher, P.Eng., F. Carl Edmunds, P.Geo., and Trevor J. Yeomans, ACSM, P.Eng., each of whom is a Qualified Person and an employee of SSRI. Except for the optimized pit constraints and updates in metal price assumptions, cut-off grade used for the Mineral Reserves estimate and value estimation methodology used in the Mineral Resources block model, all other key assumptions, parameters and methods used to estimate the Mineral Reserves and Mineral Resources are set out in the Pirquitas Technical Report.

Project Description and Location

The Pirquitas Mine is located in the Puna de Jujuña region of northwestern Argentina in the Province of Jujuy, approximately 355 kilometres northwest of the city of San Salvador de Jujuy. The mine consists of 50 semi-contiguous mineral exploitation concessions covering a total area of 3,621 hectares. It also includes surface rights covering an area of approximately 7,463 hectares, which can be used for purposes such as housing, infrastructure facilities, processing plants, waste and tailing disposal sites, and other facilities to support mining operations. MP LLC holds a 100% interest in the Pirquitas Mine. MP LLC is also the freehold title holder of the area covered by the surface rights.

Under Argentina's mining laws, exploitation concessions are considered "real property" and give the concessionaire the rights to recover pre-determined metals from the subsurface vertically underneath the concession for an unlimited period of time, as long as the concessionaire complies with its obligations. In order for MP LLC to maintain its rights to the Pirquitas exploitation concessions, it is required to make annual fee or "canon" payments to the Argentine government and to exploit such concessions. The Pirquitas Mine is also subject to provincial royalties at a rate of 2.5% on a NSR basis.

In 2014, MP LLC secured an exploration lease (or cateo) to explore an extensive adjacent property covering an area of 4,417 hectares. In Argentina, each cateo has an exclusive right to be convertible into an exploitation concession once a mineral discovery has been made. To maintain this cateo, MP LLC was required to make a one-time "canon" payment and present to the mining authority a minimum exploration work program and schedule. The term of a cateo is based on its area: 150 days for the first unit (500 hectares), and an additional 50 days for each unit thereafter, up to a maximum of 20 units. After a period of 300 days, 50% of the area over four units (2,000 hectares) must be dropped. At 700 days, 50% of the area remaining over four units (2,000 hectares) must be dropped. Time extensions may be granted to allow for situations such as bad weather and difficult access.

MP LLC currently has all material surface and water rights, as well as all material permits, necessary for the continued operation of the Pirquitas Mine. Such material permits include environmental permits, which are updated biannually and remain valid and in force. As the production of the Pirquitas Mine continues, MP LLC may need to obtain additional environmental and other governmental approvals and permits.

For a discussion of environmental liabilities at the Pirquitas Mine, see “*Mining Operations – Environmental Conditions*” below.



Map of Argentina Showing the Location of the Pirquitas Mine

Accessibility, Climate, Local Resources, Infrastructure and Physiography

(i) Access

There are two main access routes to the Pirquitas Mine from the provincial capital of San Salvador de Jujuy. Heavy transport vehicles generally follow Highway 9 northwards from Jujuy to Purmamarca, then turn to the northwest on paved road No. 52 and then turn onto gravel road No. 16 heading to the town of Susques. From there, gravel roads No. 74 and No. 74b are followed northwards to the mine. The second route to the Pirquitas Mine from San Salvador de Jujuy follows Highway 9 northwards along the Humahuaca Valley to the town of Abra Pampa. From there, gravel roads Nos. 7 and 70 continue westwards to the mine site, passing south of the nature reserve at Laguna Pozuelos.

The Pirquitas Mine site is located approximately 850 kilometres by road from the port of Antofagasta in Chile and approximately 2,000 kilometres by road from the port of Buenos Aires in Argentina. The terrain surrounding the mine is mountainous, with elevations ranging from 4,000 to 4,450 metres above sea level (“**masl**”).

(ii) Climate

Below freezing, dry and often windy conditions prevail during winter months (June to August), with moderate temperatures and occasional rains through the rest of the year. Annual precipitation averages approximately 260 mm with most of this falling during the months of December to February.

(iii) Local Resources and Infrastructure

The energy requirements of the Pirquitas Mine are met by gas-powered generation utilizing a spur gas line connecting the site to the Trans Andean natural gas pipeline that is located approximately 36 kilometres to the south of the mine. The power plant constructed at the site provides all power required for the mine and processing plant.

A water diversion was installed at the San Marcos River, about seven kilometres from the processing plant, and MP LLC has water rights to 31 litres per second. A camp site was constructed and is fully operational. The Pirquitas Mine is equipped with phone and internet service.

(iv) Physiography

The terrain of the Pirquitas Mine area is rugged and steep, typical of the central Andean Altiplano which in Argentina is referred to as the Puna. Elevations on the property range from about 4,000 to 4,450 masl. Some 20 kilometres to the north is the extinct volcano of Cerro Granada, which peaks at 5,696 masl. Patchy to sparse shrub and grass vegetation cover the slopes surrounding the mine and provide habitat for a few mammals, including vicuña, puna fox, and the vizcacha, as well as more than 50 species of birds.

(v) Sufficiency of Surface Rights

MP LLC owns sufficient surface rights necessary for the current mining operations at the Pirquitas Mine, including tailings dam and waste rock disposal areas. The processing plant and tailings dam are permitted and operational.

History

The Pirquitas site is the largest historical producer of tin and silver in Argentina. The following is a brief chronological description of mining that has occurred at the site prior to MP LLC's ownership:

- **1932-1935:** Tin placer deposits were first discovered in the area in 1932. Dredging of the tin placers commenced in 1933.
- **1935-1990:** The bedrock source of the tin placers was discovered in 1935 and mining of the tin and silver lodes started soon thereafter. Reported total metal production during this time is estimated to be approximately 27.4 million ounces of silver, 20 million pounds of tin from placer deposits, and 40.1 million pounds of tin mined from the vein systems.
- **1995-2000:** Sunshine Argentina acquired the Pirquitas property in a bankruptcy auction in November 1995, with the transfer of the property occurring in May 1996. Sunshine Argentina's exploration program included survey control, geophysical surveys, geological mapping, sampling, and drilling. All accessible underground workings were sampled and mapped. Sunshine Argentina also conducted extensive diamond and reverse circulation ("RC") drilling from surface as well as diamond core drilling from rehabilitated underground workings. A feasibility study was completed for the project by Jacobs Engineering in 1999, and updated by Sunshine Argentina in 2000.

In May 2002, SSRI acquired 43.4% of Sunshine Argentina. In October 2004, SSRI acquired the remaining 56.6% of Sunshine Argentina to complete its acquisition of the Pirquitas Mine.

Geological Setting

(i) Regional and Local Geology

The Puna terrane, where the Pirquitas Mine is located, underlies most of the western half of Jujuy Province and is marked by a high-Andean geomorphology consisting of northerly trending mountain ranges separated by broad valleys and salars or salt pans. Rocks in this terrane consist of uplifted and folded Ordovician to Devonian marine meta-sediments overlain by Cretaceous to Middle Miocene continental and marine sediments and volcanoclastics, intruded by mafic to intermediate igneous bodies. This sequence is unconformably overlain by sub-horizontal Late Miocene to Pleistocene andesitic to dacitic lavas and ash-flow deposits.

The Pirquitas silver-zinc deposit is hosted by the Ordovician Acoite Formation, a strongly folded package of low-grade metamorphosed marine sandstone, siltstone and minor shale beds. These rocks are exposed within fault-bounded, structural blocks that occur southwest and east of the mine area. Late Ordovician to the Early Devonian compressional tectonism resulted in strong folding and high angle thrust faulting of the Paleozoic sedimentary formations. In the area of the mine, the axial planes of the folds strike NS to NNE-SSW and are sub-vertical to moderately inclined.

(ii) Property Geology

At the Pirquitas Mine, the main system of sulphide-rich veins cuts the axial surfaces of the folds and the related cleavage fabric at high angles. Two main vein sets are recognized and are described as follows:

- *Vein Set 1:* For the dominant set of structures, the veins strike close to 105° and dip steeply either to the south or north. Major veins in this set include the Potosí, San Miguel, Chocaya-Oploca, San Pedro, Llallagua, Chicharron and Colquiri veins. The Potosí vein is the largest known vein on the property, with a strike length of about 500 metres and maximum thickness of 2.5 metres to 3 metres. The other veins of this set typically have strike lengths of between 50 metres and 150 metres, with average widths of 30 cm to 50 cm. The larger of these veins, such as the Potosí vein, include localised matrix supported breccias with angular clasts of quartz-sericite altered wallrock in a matrix of iron and zinc +/- tin-silver-copper sulphides.
- *Vein Set 2:* The secondary vein set is represented by the Veta Blanca and Colquechaca veins. These veins lie north of the Potosí vein and trend NW-SE.

Mineralization

At the Pirquitas Mine, fracture and breccia-hosted mineralization consists of iron and zinc sulphides with accessory cassiterite (tin oxide) and a large variety of silver-tin-zinc (lead-antimony-arsenic-copper-bismuth) sulphides and sulfosalts. Crystalline quartz, along with chalcedony in the upper levels of the system, and kaolinite are the main gangue minerals in the veins and mineralized breccias. The main sulphides, specifically pyrite, pyrrhotite, sphalerite and wurtzite, form colloform bands parallel to vein margins, which together with crustiform and drusy vein textures suggest that the mineralization is epithermal in origin. However, mineralogical evidence indicates that the initial temperature of the mineralizing fluids was possibly greater than 400°C, with the deposition of an initial suite of minerals that were later overprinted by the bulk of the silver mineralization which formed at lower temperatures, and is indicative of epithermal mineralization.

Exploration

Modern mineral exploration was first conducted at the Pirquitas property during the time Sunshine Argentina held the property. Sunshine Argentina carried out several drilling campaigns, involving both RC and diamond core drilling. Sunshine Argentina also completed relatively detailed geological mapping on the property and commissioned approximately 44 line-kilometres of ground magnetics surveying and 19.2 line-kilometres of induced polarization surveying over an area that now has at its center the San Miguel open pit.

In addition to the multiple drilling campaigns MP LLC has completed since the acquisition of the Pirquitas Mine, as described in “*Drilling*” below, MP LLC has conducted detailed geological mapping in conjunction with extensive intermittent programs of rock chip sampling of bedrock outcrops. Rock chip sampling was also done in a number of shallow trenches that were mechanically excavated on the ridge south of the open pit. The surface rock chip and trench samples were used to help define drilling targets. The rock samples were submitted to recognised commercial laboratories, including the ALS Chemex (“ALS”) analytical laboratory in Mendoza, Argentina, using industry standard levels of quality control (“QC”) along with standard reference and blank material. MP LLC has no reason to doubt the reliability of the geochemical results obtained for the outcrop and trench rock chip samples.

Drilling

Initial drilling on the Pirquitas property was conducted by Sunshine Argentina, which drilled a total of approximately 51,864 metres in 241 drillholes.

Since SSRI acquired the Pirquitas Mine in October 2004, MP LLC has drilled a total of approximately 156,212 metres in 631 exploration drillholes, as set out in the table below.

Drilling Program	Drilling Type	Drilling Areas ⁽¹⁾	Drilling Objectives	No. of Drillholes	Metres Drilled ⁽²⁾
May-Sep. 2005	Diamond	Oploca (4), Llallagua (6) Colquechaca (4)	Exploration	14	3,300
May-Dec. 2007	Diamond	San Miguel (24), Cortaderas (6)	Resource Definition/ Exploration	30	7,353
		Open Pit San Miguel (4), Potosí (1)	Metallurgical Samples	5	370
July 2007-Dec. 2008	RC	San Miguel (115), Potosí (52), Oploca (32)	Resource Definition/ Exploration	199	34,181
		Cortaderas (12), Pircas (4), Médano (10)	Condemnation	26	6,931
July 2010-Mar. 2011	Diamond	San Miguel (38), Oploca (17), Veta Blanca (2), Cortaderas (4)	Resource Definition/ Exploration	61	12,665
Apr.-Sep. 2011	Diamond	San Miguel (69), Cortaderas (5), Other Targets (5)	Resource Definition/ Exploration	79	17,550
Mar.-Nov. 2012	Diamond	Cortaderas (130), Oploca (4), Portal Gravity (8)	Resource Definition/ Exploration	142	52,801
Apr.-May 2013	Diamond	Cortaderas (3), Huanuni (8), Pircas (2), Chicharron (4)	Exploration	17	6,923
Oct.-Nov. 2014	Diamond	Carabajal (5), Vega West (2), Vega East (2), Cintia (2), Huanuni North (2), Médano (4)	Exploration	17	3,177

Drilling Program	Drilling Type	Drilling Areas ⁽¹⁾	Drilling Objectives	No. of Drillholes	Metres Drilled ⁽²⁾
Nov.-Dec. 2014	Diamond	Chocaya (5)	Resource Definition	5	1,717
Jan.-Sept. 2015	Diamond	Chocaya (17), Oploca (17), Médano (2)	Resource Definition	36	9,244
Total				631	156,212

Notes:

(1) Number of drillholes completed at each target area shown in parentheses.

(2) Figures have rounding applied. Exact totals can be found in the Pirquitas Technical Report.

(i) 2005 to 2008 Drilling Programs

The 2005 drilling program was designed to test targets in the Oploca, Llallagua, and Colquechaca areas. The 2007 and 2008 drilling programs included exploration drilling, resource definition drilling, minor drilling for metallurgical testing, and “condemnation drilling” for infrastructure planning. All drilling was done from surface, with the majority of drillholes being RC holes (approximately 84% of the total metreage drilled). Most of the diamond core that was recovered is of HQ-size, however, where necessary, drillhole core size was sequentially reduced to NQ-size and then BQ-size in some longer holes.

All drillhole collar coordinates were surveyed in the UTM Zone 19S coordinate system (WGS84 datum). Downhole surveys were made using a combination of Single Shot (DDH 072-DDH 084) and Reflex EZ-AQ 1 surveying instruments with readings taken every 50 metres to 100 metres down the holes. Diamond core and RC drillholes were predominantly oriented with azimuths of 15° to 195° (*i.e.*, perpendicular to the predominant mineralization trend), with hole inclinations generally ranging between 45° and 70° (occasionally steeper, but rarely vertical). Drilling recovery generally ranged between 95% and 100% for diamond drillholes, and generally between 80% and 100% for RC drillholes, except where drillholes intersected old underground workings. RC drilling was generally more successful than diamond drilling in reaching planned end-of-drillhole depths where the drillholes passed through the underground workings.

(ii) 2010 to 2011 Drilling Programs

The majority of this drilling was for resource definition in and around the existing open pit (approximately 89% of the drillholes), with the remaining drillholes being exploration drillholes that targeted the Cortaderas Breccia Zone (approximately 6% of the drillholes) and other exploration targets. Drillholes were generally drilled to generate HQ-size drill cores. Where necessary, drillhole core size was sequentially reduced to NQ-size and then BQ-size in certain longer holes.

All drillhole collar coordinates were surveyed in the UTM Zone 19S coordinate system (WGS84 datum). All drillholes were surveyed for their down-hole orientations using a combination of Single Shot (DDH 119-DDH 132) and Reflex EZ Trac downhole survey tools. Downhole survey measurements were collected at intervals ranging from 3 metres to 50 metres, depending on the degree of deviation noted in the drillhole. Almost all of the drillholes were oriented with azimuths of 15° to 195° (*i.e.*, perpendicular to the predominant mineralization trend). A total of 39 drillholes were oriented with azimuths of 130° to 310°, approximately perpendicular to an inferred secondary mineralization direction that was roughly parallel to the NNE-SSW trending anticline fold axis. This secondary mineralization direction was suggested by a combination of in-pit mapping and detailed geostatistical spatial continuity analyses. Mineralization along this secondary direction was, however, found to be insignificant in comparison to the main WNW-ESE trending vein and veinlet stockwork-hosted mineralization. The inclination of all drillholes was between 45° and 70°, which resulted in the drillholes intersecting the main WNW-ESE

trending vertical to sub-vertical veins and stockwork veinlet system at an oblique angle. Drilling recovery for diamond core drillholes generally ranged between 95% and 100%.

The presence of existing underground workings prevented several of the diamond drillholes from reaching their target depths. In such cases, replacement holes were drilled at slightly different orientations from slightly different collar positions, as compared to the original holes, so as to avoid the underground workings, allowing the target depth to be reached.

The earliest drillholes to test the zone of silver- and zinc-rich sulphide mineralization known as Cortaderas Breccia zone, which is located about 500 metres north of the open pit, were drilled from the north side of the target at a shallow angle to the inferred plunge of the mineralized body. As a result, the mineralized intersections of the Cortaderas Breccia Zone that were made by the five drillholes completed in 2011 are essentially down-plunge intersections and do not represent near-true thickness intercepts of the mineralized body.

(iii) 2012 to 2013 Drilling Programs

To follow up on positive drilling results obtained in 2011, MP LLC completed an extensive diamond drilling campaign in 2012. This drilling campaign was principally designed to expand and better define the silver and zinc Mineral Resources identified in the Cortaderas Area located about 500 metres north of the San Miguel open pit. Between March and November of 2012, MP LLC completed 142 boreholes totalling 52,801 metres of diamond core drilling on the property. Using the assay results obtained from this drilling, MP LLC amalgamated the Cortaderas Breccia and the Cortaderas Valley zones into the Cortaderas Area and prepared an updated estimate of the Mineral Resources found in the Cortaderas Area, with an effective date of December 31, 2012.

In 2013, MP LLC completed a diamond drilling campaign of 6,923 metres in 17 drillholes to test geophysical anomalies which were defined east and north of the San Miguel open pit. The results of the drill testing of geophysical targets was negative, however the portion of the 2013 drilling program that was allocated towards geological targets returned positive results intersecting zinc-rich base metal mineralization in the 5% to 10% range over broad 10 to 30 metre widths. MP LLC also completed the preliminary economic assessment (“PEA”) on the Cortaderas deposit to assess the economic opportunity of underground mining at Cortaderas and extend the Pirquitas Mine life. The results of the PEA, although positive, were not materially significant to the Pirquitas Mine.

(iv) 2014 Drilling Program

In the fourth quarter of 2014, MP LLC completed 3,177 metres of surface reconnaissance core drilling in 17 drillholes on prospects proximal to the current open pit operations, testing six targets. MP LLC also commenced Mineral Resources upgrade drilling in the San Miguel zone, on the Chocaya and Oploca vein sets, underlying the existing open pit workings. By the end of 2014, MP LLC completed five drillholes from existing underground workings, for a total of 1,717 metres.

(v) 2015 Drilling Program

In 2015, MP LLC completed the underground drilling program beneath the San Miguel open pit. High grade silver mineralization was intersected on all three veins explored, known as Chocaya, Oploca North and Oploca South veins. The underground drilling program continued to target the expansion and upgrade of Mineral Resources underlying the San Miguel open pit.

During the program, in 2015, 9,244 metres of drilling in 36 drillholes were completed from underground drill stations. All veins remain open laterally and at depth. An engineering study is being undertaken to

evaluate the potential to exploit this mineralization from underground. This engineering study will also include the previously drilled Cortaderas silver-zinc vein, located approximately 650 meters north of the current open pit. The results are expected in early 2016.

Sampling and Analysis

(i) 2005 to 2008 Drilling Programs

A. RC Drillhole Samples

Rock cuttings from RC drillholes were collected at regular intervals during the drilling of the holes, typically every one or two metres, depending on the drillhole. The material forming the individual samples was split into smaller representative samples at the drill rig, with the weight of these representative samples averaging about 40 kg. The RC sampling protocol used depended upon whether the sample was dry or wet:

- Dry samples were further split and reduced to approximately one-eighth of the original sample size using a three-tier Jones-style splitter. The remaining material was bagged and stored on-site at Pirquitas. The smaller sample fraction was split again into two 3 to 5 kg samples using a one-tier Jones-style splitter. One of these samples was submitted to the analytical laboratory for sample preparation and analysis, with the other stored on site. Field duplicate control samples were selected from this second batch of samples and submitted when required.
- Wet samples of manageable size were obtained using a cyclone wet splitter at the drill rig. The original sample was initially split in half using the wet splitter, with one-half further split down to a sample consisting of one-eighth of the total sample weight using a three-tier Jones-style splitter. This sample was then split in half to obtain two smaller samples, each one-sixteenth the weight of the total sample. One of these samples was submitted to the analytical laboratory for sample preparation and analysis, with the other stored on site. Field duplicate control samples were selected from this second batch of small samples and submitted when required. All of the remaining seven-eighths of a given sample are stored on site.

B. Diamond Drillhole Core Samples

Diamond drillhole core was transported from the drill site to the core shack by pickup truck. The core was photographed, geotechnically logged (recovery and rock quality designation (“**RQD**”)) and geologically logged (lithology, alteration, mineralogy, mineralization, and structure). Sample intervals were marked on the drill cores and core boxes by a geologist.

Drillhole cores were generally sampled on one metre intervals, starting from the top of the drillhole, with some sample intervals chosen to take into account lithological contacts. Drill cores from underground drillholes were sampled on 0.3 metre to 2.0 metre intervals, again with lithological contacts being accounted for. Drill core samples were generated by sawing the cores in half using a diamond table-saw. For each sample, one half of the drill core was stored in core boxes at site, with the other half of the core being submitted to the analytical laboratory for sample preparation and analysis. Field duplicate control samples were generated from selected quarter-cores that were sawn from half-core samples.

C. Quality Control Procedures

ALS is an international analytical laboratory with most of its analytical facilities being registered or pending registration to ISO 9001:2008 certification. ALS is independent from SSRI and MP LLC. MP

LLC's QC program for the 2005 to 2008 drilling programs utilized standard reference samples, unmineralized "blanks", field duplicate samples as well as third party analytical laboratory check assays. Standard, blank, and field duplicate control samples were inserted into the sample stream on a one in twenty basis, for both RC and diamond drillholes. Approximately 5% of the total number of submitted samples were submitted to the third party analytical laboratory for check assaying. QC samples included six different reference standards (covering a representative range of silver, tin, and zinc contents), blanks generated from barren sandstone, and field duplicates. MP LLC reviewed the QC results from the 2005 to 2008 drilling programs. The control values (mean, standard deviations) of the standard reference samples were not initially correctly calibrated, resulting in extensive failures of the field standard control samples relative to no failures in the analytical laboratory standard control samples. Recalibration of these values indicated that the key assay data from the 2005 to 2008 drilling programs are unbiased and accurate, and suitable for use in Mineral Resources estimation. Field blank control samples indicated that sample cross-contamination was not an issue during the analytical work. Field duplicate control samples, while indicating a degree of variability in the assay data, were reported at acceptable levels of precision for silver, tin, and zinc, given the "nugget effect" (inherent variability) and the variability associated with quarter-core versus half-core samples.

(ii) 2010 to 2015 Drilling Programs

A. Sampling

All drillhole samples generated from the 2010 to 2015 drilling programs were diamond drillhole core samples. Drill cores were transported from the drill site to the core shack by pickup truck. The cores were photographed before being geotechnically logged (recovery and RQD) and then geologically logged (lithology, alteration, mineralogy, mineralization, and structure), with relevant logging codes recorded in accordance with MP LLC's standard logging protocols.

Drillhole core sampling was conducted subsequent to geological logging. Sample intervals were marked on the cores and core boxes by a geologist, with sample intervals selected so as to take into account lithological contacts. Sample lengths were generally up to two metres in waste rock and one metre or less in mineralized rock. A minimum sample length of 0.3 metres was imposed on samples from highly mineralized structures such as veins, stockworks and hydrothermal breccias. Core samples of 10 cm lengths were collected at various intervals for the purpose of point-load testing. Drill core samples for geochemical analysis were generated by sawing the cores in half using a diamond table-saw. Half of the cores are stored on site, with the other halves being submitted to the analytical laboratory for sample preparation and analysis. Field duplicate control samples were generated from quarter-core sawn splits of selected samples.

B. Quality Control Procedures

MP LLC used a similar QC protocol for the 2010 to 2015 drilling programs as it used in the 2005 to 2008 drilling programs. Standard, blank, and field duplicate control samples were inserted into the sample stream on a one in twenty basis. QC sample data were monitored on a real-time basis (upon receipt of data from the analytical laboratory) to ensure that sample batches with control sample data outside of acceptable limits were re-submitted for analysis in a timely manner. QC samples included three reference standard samples, unmineralized "blank" samples and field duplicate samples. The three reference standards were created for the Pirquitas deposit by CDN Resources Laboratories Ltd., and certified by Smee & Associates Consulting Ltd. following round robin analysis at five independent analytical laboratories. Based on the results of the standard control samples, the assay data generated as part of the recent 2010 to 2015 drilling programs are unbiased and accurate, and suitable for use in Mineral Resources estimation. Field blank control samples indicated that sample cross-contamination was not an

issue during the analytical work. Field duplicate control samples, whilst indicating a degree of variability in the assay data, were reported at acceptable levels of precision for silver and zinc, given the nugget effect (inherent variability) and the variability in sample volume associated with quarter-core versus halfcore samples.

Data Verification

The following data verification steps were taken in respect of the sampling and assaying conducted at the Pirquitas Mine:

- Visits to inspect geology and mineralization in the open pit (San Miguel, Chocaya and Potosí zones) and underground in the Oploca vein zone.
- Detailed review of selected drillhole core from the Mining and the Cortaderas Areas, to assess the nature of the mineralization, and the effectiveness of the selected drilling orientation in the delineation thereof (including in respect of the Oploca and Chocaya zones).
- Ongoing input into exploration drilling, and real-time involvement in drillhole location, downhole survey validation, and assay data validation.
- Drillhole collar locations were confirmed with the Pirquitas Mine site geologists. The drillhole collar locations were validated by an independent surveyor.
- The locations of pre-existing underground mine workings relative to underground channel samples were checked.
- Downhole survey data were reviewed for all drillholes to assess drillhole traces.
- QC information for all exploration drilling programs conducted on the Pirquitas property was analysed.
- Approximately 10% of the pre-2010 drilling assay data set was checked and compared to the original assay certificates, to generate additional confidence in this data.
- Review of grade control drilling data (including spatial analysis of silver, zinc, and tin data) in the upper parts of the deposit in the Mining Area to assess continuity models for the relevant grade variables in the different zones.
- Detailed checks of assay data from the 2010 to 2015 drilling program in conjunction with MP LLC's database manager, with iterative correction for any anomalies (generally typographic errors, including mislabelled samples and mislabelled sample intervals).
- Review of real-time QC data monitoring by MP LLC's site staff, especially timing and effectiveness of remedial action taken with respect to failed batches.
- Comparison analyses were conducted between data derived from different drilling (and underground channel sampling) generations and types (e.g. RC, diamond core drilling) to validate their use in a single database.
- Data was validated at each manipulation stage throughout the database compilation until the completion of Mineral Resources grade tonnage estimates.

All assay data are provided directly by the relevant analytical laboratory, and directly imported into the DataShed database management system. A randomly selected proportion (10%) of the 2010 to 2014 assay data in the DataShed Pirquitas assay database was checked against the assay certificates provided by ALS and no errors were noted.

Sample Security

Drillhole core and samples were in MP LLC's custody from collection, through labeling and bagging, to initial transportation from the Pirquitas Mine to MP LLC's Jujuy office. Thereafter they were in the custody of independent transportation companies which transported them to ALS in Mendoza. Sample bags were sealed at the mine and none of the seals were reported tampered by the receiving analytical laboratory. MP LLC is not aware of any deliberate attempts to compromise samples.

Mining Operations

(i) Mining Method

The Pirquitas Mine uses a standard open pit mining method, and has a current mining rate of approximately 50,000 tonnes per day of ore and waste combined. The mine undertakes conventional drilling and blasting activities with a pre-split to ensure stable wall rock conditions. RC grade control drilling is used in the pit to define the structurally controlled vein and breccia hosted ore zones.

(ii) Metallurgical Process

The Pirquitas Mine processing plant consists of primary, secondary and tertiary crushing operations which deliver ore to a stockpile. The maximum crushing circuit throughput is currently around 6,850 tonnes per day although long term plans allowing for good maintenance protocols call for rates around 5,500 tonnes per day. Ore is transferred from the ore crushed stockpile to a pre-concentration system that consists of jigs to upgrade the ore crusher grade to a higher grade mill feed.

Wet ball milling is performed on the feed from the jig plant. This can be augmented by a by-pass feed system in the event of jig downtime or milling capacity in excess of jig capacity. The maximum wet milling throughput is currently 5,000 tonnes per day although long term plans allowing for good maintenance protocols call for rates under 4,700 tonnes per day. Mill discharge is pumped through a cyclone system and oversize is fed back into the mill for additional grinding. Fines are fed into a conditioning and reagent addition tank and then flow into the silver flotation circuit.

The tailings from the silver flotation process are routed to a separate conditioning tank and from there flow to the zinc flotation circuit. Tails from the zinc flotation circuit are directed to the tailings thickener. Tailings are thickened and stored at a permitted facility on-site.

During 1996 to 1998, bulk samples were collected from the existing historic underground workings in the San Miguel ore zone and were used to develop the process envisioned for metal recovery at the Pirquitas deposit. For confirmation, new diamond drill core samples were also used to test the developed process.

Since 2010, processing plant operation at the Pirquitas Mine has been continuous. The short-term operational control of the plant is monitored and optimised by routine and consistent sampling and analysis procedures, with metallurgical investigations undertaken by the Pirquitas Mine's metallurgical group. Any new ore zones are tested to predict future plant performance. The analysis of all Pirquitas Mine site samples is undertaken by an independently-managed analytical laboratory, operated at the mine site by SGS SA.

(iii) Mine Life and Production Forecast

The Mineral Reserves estimate as at December 31, 2014 reflects changes to metal price assumptions and updates, based on knowledge of processing and treatment costs as of such date, of the cut-off grade used, resulting in a reduction in cut-off grade to U.S.\$33.26 per tonne NSR using a silver price of U.S.\$19.00

per troy ounce, from U.S.\$35.52 per tonne NSR using a silver price of U.S.\$25.00 per troy ounce, as reported in the Pirquitas Technical Report. As a result, based on the Mineral Reserves estimate as at December 31, 2014, open pit mining at the Pirquitas Mine was estimated to end in early 2017, with processing to continue thereafter. During the mine life, a stockpile has been developed and used as needed, and will constitute the majority of the plant feed once mining has ended. There can be no assurance that the silver price assumptions used to estimate Mineral Reserves as at December 31, 2014, and the resulting mine life for the Pirquitas Mine, will continue to be supportable in current and future market conditions. Consistent with its prior year end processes, SSRI is currently reviewing metal price assumptions and mine planning for the Pirquitas Mine. An updated Mineral Reserves estimate for the Pirquitas Mine will be reported in SSRI's annual 2015 Mineral Resources and Mineral Reserves statement, which will be published in the first quarter of 2016.

MP LLC's production forecast for 2015 is 9.5 to 10.5 million ounces of silver and 10.0 to 12.0 million pounds of zinc.

(iv) Markets and Contracts

The Pirquitas Mine produces a silver concentrate and a zinc concentrate. These concentrates are sold to smelters and metals traders globally. The Pirquitas Mine receives payment based upon an agreed percentage of metal in the concentrate that is payable by the smelter or trader, less deductions for smelting, refining and penalty elements where applicable.

MP LLC has been successful in placing its 2015 annual production tonnage of Pirquitas Mine concentrate with buyers. However, future sales and contract terms will depend on market conditions at the time of negotiation and sale.

(v) Taxes and Duties

Sunshine Argentina entered into a fiscal stability agreement (the "**Fiscal Agreement**") with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine, which provided entitlement to fiscal stability benefits under Argentina's Mining Investment Law. Such fiscal stability benefits included, among others, that the annual income tax rate would be set at approximately 33% of net income for the Pirquitas Mine.

In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas) ("**DNA**") levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002 and the Federal Government has asserted that the Pirquitas Mine is subject to this duty. MPSA has challenged the legality of the export duty applied to silver concentrate and the matter is currently under review by the Federal Court (Jujuy) in Argentina. See "*Legal Proceedings and Regulatory Actions*" in this Appendix "D" to the Circular.

Effective as of December 31, 2014, MPI was converted from a Delaware corporation to a Delaware limited liability company, MP LLC, and MP LLC, as a wholly-owned subsidiary of SSRI, is not subject to U.S. income tax. MP LLC is subject to withholding tax in Argentina on interest received from its Argentina branch at a rate of 35%.

As the Pirquitas Mine is in operation, MPSA is subject to VAT. Such VAT paid is recoverable from Argentina's national taxation office. The process to recover VAT is highly regulated, complex and, at times, lengthy, but MP LLC anticipates recovering all VAT paid.

(vi) Environmental Conditions

In December 1998, consulting engineering firm Knight Piésold LLC (“**Knight Piésold**”) completed an environmental impact report (“**EIR**”) for Sunshine Argentina. The EIR contained a description and evaluation of environmental conditions that existed at the time, as well as foreseeable potential effects that development of the Pirquitas Mine could have on the surrounding environment. The scope of the EIR was commensurate with the norms for environmental protection associated with Argentina’s applicable mining laws and guidelines established by international lending institutions such as the World Bank. The discussion below is either paraphrased or taken directly from the EIR.

Remnants of historic mining activities at the Pirquitas Mine included derelict buildings, mine structures as well as tin-silver jig tailings and tin placer tailings along the Río Pircas. Flotation tailings had been discharged into the Río Pircas and scattered piles of gold placer tailings were left about 150 metres above the current level of the Río Pircas on paleo-river terraces to the south of the central mine camp. These areas comprise some 107 hectares of surface disturbance that existed prior to Sunshine Argentina’s acquisition of the Pirquitas property, some of which are now associated with acid rock drainage into the Río Pircas watershed.

Surface and ground waters are known to be acidic and metalliferous down gradient from the historic mines above the Río Pircas canyon at Tres Placas, which is located approximately 1.5 kilometres downstream from the Pirquitas Mine open pit. In addition, acidic and metalliferous ground water is present in the abandoned underground workings and in some natural springs in the area, suggesting that natural oxidation of sulphide mineralization which is widespread in the rocks found on the property, is also contributing to background surface water contamination.

Upon its acquisition of the Pirquitas property, Sunshine Argentina noted that documents in the bankruptcy auction files did not mention environmental liabilities against the property, but did mention that Sunshine Argentina was “grandfathered” against environmental liabilities related to historic mining activities. Furthermore, the only condition the Argentina Ministry of Mines and Energy applied to its approval of Sunshine Argentina’s EIR, apart from the mandatory two-year update to the report, was the requirement that water quality monitoring be carried out.

In 2008, a second EIR was completed by Knight Piésold following start-up of mining activities and initiation of plant construction. While there were no observations or restrictions placed on MP LLC at that time, this study began a focus on the water management plan and on conceptual plans for mine waste stockpiles. A conceptual water treatment plant for neutralization of acid waters was anticipated with a treatment capacity estimated to be as much as 150 litres per second.

A party wishing to commence or modify any exploration or mining-related activity under Argentina’s mining laws, including property abandonment or mine closure activity, must prepare and submit an environmental impact assessment (“**EIA**”), which must include a description of the nature of the proposed work, its potential risk to the environment and the measures that will be taken to mitigate that risk. The most recent update to MP LLC’s EIA for the Pirquitas mining operation was undertaken by Knight Piésold, and included engineering studies for the design of water management structures and mine closure design. Such EIA update was approved in December 2014 and is valid for a period of two years.

Argentina currently has no specific mine closure legislation or requirements. However, MP LLC expects that closure options will eventually have to be proposed that may include passive or active neutralization features to return water to baseline conditions (acidic at the time of baseline studies) with some monitoring requirements.

Capital and Operating Costs

The 2015 outlook for the Pirquitas Mine includes an estimated U.S.\$10 million of capital expenditures and cash costs per payable ounce of silver sold between U.S.\$11.50 and U.S.\$12.50. Capital expenditures will consist principally of mine and plant capital spares and initial work on the tailings dam design. Cash costs per payable ounce of silver sold includes all costs of inventory, treatment and refining costs and by-product credits.

Exploration and Development

MP LLC is focused on near-mine exploration at the Pirquitas Mine to identify additional Mineral Resources to extend the life of current operations. In support of these activities, in 2014, MP LLC secured an exploration lease (or cateo) to explore an extensive adjacent property covering an area of 4,417 hectares. MP LLC also commenced a field exploration program, which defined several prospective areas with drill targets, located within a three kilometre radius of the active open pit with potential for silver-zinc mineralization in open pit and underground configurations. Initial drill testing on these areas was performed in the fourth quarter of 2014, and MP LLC completed 3,177 metres of surface reconnaissance core drilling in 17 drillholes on prospects proximal to the current open pit operations.

Mineral Resources upgrade drilling also commenced in 2014 in the San Miguel zone, on the Chocaya and Oploca vein sets, underlying the existing open pit workings. By the end of 2014, MP LLC completed five drillholes from existing underground workings, for a total of 1,717 metres. In 2015, MP LLC continued this drilling program from existing underground workings and completed 36 drillholes, for a total of 9,244 metres. The drilling has intersected high grade silver mineralization on the Chocaya, Oploca North and Oploca South vein structures. An engineering study is being undertaken to evaluate the potential to exploit this mineralization and the previously drilled Cortaderas silver-zinc vein from underground. The results of this study are expected in early 2016.

Chinchillas Project

Under the terms of the Business Combination Agreement, SSRI has committed to spend a minimum of U.S.\$4 million for pre-development activities at the Chinchillas Project. The initial expectation is that expenditures may total up to an estimated U.S.\$12.6 million based on the success of the pre-development activities, including exploration, mine planning, metallurgical studies, permitting and engineering studies.

In late third quarter of 2015, MP LLC commenced technical planning for a pre-feasibility study on the Chinchillas Project. MP LLC's key activities in the fourth quarter of 2015 are expected to include in excess of 5,000 metres of resource infill and due diligence drilling, commencement of geotechnical and hydrological and hydrogeological studies, preliminary metallurgical test work on the ores and the start of environmental baseline studies, community engagement programs and initial permitting planning.

DIVIDENDS

Distributions, if any, are made by MP LLC to SSRI at the times and in the aggregate amounts determined by MP LLC's board of managers. The payment of future cash distributions, if any, is reviewed periodically by MP LLC's board of managers and will depend upon, among other things, conditions then existing including earnings, financial conditions and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors. MPI did not pay any dividends during the 2012 or 2013 financial years, but paid dividends of approximately U.S.\$50.0 million to SSRI in the 2014 financial year. MP LLC distributed U.S.\$25.2 million to SSRI from January 1, 2015 to September 30, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

See Schedule "A" and Schedule "B" to this Appendix "D" to the Circular for management discussion and analysis for the year ended December 31, 2014 and for the three and nine months ended September 30, 2015, respectively. All figures in Schedules "A" and "B" to this Appendix "D" to the Circular are expressed in U.S. dollars except where otherwise indicated.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of MP LLC is unlimited. As of the date of the Circular, 100 units of MP LLC were issued and outstanding. All of the issued and outstanding units of MP LLC have been pledged by SSRI pursuant to the credit agreement dated as of August 4, 2015 among SSRI, Canadian Imperial Bank of Canada and the lenders from time to time parties to such agreement (the "**Credit Agreement**").

Each unit represents the ownership interest of a member in MP LLC. Additional units may be granted to SSRI as the board of managers of MP LLC may determine, and additional units may be granted to other members as the board of managers of MP LLC and SSRI may determine. Furthermore, SSRI may transfer its units in MP LLC in whole or in part without the approval of the board of managers of MP LLC; however, units in MP LLC held by members other than SSRI may only be transferred with the prior written consent of the board of managers of MP LLC and SSRI.

Each unit is entitled to a *pro rata* share of distributions, if any, made by MP LLC. Distributions, if any, will be set by the board of managers of MP LLC. See "*Dividends*" in this Appendix "D" to the Circular. Furthermore, in the event of the dissolution, liquidation or winding-up of MP LLC, the members are entitled to receive the remaining property and assets of MP LLC on a *pro rata* basis.

MP LLC is a wholly-owned subsidiary of SSRI and, as such, there is no market for MP LLC's securities. As at the date of the Circular, MP LLC does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the TSX, a U.S. marketplace, or a marketplace outside Canada and the United States of America.

CONSOLIDATED CAPITALIZATION

Since September 30, 2015, there have been no changes to the unit and loan capital of MP LLC on a consolidated basis.

OPTIONS TO PURCHASE SECURITIES

As of the date of the Circular, there are no outstanding options, warrants or other similar securities that entitle the holder of such securities to purchase units of MP LLC.

ESCROWED SECURITIES

None of MP LLC's securities are held in escrow.

PRINCIPAL SECURITYHOLDER

MP LLC is a wholly-owned subsidiary of SSRI. If the transactions contemplated by the Business Combination Agreement are completed then, upon completion of the Arrangement, MP LLC will be a wholly-owned subsidiary of JVco and SSRI will own 75% of JVco and New GAR will own the remaining 25% of JVco.

MANAGERS AND EXECUTIVE OFFICERS

The names, positions or offices held with MP LLC, province of residence and principal occupation of each of MP LLC's managers and executive officers as of the date of the Circular are set out below. In addition, the principal occupations of each of MP LLC's managers and executive officers within the past five years are disclosed in their brief biographies.

As at the date of the Circular, MP LLC's managers and executive officers as a group do not beneficially own, directly or indirectly, or exercise control or discretion over any of MP LLC's units. As of the date of the Circular, none of MP LLC's managers or executive officers are indebted to MP LLC.

In accordance with MP LLC's Limited Liability Company Agreement dated December 31, 2014, MP LLC has two managers who are appointed from time to time by SSRI, as the sole member of MP LLC. The managers hold office until the appointment of his or her successor or the earlier of his or her death, resignation, removal or disqualification.

Paul Benson – British Columbia, Canada

Mr. Benson has served as MP LLC's manager and President since August 1, 2015. Since such date, Mr. Benson has also served as SSRI's President and Chief Executive Officer and a member of its board of directors. He has 30 years of experience in various technical and business capacities. Most recently, Mr. Benson was CEO and Managing Director of Troy Resources Limited. Prior to that, for 20 years he held a number of executive and operating roles in Australia and overseas with BHP Billiton, Rio Tinto, and Renison Goldfields. Mr. Benson holds a Bachelor of Science in Geology and Exploration Geophysics and a Bachelor of Engineering in Mining, both from the University of Sydney. He also earned a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and a Sloan Masters of Science in Management from the London Business School.

Gregory J. Martin – British Columbia, Canada

Mr. Martin has served as MP LLC's manager and Chief Financial Officer since its conversion on December 31, 2014, and previously served as a director and Chief Financial Officer of MPI since February 15, 2013. Since January 2012 Mr. Martin has also served as SSRI's Senior Vice President and Chief Financial Officer. Before joining SSRI, Mr. Martin served as Vice President, Business Development and Treasurer for NovaGold Resources Inc. Prior to that, Mr. Martin held executive financial roles with Finning International Inc., Zincore Metals Inc. and Placer Dome Inc. Mr. Martin is a Certified Professional Accountant, holds an MBA from the University of Western Ontario's Ivey School of Business and is a graduate of the University of British Columbia with a B.A.Sc. in Civil Engineering.

No manager or executive officer of MP LLC is, as at the date of the Circular, or was within 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including MP LLC) that:

- (a) was subject to an order that was issued while the director or executive officer 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 the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (a) above, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and in each case that was in effect for a period of more than 30 consecutive days.

No manager or executive officer of MP LLC, or a shareholder holding a sufficient number of securities of MP LLC to affect materially control of MP LLC:

- (a) is, at the date of the Circular, or has been within the 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including MP LLC) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of the Circular, become 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 the assets of the director, executive officer or shareholder; or
- (c) has been subject to (i) 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 (ii) 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 regarding MP LLC.

MP LLC’s managers and officers are directors and/or officers of SSRI. As of the date of the Circular, MP LLC is not aware of any existing or potential conflicts of interest between MP LLC and any of its managers or officers. If a manager or officer has any conflict of interest or potential conflict of interest, the interested manager or officer is required to disclose such conflict pursuant to SSRI’s code of business conduct and ethics. In particular, an interested manager or officer will not participate in deliberations where he or she has a conflict or potential conflict of interest and, in the case of an interested manager, will not vote on any such matter.

COMPENSATION OF EXECUTIVE OFFICERS

The executive officers of MP LLC are both also employees (Mr. Benson is President and Chief Executive Officer and Mr. Martin is the Senior Vice President and Chief Financial Officer) of SSRI. As such, neither Mr. Benson nor Mr. Martin receive additional remuneration for their service as executive officers of MP LLC.

CORPORATE GOVERNANCE

The two managers of MP LLC are Paul Benson and Gregory Martin. As a wholly-owned subsidiary of SSRI, MP LLC does not have any independent directors.

As a wholly-owned subsidiary of SSRI, rather than having its own set of governance policies and procedures, MP LLC operates in compliance with SSRI overall governance policies and procedures, including, without limitation, SSRI’s code of business conduct and ethics and its policies on health and safety, environmental protection and community engagement.

RISK FACTORS

MP LLC's production, development plans and cost estimates may vary and/or not be achieved.

MP LLC has prepared estimates of future production, operating costs and capital costs for the Pirquitas Mine, and the Pirquitas Technical Report contains estimates of future production, development plans, operating and capital costs and other economic and technical estimates relating to the Pirquitas Mine. MP LLC cannot assure you that such production, plans, costs or other estimates will be achieved. Actual production and costs may vary from the estimates depending on a variety of factors, many of which are not within MP LLC's control. These factors include, but are not limited to: actual ore mined varying from estimates of grade, tonnage, dilution, and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; exchange rate and commodity price fluctuations; shortages of principal supplies needed for operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labor shortages or strikes; high rates of inflation; civil disobedience and protests; and restrictions (including change to the taxation regime) or regulations (including import restrictions for equipment and material required for operations at the Pirquitas Mine) imposed by governmental or regulatory authorities or other changes in the regulatory environments. Failure to achieve production or cost estimates or material increases in costs could have a material adverse impact on MP LLC's future cash flows, profitability, results of operations and financial condition.

MP LLC may be unable to replace its Mineral Reserves.

The Pirquitas Mine is MP LLC's only current source of metals production. MP LLC must continually replace its Mineral Reserves depleted by production to maintain production levels over the long term. Mineral Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature and involves many risks and is frequently unsuccessful. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish Proven and Probable Mineral Reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of Mineral Reserves will not be offset by discoveries or acquisitions. The mineral base at the Pirquitas Mine may decline if Mineral Reserves are mined without adequate replacement and MP LLC may not be able to sustain production beyond the current life of the Pirquitas Mine. If Mineral Reserves are not replaced either by the development of additional Mineral Reserves and/or additions to Mineral Reserves, there may be an adverse impact on future cash flows, earnings, results of operations and financial condition, and this may be compounded by requirements to expend funds for reclamation and decommissioning. Based on the Mineral Reserves estimate as at December 31, 2014, open pit mining at the Pirquitas Mine was estimated to end in early 2017, with processing to continue thereafter. There can be no assurance that the silver price assumptions used to estimate Mineral Reserves as at December 31, 2014, and the resulting mine life for the Pirquitas Mine, will continue to be supportable in current and future market conditions. Consistent with its prior year end processes, SSRI is currently reviewing metal price assumptions and mine planning for the Pirquitas Mine. An updated Mineral Reserves estimate for the Pirquitas Mine will be reported in SSRI's annual 2015 Mineral Resources and Mineral Reserves statement, which will be published in the first quarter of 2016.

Changes in the market prices of silver and other metals, which in the past have fluctuated widely, will affect MP LLC's operations.

MP LLC's profitability and long-term viability and the economic feasibility of the Pirquitas Mine depend, in large part, on the market price of silver and zinc. The market prices for these metals are volatile and are affected by numerous factors beyond MP LLC's control, including:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- expectations for inflation; and
- political and economic conditions, including interest rates and currency values.

MP LLC cannot predict the effect of these factors on metal prices. A decrease in the market price of silver and other metals would affect the profitability of the Pirquitas Mine and could affect MP LLC's ability to finance the exploration and development of its mineral properties. The market price of silver and other metals may not remain at current levels. In particular, an increase in worldwide supply, and consequent downward pressure on prices, may result over the longer term from increased silver production from mines developed or expanded as a result of current metal price levels.

MP LLC may be subject to a 10% export duty on current and past production of silver concentrate from the Pirquitas Mine.

Sunshine Argentina entered into the Fiscal Agreement with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine. In December 2007, the National Customs Authority of Argentina (the Dirección General de Aduanas) levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002 and the Federal Government has asserted that the Pirquitas Mine is subject to this duty. MPSA has challenged the legality of the export duty applied to silver concentrate and the matter is currently under review by the Federal Court (Jujuy) in Argentina.

The Federal Court (Jujuy) granted an injunction in MPSA's favour effective September 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrate (the **"Injunction"**) pending the decision of the courts with respect to MPSA's challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund MPSA claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta). In September 2014, the Federal Tax Authority in Argentina filed an application with the Federal Court (Jujuy) to lift the Injunction, requiring payment of the export duty and payment of applied interest charges. MPSA filed a response to such application on October 14, 2014 and a decision is pending.

As of December 31, 2014, MPSA has paid U.S.\$6.6 million in export duties, for which it has filed for recovery. In accordance with the Injunction, MPSA has not been paying export duties on silver concentrate but continues to accrue export duties. At September 30, 2015, MPSA has accrued a liability totaling U.S.\$64.2 million (December 31, 2014 – U.S.\$56.1 million), for export duties with no accrual for interest charges, and has recorded a corresponding increase in cost of sales in the relevant period. The

application of interest charges is uncertain, but if applied from the date each duty was levied, and based on current U.S. dollar rates, is estimated to be in the range of U.S.\$5.3 million to U.S.\$8.9 million. The final amount of export duties and interest, if any, to be paid or refunded depends on a number of factors, including the outcome of litigation. Changes in MPSA's assessment of this matter could result in material adjustments to the combined carve-out financial statements for the Pirquitas Mine.

Political or economic instability or unexpected regulatory change in Argentina could adversely affect MP LLC's business.

MP LLC currently conducts operations and has exploration projects in Argentina, and as such is exposed to various levels of economic, political and other risks and uncertainties. These risks and uncertainties include, but are not limited to: royalties and tax increases or claims by governmental bodies; expropriation or nationalization; employee profit-sharing requirements; foreign exchange controls; restrictions on repatriation of profits; import and export regulations; cancellation or renegotiation of contracts; changing fiscal regimes and uncertain regulatory environments; fluctuations in currency exchange rates; high rates of inflation; changes in royalty and tax regimes, including the elimination of tax exemptions; underdeveloped industrial and economic infrastructure; unenforceability of contractual rights and judgments; and environmental permitting regulations. The occurrence of these various factors and uncertainties cannot be accurately predicted and could adversely affect MP LLC's business.

On October 25, 2015, Argentina held elections in certain provinces, including Jujuy, and the first round of Presidential elections. The second, and final, round of Presidential elections are scheduled to be held on November 22, 2015. The elected administrations at both the provincial and federal level are scheduled to take office on December 10, 2015.

The regulatory environment in Argentina continues to provide a challenging cost environment, especially with inflation at elevated levels. For example:

- On October 26, 2011, the Federal Government of Argentina announced that future export revenues derived from mining operations in Argentina must be repatriated to Argentina and converted into Argentine currency prior to being distributed either locally or overseas. The distribution of earnings overseas requires Argentine currency to be converted into foreign currency for repatriation. A bank transaction tax of 0.6% applies to the conversion of Argentine pesos to foreign currencies in transactions that would otherwise have been executed using offshore funds. The mining industry had previously been exempted from this obligation to bring such foreign currency into Argentina, and although the Fiscal Agreement includes stability over foreign exchange controls, the Federal Government removed such benefits with this decree.
- In early 2012, Argentina's Ministry of Economy and Public Finance issued a resolution that reduced the time permitted to repatriate export proceeds from 180 days to 15 days, which caused the Pirquitas Mine to temporarily suspend shipments while the potential impact of this resolution was assessed. Subsequently, the time permitted to repatriate export proceeds was increased to 30 days and then to 140 days for silver and zinc concentrates, which enabled the recommencement of shipping. In September 2012, a revised resolution reinstated the 180 day time limit for silver concentrate only.
- During 2012, the Central Bank of Argentina increased its involvement in U.S. dollar inflows and outflows, and Argentina continued to experience high inflation along with a weakening currency. The Federal Government of Argentina has also introduced measures (both written and non-written) requiring local sourcing of equipment and supplies wherever possible. Delays associated with these import restrictions have the potential to affect certain aspects of operations at the Pirquitas Mine, such as maintenance and new construction that are dependent on imported goods.

Additionally, the taking of property by nationalization or expropriation without adequate compensation is a risk in Argentina. Expropriation, or the threat of expropriation, is often the result of poor economic conditions within a country or has underlying political rationales. Although MP LLC does not presently anticipate that any of its property will be the subject of expropriation, there can be no assurance that this will not occur. Such governmental actions may have an adverse impact on MP LLC's operations and profitability.

MP LLC may be adversely affected by future fluctuations in foreign exchange rates.

MP LLC maintains its cash and cash equivalents primarily in U.S. dollars and Argentine pesos. MP LLC's revenues are in U.S. dollars, while certain of its costs will be incurred in other currencies. In particular, any appreciation in the currency of Argentina against the U.S. dollar will increase MP LLC's costs of carrying on operations in Argentina. MP LLC's costs denominated in Argentine pesos have increased over past levels, and MP LLC therefore has greater exposure to Argentine currency fluctuations. In addition, any decrease in the Argentine peso against the U.S. dollar will result in a loss on MP LLC's books to the extent it holds funds or monetary assets denominated in those currencies. As a result, MP LLC's financial performance and forecasts may be significantly impacted by changes in foreign exchange rates.

For example, in early 2014, the Argentine peso saw a significant devaluation, as the government reduced intervention and relaxed capital controls, but since that time the peso has reverted to a steady devaluation against the U.S. dollar. The devaluation reduced the value of MP LLC's Argentine peso-denominated assets, principally cash and VAT receivables, and decreased MP LLC's Argentine peso-denominated liabilities, principally accounts payable, when expressed in U.S. dollars.

The transaction with Golden Arrow may not close.

The completion of the transaction with Golden Arrow is subject to a number of conditions precedent, certain of which are out of the control of MP LLC, including: obtaining consent from Canadian Imperial Bank of Canada and the lenders from time to time parties to the Credit Agreement to terminate the Guarantee (as defined below), the GSA (as defined below) and the pledge of the units of MP LLC; approval of Golden Arrow's shareholders; receipt of the final Court Order; and Golden Arrow and New GAR completing the Arrangement. There can be no certainty, nor can MP LLC provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

The integration of Golden Arrow's Chinchillas Project and the Pirquitas Mine may not occur as planned.

If SSRI elects to exercise its Election to Proceed, the ability to realize the benefits of the Arrangement including, among other things, the ability of MP LLC to increase its Mineral Resources and to extend the life of the Pirquitas Mine through the combination of the Chinchillas Project and the Pirquitas Mine, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner following completion of the Arrangement. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities following completion of the Arrangement and from operational matters during this process. The integration process may result in the disruption of ongoing business and employee relationships that may adversely affect the ability of MP LLC to achieve the anticipated benefits of the Arrangement.

The Pirquitas Mine has incurred losses in the past and may incur losses in the future.

The Pirquitas Mine had a loss from mine operations of U.S.\$2.6 million in the year ended December 31, 2014 and although it had income from mine operations of U.S.\$5.2 million for the year ended December 31, 2013, the Pirquitas Mine has also incurred losses in the past. The Pirquitas Mine may continue incurring losses or generating insufficient cash flows to fund future exploration and development of other mineral properties, including the Chinchillas Properties if the Arrangement is approved and SSRI exercises its Election to Proceed. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of analyses and recommendations, the rate of operating profits or losses, the execution of any strategic agreements with third parties and the acquisition of additional property interests, many of which are beyond MP LLC's control. MP LLC cannot assure you that the Pirquitas Mine will achieve profitability.

General economic conditions may adversely affect growth and profitability.

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the silver mining industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence and liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, sovereign debt and government solvency conditions, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect MP LLC's growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and MP LLC's overall liquidity;
- volatility of silver prices would impact MP LLC's revenues, profits, losses and cash flow;
- continued recessionary pressures could adversely impact demand for MP LLC's production and, conversely, inflationary pressures would impact production costs; and
- volatile energy, commodity and consumables prices and currency exchange rates would impact MP LLC's production costs.

These factors could have a material adverse effect on MP LLC's financial condition and results of operations.

MP LLC is subject to credit risk through its significant VAT receivables balance collectible primarily from the government of Argentina.

MP LLC is subject to credit risk through its significant VAT receivables balance that is collectible from the government of Argentina. Due to legislative rules and a complex collection process, MP LLC's VAT receivable balance in Argentina is classified as non-current until it is approved by the government; thereafter, it is reclassified to current as MP LLC has greater certainty of the ability to collect within twelve months. As of December 31, 2014, MP LLC's non-current VAT receivables balance was U.S.\$27.3 million. Even though MP LLC recovered U.S.\$30.7 million of VAT receivables in 2014, VAT recovery in Argentina remains a highly regulated, complex and, at times, lengthy collection process.

The sale of concentrate is subject to counterparty and market risks.

MP LLC's silver and zinc concentrate is sold to third party end customers through supply arrangements. There is no assurance that in the future, where necessary, such arrangements will be entered into on acceptable terms, or at all. If such arrangements are not entered into, MP LLC may be forced to sell all of its products, or greater volumes of them than it may from time to time intend, in the spot market, or MP LLC may not have a market for its products. In addition, should any counterparty to any supply arrangement not honor such arrangement, or should any of such counterparties become insolvent, MP LLC may incur losses for products already shipped and be forced to sell greater volumes of its products than intended in the spot market or it may not have a market for its products, and MP LLC's future operating results may be materially adversely impacted as a result. Moreover, MP LLC cannot assure you that any such supply arrangements will be renewed when such arrangements expire, or that its concentrate will meet the qualitative requirements under future concentrate agreements or the requirements of buyers.

MP LLC's estimates of Mineral Reserves and Mineral Resources are based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.

There are numerous uncertainties inherent in estimating quantities of Mineral Reserves and grades of mineralization, including many factors beyond MP LLC's control.

Until ore is actually mined and processed, Mineral Reserves and grades of mineralization must be considered as estimates only. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling which may prove to be unreliable. MP LLC cannot assure you that Mineral Reserves, Mineral Resources or other mineralization estimates will be accurate, or mineralization can be mined or processed profitably.

Any material changes in Mineral Reserves estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. MP LLC's estimates of Mineral Reserves and Mineral Resources have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for silver and zinc may render portions of MP LLC's mineralization uneconomic and result in reduced reported Mineral Reserves.

Any material reductions in estimates of mineralization, or of MP LLC's ability to extract this mineralization, including estimates made in the Pirquitas Technical Report, could have a material adverse effect on MP LLC's results of operations or financial condition. MP LLC cannot assure you that mineral recovery rates achieved in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

Canadian disclosure practices concerning the Mineral Reserves and Mineral Resources for the Pirquitas Mine allow for more disclosure than is permitted for domestic U.S. reporting companies.

The Mineral Resources estimate for the Pirquitas Mine is not directly comparable to those made by domestic U.S. reporting companies subject to the SEC reporting and disclosure requirements, as such Mineral Resources are reported in accordance with Canadian practices. These practices are different from the practices used to report Mineral Resources estimates in reports and other materials filed by domestic U.S. reporting companies with the SEC in that the Canadian practice is to report Measured, Indicated and Inferred Mineral Resources. In the United States, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Golden Arrow Securityholders are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into

Mineral Reserves. Further, “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of “contained ounces” is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and Mineral Resources contained in this Appendix “D” to the Circular may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. See “*Cautionary Notice Regarding Mineral Reserves and Mineral Resources Estimates*” in this Appendix “D” to the Circular.

Suitable infrastructure may not be available or damage to existing infrastructure may occur.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants for capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development. If adequate infrastructure is not available in a timely manner, MP LLC cannot assure you that the exploitation or development of MP LLC’s projects will be commenced or completed on a timely basis, or at all, or that the resulting operations will achieve the anticipated production volume, or that the construction costs and operating costs associated with the exploitation and/or development of MP LLC’s projects will not be higher than anticipated. In addition, unusual weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect MP LLC’s operations and profitability.

MP LLC is dependent on one mine for all of its commercial production, and it may be exposed to future development risks.

The Pirquitas Mine is currently MP LLC’s only mineral property in production. Any adverse condition affecting mining or processing conditions at the Pirquitas Mine could have a material adverse effect on MP LLC’s financial performance and results of operations.

The future development of any other properties found to be economically feasible and approved by MP LLC’s board of managers will require the construction and operation of mines, processing plants and related infrastructure. As a result, MP LLC is and will continue to be subject to all of the risks associated with establishing new mining operations including:

- the availability and cost of skilled labor and mining equipment;
- the availability and cost of appropriate smelting and refining arrangements;
- securing long-term access agreements required to develop and operate a mine;
- the need to obtain and retain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities;
- potential for labour unrest or other labour disturbances;
- potential increases in cost structures due to changes in the cost of fuel, power, materials and supplies; and
- the timing and cost, which can be considerable, of the construction and expansion of mining and processing facilities.

The cost, timing and complexities of operating the Pirquitas Mine and construction and development of any new project may be greater than MP LLC anticipates because MP LLC's property interests are not located in developed areas and, as a result, MP LLC's property interests may not be served by appropriate road access, water and power supply and other infrastructure. Cost estimates may increase as more detailed engineering work is completed on a specific project.

MP LLC may not have sufficient funds to continue production at the Pirquitas Mine or to complete further exploration and development programs.

MP LLC's ability to continue its production, development and exploration activities will depend on its ability to generate sufficient operating cash flows from the Pirquitas Mine and to obtain additional external financing where necessary. Any unexpected costs, problems or delays at the Pirquitas Mine could severely impact MP LLC's ability to generate sufficient cash flows and require greater reliance on alternative sources of financing.

The sources of external financing that MP LLC may use for these purposes include project or bank financing, or private offerings of equity and debt. In addition, MP LLC may enter into one or more strategic alliances or joint ventures, decide to sell certain property interests, or utilize one or a combination of all of these alternatives. The financing alternative chosen by MP LLC may not be available to it on acceptable terms, or at all. If additional financing is not available, MP LLC may have to postpone the development of, or sell its mineral properties.

MP LLC cannot assure you that it will successfully acquire additional commercially mineable mineral rights.

Most exploration projects do not result in the discovery of commercially mineable ore deposits, and MP LLC cannot assure you that any anticipated level of recovery of Mineral Reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body that can be legally and economically exploited. Estimates of Mineral Reserves, Mineral Resources, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Material changes in Mineral Reserves, grades, stripping ratios or recovery rates may affect the economic viability of a project. MP LLC's future growth and productivity will depend, in part, on its ability to identify and acquire additional commercially mineable mineral rights, and on the costs and results of continued exploration and potential development programs. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to: establish Mineral Reserves through drilling and metallurgical and other testing techniques; determine metal content and metallurgical recovery processes to extract metal from the ore; and construct, renovate or expand mining and processing facilities.

In addition, if MP LLC does discover ore, it would take several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change. As a result of these uncertainties, MP LLC cannot assure you that it will successfully acquire additional commercially mineable (or viable) mineral rights.

MP LLC may require further permits in order to conduct its current and future operations, and delays in obtaining or failure to obtain such permits, or a failure to comply with the terms of any such permits that it has obtained, would adversely affect its business.

MP LLC's current and anticipated future operations, including continued production at the Pirquitas Mine, drilling at the Chinchillas Project and further exploration and development, require permits from various governmental authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within MP LLC's control.

MP LLC cannot assure you that all permits that are required for its operations, including any for construction of mining facilities or conduct of mining, will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such required permits, or the expiry, revocation or failure by MP LLC to comply with the terms of any such permits that it has obtained, would adversely affect MP LLC's business.

MP LLC is dependent on its ability to recruit and retain qualified personnel, and it could be subject to potential labour unrest or other labour disturbances, including labour action by its unionized employees at the Pirquitas Mine.

MP LLC competes with other mining companies to attract and retain skilled and experienced employees. MP LLC is dependent on the services of its key management and other skilled and experienced personnel to focus on advancing its objectives. The loss of any of these persons or MP LLC's inability to attract and retain suitable replacements for them or additional highly skilled employees required for the operation of the Pirquitas Mine and MP LLC's other activities may have a material adverse effect on MP LLC's business and financial condition.

Production at the Pirquitas Mine is dependent upon the efforts of MP LLC's employees and MP LLC's relations with them. In addition, relations with MP LLC's employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in Argentina. Changes in such legislation or in the relationship with MP LLC's employees may have a material adverse effect on its business, financial condition and results of operations. MP LLC could be subject to labour unrest or other labour disturbances, which could, while ongoing, have a material adverse effect on its business.

Non-management employees at the Pirquitas Mine are unionized and subject to collective agreements. At the Pirquitas Mine, the current collective bargaining agreement will continue in effect until March 31, 2016. However, this collective bargaining agreement may not prevent a strike or work stoppage at MP LLC's operations in the future, and any such work stoppage could have a material adverse effect on MP LLC's business. For example, in April 2014 MP LLC experienced a temporary work stoppage at the Pirquitas Mine for 60 hours due to union activity. In addition, there can be no assurance that, when such agreement expires, there will not be any delays in the renewal process, that negotiations will not prove difficult or that MP LLC will be able to renegotiate the collective agreement on satisfactory terms, or at all. The renewal of the collective bargaining agreement could result in higher on-going labour costs, which could have a negative impact on MP LLC's future cash flows, earnings, results of operations and financial condition.

MP LLC is subject to significant governmental regulations.

The operation of the Pirquitas Mine, as well as MP LLC's exploration and development activities, are subject to extensive federal, state, provincial, territorial and local laws and regulations governing various matters, including:

- environmental protection;
- the management and use of toxic substances and explosives;
- the management of natural resources;
- the exploration of mineral properties;
- exports;
- insurance restrictions;
- import restrictions;
- exchange controls;
- capital controls;
- price controls;
- taxation and mining royalties;
- labor standards and occupational health and safety, including mine safety;
- anti-corruption and anti-bribery statutes; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, or the imposition of additional local or foreign parties as joint venture partners, any of which could result in significant expenditures. MP LLC may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. Future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, cannot be accurately predicted and it is possible that these could cause MP LLC to incur additional expense, divert management time and attention from revenue generating activities or restrict or delay the exploration and development of its properties.

MP LLC's activities are subject to health, safety and environmental laws and regulations that may increase costs and restrict operations.

MP LLC's activities are subject to extensive laws and regulations governing the protection of the environment, natural resources and human health. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. MP LLC is required to obtain governmental permits and in some instances provide bonding requirements under federal, state, or provincial air, water quality, and mine reclamation rules and permits. Although MP LLC makes provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge its future obligations for these costs. Violations of environmental, health and safety laws are subject to civil sanctions, and, in some cases, criminal sanctions, including the suspension or revocation of permits. While responsible environmental stewardship is one of MP LLC's top priorities, it cannot assure you that it has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental laws and permits will not materially and adversely affect its business, results of operations or financial condition.

Under certain environmental laws, MP LLC could be held jointly and severally liable for removal or remediation of any hazardous substance contamination at its current, former and future properties, at nearby properties, or at other third party sites where its wastes may have migrated or been disposed. MP LLC could also be held liable for damages to natural resources resulting from hazardous substance contamination. Additionally, environmental laws in Argentina require that MP LLC periodically perform and update environmental impact studies at the Pirquitas Mine. MP LLC cannot guarantee that these studies will not reveal environmental impacts that would require it to make significant capital outlays or cause material changes or delays in the intended activities, any of which could adversely affect MP LLC's business.

The failure to comply with environmental laws and regulations or liabilities related to hazardous substance contamination could result in project development delays, material financial impacts or other material impacts to MP LLC's projects and activities, fines, penalties, lawsuits by the government or private parties, or material capital expenditures. Environmental legislation is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Future changes in these laws or regulations could have a significant adverse impact on MP LLC's business, causing it to re-evaluate those activities at that time.

Land reclamation and mine closure requirements for the Pirquitas Mine may be burdensome.

Land reclamation and mine closure requirements are generally imposed on mining companies in order to minimize long-term effects of land disturbance. Such requirements may include requirements to control dispersion of potentially deleterious effluents, and reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation and mine closure obligations imposed on MP LLC in connection with its exploration, potential development and production activities, MP LLC must allocate financial resources that might otherwise be spent on further exploration and development programs.

The Pirquitas Mine has been subject to historic mining operations. The actual costs of reclamation and mine closure for the Pirquitas Mine are uncertain and planned expenditures may differ from the actual expenditures required. Therefore, the amount that MP LLC is required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure for the Pirquitas Mine may have an adverse effect on MP LLC's financial position and results of operations and may cause MP LLC to alter its operations.

Mining is inherently risky and subject to conditions and events beyond MP LLC's control.

The development and operation of a mine or mine property is inherently dangerous and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome, including:

- unusual or unexpected geological formations;
- metallurgical and other processing problems;
- metal losses;
- environmental hazards;
- power outages;
- community relations problems;

- labor disruptions;
- industrial accidents;
- periodic interruptions due to inclement or hazardous weather conditions;
- flooding, explosions, fire, rockbursts, mineral dust and gas, cave-ins and landslides;
- mechanical equipment and facility performance problems; and
- the availability of materials and equipment.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, including to MP LLC's employees, environmental damage, delays in mining, increased production costs, asset write downs, monetary losses and possible legal liability. MP LLC may not be able to obtain insurance to cover these risks at economically feasible premiums, or at all. MP LLC may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered by its insurance policies.

MP LLC is subject to assessment by taxation authorities in multiple jurisdictions that arise in the ordinary course of business.

In the normal course of business, MP LLC is subject to assessment by taxation authorities in various jurisdictions. Income tax provisions and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which MP LLC operates and judgments as to their interpretation and application to MP LLC's specific situation. The computation of income taxes payable involves many complex factors as well as MP LLC's interpretation of and compliance with relevant tax legislation and regulations. MP LLC's management believes that the provision for income tax is appropriate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge MP LLC's interpretation of the applicable tax legislation and regulations.

MP LLC is subject to claims and legal proceedings that arise in the ordinary course of business.

MP LLC is subject to various claims and legal proceedings, including adverse rulings in current or future litigation against MP LLC, covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to MP LLC. MP LLC carries liability insurance coverage and establishes reserves for matters that are probable and can be reasonably estimated. In addition, MP LLC may be involved in disputes with other parties in the future that may result in litigation, which may have a material adverse impact on its future cash flows, profitability, results of operations and financial condition.

MP LLC is subject to anti-corruption laws.

MP LLC is subject to anti-corruption laws under the Canadian *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, which generally prohibit companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, MP LLC may also be subject to the extra-territorial provisions of the *Bribery Act 2010* (United Kingdom) which, in certain circumstances, can apply to offences committed outside of the United Kingdom by foreign companies. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur from time-to-time in Argentina or in any other jurisdiction in which MP LLC may conduct business, and MP LLC cannot assure you that its employees or other agents will not engage in such prohibited conduct for which MP LLC may be held responsible. If MP LLC's employees

or other agents are found to have engaged in such practices, MP LLC could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations. SSRI has an anti-corruption compliance policy and internal controls and procedures intended to address compliance and business integrity issues which MP LLC is required to comply with, and its employees are trained on anti-bribery compliance on a global basis. However, despite careful establishment and implementation, MP LLC cannot assure you that these or other anti-bribery, anti-fraud or anti-corruption policies and procedures are or will be sufficient to protect against fraudulent and/or corrupt activity. In particular, MP LLC, in spite of its best efforts, may not always be able to prevent or detect corrupt or unethical practices by employees or third parties, such as subcontractors or joint venture partners, which may result in reputational damage, civil and/or criminal liability (under the *Corruption of Foreign Public Officials Act*, the U.S. *Foreign Corrupt Practices Act* or any other relevant compliance, anti-bribery, anti-fraud or anti-corruption laws) being imposed on MP LLC.

MP LLC may fail to maintain adequate internal control over financial reporting.

As a wholly-owned subsidiary of SSRI, MP LLC documents and tests its internal control procedures in order to maintain adequate internal control over its financial reporting and satisfy the requirements of applicable regulations. Such applicable regulations require, among other things, an annual assessment by management of the effectiveness of SSRI's internal control over financial reporting and an attestation report by SSRI's independent auditors addressing the effectiveness of internal control over financial reporting. MP LLC may fail to maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented or amended from time to time, and it may not be able to conclude, on an ongoing basis, that it has effective internal control over financial reporting in accordance with applicable regulations. MP LLC's failure to satisfy the requirements of applicable regulations on an ongoing, timely basis could result in the loss of confidence in the reliability of the combined carve-out financial statements of the Pirquitas Mine, which in turn could harm MP LLC's business. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm MP LLC's operating results or cause MP LLC to fail to meet its reporting obligations. Future acquisitions of companies, if any, may provide MP LLC with challenges in implementing the required processes, procedures and controls in the acquired operations. No evaluation can provide complete assurance that MP LLC's internal control over financial reporting will detect or uncover all failures of persons within MP LLC to disclose material information otherwise required to be reported. The effectiveness of MP LLC's processes, procedures and controls could also be limited by simple errors or faulty judgments. Although MP LLC intends to expend substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, it cannot be certain that it will be successful in complying with applicable regulations.

MP LLC is subject to evolving corporate governance regulations that have increased both its compliance costs and the risk of non-compliance.

MP LLC is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations. These rules and regulations continue to evolve in scope and complexity and many new requirements have been created in response to laws that have been enacted, making compliance more difficult and uncertain. MP LLC's efforts to comply with new regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Compliance with emerging climate change regulations could result in significant costs and climate change may present physical risks to a mining company's operations.

Greenhouse gases (“GHGs”) are emitted directly by MP LLC’s operations, as well as by external utilities from which MP LLC purchases power. Currently, a number of international and national measures to address or limit GHG emissions, including the Kyoto Protocol, the Copenhagen Accord and the Durban Platform, are in various phases of discussion or implementation. In particular, the Durban Platform commits all parties to the conference to develop a global mitigation regime which could take effect in 2020, with the specific terms of that legally binding accord, including individual targets, to be finalized by 2015. These, or future, measures could require MP LLC to reduce its direct GHG emissions or energy use or to incur significant costs for GHG emissions permits or taxes or have these costs or taxes passed on by electricity utilities which supply operations. MP LLC could also incur significant costs associated with capital equipment, GHG monitoring and reporting and other obligations to comply with applicable requirements. For example, Australia implemented a carbon trading scheme commencing in July 2012, with a fixed carbon price through July 2015. Other countries, including South Africa, Brazil and the United States, have passed or are considering GHG trading or tax schemes, and/or other regulation of GHG emissions, though the precise impact on MP LLC’s operations cannot yet be determined.

In addition, MP LLC’s operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures and extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage MP LLC’s property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on MP LLC’s workforce and on the communities around the Pirquitas Mine, such as an increased risk of food insecurity, water scarcity and prevalence of disease.

MP LLC’s mineral properties may be subject to uncertain title.

MP LLC cannot assure you that title to its mineral properties will not be challenged. MP LLC owns, leases or has under option, unpatented and patented mining claims, mineral claims or concessions which constitute its property holdings. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. Also, MP LLC may not have, or may not be able to obtain or economically obtain, all necessary surface rights to develop a property. Title insurance is generally not available for mineral properties and MP LLC’s ability to ensure that it has obtained a secure claim to individual mining properties or mining concessions may be severely constrained. MP LLC has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful claim contesting MP LLC’s title to a property will cause it to lose its rights to explore and, if warranted, develop that property or undertake or continue production thereon. This could result in MP LLC not being compensated for its prior expenditures relating to the property.

In addition, certain of MP LLC’s properties are located in areas that were and are inhabited by indigenous people. If historical artifacts or archaeological sites are discovered on or near such properties, MP LLC may be prohibited or restricted from developing or mining the mineral properties or be required to relocate or preserve such findings.

MP LLC’s insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured and uninsurable.

MP LLC’s business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, mechanical failures, changes in the regulatory environment

and natural phenomena such as inclement weather conditions, fires, floods, hurricanes and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to MP LLC's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although MP LLC maintains insurance to protect against certain risks in such amounts as it considers reasonable, MP LLC's insurance will not cover all of the potential risks associated with a mining company's operations. MP LLC may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration and production is not generally available to MP LLC or to other companies in the mining industry on acceptable terms. MP LLC might also become subject to liability for pollution or other hazards which may not be insured against or which it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause MP LLC to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Civil disobedience in Argentina could adversely affect MP LLC's business.

In recent years, many mining companies have been the targets of actions to restrict their legally-entitled access to mining concessions or property. Such acts of civil disobedience often occur with no warning and can result in significant direct and indirect costs. MP LLC cannot assure you that there will be no disruptions to site access in the future, which could adversely affect its business.

MP LLC's operations are subject to significant safety and security risks.

MP LLC is exposed to various levels of safety and security risks which could result in injury, damage to property, work stoppages, or blockades of its mining operations. These risks and uncertainties include, but are not limited to, terrorism, military repression, labor unrest and war or civil unrest. Local opposition to mine development projects could arise and such opposition may be violent. If MP LLC were to experience resistance or unrest in connection with its operations at the Pirquitas Mine, it could have a material adverse effect on its operations and profitability.

MP LLC may be required by human rights laws to take actions that delay its operations or the advancement of its projects.

Various international and national laws, codes, resolutions, conventions, guidelines and other materials relate to human rights (including rights with respect to health and safety and the environment surrounding MP LLC's operations). Many of these materials impose obligations on government and companies to respect human rights. Some mandate that government consult with communities surrounding MP LLC's projects regarding government actions that may affect local stakeholders, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to human rights continue to evolve and be defined. One or more groups of people may oppose MP LLC's current and future operations or further development or new development of its projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against MP LLC's activities, and may have a negative impact on MP LLC's reputation. Opposition by such groups to MP LLC's operations may require modification of, or preclude the operation or development of, its projects or may require it to enter into agreements with such groups or local governments with respect to its projects, in some cases causing considerable delays to the advancement of the projects.

MP LLC faces industry competition in the acquisition of mineral properties.

MP LLC competes with other exploration and production companies, many of which are better capitalized, have greater financial resources, operational experience and technical capabilities, or are further advanced in their development or are significantly larger and have access to greater Mineral Reserves than MP LLC, for the acquisition of mineral claims, leases and other mineral interests.

Import restrictions on equipment or supplies could adversely affect MP LLC's ability to operate its business.

MP LLC is dependent on various supplies and equipment to carry out its operations at the Pirquitas Mine. The Argentine government has introduced measures requiring local sourcing of equipment and supplies wherever possible. The shortage or poor quality of supplies, equipment and parts as a result of such restrictions could have a material adverse effect on MP LLC's ability to carry out operations and therefore limit production or increase the cost thereof.

MP LLC may be subject to information systems security threats.

MP LLC has agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. MP LLC's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. MP LLC's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact MP LLC's reputation and results of operations.

Although to date MP LLC has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. MP LLC's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, MP LLC may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Sunshine Argentina entered into the Fiscal Agreement with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine. In December 2007, the National Customs Authority of Argentina (the Dirección General de Aduanas) levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002 and the Federal Government has asserted that the Pirquitas Mine is subject to this duty. MPSA has challenged the legality of the export duty applied to silver concentrate and the matter is currently under review by the Federal Court (Jujuy) in Argentina.

The Federal Court (Jujuy) granted the Injunction pending the decision of the courts with respect to MPSA's challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund MPSA claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta). In September 2014, the Federal Tax Authority in

Argentina filed an application with the Federal Court (Jujuy) to lift the Injunction, requiring payment of the export duty and payment of applied interest charges. MPSA filed a response to such application on October 14, 2014 and a decision is pending.

As of December 31, 2014, MPSA has paid U.S.\$6.6 million in export duties, for which it has filed for recovery. In accordance with the Injunction, MPSA has not been paying export duties on silver concentrate but continue to accrue export duties. At September 30, 2015, MPSA has accrued a liability totaling U.S.\$64.2 million (December 31, 2014 – U.S.\$56.1 million), for export duties with no accrual for interest charges, and have recorded a corresponding increase in cost of sales in the relevant period. The application of interest charges is uncertain, but if applied from the date each duty was levied, and based on current U.S. dollar rates, is estimated to be in the range of U.S.\$5.3 million to U.S.\$8.9 million. The final amount of export duties and interest, if any, to be paid or refunded depends on a number of factors, including the outcome of litigation. Changes in MPSA's assessment of this matter could result in material adjustments to the combined carve-out financial statements for the Pirquitas Mine.

No penalties or sanctions have been imposed against MP LLC by a court relating to provincial or territorial securities legislation or by any securities regulatory authority and no settlement agreements relating to the foregoing have been entered into within the three years immediately preceding the date of the Circular.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

SSRI owns 100% of the issued and outstanding units of MP LLC. On August 4, 2015 MP LLC entered into a multi-party guarantee agreement (the “**Guarantee**”) pursuant to which MP LLC provided a guarantee of all of SSRI's present and future indebtedness, liabilities and obligations of any and every kind, nature and description in connection with or with respect to the Credit Agreement. Furthermore, on August 4, 2015 MP LLC entered into a general security agreement (“**GSA**”) to secure its obligations under the Guarantee.

AUDITOR

The auditors of SSRI, MP LLC's parent company, are PricewaterhouseCoopers LLC, Chartered Accountants, Vancouver, British Columbia.

MATERIAL CONTRACTS

MPSA has entered into a management services agreement with SSRI dated January 1, 2012, as amended from time to time, pursuant to which SSRI provides MPSA with a variety of financial, management and administrative services. Pursuant to the terms of the management services agreement, MPSA is required to reimburse SSRI for all costs incurred by SSRI in carrying out the services as well as a fee that is determined in accordance with an OECD compliant transfer pricing analysis, which fee may be updated from time to time as agreed by the parties.

On September 30, 2015 MP LLC entered into the Business Combination Agreement, the terms of which are described in the Circular under the heading “*The Business Combination Agreement*”.

INTEREST OF EXPERTS

The following persons referred have been named as having prepared or certified a report, valuation, statement or opinion described or included in the Circular: Bruce Butcher, P.Eng., F. Carl Edmunds, P.Geo., Trevor J. Yeomans, ACSM, P.Eng., Dr. Warwick S. Board, P.Geo., and R. Bruce Kennedy, P.E.

None of the foregoing persons, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in MP LLC's property or the property of any of MP LLC's associates or affiliates. The foregoing persons held an interest in either less than 1% or none of MP LLC's securities or the securities of any associate or affiliate of MP LLC when they prepared the reports, the Mineral Reserves estimates and the Mineral Resources estimates referred to herein and after the preparation of such reports and estimates, and they did not receive any direct or indirect interest in any of MP LLC's securities or the securities of any associate or affiliate of MP LLC in connection with the preparation of such reports or estimates. Neither the aforementioned persons, other than Bruce Butcher, F. Carl Edmunds and Trevor J. Yeomans (each of whom is a SSRI employee), nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of MP LLC or of any associate or affiliate of MP LLC.

PricewaterhouseCoopers LLP, Chartered Accountants, provided an auditor's report dated November 13, 2015 in respect of the combined carve-out financial statements for the Pirquitas Mine for the years ended December 31, 2014 and 2013. PricewaterhouseCoopers LLP has advised SSRI, MP LLC's parent company, that they are independent with respect to MP LLC in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia and within the meaning of PCAOB Rule 3520, Auditor Independence.

FINANCIAL STATEMENTS

The combined carve-out financial statements for the Pirquitas Mine for the years ended December 31, 2014 and December 31, 2013 are attached to the Circular as Appendix "I". The interim combined carve-out financial statements for the Pirquitas Mine for the three and nine months ended September 30, 2015 and 2014 are attached to the Circular as Appendix "J". For the purposes of such combined carve-out financial statements attached to the Circular and in relation to all relevant references in this Appendix "D" to the Circular, the "Pirquitas Mine" constitutes MP LLC, MPSA and the revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership, directly related to the sale of concentrate from the Pirquitas Mine.

Schedule “A”

**Management’s Discussion and Analysis of the Financial Position and Result of Operations for the
Year Ended December 31, 2014**

(See Attached)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014

This Management's Discussion and Analysis ("MD&A") is intended to supplement the audited combined carve-out financial statements for the Pirquitas Mine which constitutes Mina Pirquitas, LLC ("MP LLC"), its Argentine branch, Mina Pirquitas, LLC Sucursal Argentina ("MPSA"), and its share of revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership (collectively, "we", "us" or "our") for the year ended December 31, 2014, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All figures are expressed in U.S. dollars except where otherwise indicated. This MD&A has been prepared as of November 13, 2015, and should be read in conjunction with the audited combined carve-out financial statements for the year ended December 31, 2014.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in the cautionary note under the heading "Cautionary Notes Regarding Forward-Looking Statements" on page 1 of Appendix D to this Circular. We use certain non-GAAP financial measures in this MD&A, which are described under the heading "Non-GAAP Financial Measures" in section 12 of this MD&A.

1. FOURTH QUARTER AND FULL YEAR 2014 HIGHLIGHTS

- 2014 cash costs totaled \$12.08 per payable ounce of silver sold. Fourth quarter cash costs totaled \$11.76 per payable ounce of silver sold.
- Produced record 8.7 million ounces of silver and 30.0 million pounds of zinc in 2014. Achieved production to plan for the third consecutive year.
- During the fourth quarter of 2014, non-cash, pre-tax impairment charge and write-downs of \$51.5 million were recognized, including \$11.3 million against stockpiles within fourth quarter cost of sales and income from mine operations. Net loss for 2014 was \$97.1 million.

2. OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2015. Major capital, exploration and development expenditures are also discussed. These are "forward-looking statements" and are subject to the cautionary note regarding the risks associated with forward-looking statements contained under the heading "Cautionary Notes Regarding Forward-Looking Statements" on page 1 of Appendix D to this Circular.

Outlook for 2015 was updated in SSRI's MD&A dated August 6, 2015, and for the full year 2015, we now expect:

Silver Production	Moz	9.5 - 10.5
Zinc Production	Mlb	10.0 - 12.0
Cash costs per payable ounce sold ⁽¹⁾	\$/oz	10.50 - 11.50
Capital Expenditures ⁽²⁾	\$M	10.0

(1) The non-GAAP financial measure of cost per payable ounce of silver sold is used to manage and evaluate operating performance at the Pirquitas Mine. See "Cautionary Note Regarding Non-GAAP Measures" in section 12 of this MD&A.

(2) Includes capitalized exploration.

3. BUSINESS OVERVIEW

We are focused on silver and zinc production from the Pirquitas Mine in Argentina. During 2014, the Pirquitas Mine continued to operate to plan.

Silver prices performed negatively in 2014 with the price of silver declining 20% to an average of \$19.08 per ounce in 2014 from an average of \$23.82 per ounce in 2013. Most of this silver price decline occurred in the fourth quarter of 2014, with prices trading in a range between \$15.30 and \$17.40 per ounce. At the end of 2014, we saw precious metals prices remaining under pressure, with silver prices closing at \$15.97 per ounce on December 31, 2014.

The downward trend in precious metal prices in the fourth quarter resulted from the increased strength of the U.S. dollar driven by renewed optimism of U.S. economic performance relative to the global economy and expectations of higher U.S. interest rates. The continued backdrop of economic uncertainty and global geographical tensions in the Middle East and Ukraine, however, continues to make the commodity price environment extremely volatile and there has been further declines in 2015.

During the second half of 2014, there was a significant reduction in oil prices from \$100.06 per barrel at June 30, 2014 to \$53.70 per barrel at December 31, 2014, with further declines in 2015. In Argentina, diesel prices are regulated by the government, such that declines in diesel prices have been less significant than other countries have experienced.

In addition to the global macroeconomic environment, the Pirquitas Mine operates within a tightly-controlled regulatory environment in Argentina. Importation of goods and services into Argentina requires pre-approval, which has caused delays in obtaining certain parts and supplies. The Central Bank of Argentina regulates U.S. dollar flows into and out of the country, with Central Bank approval required for all foreign exchange transactions. Argentina continues to experience high inflation with a currency that, generally, depreciates against our reporting currency, the U.S. dollar. During January 2014, the Argentine peso underwent a devaluation of approximately 25% as a result of a government policy change, although subsequently reversed to a more gradual devaluation trajectory and closed on December 31, 2014 at an exchange rate of 8.54 Argentine pesos for 1 U.S. dollar. Even though we recovered \$30.7 million of value added tax ("VAT") receivables in 2014, VAT recovery remains a highly regulated, complex and, at times, lengthy collection process. All of these factors directly impact our business in Argentina.

On September 30, 2015, we, along with SSRI, signed the Business Combination Agreement with Golden Arrow, VDC and New GAR to explore and evaluate its Chinchillas Project, located approximately 30 kilometers from the Pirquitas Mine. The details of the Agreement are further described in the Circular under the heading "*The Business Combination Agreement*".

4. RESULTS OF OPERATIONS

Operating data	March 31, 2014	Three months ended			Total 2014	Total 2013
		June 30, 2014	September 30, 2014	December 31, 2014		
Total material mined (kt)	4,208	4,052	4,315	3,816	16,391	17,423
Waste removed (kt)	3,840	3,550	3,831	3,168	14,389	15,958
Strip ratio	10.4	7.1	7.9	4.9	7.2	10.9
Silver mined grade (g/t)	163	167	160	150	159	186
Zinc mined grade (%)	1.94	2.07	1.36	0.97	1.52	2.28
Mining costs (\$/t mined)	2.40	2.80	2.93	3.18	2.94	2.88
Ore milled (kt)	406	402	407	372	1,587	1,575
Silver mill feed grade (g/t)	204	213	248	222	221	217
Zinc mill feed grade (%)	2.02	2.19	1.79	1.12	1.79	1.63
Processing cost (\$/t milled)	20.09	21.13	23.30	22.46	21.73	24.72
Silver recovery (%)	72.1	74.3	78.7	83.8	77.3	74.9
Zinc recovery (%) ⁽¹⁾	48.9	48.0	43.8	52.6	47.9	48.0
Silver produced ('000 oz)	1,918	2,042	2,551	2,222	8,733	8,216
Zinc Produced ('000 lbs) ⁽¹⁾	8,844	9,319	7,030	4,817	30,010	27,037
Silver sold ('000 oz)	1,596	1,926	1,859	2,764	8,145	8,693
Zinc Sold ('000 lbs) ⁽¹⁾	10,227	5,307	8,062	8,745	32,341	23,524
Realized silver price (\$/oz) ⁽²⁾	20.38	19.89	19.99	17.18	19.15	23.77
Cash costs (\$/oz) ⁽²⁾	12.36	12.18	12.22	11.76	12.08	12.87
Total costs (\$/oz) ⁽²⁾	17.42	16.34	17.11	17.40	17.08	19.68

⁽¹⁾ Data for zinc production and sales relate only to zinc in zinc concentrate as any zinc metal within our silver concentrate does not generate revenue.

⁽²⁾ The non-GAAP financial measure of cost per payable ounce of silver sold and realized silver prices are used to manage and evaluate operating performance at the Pirquitas Mine. For a better understanding and a reconciliation of these measures to cost of sales, as shown in our statements of comprehensive income, please refer to "Non-GAAP Financial Measures" in section 12 of this MD&A.

Mine production

The Pirquitas Mine produced 2.2 million ounces of silver during the fourth quarter of 2014, lower than the 2.6 million ounces produced in the third quarter of 2014 due to lower ore milled and mill feed silver grades, which were partially offset by improved recoveries. Mill feed in the fourth quarter was solely from ore mined from the open pit in the period while third quarter silver production benefited from higher grade stockpiled material. In the fourth quarter of 2014, zinc production declined as planned to 4.8 million pounds of zinc in zinc concentrate.

Ore was milled at an average rate of 4,045 tonnes per day in the fourth quarter. The average silver grade of ore milled was 222 g/t, slightly lower than the 248 g/t reported in the third quarter which benefited from previously mined higher grade stockpiled material. The average recovery rate for silver in the fourth quarter increased to 83.8% from 78.7% in the previous quarter as the mill processed fresh sulphide feed from the open pit and process control improvements positively impacted plant operating performance. Zinc recovery to zinc concentrate was 53%, representing a 21% improvement over the previous quarter, achieved despite a drop in zinc head grade.

During 2014, the mine produced a record 8.7 million ounces of silver, higher than the 8.2 million ounces produced in 2013 primarily due to higher silver recovery in 2014.

In 2014, Pirquitas also produced 30.0 million pounds of zinc in zinc concentrate, a record for the mine, reflecting higher zinc grades as we mined more of the zinc-rich Potosí area of the San Miguel open pit, combined with improved recoveries.

Mine operating costs

Cash costs and total costs per payable ounce of silver sold are non-GAAP financial measures. Please see the discussion under “Non-GAAP Financial Measures” in section 12 of this MD&A.

We further advanced our continuous improvement initiatives at the Pirquitas Mine after completing a cost restructuring program at the operation through late 2013.

Cash costs, which include cost of inventory, treatment and refining costs, and by-product credits, were \$11.76 per payable ounce of silver sold in the fourth quarter of 2014 compared to \$12.22 per payable ounce of silver sold in the third quarter of 2014. Cost of inventory remained similar to the third quarter of 2014 due to higher total spend required to achieve the higher production levels, in part caused by longer hauls, higher fuel consumption and higher mobile maintenance costs.

Cash costs per payable ounce of silver sold in 2014 decreased to \$12.08 from \$12.87 in 2013 per payable ounce of silver sold, mainly due to higher by-product credits in 2014 than in 2013.

Total costs, which add silver export duties, depreciation, depletion and amortization to cash costs, were \$17.40 per payable ounce of silver sold in the fourth quarter of 2014, slightly above \$17.11 per payable ounce of silver sold in the third quarter of 2014 following a reduction in estimated mine life. Depletion, depreciation and amortization was higher on a per ounce sold basis in the fourth quarter of 2014 compared to the third quarter of 2014, whereas the silver export duties were slightly lower than in the previous quarter due to timing of shipments.

Total costs per payable ounce of silver sold in 2014 decreased to \$17.08 from \$19.68 in 2013 mainly due to asset impairment recorded in the second quarter of 2013 which reduced depreciation being charged.

The Pirquitas Mine remains focused on costs and driving further operational efficiencies that will sustain cash flows in a lower silver price environment.

Mine sales

We sold 8.1 million ounces of silver in 2014, compared to 8.7 million ounces in 2013. Sales were lower than in 2013 due to timing of shipments and contractual revenue recognition points. In 2014, we shipped material containing 8.6 million ounces of silver, which met planned inventory levels at site. We also sold 32.3 million pounds of zinc in 2014, well in excess of the 23.5 million pounds sold in 2013, due to the increase in zinc production in 2014.

Silver sales totaled 2.8 million ounces for the quarter, a 49% increase from the third quarter, as higher scheduled shipments reduced inventory levels.

Exploration

At Pirquitas, we focused on near-mine exploration to identify additional Mineral Resources to extend the life of current operations. In support of these activities, in 2014 we secured access to explore an extensive adjacent property, which increased our land position by 4,417 hectares. In 2014, we commenced a field exploration program, which has as of November 13, 2015 defined prospective areas with drill targets, located within a three kilometre radius of the active open pit, which hold potential for silver-zinc mineralization in open pit and underground configurations.

Drill testing on these areas was performed in the fourth quarter of 2014 and we completed 3,117 metres of surface reconnaissance core drilling in 17 drillholes on prospects proximal to our current open pit operations. Results from this surface drilling showed that two targets outside the San Miguel pit area warranted further assessment as they yielded anomalous silver results. Closer to the San Miguel pit, the Medano target yielded an intersected length of

eight metres at a grade of 198 g/t of silver. Further work has not yet commenced due to competing exploration priorities.

In 2014, resource upgrade drilling commenced in the San Miguel zone, on the Chocaya and Oploca vein sets, underlying the existing open pit workings targeting the expansion and upgrade of Mineral Resources. As of November 13, 2015 we have completed this underground drilling program with 41 drillholes completed, and high grade silver mineralization was intersected on all three veins explored, known as Chocaya, Oploca North and Oploca South. All veins remain open laterally and at depth. An engineering study is being undertaken to evaluate the potential to exploit this mineralization from underground, and this study will also include the previously drilled Cortaderas silver-zinc vein, located approximately 650 metres north of the current open pit. The results are expected in early 2016.

Chinchillas Project

On September 30, 2015 we, along with SSRI, entered into the Business Combination Agreement with Golden Arrow, VDC and New GAR. The initial work on the Chinchillas Project is directed towards confirming the Mineral Resource base. Technical planning for a pre-feasibility study on Chinchillas commenced in late third quarter of 2015. Key activities in the fourth quarter of 2015 will include approximately 5,000 metres of resource infill drilling, and initial geotechnical, hydrological and metallurgical studies. We will also commence environmental baseline studies and community engagement programs. The details of the Business Combination Agreement are further described in the Circular under the heading “*The Business Combination Agreement*”.

Export duties

We entered into a fiscal stability agreement (the “Fiscal Agreement”) with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine. In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas) levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002 and the Federal Government has asserted that the Pirquitas Mine is subject to this duty. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina.

The Federal Court (Jujuy) granted an injunction in our favor effective September 29, 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrates (the “Injunction”), pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta). In September 2014, the Federal Tax Authority in Argentina filed an application with the Federal Court (Jujuy) to lift the Injunction and requiring payment of the export duty and payment of applied interest charges. We filed a response to such application on October 14, 2014 and a decision is pending.

As of December 31, 2014, we have paid \$6.6 million in export duties, for which we have filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue export duties. At December 31, 2014, we have accrued a liability totaling \$56.1 million (December 31, 2013 - \$48.2 million), for export duties with no accrual for interest charges, and have recorded a corresponding increase in cost of sales in the relevant period. The application of interest charges is uncertain, but if applied from the date each duty was levied, and based on U.S. dollar rates as at December 31, 2014, was estimated to be in the range of \$4.0 million to \$6.5 million. The final amount of export duties and interest, if any, to be paid or refunded depends on a number of factors including the outcome of litigation. Changes in our assessment of this matter could result in material adjustments to our statement of loss.

5. SUMMARIZED ANNUAL FINANCIAL RESULTS

The following table sets out selected annual financial results, expressed in thousands of U.S. dollars:

	Years ended December 31		
	2014	2013	2012
Revenue	141,253	174,686	241,120
(Loss) income from mine operations	(2,576)	5,185	58,105
Impairment charges	(40,250)	(202,440)	—
Operating(loss) income	(46,044)	(203,075)	45,460
Net (loss) income attributable to owner	(97,104)	(227,410)	48,213
	As at December 31		
	2014	2013	2012
Cash and cash equivalents	52,535	81,849	85,278
Total assets	296,793	437,292	609,267
Non-current financial liabilities	—	—	—

Review of Annual Financial Results

Realized silver price is a non-GAAP financial measure. Please see the discussion under “Non-GAAP Financial Measures” in section 12 of this MD&A.

Net loss for the year ended December 31, 2014 was \$97.1 million compared to a net loss of \$227.4 million in the year ended December 31, 2013. The losses in 2014 and 2013 were both materially impacted by the non-cash asset impairment charges and write-downs following significant declines in silver prices in both years. In 2014, we recognized impairment charges of \$51.5 million and in 2013 we had impairments of \$214.6 million, whereas none were recorded in 2012. In 2014, we recognized an impairment charge of \$40.3 million and wrote off \$11.2 million of low grade stockpiles. In 2013, the impairment was \$202.4 million and the inventory write-down was \$12.2 million. The following is a summary and discussion of other significant components of income and expenses recorded during 2014 compared to 2013.

In 2014, we recognized revenues of \$141.3 million, compared to \$174.7 million in 2013. The decline in revenue was due to both a reduction of silver sold (8.1 million ounces were sold in 2014 compared to 8.7 million ounces in 2013) and realized prices whereby we realized an average silver price of \$19.15 per ounce in 2014, excluding the impact of period-end price adjustments, compared to \$23.77 per ounce in 2013. These two negative variances were offset to some extent by the sale of 32.3 million pounds of zinc in 2014 compared to 23.5 million pounds in 2013 at similar prices. Sales of our silver and zinc concentrates were also impacted by period-end price adjustments for unsettled ounces which had a negative impact of \$2.8 million in 2014, similar to the negative impact of \$2.4 million in 2013.

Cost of sales for the year ended December 31, 2014 was \$143.8 million, compared to \$169.5 million in 2013, with a resulting loss from mine operations of \$2.6 million, compared to an income from mine operations of \$5.2 million in 2013. Both periods were negatively impacted by non-cash write-downs of stockpile inventories amounting to \$11.3 million and \$12.2 million in 2014 and 2013, respectively. We recognized a negative gross margin of 1.8% in 2014, compared to a positive margin of 2.9% in 2013, the reduction mainly due to the decrease in average realized silver price per ounce sold.

General and administrative expenses for the year ended December 31, 2014 of \$1.8 million were lower than the \$3.6 million recorded in 2013. This decrease is principally due to one-off restructuring costs in 2013 which resulted in lower costs in 2014.

Expensed exploration and evaluation expenses were \$1.4 million for 2014 compared to \$2.2 million in 2013. These relate primarily to the surface and underground drilling at the Pirquitas Mine.

During 2014, we recorded \$7.8 million of interest expense and other financing costs (which includes the non-cash accretion of the close down and restoration provision) compared to \$3.8 million in 2013. Higher financing costs in 2014 related to discounts on the sale of VAT credits.

We recorded foreign exchange losses for the year ended December 31, 2014 of \$21.3 million compared to losses of \$31.5 million in 2013. Our main foreign exchange exposures are related to net monetary assets denominated in Argentine pesos. The Argentine peso significantly weakened in January 2014 against the U.S. dollar with slow and gradual devaluation thereafter, but over the remainder of the year the devaluation was very similar to that in 2013. During 2013, the foreign exchange loss was higher because the magnitude of our Argentine peso balances was greater than in 2014.

For the year ended December 31, 2014, we recorded an income tax expense of \$23.7 million compared to an income tax recovery of \$6.4 million in 2013. In 2014, the income tax expense included a derecognition of \$12.0 million of deferred tax assets arising from foreign tax credits related to prior year interest withholding tax paid on interest earned from the Pirquitas Mine operation in Argentina and current year interest withholding tax paid. The continued devaluation of the Argentine peso against the U.S. dollar also impacted the tax expense.

In 2013, the income tax expense is the result of mine operations, the continued devaluation of the Argentine peso against the U.S. dollar and the reversal of deferred tax assets at the time of the write-down of the Pirquitas Mine in the second quarter of 2013.

6. QUARTERLY FINANCIAL REVIEW

The following table sets out selected financial results for each of the eight most recently completed quarters, expressed in thousands of U.S. dollars:

	2014				2013			
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Revenue	40,382	30,874	36,261	33,736	49,026	43,944	32,654	49,062
(Loss) Income from mine operations	(15,950)	(308)	7,758	5,924	3,986	5,732	(18,971)	14,438
Net (loss) income before tax	(62,548)	(5,135)	4,352	(10,073)	(7,423)	(4,349)	(213,630)	(8,439)
Net (loss) income after tax	(81,052)	(5,918)	2,180	(12,314)	5,869	(8,325)	(220,636)	(4,318)
Cash and cash equivalents	52,535	31,609	24,673	26,123	81,849	78,513	96,559	98,592
Total assets	296,793	367,377	365,363	368,104	437,292	425,280	431,876	649,064
Working capital	27,278	34,570	38,737	19,174	63,289	71,719	84,734	145,447
Non-current financial liabilities	-	-	-	-	-	-	-	-

The volatility in revenue over the past eight quarters has resulted from fluctuations in commodity prices, sales volumes, and certain operational and regulatory circumstances. There are no significant seasonal fluctuations in the results for the presented periods. Following a significant decrease in the second half of 2013, the average realized silver price per ounce was fairly consistent in the first three quarters of 2014. Silver prices decreased again in the fourth quarter of 2014. Income (loss) from mine operations in the second quarter of 2013 and in the fourth quarter of 2014 was affected by the non-cash write-down of low grade stockpile inventories to their net realizable value ("NRV"). Excluding the effect of this inventory write-down, income from mine operations followed a similar trend to revenue over the two year period presented.

Net income (loss) before tax has fluctuated significantly over the past eight quarters, heavily influenced by commodity prices. In the fourth quarter of 2014, we recorded impairment charges of \$51.5 million, including a write-down of stockpile inventory to its NRV. Additionally, in the first quarter of 2014 we had a significant foreign

exchange loss of \$15.9 million from the devaluation of the Argentine peso. In the second quarter of 2013, impairment charges of \$214.6 million were recorded.

Three months ended December 31, 2014 compared to the three months ended December 31, 2013

Realized silver price is a non-GAAP financial measure. Please see the discussion under “Non-GAAP Financial Measures” in section 13 of this MD&A.

Net loss for the three months ended December 31, 2014 was \$81.1 million, compared to a net income of \$5.9 million in the same period of 2013. In the fourth quarter of 2014, we recognized a non-cash impairment charge of \$40.3 million and a non-cash write-down of \$11.3 million of low grade stockpiles. The following is a summary and discussion of the other significant components of income and expenses recorded during the fourth quarter of 2014 compared to the same period in the prior year.

In the three months ended December 31, 2014, we recognized total revenues of \$40.4 million, compared to \$49.0 million recognized in the comparative period of 2013. The decline in revenue was primarily the function of lower silver prices as we actually sold more silver ounces in the fourth quarter of 2014 (2.8 million ounces compared to 2.5 million ounces sold in the fourth quarter of 2013). Realized silver prices in the fourth quarter of 2014 averaged \$17.18 per ounce, excluding the impact of period-end price adjustments, compared to \$20.79 per ounce in the same period in 2013. In addition, zinc sales of 8.7 million pounds in 2014 were lower than the 14.2 million pounds sold in the fourth quarter of 2013. At December 31, 2014, sales contracts containing 1.9 million ounces of silver were subject to final price settlement over the next four months.

Cost of sales for the fourth quarter of 2014 was \$56.3 million, compared to \$45.0 million in the fourth quarter of 2013, resulting in a loss from mine operations of \$16.0 million in the fourth quarter of 2014, compared to an income of \$4.0 million in the fourth quarter of 2013. The fourth quarter of 2014 was negatively impacted by a non-cash write-down of low grade stockpile inventory of \$11.3 million. Excluding the inventory write-down, in 2014 we recognized a negative margin of 12% in the fourth quarter, compared to a positive margin of 8.1% in the fourth quarter of 2013. Excluding the inventory write-down, the gross margin was lower than in 2013, which was mainly due to the lower realized silver prices in the period, as well as higher depreciation charges reflecting a shorter mine life. On a per unit basis, the cost of inventory was similar in the fourth quarter of 2014 to the fourth quarter of 2013.

General and administrative expenses in the three months ended December 31, 2014 of \$1.1 million were lower than the \$2.2 million recorded in the three months ended December 31, 2013. This decrease is principally due to one-off restructuring costs in 2013 which resulted in lower costs in 2014.

Exploration and evaluation costs were \$1.2 million for the three months ended December 31, 2014 compared to \$nil spent in the three months ended December 31, 2013. The costs in the fourth quarter of 2014 related to the drill program undertaken.

During the fourth quarter of 2014, we recorded interest expense and other financing costs (which includes the non-cash accretion of the close down and restoration provision) of \$3.8 million compared to the \$0.6 million recorded in the fourth quarter of 2013. The increase was mainly due to finance expense in the form of a discount on the sale of our VAT credits in Argentina.

We recorded foreign exchange losses for the three months ended December 31, 2014 of \$1.4 million compared to losses of \$10.6 million in the three months ended December 31, 2013. Our main foreign exchange exposures are related to net monetary assets denominated in Argentine pesos. During the three months ended December 31, 2014, this foreign exchange loss resulted from the Argentine peso weakening against the U.S. dollar. In the same period of 2013, the Argentine peso devalued at a higher rate against a larger Argentine peso-denominated asset base.

For the three months ended December 31, 2014, we recorded an income tax expense of \$18.5 million compared to an income tax recovery of \$13.3 million in the three months ended December 31, 2013. At December 31, 2014, we completed a reorganization of MP LLC, which resulted in the write off of deferred tax assets of \$12.0 million. As a result of this reorganization, MP LLC, as a wholly-owned subsidiary of SSRI, will no longer be subject to U.S.

income tax. In the fourth quarter of 2013, the tax recovery resulted from the recognition of tax benefits from foreign tax credits available in the U.S. from Argentine withholding taxes paid, and also foreign exchange losses.

7. LIQUIDITY

At December 31, 2014, we had \$52.5 million of cash and cash equivalents, a decrease of \$29.3 million from December 31, 2013. In the year ended December 31, 2014, we generated \$64.8 million of cash flows from operating activities, used \$21.2 million in investing activities and used \$68.5 million in financing activities. Cash flows from investing activities comprised outflows of \$22.7 million on capital expenditures, exploration and development projects and deferred stripping. Cash flows from financing activities included a net repayment of loans from related party of \$24.4 million, and a dividend payment of \$50.0 million. Additionally, we arranged a local Argentine peso-denominated loan facility (equivalent to \$7.5 million), drawing \$5.9 million by December 31, 2014. We also incurred foreign exchange losses of \$4.3 million, before impacts of interest earned, on our foreign cash balances, in Argentina.

We manage our liquidity position with the objectives of ensuring sufficient funds are available to meet planned operating requirements.

At December 31, 2014, \$46.2 million of our cash and cash equivalents was held in the United States and \$6.4 million in Argentina. The government of Argentina's regulation of U.S. dollar inflows and outflows restricts our ability to repatriate cash generated, however, we repatriate cash from Argentina under a fixed schedule of debt repayments.

At December 31, 2014, our working capital position was \$27.3 million, a decrease from \$63.3 million at December 31, 2013, principally as a result of dividend payments and the increasing provision for export duties.

The following table summarizes our financial liabilities, operating and capital commitments at December 31, 2014, expressed in thousands of U.S. dollars:

	Payments due by period (as at December 31, 2014)					At December 31, 2013
	Less than one year	1 - 3 years	4-5 years	After 5 years	Total	Total
	\$	\$	\$	\$	\$	\$
Contractual obligations						
Trade and other payables	23,299	—	—	—	23,299	16,955
Current provisions ⁽¹⁾	56,058	—	—	—	56,058	48,169
Current debt	5,922	—	—	—	5,922	—
Capital expenditure commitments	76	—	—	—	76	6,164
Total contractual obligations	85,355	—	—	—	85,355	71,288

⁽¹⁾ The provision for export duties is reported as a current liability and therefore disclosed as due within one year. As discussed in section 4 of this MD&A, this liability relates to a legal proceeding in Argentina, and the likelihood and timing of any settlement remains uncertain.

Our cash balance at December 31, 2014, along with projected operating cash flows under normal operating conditions are expected to be sufficient to fund planned operations, exploration, and development over the next twelve months from the date of this MD&A. If, however, we were required to settle the export duty provision in full in this period, this would have a material impact on our liquidity. We are continuing our cost reduction strategy to preserve capital throughout the organization and to discharge liabilities as they become due, while implementing various optimization activities to improve cash generation capacity.

8. CAPITAL RESOURCES

Our capital consists of items included in owner's interest and debt, net of cash and cash equivalents as follows, expressed in U.S. dollars:

	December 31 2014 \$000s	December 31 2013 \$000s
Owner's net investment	482,669	476,260
Current debt	5,922	—
	488,591	476,260
Less: cash and cash equivalents	(52,535)	(81,849)
	436,056	394,411

At December 31, 2014, there was no externally imposed capital requirement to which we are subject and with which we have not complied.

As at December 31, 2014, MP LLC had 100 units outstanding and no options outstanding, and the sales and marketing limited partnership had 13,000,100 units outstanding.

Outstanding unit data

The authorized capital of MP LLC consists of an unlimited number of units. The partnership agreement governing the sales and marketing limited partnership does not restrict the number of units that may be issued and outstanding. As at November 13, 2015, MP LLC had 100 units outstanding and no options outstanding, and the sales and marketing limited partnership had 13,000,100 units outstanding. All of the issued and outstanding units of MP LLC and limited partnership units of the sales and marketing limited partnership have been pledged by SSRI pursuant to the credit agreement dated as of August 4, 2015 among SSRI, Canadian Imperial Bank of Canada and the lenders from time to time parties to such agreement.

9. FINANCIAL INSTRUMENTS AND RELATED RISKS

We are exposed to a variety of financial risks as a result of our operations, including market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management strategy seeks to reduce potential adverse effects on our financial performance. Risk management is carried out under policies approved by management.

We may, from time to time, use certain contracts to manage our exposure to fluctuations in market prices, foreign currency, metal and energy prices or interest rates. We do not have a practice of trading derivatives.

The risks associated with our financial instruments, and the policies on how we mitigate those risks are set out below. This is not intended to be a comprehensive discussion of all risks.

a) Market Risk

This is the risk that the fair values of financial instruments will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are price risk, currency risk and interest rate risk.

(i) Price Risk

This is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market prices. Income from mine operations in the next year depends on the metal prices for silver, and to a lesser extent, zinc. These prices are affected by numerous factors that are outside of our control such as:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- inflation; and
- political and economic conditions, including interest rates and currency values.

The principal financial instrument that we hold that is impacted by commodity prices is the embedded derivative within our silver and zinc concentrate trade receivables. The majority of these sales agreements are subject to pricing terms that settle within one to three months after delivery of concentrate and this adjustment period represents our trade receivable exposure to variations in commodity prices.

We have not hedged the price of silver as part of our strategy.

A 10% increase in the average commodity price as at December 31, with all other variables held constant, would have resulted in the following impact to our after-tax net income, expressed in U.S. dollars:

	2014	2013
Products	\$000s	\$000s
10% increase in silver price	1,958	1,814
10% increase in zinc price	275	272

The costs relating to our production activities vary depending on market prices of certain mining consumables including diesel fuel and electricity. A 10% increase in diesel fuel market prices would have resulted in a \$1.4 million decrease in our after-tax net income for the year ended December 31, 2014. We have not hedged any commodity prices as at December 31, 2014.

(ii) Currency Risk

Currency risk is the risk that the fair values or future cash flows of our financial instruments and VAT receivables will fluctuate because of changes in foreign currency rates. Our financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; exchange gains and losses in these situations impact earnings.

The following are the most significant areas of exposure to currency risk, expressed in thousands of U.S. dollars:

	December 31, 2014	December 31, 2013
	Argentine peso	Argentine peso
Cash	6,383	20,700
VAT receivable	35,265	64,792
Trade and other payables (excluding VAT and income taxes)	(17,804)	(13,487)
Current debt	(5,922)	—
Total	17,922	72,005

We monitor and manage this risk with the objective of ensuring that our exposure to negative fluctuations in currencies against the U.S. dollar is managed. As at December 31, 2014, we have not entered into any derivatives to mitigate this risk.

The Argentine government requires the repatriation of export revenues into Argentina and, where cash flows exceed our current cash repatriation schedule, this results in an increase to our Argentine peso cash balance. In Argentina, the official Argentine peso exchange rate published is significantly lower than the parallel market rate (also referred to as the Blue rate). We use the official Argentine peso exchange rate for all re-measurement purposes which is consistent with the economic reality that foreign currency transactions entered into or paid out of Argentina are required to be converted at the official exchange rate. A sudden devaluation of the Argentine peso to a rate closer to the parallel market rate would materially impact the value of our Argentine peso-denominated cash and VAT receivables in U.S. dollar terms, but would improve our operating costs in U.S. dollar terms, all else being equal. We are actively seeking ways to mitigate the risk on our cash balance of a devaluation of the Argentine peso, and therefore, we are repatriating cash from Argentina under a fixed schedule of debt repayments and have entered into an Argentina peso-denominated loan facility.

In early 2014, the Argentine peso saw a significant devaluation, as the government reduced intervention and relaxed capital controls, but since that time the peso has reverted to a steady devaluation against the U.S. dollar. In 2014, the Argentine peso devalued 31% compared to 33% in 2013. The devaluation reduced the value of our Argentine peso-denominated assets, principally cash and VAT receivables, and decreased Argentina peso-denominated liabilities, principally accounts payable, when expressed in U.S. dollar terms.

A 10% increase in the U.S. dollar exchange rate on financial assets and liabilities denominated in the following currencies, with all other variables held constant, would have resulted in the following impact to our total comprehensive income for the years ended December 31, 2014 and December 31, 2013, expressed in U.S. dollars:

	2014 \$000s	2013 \$000s
Argentine peso	(1,195)	(4,892)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on our cash and cash equivalents and Argentine peso-denominated loan facility because these are the only financial instruments we hold that are impacted by interest based on variable market interest rates. We monitor our exposure to interest rates closely and have not entered into any derivative contracts to manage our risk.

As at December 31, 2014, the weighted average interest rate earned on our U.S. dollar cash and cash equivalents was 0.23% (2013 – 5.08%). With other variables unchanged, a 1% change in the annualized interest rate would impact after-tax net income by \$276,000 (2013 – \$605,000).

b) Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. Our credit risk is limited to the following instruments:

Credit risk related to financial institutions and cash deposits Under our investment policy, investments are made only in highly rated financial institutions, and corporate and government securities. We diversify our holdings and consider the risk of loss associated with investments to be low.

Credit risk related to trade receivables We are exposed to credit risk through our trade receivables on concentrate sales, which are principally with internationally-recognized counterparties. Payments of receivables are scheduled, routine and received within a contractually agreed time frame. We manage this risk by requiring provisional payments of at least 75% of the value of the concentrate shipped and through utilizing multiple counterparties.

Credit risk related to other financial assets All other receivable balances are expected to be collectible in full due to the nature of the counterparties and/or a previous history of collectability.

We also have credit risk through our significant VAT receivable balances that is collectible from the government of Argentina. The balance is expected to be recoverable in full, however due to legislative rules and the complex collection process, a significant portion of the asset is classified as non-current until government approval of the recovery claim is approved.

Our maximum exposure to credit risk as at December 31, 2014 and December 31, 2013 was as follows, expressed in U.S. dollars:

	December 31, 2014	December 31, 2013
	\$000s	\$000s
Cash and cash equivalents	52,535	81,849
Value added tax receivable	35,265	64,965
Trade and other receivables	29,413	45,370
	117,213	192,184

At December 31, 2014, no amounts were held as collateral.

c) Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our obligations under our financial instruments as they fall due. We manage our liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support our current operations, expansion and development plans, and by managing our capital structure. Our objective is to ensure that there are sufficient committed financial resources to meet planned operating requirements for a minimum of twelve months.

Argentine government regulation of U.S. dollar inflows and outflows restricts the ability to repatriate cash generated by the Pirquitas Mine although we repatriate cash from Argentina under a fixed schedule of debt repayments, which has an impact on our overall liquidity.

We have no other off balance sheet arrangements, except as discussed above.

A discussion of our liquidity position and the maturity profile of financial liabilities presenting contractual undiscounted cash flows as at December 31, 2014 is included in section 7 of this MD&A.

10. OTHER RISKS AND UNCERTAINTIES

We are subject to a number of risks and uncertainties, each of which could have an adverse effect on our operating results, business prospects or financial position.

For a comprehensive list of the risks and uncertainties affecting our business, please refer to the section entitled “Risk Factors” in Appendix D of this Circular.

11. RELATED PARTY TRANSACTIONS

Amounts due from related party as at December 31, 2014 was \$2.3 million (December 31, 2013 - \$0.9 million) and related to amounts loaned to Pacific Rim Mining Corporation Argentina S.A., which is wholly-owned by our parent company, SSRI. The loan is denominated in Argentine pesos and has an annualized interest rate of 17%, and interest income for the year ended December 31, 2014 was \$0.2 million (2013 - \$0.5 million).

Amounts due to related party as at December 31, 2014 was \$42.1 million (December 31, 2013 - \$64.6 million) and related to amounts loaned from SSRI, of which \$30.0 million (December 31, 2013 - \$30.0 million) bears interest of

LIBOR plus 3% per annum, and the balance is non-interest bearing. All outstanding loans are repayable on demand. During the year ended December 31, 2014 we were advanced \$2.0 million and repaid \$26.4 million (2013 – were advanced \$25.4 million and repaid \$1.0 million). In addition, in the year ended December 31, 2014 we paid management service fees of \$0.6 million (2013 - \$nil).

During the year ended December 31, 2014 we paid dividends of \$50.0 million (2013 - \$nil) to our parent company, SSRI.

12. NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Non-GAAP financial measures - Cash costs and total costs per payable ounce of silver sold

We use the non-GAAP financial measures of cash costs and total costs per payable ounce of precious silver sold to manage and evaluate operating performance. We believe that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate our performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of our condensed interim statements of (loss) income to cash costs and total costs for each of the three month periods indicated below, expressed in U.S. dollars unless otherwise noted:

	Q1 2014 \$000s	Q2 2014 \$000s	Q3 2014 \$000s	Q4 2014 \$000s	Total 2014 \$000s	Total 2013 \$000s
Cost of sales (A)	27,812	28,503	31,182	56,332	143,829	169,502
Add: Treatment and refining costs	3,148	4,296	3,734	5,132	16,310	17,459
Less: By-product revenue	(6,314)	(3,540)	(6,166)	(6,268)	(22,288)	(14,368)
Less: Inventory NRV write-down	—	—	—	(11,262)	(11,262)	(12,193)
Less: Restructuring costs	—	—	—	—	—	(1,468)
Total Costs	24,646	29,259	28,750	43,934	126,589	158,932
Less: Depreciation, depletion and amortization	(5,080)	(6,037)	(5,640)	(12,427)	(29,184)	(41,808)
Less: Export duties on silver concentrate	(2,080)	(1,418)	(2,581)	(1,810)	(7,889)	(13,162)
Cash Costs	17,486	21,804	20,529	29,697	89,516	103,962
Payable ounces of silver sold (oz)	1,415,114	1,790,117	1,680,502	2,525,166	7,410,899	8,075,103
Total Costs per silver ounce (\$/oz)	17.42	17.11	17.11	17.40	17.08	19.68
Cash Costs per silver ounce (\$/oz)	12.36	12.18	12.22	11.76	12.08	12.87

Non-GAAP financial measures - realized silver prices

Average realized price per ounce of silver sold in each reporting period excludes the period end price adjustments and final settlements on concentrate shipments.

13. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Basis of preparation and accounting policies

The Pirquitas Mine combined carve-out financial statements, which have been prepared in connection with the Business Combination Agreement, present the historical carve-out financial position, results of operations, changes in equity and cash flows of the Pirquitas Mine. The Pirquitas Mine combined carve-out financial statements have been derived from the accounting records of SSRI and prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Pirquitas Mine been a separate entity. SSRI's investment in the Pirquitas Mine, presented as Owner's Interest in the Pirquitas Mine combined carve-out financial statements, includes the accumulated retained earnings, other reserves and accumulated net contributions by SSRI. Our results are comprised of the historical operations, assets, liabilities and cash flows of MP LLC, MPSA and the revenues, expenses, assets and liabilities from a related sales and marketing entity directly related to the sale of concentrate from the Pirquitas Mine.

These combined carve-out financial statements have been prepared in accordance with IFRS as issued by the IASB. The comparative information has also been prepared on this basis.

These combined carve-out financial statements incorporate the financial statements of our entities as described in Note 1 of our combined carve-out financial statements for the year ended December 31, 2014. All balances and transactions between the parties being combined are eliminated.

These statements were authorized for issue by the Audit Committee of SSRI on November 13, 2015.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires us to exercise our judgment in the process of applying our accounting policies. The areas involving judgment or complexity, or areas where assumptions and estimates are significant and could affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the combined carve-out financial statements and the reported amounts of revenues and expenses during the period, are discussed in Note 2(q) to our combined carve-out financial statements for the year ended December 31, 2014.

Adoption of new or amended IFRS pronouncements

The following new and amended IFRS pronouncements were adopted during 2014:

Levies imposed by governments

IFRIC's Interpretation 21, *Levies* ("IFRIC 21"), an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments, was effective for annual periods beginning on January 1, 2014. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This did not have any significant impact on our current accounting for levies imposed by governments.

Impairment of assets

IAS 36, *Impairment of assets*, was amended to clarify disclosure requirements when a recoverable amount is determined based on fair value less costs to dispose ("FVLCTD"). The amendment was effective for annual periods beginning on January 1, 2014 and we have adopted the amendment in Note 7 of our combined carve-out financial statements for the year ended December 31, 2014, which did not have a significant impact to the disclosure.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the combined financial statements and related notes. Areas of judgment

and key sources of estimation uncertainty that have the most significant effect on the amounts recognized in the combined financial statements are the following:

Review of asset carrying values and impairment assessment

In accordance with our accounting policy (Note 2(j) of our combined carve-out financial statements for the year ended December 31, 2014), each asset or cash generating unit (“CGU”) is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of FVLCTD or value in use (“VIU”).

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices and forecasts, production budgets and forecasts, and life-of-mine estimates.

The determination of FVLCTD and VIU requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, Mineral Reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in the combined statements of income (loss).

Mineral Reserves and Mineral Resources estimates We estimate Mineral Reserves and Mineral Resources based on information prepared by qualified persons as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Mineral Reserves are used in the calculation of depreciation, amortization and impairment charges, for forecasting the timing of the payment of close down and restoration costs, and future taxes. In assessing the life of a mine for accounting purposes, Mineral Resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating Mineral Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Mineral Reserves and may, ultimately, result in Mineral Reserve estimates being revised. Such changes in Mineral Reserves could impact on depreciation and amortization rates, asset carrying values and the provision for close down and restoration.

Determination of deferred stripping activities We determine whether stripping costs incurred during the production phase of a surface mining operation provide improved access to a component of an ore body that will be mined in a future period, and whether the costs can be reliably measured. We have to apply judgment when identifying components of the mine over which stripping costs are capitalized, estimate the average stripping ratio for each component, and use judgment in determining the period over which the stripping activity asset is amortized.

Determination of useful lives of property, plant and equipment We use the units-of-production method to depreciate mineral property expenditures, whereby depreciation is calculated using the quantity (either tonnes or ounces) of ore extracted from the mine in the period as a percentage of the total quantity of ore expected to be extracted in current and future periods based on Mineral Reserves. As noted above, there are numerous uncertainties inherent in estimating Mineral Reserves. Other assets are depreciated using the straight-line method, which includes significant management judgment to determine useful lives and residual values.

The carrying amounts of our mineral properties are depleted based on recoverable ounces contained in proven and probable Mineral Reserves. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to our mine plans and changes in metal price forecasts can result in a change to future depletion rates.

Valuation of inventory

Stockpiled ore and finished goods are valued at the lower of average cost and NRV. NRV is calculated as the estimated price at the time of sale based on prevailing and forecast metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of forecast sales price, production and selling costs requires significant assumptions that may impact the stated value of our inventory.

Close down and restoration provision Close down and restoration costs are a consequence of exploration activities and mining, and the majority of close down and restoration costs are incurred near the end of the life of a mine. Our accounting policy requires the recognition of such provisions when the obligation occurs. The initial provisions are periodically reviewed during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations. Although the ultimate cost to be incurred is uncertain, we estimate our costs based on studies using current restoration standards and techniques. The initial closure provisions together with changes, other than those arising from the discount applied in establishing the net present value of the provision, are capitalized within property, plant and equipment and depreciated over the lives of the assets to which they relate.

The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites, local inflation rates and exchange rates when liabilities are anticipated to be settled in a currency other than the U.S. dollar. The expected timing of expenditure can also change, for example, in response to changes in Mineral Reserves, production rates or economic conditions. As a result, there could be significant adjustments to the provision for close down and restoration, which would affect future financial results.

Deferred tax assets and liabilities The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Functional Currency The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on our combined results based on the foreign currency translation methods described in Note 2(c) of our financial statements for the year ended December 31, 2014

Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal, tax or regulatory proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, we evaluate with our legal counsel the perceived merits of any legal, tax or regulatory proceedings, unasserted claims or actions. Also evaluated are the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets or liabilities are not recognized in the combined financial statements.

Future accounting changes

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective. Except as set out below, none of these changes are expected to have a significant effect on our combined financial statements:

Revenue from contracts with customers

The IASB has replaced IAS 18, *Revenue* in its entirety with IFRS 15 - Revenue from contracts with customers ("IFRS 15") which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2017. We are currently evaluating the impact the standard is expected to have on our combined financial statements.

IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9")

IFRS 9 as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. We will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

Amendments

Amendments to standards and interpretations include the following:

IFRS 7, *Financial instruments: Disclosure* ("IFRS 7"): IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on our combined financial statements.

Schedule “B”

**Management’s Discussion and Analysis of the Financial Position and Results of Operations for the
Three and Nine Months Ended September 30, 2015**

(See Attached)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

This Management's Discussion and Analysis ("MD&A") is intended to supplement the unaudited condensed combined interim carve-out financial statements for the Pirquitas Mine which constitutes Mina Pirquitas, LLC ("MP LLC"), its Argentine branch, Mina Pirquitas, LLC Sucursal Argentina ("MPSA"), and its share of revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership (collectively, "we", "us" or "our") for the three and nine months ended September 30, 2015, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All figures are expressed in U.S. dollars except where otherwise indicated. This MD&A has been prepared as of November 13, 2015, and should be read in conjunction with the unaudited condensed combined interim carve-out financial statements for the three and nine months ended September 30, 2015.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in the cautionary note under the heading "Cautionary Notes Regarding Forward-Looking Statements" on page 1 of Appendix D to this Circular. We use certain non-GAAP financial measures in this MD&A; for a description of each of these measures, please see the discussion under the heading "Non-GAAP Financial Measures" in section 11.

1. THIRD QUARTER 2015 HIGHLIGHTS

- **Delivered production to plan:** Produced 2.6 million ounces of silver.
- **Silver cash costs in line with expectations:** Cash costs totaled \$11.02 per payable ounce of silver sold.
- **Pursuing opportunity to extend operating life:** Along with SSRI signed an agreement with Golden Arrow, VDC and New GAR to explore and evaluate the Chinchillas Project, approximately 30 kilometers from the Pirquitas Mine.
- **Recorded impairment charge:** Non-cash, pre-tax impairment charge and write-downs of \$42.2 million were recognized due to a decline in silver prices, including \$7.7 million related to ore stockpiles within cost of sales and loss from mine operations.

2. OUTLOOK

This section of the MD&A provides management's production and cost estimates. Major capital and exploration expenditures are also discussed. See "Cautionary Notes Regarding Forward-Looking Statements" on page 1 of Appendix "D" to this Circular.

For the full year 2015, we expect:

Silver Production	Mo	9.5 - 10.5
Zinc Production	Mlb	10.0 - 12.0
Cash costs per payable ounce sold ⁽¹⁾	\$/oz	10.50 - 11.50
Capital Expenditures ⁽²⁾	\$M	10.0

⁽¹⁾ The non-GAAP financial measures of cash costs per payable ounce of silver sold is used to manage and evaluate operating performance at the Pirquitas Mine. See "Non-GAAP Financial Measures" in section 11 of this MD&A.

⁽²⁾ Includes capitalized exploration.

3. BUSINESS OVERVIEW

We are focused on safe silver and zinc production from the Pirquitas Mine in Argentina.

Our financial performance is impacted by silver prices. Silver prices weakened in the third quarter of 2015 with a decrease of 9% to an average of \$14.91 per ounce from an average of \$16.41 per ounce in the second quarter of 2015. At the end of the third quarter of 2015, silver prices closed at \$14.65 per ounce on September 30, 2015.

The U.S. dollar remained strong through the third quarter of 2015 with expectations of higher U.S. interest rates continuing, although rates have remained unchanged. The continued economic uncertainty and global geographical tensions in the Middle East and Europe have also added to the extreme volatility of the commodity price environment. In addition, weakening in the Chinese economy has reduced the expected demand for precious metals by China. Subsequent to quarter end, metal prices improved and the U.S. dollar slightly weakened.

During the third quarter of 2015, oil prices averaged \$47.42 per barrel, well below price levels experienced over the last three years. In Argentina, diesel prices are regulated by the government, such that declines in diesel prices have been less significant than other countries have experienced.

In addition to the global macroeconomic environment, the Pirquitas Mine operates within a tightly-controlled regulatory environment in Argentina. The Central Bank of Argentina regulates U.S. dollar flows into and out of the country, with Central Bank approval required for all foreign exchange transactions. Argentina continues to experience high inflation with a currency that, generally, depreciates against our reporting currency, the U.S. dollar. During the third quarter of 2015, the pace of Argentine peso devaluation was slow but still devalued by approximately 3% and closed on September 30, 2015 at an exchange rate of 9.41 Argentine pesos for 1 U.S. dollar. Local inflation in the third quarter of 2015 exceeded this devaluation, pressuring our Argentine peso-denominated costs when reported in U.S. dollars. Value added tax ("VAT") recovery remains a highly regulated, complex and, at times, lengthy collection process; however, we recovered \$10.7 million of VAT in the nine months ended September 30, 2015. All of these factors directly impact our business in Argentina.

On September 30, 2015, MP LLC, along with SSRI, signed the Business Combination Agreement with Golden Arrow, VDC and New GAR to explore and evaluate its Chinchillas silver-lead-zinc project, located approximately 30 kilometers from the Pirquitas Mine. The details of the Business Combination Agreement are further described in the Circular under the heading "*The Business Combination Agreement*".

4. RESULTS OF OPERATIONS

Operating data	September 30 2015	Three months ended			
		June 30 2015	March 31 2015	December 31 2014	September 30 2014
Total material mined (kt)	2,746	3,087	3,355	3,816	4,315
Waste removed (kt)	2,219	2,320	2,585	3,168	3,831
Strip ratio	4.2	3.0	3.4	4.9	7.9
Silver mined grade (g/t)	188	172	184	150	160
Zinc mined grade (%)	0.33	0.69	0.73	0.97	1.36
Mining cost (\$/t mined)	3.94	3.39	2.90	3.18	2.93
Ore milled (kt)	410	347	379	372	407
Silver mill feed grade (g/t)	238	262	267	222	248
Zinc mill feed grade (%)	0.57	0.69	0.89	1.12	1.79
Processing cost (\$/t milled)	21.53	22.69	21.46	22.46	23.30
Silver recovery (%)	82.0	83.7	83.9	83.8	78.7
Zinc recovery (%) ⁽¹⁾	40.1	50.9	51.4	52.6	43.8
Silver produced ('000 oz)	2,576	2,443	2,732	2,222	2,551
Zinc produced ('000 lbs) ⁽¹⁾	2,076	2,674	3,837	4,817	7,030
Silver sold ('000 oz)	2,819	2,623	2,909	2,764	1,859
Zinc sold ('000 lbs) ⁽¹⁾	2,352	4,936	2,769	8,745	8,062
Realized silver price (\$/oz) ⁽²⁾	14.97	16.72	16.67	17.18	19.99
Cash costs (\$/oz) ⁽²⁾	11.02	9.45	11.25	11.76	12.22
Total costs (\$/oz) ⁽²⁾	16.54	15.23	16.00	17.40	17.11

⁽¹⁾ Data for zinc recovery, production and sales relate only to zinc in zinc concentrate as any zinc metal within our silver concentrate does not generate revenue.

⁽²⁾ The non-GAAP financial measures of realized silver prices, cash costs and total costs per payable ounce of silver sold are used to manage and evaluate operating performance at the Pirquitas Mine. For a better understanding and a reconciliation of these measures to cost of sales, as shown in our statements of comprehensive income, please refer to “Non-GAAP Financial Measures” in section 11 of this MD&A.

Mine production

The Pirquitas Mine produced 2.6 million ounces of silver during the third quarter of 2015, higher than the 2.4 million ounces produced in the second quarter. The quarter-on-quarter increase in silver production is primarily due to the higher amount of ore milled, as silver mill feed grade and recovery remained relatively in line with the previous quarter. The mine also produced 2.1 million pounds of zinc in zinc concentrate during the third quarter of 2015, a reduction from the second quarter of 2015 production of 2.7 million pounds and in line with the falling zinc head grade.

Consistent with our mine plan, total material mined has been declining with 2,746,000 tonnes mined in the third quarter of 2015, 11% less than in the second quarter of 2015. In addition, the strip ratio increased to 4.2:1 from 3.0:1 in the second quarter of 2015.

Approximately 410,000 tonnes of ore was milled during the third quarter of 2015, compared to 347,000 tonnes in the second quarter of 2015. Ore was milled at an average rate of 4,454 tonnes per day during the third quarter of 2015, 12% above the mill's nominal design and 17% higher than the average milling rate of 3,815 tonnes per day in the second quarter of 2015.

Ore milled during the third quarter of 2015 contained an average silver grade of 238 g/t, lower than the 262 g/t reported in the second quarter of 2015. As a result, the average silver recovery rate of 82.0% was lower than the average recovery rate of 83.7% in the second quarter of 2015.

Mine operating costs

Cash costs and total costs per payable ounce of silver sold are non-GAAP financial measures. Please see the discussion under "Non-GAAP Financial Measures" in section 11 of this MD&A.

Cash costs, which include cost of inventory, treatment and refining costs and by-product credits, were \$11.02 per payable ounce of silver sold in the third quarter of 2015 compared to \$9.45 per payable ounce of silver sold in the second quarter of 2015. Cost of inventory was higher compared to the second quarter of 2015 due to lower by-product credits in the third quarter of 2015 resulting from lower zinc sales, higher mining costs due to longer and deeper haul profiles and higher truck maintenance costs.

Total costs, which add silver export duties, depreciation, depletion and amortization to cash costs, were \$16.54 per payable ounce of silver sold in the third quarter of 2015, higher than the \$15.23 per payable ounce of silver sold in the second quarter of 2015. Depletion, depreciation and amortization was slightly lower on a per unit sold basis in the third quarter of 2015, compared to the second quarter of 2015. Silver export duties were higher than in the previous quarter due to timing of shipments.

We remain focused on costs and driving further operational efficiencies that will sustain cash flows in a lower silver price environment while pursuing alternatives for mine life extension.

Mine sales

In the third quarter of 2015, we sold 2.8 million ounces of silver, 8% higher than sales of 2.6 million ounces of silver in the second quarter of 2015. We also sold 2.4 million pounds of zinc in the third quarter of 2015, compared to the 4.9 million pounds sold in the second quarter of 2015. Sales of both metals were in line with our mine plan.

Exploration

We completed the underground drilling program beneath the San Miguel open pit at the Pirquitas Mine in the third quarter of 2015. High grade silver mineralization was intersected on all three veins explored, known as Chocaya, Oploca North and Oploca South veins. The underground drill program at the Pirquitas Mine is targeting the expansion and upgrade of Mineral Resources underlying the San Miguel open pit.

During the program, 41 drillholes were completed from underground drill stations. All veins remain open laterally and at depth. An engineering study is being undertaken to evaluate the potential to exploit this mineralization from underground. This engineering study will also include the previously drilled Cortaderas silver-zinc vein, located approximately 650 metres north of the current open pit. The results are expected in early 2016.

Chinchillas Project

On September 30, 2015, MP LLC, along with SSRI, entered into the Business Combination Agreement with Golden Arrow, VDC and New GAR. The initial work on the Chinchillas Project is directed towards confirming the Mineral Resource base. Technical planning for a pre-feasibility study on Chinchillas commenced in late third quarter of 2015. Key activities in the fourth quarter of 2015 will include approximately 5,000 metres of resource infill drilling, and initial geotechnical, hydrological and metallurgical studies. We will also commence

environmental baseline studies and community engagement programs. The details of the Business Combination Agreement are further described in the Circular under the heading “*The Business Combination Agreement*”.

Fiscal stability agreement and regulatory environment

We entered into a fiscal stability agreement (the “Fiscal Agreement”) with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine. In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas) levied an export duty of approximately 10% from concentrate for projects with fiscal stability agreements pre-dating 2002 and the Federal Government has asserted that the Pirquitas Mine is subject to this duty. We have challenged the legality of the export duty applied to silver concentrate and the matter is currently under review by the Federal Court (Jujuy) in Argentina.

The Federal Court (Jujuy) granted an injunction in our favor effective September 29, 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrate (the “Injunction”), pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta). In September 2014, the Federal Tax Authority in Argentina filed an application with the Federal Court (Jujuy) to lift the Injunction and requiring payment of the export duty and payment of applied interest charges. We filed a response to such application on October 14, 2014 and a decision is pending.

As of September 30, 2015, we have paid \$6.6 million in export duties, for which we have filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrate but continue to accrue export duties. At September 30, 2015, we have accrued a liability totaling \$64.2 million (December 31, 2014 - \$56.1 million), for export duties with no accrual for interest charges, and have recorded a corresponding increase in cost of sales in the relevant period. The application of interest charges is uncertain, but if applied from the date each duty was levied, and based on U.S. dollar rates, such charges are estimated to be in the range of \$5.3 million to \$8.9 million. The final amount of export duties and interest, if any, to be paid or refunded depends on a number of factors including the outcome of litigation. Changes in our assessment of this matter could result in material adjustments to our condensed interim statement of income (loss).

5. SUMMARIZED FINANCIAL RESULTS

The following table sets out selected financial results for each of the eight most recently completed quarters, expressed in thousands of U.S. dollars:

		2015			2014			2013
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Revenue	33,355	37,860	44,155	40,382	30,874	36,261	33,736	49,026
(Loss) Income from mine operations	(14,684)	924	3,448	(15,950)	(308)	7,758	5,924	3,986
Net (loss) income before tax	(53,693)	(4,597)	(622)	(62,548)	(5,135)	4,352	(10,073)	(7,423)
Net (loss) income after tax	(54,920)	(6,375)	(3,418)	(81,052)	(5,918)	2,180	(12,314)	5,869
Cash and cash equivalents	46,772	41,822	60,544	52,535	31,609	24,673	26,123	81,849
Total assets	224,335	272,641	300,563	296,793	367,377	365,363	368,104	437,292
Working capital	541	18,075	29,266	27,278	34,570	38,737	19,174	63,289
Non-current financial liabilities	-	-	-	-	-	-	-	-

The volatility in revenue over the past eight quarters has resulted from fluctuations in commodity prices and sales volumes. There are no significant seasonal fluctuations in the results for the presented periods. The average realized silver price per ounce was fairly consistent in the first three quarters of 2014, but decreased in the fourth quarter of 2014, remained at this lower level in the first half of 2015 and decreased further in the third quarter of 2015. Income (loss) from mine operations in the fourth quarter of 2014 and the third quarter of 2015 was affected by the non-cash write-down of stockpile inventory at the Pirquitas Mine to its net realizable value (“NRV”). Excluding the effect of these inventory write-downs, income from mine operations followed a similar trend to revenue over the two year period presented.

Net income (loss) before income tax has fluctuated significantly over the past eight quarters, heavily influenced by commodity prices. In the fourth quarter of 2014 and in the third quarter of 2015, we recorded impairment charges of \$51.5 million and \$42.2 million, respectively, including write-downs of stockpile inventory to its NRV. Additionally, in the first quarter of 2014 we had a significant foreign exchange loss of \$15.9 million from the devaluation of the Argentine peso.

Three months ended September 30, 2015 compared to the three months ended September 30, 2014

Realized silver price is a non-GAAP financial measure. Please see the discussion under “Non-GAAP Financial Measures” in section 11 of this MD&A.

Net loss for the three months ended September 30, 2015 was \$54.9 million, compared to a net loss of \$5.9 million in the same period of 2014. In the third quarter of 2015, we recognized a non-cash impairment charge of \$34.5 million and non-cash write-down of \$7.7 million of stockpiles. The following is a summary and discussion of the other significant components of income and expenses recorded during the current quarter compared to the same period in the prior year.

In the three months ended September 30, 2015, we recognized total revenues of \$33.4 million, compared to \$30.9 million in the comparative period of 2014. The increase in revenue was primarily the function of significantly higher volumes of silver ounces sold in the third quarter of 2015 than in the comparative period in 2014 (2.8 million ounces compared to 1.9 million ounces), which was partially offset by a lower silver price and lower zinc sales. Realized silver prices in the third quarter of 2015 averaged \$14.97 per ounce, excluding the impact of period-end price adjustments, compared to \$19.99 per ounce in the same period in 2014. Zinc sales of 2.4 million pounds in the third quarter of 2015 were significantly lower than the 8.1 million pounds sold in the third quarter of 2014. There were negative mark to market price adjustments in the third quarter of 2015 of \$4.3 million, compared to negative adjustments of \$5.5 million in the comparative period of 2014. At September 30, 2015,

sales contracts containing 2.4 million ounces of silver were subject to final price settlement over the next four months.

Cost of sales for the third quarter of 2015 was \$48.0 million, compared to \$31.2 million in the third quarter of 2014, resulting in loss from mine operations of \$14.7 million in the third quarter of 2015, compared to loss of \$0.3 million in the third quarter of 2014. The third quarter of 2015 was negatively impacted by a non-cash write-down of low grade stockpile inventory of \$7.7 million. Excluding the inventory write-down, in the third quarter of 2015, we recognized a negative gross margin of 21%, significantly lower than the negative gross margin of 1% in the third quarter of 2014, which was mainly due to the lower realized silver prices in the period. On a per unit basis, the cost of inventory was lower by 29% in the third quarter of 2015 compared to the third quarter of 2014.

General and administrative expenses in the three months ended September 30, 2015 of \$0.4 million were lower than the \$0.7 million recorded in the three months ended September 30, 2014.

Exploration and evaluation costs of \$1.0 million for the three months ended September 30, 2015 were higher than the \$0.1 million for the three months ended September 30, 2014, as a result of the continued exploration program conducted at the Pirquitas Mine.

During the third quarters of 2015 and 2014, we recorded interest expense and other finance costs (which includes the non-cash accretion of the close down and restoration provision) of \$1.2 million and \$2.2 million, respectively. In each period, such expense and costs are mainly attributable to the reclamation liability accretion. Additionally, in the third quarter of 2014, financing costs relating to the sale of VAT credits were higher than in the third quarter of 2015 due to higher volumes of cash collections.

We recorded foreign exchange losses for the three months ended September 30, 2015 of \$2.0 million compared to losses of \$2.1 million in the three months ended September 30, 2014. Our main foreign exchange exposures are related to net monetary assets denominated in Argentine pesos. During the three months ended September 30, 2015, this loss resulted from the weakening of the Argentine peso against the U.S. dollar.

For the three months ended September 30, 2015, we recorded an income tax expense of \$1.2 million compared to an income tax expense of \$0.8 million in the three months ended September 30, 2014.

Nine months ended September 30, 2015 compared to the nine months ended September 30, 2014

Realized silver price is a non-GAAP financial measure. Please see the discussion under “Non-GAAP Financial Measures” in section 11 of this MD&A.

Net loss for the nine months ended September 30, 2015 was \$64.7 million, compared to a net loss of \$16.1 million in the same period of 2014. For the nine months ended September 30, 2015, we were negatively impacted by a non-cash impairment charge of \$34.5 million and non-cash write-down of \$7.7 million of stockpiles. The following is a summary and discussion of the other significant components of income and expenses recorded during the nine months ended September 30, 2015, compared to the same period in the prior year.

In the nine months ended September 30, 2015, we recognized total revenues of \$115.4 million, compared to \$100.9 million in the comparative period of 2014. The increase in revenue was primarily the function of significantly higher volumes of silver ounces sold in the nine months ended September 30, 2015 than in the comparative period in 2014 (8.4 million ounces compared to 5.4 million ounces), which was almost entirely offset by lower silver prices and lower zinc sales. Realized silver prices in the nine months ended September 30, 2015, averaged \$16.13 per ounce, excluding the impact of period-end price adjustments, compared to \$20.07 per ounce in the same period in 2014. Zinc sales of 10.1 million pounds in the nine months ended September 30, 2015, were significantly lower than the 23.6 million pounds sold in the comparative period of 2014. There were negative mark to market price adjustments in the nine months ended September 30, 2015, of \$7.0 million, compared to negative adjustments of \$5.2 million in the comparative period of 2014. At September 30, 2015, sales contracts containing 2.4 million ounces of silver were subject to final price settlement over the next four months.

Cost of sales for the nine months ended September 30, 2015, was \$125.7 million, compared to \$87.5 million in the nine months ended September 30, 2014, resulting in loss from mine operations of \$10.3 million in the nine months ended September 30, 2015, compared to income of \$13.4 million in the nine months ended September 30, 2014. In the nine months ended September 30, 2015, we recognized a non-cash write-down of stockpile inventory of \$7.7 million. Excluding this write-down, in the first three quarters of 2015, we realized a negative gross margin of 2%, lower than the positive gross margin of 13% in the comparative period of 2014, which was mainly due to the lower realized silver prices in the period. On a per unit basis, the cost of inventory was lower by 24% in the nine months ended September 30, 2015 compared to the same period in 2014.

General and administrative expenses in the nine months ended September 30, 2015, of \$0.8 million were comparable to the \$0.9 million recorded in the nine months ended September 30, 2014.

Exploration and evaluation costs of \$4.1 million for the nine months ended September 30, 2015, were higher than the \$0.2 million for the nine months ended September 30, 2014, mainly due to the completion of the underground exploration program.

During the nine months ended September 30, 2015 and 2014, we recorded interest expense and other finance costs (which includes the non-cash accretion of the close down and restoration provision) of \$4.0 million and \$4.0 million, respectively. In each period, such expense and costs are mainly attributable to the reclamation liability accretion.

We recorded foreign exchange losses for the nine months ended September 30, 2015 of \$4.8 million compared to losses of \$20.0 million in the nine months ended September 30, 2014. Our main foreign exchange exposures are related to net monetary assets denominated in Argentine pesos. During the nine months ended September 30, 2015, this loss resulted from this currency weakening against the U.S. dollar. The loss was significantly lower in the nine months of 2015 mainly because the Argentine peso weakened by 11%, compared to 27% in the same period of 2014, and also due to lower underlying Argentine peso exposure due to the reduction of our VAT receivables balance. In January 2014, there was a single significant devaluation event of the Argentine peso when the currency devalued by approximately 25%, which caused a loss of approximately \$12 million in our Argentine peso-denominated VAT receivables balance at that time.

For the nine months ended September 30, 2015, we recorded an income tax expense of \$5.8 million compared to an income tax expense of \$5.2 million in the nine months ended September 30, 2014.

6. LIQUIDITY

At September 30, 2015, we had \$46.8 million of cash and cash equivalents, a decrease of \$5.8 million from December 31, 2014.

In the nine months ended September 30, 2015, we generated \$28.9 million of cash flows from operating activities and used \$6.2 million in investing activities while also repaying \$1.6 million of loans in Argentina. Cash flows used in investing activities mainly comprised \$6.3 million on capital expenditures offset by \$0.1 million of interest earned. At September 30, 2015, compared to December 31, 2014, our working capital position decreased to \$0.5 million from \$27.3 million. Our working capital position decreased in the period primarily due to payment of a dividend for \$25 million, but the mine continues to generate positive cash flows from operations. We manage our liquidity position with the objectives of ensuring sufficient funds are available to meet planned operating requirements.

Of our cash and cash equivalents balance, \$45.6 million was held in the Canada, the United States and Europe and \$1.2 million in Argentina. The government of Argentina regulates U.S. dollar inflows and outflows which restricts our ability to repatriate cash generated, however, we continue to repatriate cash from Argentina where possible under a fixed schedule of debt repayments. All cash is invested in short term investments or high interest savings accounts under our investment policy with maturities of 90 days or less providing us with sufficient liquidity to meet our generally foreseeable corporate needs.

Our cash balance at September 30, 2015, along with projected operating cash flows under normal operating conditions, are expected to be sufficient to fund planned operations, exploration and development activities over the next twelve months from the date of this MD&A. If, however, we were required to settle the export duty provision (as described in section 4 of this MD&A) in full in this period, this would have a material impact on our liquidity. We are continuing our cost reduction strategy to preserve our capital and to discharge liabilities as they become due, while implementing various optimization activities to improve cash generating capacity.

7. CAPITAL RESOURCES

Our capital consists of items included in owner's interest and debt, net of cash and cash equivalents as follows, expressed in U.S. dollars:

	September 30 2015 \$000s	December 31 2014 \$000s
Owner's net investment	522,039	482,699
Current debt	3,715	5,922
	525,754	488,621
Less: cash and cash equivalents	(46,772)	(52,535)
	478,982	436,086

At September 30, 2015, there were no externally imposed capital requirements to which we are subject and with which we have not complied.

As at September 30, 2015, MP LLC had 100 units outstanding and no stock options outstanding, and the sales and marketing limited partnership had 13,000,100 units outstanding.

Outstanding unit data

The authorized capital of MP LLC consists of an unlimited number of units. The partnership agreement governing the sales and marketing limited partnership does not restrict the number of units that may be issued and outstanding. As at November 13, 2015, MP LLC had 100 units outstanding and no options outstanding and the sales and marketing limited partnership had 13,000,100 units outstanding. All of the issued and outstanding units of MP LLC and limited partnership units of the sales and marketing limited partnership have been pledged by SSRI pursuant to the credit agreement dated as of August 4, 2015 among SSRI, Canadian Imperial Bank of Canada and the lenders from time to time parties to such agreement.

8. FINANCIAL INSTRUMENTS AND RELATED RISKS

We are exposed to a variety of financial risks as a result of our operations, including market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management strategy seeks to reduce potential adverse effects on our financial performance. Risk management is carried out under policies approved by management.

We may, from time to time, use certain contracts to manage our exposure to fluctuations in market prices, foreign currency, metal and energy prices or interest rates. We do not have a practice of trading derivatives.

The risks associated with our financial instruments and the policies on how we mitigate those risks are set out below. This is not intended to be a comprehensive discussion of all risks.

a) Market Risk

This is the risk that the fair values of financial instruments will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are price risk, currency risk and interest rate risk.

(i) Price Risk

This is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market prices. Income from mine operations in the next year depends on the metal prices for silver, and to a lesser extent, zinc. These prices are affected by numerous factors that are outside of our control such as:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- inflation; and
- political and economic conditions, including interest rates and currency values.

The principal financial instrument that we hold that is impacted by commodity prices is the embedded derivative within our silver and zinc concentrate trade receivables. The majority of these sales agreements are subject to pricing terms that settle within one to three months after delivery of concentrate and this adjustment period represents our trade receivable exposure to variations in commodity prices.

We have not hedged the price of silver as part of our strategy.

There has been no other significant change in our objectives and policies for managing this risk and no significant change in our exposure to this risk during the nine months ended September 30, 2015.

(ii) Currency Risk

Currency risk is the risk that the fair values or future cash flows of our financial instruments and VAT receivables will fluctuate because of changes in foreign currency rates. Our financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; exchange gains and losses in these situations impact earnings.

We monitor and manage this risk with the objective of ensuring that our exposure to negative fluctuations in currencies against the U.S. dollar is managed. As at September 30, 2015, we have not entered into any derivatives to mitigate this risk.

The Argentine government requires the repatriation of export revenues into Argentina and, where cash flows exceed our current cash repatriation schedule, this results in an increase to our Argentine peso-dominated cash balance. In Argentina, the official Argentine peso exchange rate published is significantly lower than the parallel market rate (also referred to as the Blue rate). We use the official Argentine peso exchange rate for all re-measurement purposes which is consistent with the economic reality that foreign currency transactions entered into or paid out of Argentina are required to be converted at the official exchange rate. A sudden devaluation of the Argentine peso to a rate closer to the parallel market rate would materially impact the value of our Argentine peso-denominated cash and VAT receivables in U.S. dollar terms, but would improve our operating costs in U.S. dollar terms, all else being equal. We are actively seeking ways to mitigate the risk on our cash balance of a devaluation of the Argentine peso, and therefore, where possible, we are repatriating cash from Argentina under a fixed schedule of debt repayments and have entered into an Argentine peso-denominated loan facility.

There has been no significant change in our objectives and policies for managing this risk and no significant change in our exposure to this risk during the nine months ended September 30, 2015.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents and our Argentine peso-denominated loan facility in Argentina because these are the only financial instruments we hold that are impacted by interest based on variable market interest rates. We monitor our exposure to interest rates closely and have not entered into any derivative contracts to manage our risk.

There has been no significant change in our objectives and policies for managing this risk and no significant change in our exposure to this risk during the nine months ended September 30, 2015.

b) Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. Our credit risk is limited to the following instruments:

Credit risk related to financial institutions and cash deposits Under our investment policy, investments are made only in highly rated financial institutions, and corporate and government securities. We diversify our holdings and consider the risk of loss associated with investments to be low.

Credit risk related to trade receivables We are exposed to credit risk through our trade receivables on concentrate sales, which are principally with internationally-recognized counterparties. Payments of receivables are scheduled, routine and received within a contractually agreed time frame. We manage this risk by requiring provisional payments of at least 75% of the value of the concentrate shipped and through utilizing multiple counterparties.

Credit risk related to other financial assets All other receivable balances are expected to be collectible in full due to the nature of the counterparties and/or a previous history of collectability.

We also have credit risk through our significant VAT receivables balance that is collectible from the government of Argentina. The balance is expected to be recoverable in full; however, due to legislative rules and the complex collection process, a significant portion of the asset is classified as non-current until government approval of the recovery claim is approved.

c) Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage our liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support our current operations, expansion and development plans, and by managing our capital structure. Our objective is to ensure that there are sufficient committed financial resources to meet our planned operating requirements for a minimum of twelve months.

Argentine government regulation of U.S. dollar inflows and outflows restricts the ability to repatriate cash generated by the Pirquitas Mine, although we are repatriating cash from Argentina under a fixed schedule of debt repayments, which has an impact on our overall liquidity.

A discussion of our liquidity position as at September 30, 2015, is included in section 6 of this MD&A.

9. OTHER RISKS AND UNCERTAINTIES

We are subject to a number of risks and uncertainties, each of which could have an adverse effect on our operating results, business prospects or financial position.

For a comprehensive list of the risks and uncertainties affecting our business, please refer to the section entitled “Risk Factors” in Appendix “D” of this Circular.

10. RELATED PARTY TRANSACTIONS

Amounts due from related party as at September 30, 2015 was \$3.6 million (December 31, 2014 - \$2.3 million) and related to amounts loaned to Pacific Rim Mining Corporation Argentina S.A., which is wholly-owned by our parent company, SSRI. The loan is denominated in Argentine pesos and has an annualized interest rate of 17%, and interest income for the nine months ended September 30, 2015 was \$0.3 million (nine months ended September 30, 2014 - \$0.1 million).

Amounts due to related party as at September 30, 2015 was \$43.1 million (December 31, 2014 - \$42.1 million) and related to amounts loaned from SSRI. During the nine months ended September 30, 2015, we were advanced \$nil million and repaid \$0.9 million (December 31, 2014 – were advanced \$2.0 million and repaid \$26.4 million), all amounts are non-interest bearing.

During the nine months ended September 30, 2015, we paid dividends of \$25.2 million (nine months ended September 30, 2014 - \$50.0 million) to our parent company, SSRI.

11. NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-GAAP measures should be read in conjunction with our financial statements.

Non-GAAP financial measures - Cash costs and total costs per payable ounce of silver sold

We use the non-GAAP financial measures of cash costs and total costs per payable ounce of silver sold to manage and evaluate operating performance. We believe that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate our performance and ability to generate cash flows. Accordingly, the data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of our condensed interim statements of (loss) income to cash costs and total costs for the three month periods indicated below, expressed in thousands of U.S. dollars unless otherwise noted:

	September 30 2015 \$000s	June 30 2015 \$000s	March 31 2015 \$000s	December 31 2014 \$000s	September 30 2014 \$000s
Cost of sales (A)	48,039	36,936	40,707	56,332	31,182
Add: Treatment and refining costs	4,633	3,880	5,208	5,132	3,734
Less: By-product revenue	(1,206)	(3,884)	(2,047)	(6,268)	(6,166)
Less: Inventory NRV adjustment	(7,716)	—	—	(11,262)	—
Total Costs	43,750	36,932	43,868	43,934	28,750
Less: Depreciation, depletion and amortization	(11,610)	(12,570)	(9,912)	(12,427)	(5,640)
Less: Export duties on silver concentrate	(2,995)	(1,440)	(3,120)	(1,810)	(2,581)
Cash Costs	29,145	22,922	30,836	29,697	20,529
Payable ounces of silver sold (oz)	2,644,933	2,425,701	2,741,396	2,525,166	1,680,502
Total Costs per silver ounce (\$/oz)	16.54	15.23	16.00	17.40	17.11
Cash Costs per silver ounce (\$/oz)	11.02	9.45	11.25	11.76	12.22

Non-GAAP financial measures - realized silver prices

Average realized price per ounce of silver sold in each reporting period excludes the period end price adjustments and final settlements on concentrate shipments.

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Basis of preparation and accounting policies

The Pirquitas Mine combined carve-out financial statements which have been prepared in connection with the Business Combination Agreement present the historical carve-out financial position, results of operations, changes in equity and cash flows of the Pirquitas Mine. The Pirquitas Mine combined carve-out financial statements have been derived from the accounting records of SSRI and prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Pirquitas Mine been a separate entity. SSRI's investment in the Pirquitas Mine, presented as "Owner's Interest" in the Pirquitas Mine combined carve-out financial statements, includes the accumulated retained earnings, other reserves and accumulated net contributions by SSRI. Our results are comprised of the historical operations, assets, liabilities and cash flows of MP LLC, MPSA and the revenues, expenses, assets and liabilities from a related sales and marketing entity directly related to the sale of concentrate from the Pirquitas Mine.

These condensed combined interim carve-out financial statements should be read in conjunction with our audited combined carve-out financial statements for the year ended December 31, 2014.

These condensed combined interim carve-out financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The comparative information has also been prepared on this basis.

The accounting policies applied in the preparation of the unaudited condensed combined interim carve-out financial statements are consistent with those applied and disclosed in our audited combined carve-out financial statements for the year ended December 31, 2014.

These statements were authorized for issue by the Audit Committee of SSRI on November 13, 2015.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical judgments and estimates applied in the preparation of the our unaudited condensed interim financial statements for the nine months ended September 30, 2015 are consistent with those applied and disclosed in Note 2(q) to our audited combined carve-out audited financial statements for the year ended December 31, 2014.

Future accounting changes

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective. Except as set out below, none of these changes are expected to have a significant effect on our combined carve-out financial statements:

Revenue from contracts with customers

The IASB has replaced IAS 18, *Revenue* in its entirety with IFRS 15 - *Revenue from contracts with customers* ("IFRS 15") which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2017. We are currently evaluating the impact the standard is expected to have on our combined carve-out financial statements.

IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9")

IFRS 9 as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. We will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

Amendments

Amendments to standards and interpretations include the following:

IFRS 7, *Financial instruments: Disclosure* ("IFRS 7"): IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on our combined carve-out financial statements.

**APPENDIX “E”
INTERIM ORDER**

(See Attached)



IN THE MATTER OF SECTION 288 OF THE BUSINESS CORPORATIONS ACT,
S.B.C. 2002, CHAPTER 57, AS AMENDED

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
GOLDEN ARROW RESOURCES CORPORATION

PETITIONER

BEFORE MASTER HARPER) 16/NOV/2015
)
)

[x] without notice coming on for hearing at Vancouver, British Columbia on November 16, 2015 and on hearing Sean K. Boyle, counsel for the Petitioner and upon reading the Petition herein and the Affidavit of Nikolaos Cacos sworn on November 16, 2015 and filed herein (the "**Cacos Affidavit**"); and upon being advised that it is the intention of 1049708 B.C. Ltd. ("**New GAR**") to rely upon Section 3(a)(10) of the *United States Securities Act of 1933* (the "**1933 Act**") as a basis for an exemption from the registration requirements of the 1933 Act with respect to securities of New GAR issued under the proposed Plan of Arrangement based on the Court's approval of the Arrangement;

THIS COURT ORDERS THAT:

DEFINITIONS

1. As used in this Interim Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the information circular entitled Notice of Special Meeting and Management Information Circular for the Special Meeting of Shareholders attached as Exhibit "A" to the Cacos Affidavit.

MEETING

2. Pursuant to Sections 186, 288, 289, 290 and 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "**BCBCA**"), Golden Arrow is authorized and directed to call, hold and conduct a special meeting of the holders ("**Golden Arrow Shareholders**") of common shares of Golden Arrow ("**Golden Arrow Shares**") to be held at 10:00 a.m. (Vancouver time) on December 16, 2015 at The Terminal City Club, Wilson M. Beck Room, 837 West Hastings Street, Vancouver, B.C., V6C 3N6 (the "**Meeting**");

- (a) to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") of the Golden Arrow Shareholders approving an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the BCBCA, the full text of which is set forth in Appendix "A" to the Circular; and
- (b) to transact such further or other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.

3. The Meeting will be called, held and conducted in accordance with the BCBCA, the articles of Golden Arrow and the Circular subject to the terms of this Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.

ADJOURNMENT

4. Notwithstanding the provisions of the BCBCA and the articles of Golden Arrow, and subject to the terms of the Business Combination Agreement, Golden Arrow, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Golden Arrow Shareholders respecting such adjournment or postponement and without the

need for approval of the Court. Notice of any such adjournments or postponements will be given by news release, newspaper advertisement, or by notice sent to Golden Arrow Shareholders by one of the methods specified in paragraphs 9 and 10 of this Interim Order.

5. The Record Date (as defined in paragraph 7 below) will not change in respect of any adjournments or postponements of the Meeting.

AMENDMENTS

6. Prior to the Meeting, Golden Arrow is authorized to make such amendments, revisions or supplements to the proposed Arrangement and the Plan of Arrangement, in accordance with the terms of the Business Combination Agreement, without any additional notice to the Golden Arrow Shareholders, and the Arrangement and Plan of Arrangement as so amended, revised and supplemented will be the Arrangement and Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

RECORD DATE

7. The record date for determining the Golden Arrow Shareholders entitled to receive notice of, attend and vote at the Meeting will be close of business on November 10, 2015 (the "**Record Date**").

NOTICE OF MEETING

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Golden Arrow will not be required to send to the Golden Arrow Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.

9. The Circular, the form of proxy, and the Notice of Hearing of Petition (collectively referred to as the "**Meeting Materials**"), in substantially the same form as contained in Exhibits "A", "B" and "C" to the Cacos Affidavit, with such deletions, amendments or additions thereto as counsel for Golden Arrow may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, will be sent to:

- (a) the registered Golden Arrow Shareholders as they appear on the central securities register of Golden Arrow or the records of its registrar and transfer agent as at the close of business on the Record Date (but not to Golden Arrow Shareholders who Golden Arrow, on two consecutive occasions, have sent a

record but had such record returned because the shareholder could not be located), the Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and the date of the Meeting, by one or more of the following methods:

- (i) by prepaid ordinary or air mail addressed to the Golden Arrow Shareholders at their addresses as they appear in the applicable records of Golden Arrow or its registrar and transfer agent as at the Record Date;
 - (ii) by delivery in person or by courier to the addresses specified in paragraph 9 (a)(i) above; or
 - (iii) by email or facsimile transmission to any Golden Arrow Shareholders who has previously identified himself, herself or itself to the satisfaction of Golden Arrow acting through its representatives, who requests such email or facsimile transmission and the in accordance with such request;
- (b) in the case of non-registered Golden Arrow Shareholders, by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to such beneficial owners in accordance with the procedures prescribed by *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators* at least three (3) Business Days prior to the twenty-first (21st) day prior to the date of the Meeting; and
- (c) the directors and auditors of Golden Arrow by mailing the Meeting Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal;

and substantial compliance with this paragraph will constitute good and sufficient notice of the Meeting.

10. The Circular and Notice of Hearing of Petition in substantially the same form as contained in Exhibits "A" and "C", respectively, to the Cacos Affidavit, with such deletions, amendments or additions thereto as counsel for Golden Arrow may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim

Order (the “**Notice Materials**”), will be sent holders of options to purchase shares in Golden Arrow (“**Golden Arrow Optionholders**”) and holders of warrants of Golden Arrow (collectively with Golden Arrow Shareholders and Golden Arrow Optionholders, the “**Golden Arrow Securityholders**”) at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal.

11. Accidental failure of or omission by Golden Arrow to give notice to any one or more Golden Arrow Securityholder or any other persons entitled thereto, or the non-receipt of such notice by one or more Golden Arrow Securityholder or any other persons entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of Golden Arrow (including, without limitation, any inability to use postal services), will not constitute a breach of this Interim Order or a defect in the calling of the Meeting, and will not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Golden Arrow, then it will use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

12. Provided that notice of the Meeting is given and the Meeting Materials and Notice Materials are provided to the Golden Arrow Securityholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the meeting is waived.

DEEMED RECEIPT OF NOTICE

13. The Meeting Materials and Notice Materials will be deemed, for the purposes of this Interim Order, to have been served upon and received:

- (a) in the case of mailing pursuant to paragraph 9(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (b) in the case of delivery in person pursuant to paragraph 9(a)(ii) above, the day following personal delivery or, in the case of delivery by courier, the day following delivery to the person's address in paragraph 9 above; and
- (c) in the case of any means of transmitted, recorded or electronic communication pursuant to paragraph 9(a)(iii) above, when dispatched or delivered for dispatch.

UPDATING MEETING MATERIALS

14. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials and Notice Materials may be communicated to the Golden Arrow Securityholders or other persons entitled thereto by news release, newspaper advertisement or by notice sent to the Golden Arrow Securityholders or other persons entitled thereto by any of the means set forth in paragraphs 9 and 10 of this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of Golden Arrow.

QUORUM AND VOTING

15. The quorum required at the Meeting will be two Golden Arrow Shareholders, or one or more proxyholder representing two Golden Arrow Shareholders, or one Golden Arrow Shareholder and a proxyholder representing another Golden Arrow Shareholder.

16. The vote required to pass the Arrangement Resolution will be:

- (a) the affirmative vote of at least two-thirds of the votes cast at the Meeting by Golden Arrow Shareholders, present in person or represented by proxy and entitled to vote at the Meeting, voting together as one class on the basis of one vote per Golden Arrow Share; and
- (b) the approval of a simple majority of the votes cast at the Meeting in person or by proxy of the holders of Golden Arrow Shares, excluding the votes cast in respect of Golden Arrow Shares held by Joseph Grosso, Executive Chairman, CEO & President of Golden Arrow and Mr. Cacos, a Golden Arrow Director and Vice President Corporate Development and any related parties (as defined by *Multilateral Instrument 61-101 – Protection of Minority Security holders in Special Transactions* ("MI 61-101") or joint actors (as defined by MI 61-101) of Mr. Grosso and Mr. Cacos, and such other holders of Golden Arrow Shares required to be excluded by MI 61-101.

17. In all other respects, the terms, restrictions and conditions set out in the articles of Golden Arrow will apply in respect of the Meeting.

PERMITTED ATTENDEES

18. The only persons entitled to attend the Meeting will be (i) the Golden Arrow Shareholders or their respective proxyholders as of the Record Date, (ii) Golden Arrow's directors, officers, auditors and advisors, (iii) representatives of New GAR, and (iv) any other person admitted on the invitation of the Chair of the Meeting or with the consent of the Chair of the Meeting, and the only persons entitled to be represented and to vote at the Meeting will be the Golden Arrow Shareholders as at the close of business on the Record Date, or their respective proxyholders.

SCRUTINEERS

19. Representatives of Golden Arrow's registrar and transfer agent (or any agent thereof) are authorized to act as scrutineers for the Meeting.

SOLICITATION OF PROXIES

20. Golden Arrow is authorized to use the form of proxy in connection with the Meeting, in substantially the same form as attached as Exhibit "B" to the Cacos Affidavit and Golden Arrow may in its discretion waive generally the time limits for deposit of proxies by Golden Arrow Shareholders if Golden Arrow deems it reasonable to do so. Golden Arrow is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

21. The procedure for the use of proxies at the Meeting will be as set out in the Meeting Materials. Golden Arrow may in its discretion waive the time limits for the deposit of proxies by Golden Arrow Shareholders if Golden Arrow deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

DISSENT RIGHTS

22. Each registered Golden Arrow Shareholder will have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, the Plan of Arrangement and the Final Order.

23. Registered Golden Arrow Shareholders will be the only Golden Arrow Shareholders entitled to exercise rights of dissent. A beneficial holder of Golden Arrow Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered Golden Arrow Shareholder to dissent on behalf of the beneficial holder of Golden Arrow Shares or, alternatively, make arrangements to become a registered Golden Arrow Shareholder.

24. In order for a registered Golden Arrow Shareholder to exercise such right of dissent (the **"Dissent Right"**):

- (a) a Dissenting Golden Arrow Shareholder must deliver a written notice of dissent which must be received by Golden Arrow at 2600 – 595 Burrard Street, Vancouver, B.C., V7X 1L3, Attention: Sean Boyle, by 4:00 p.m. (Vancouver time) on December 11, 2015 or, in the case of any adjournment or postponement of the Meeting, the date which is at least two business days prior to the date of the Meeting; a vote against the Arrangement Resolution or an abstention will not constitute written notice of dissent;
- (b) a Dissenting Golden Arrow Shareholder must not have voted his, her or its Golden Arrow Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
- (c) a Dissenting Golden Arrow Shareholder must dissent with respect to all of the Golden Arrow Shares held by such person; and
- (d) the exercise of such Dissent Right must otherwise comply with the requirements of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, this Interim Order and the Final Order.

25. Notice to the Golden Arrow Shareholders of their Dissent Right with respect to the Arrangement Resolution will be given by including information with respect to the Dissent Right in the Circular to be sent to Golden Arrow Shareholders in accordance with this Interim Order.

26. Subject to further order of this Court, the rights available to the Golden Arrow Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Dissent Rights for the Golden Arrow Shareholders with respect to the Arrangement.

APPLICATION FOR FINAL ORDER

27. Upon the approval, with or without variation, by the Golden Arrow Shareholders of the Arrangement, in the manner set forth in this Interim Order, Golden Arrow may apply to this Court for, *inter alia*, an order:

- (a) pursuant to BCBCA Sections 291(4)(a) and 295, approving the Arrangement; and
- (b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement, and the exchange of securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to those who will receive securities in the exchange

(collectively, the "**Final Order**"),

and the hearing of the Final Order will be held on December 18, 2015 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct.

28. The form of Notice of Hearing of Petition attached to the Cacos Affidavit as Exhibit "C" is hereby approved as the form of Notice of Proceedings for such approval. Any Golden Arrow Shareholders has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order, subject to the terms of this Interim Order.

29. Any Golden Arrow Securityholder seeking to appear at the hearing of the application for the Final Order must:

- (a) file and deliver a Response to Petition (a "**Response**") in the form prescribed by the *Supreme Court Civil Rules*, and a copy of all affidavits or other materials upon which they intend to rely, to the Petitioner's solicitors at:

BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard Street, P.O. Box 49314
Vancouver, B.C. V7X 1L3

Attention: Sean K. Boyle

by or before 4:00 p.m. (Vancouver time) on December 16, 2015.

30. Sending the Notice of Hearing of Petition and this Interim Order in accordance with paragraphs 9 and 10 of this Interim Order will constitute good and sufficient service of this proceeding and no other form of service need be made and no other material need be served on persons in respect of these proceedings. In particular, service of the Petition herein and the accompanying Affidavit and additional Affidavits as may be filed, is dispensed with.

31. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need be provided with notice of the adjourned hearing date and any filed materials.

VARIANCE

32. Golden Arrow will be entitled, at any time, to apply to vary this Interim Order or for such further order or orders as may be appropriate.

33. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable securities laws or the articles of Golden Arrow, this Interim Order will govern.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS INTERIM ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of lawyer for Petitioner
Sean K. Boyle

BY THE COURT



REGISTRAR

Var to form

**APPENDIX “F”
NOTICE OF HEARING OF PETITION FOR FINAL ORDER**

NO. S-159409
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BUSINESS CORPORATIONS ACT,
S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
GOLDEN ARROW RESOURCES CORPORATION

GOLDEN ARROW RESOURCES CORPORATION

PETITIONER

NOTICE OF HEARING OF PETITION

To: The holders of common shares (“**Golden Arrow Shareholders**”) of Golden Arrow Resources Corporation (“**Golden Arrow**”), holders of options to purchase shares in Golden Arrow (“**Golden Arrow Optionholders**”) and holders of warrants of Golden Arrow (collectively with Golden Arrow Shareholders and Golden Arrow Warrantholders, the “**Golden Arrow Securityholders**”)

NOTICE IS HEREBY GIVEN that a Petition has been filed by the Petitioner, Golden Arrow in the Supreme Court of British Columbia (the “**Court**”) for approval of a plan of arrangement (the “Arrangement”), pursuant to the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the “**BCBCA**”);

AND NOTICE IS FURTHER GIVEN that by an Interim Order Made After Application, pronounced by the Court on November 16, 2015, the Court has given directions as to the calling of a special meeting of the Golden Arrow Shareholders, for the purpose of, among other things, considering, and voting upon the special resolution to approve the Arrangement;

AND NOTICE IS FURTHER GIVEN that an application for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement and the exchange of common shares of Golden Arrow for common shares of 1049708 B.C. Ltd. to be effected thereby are procedurally and substantively fair and reasonable to those who will receive securities in the exchange, and shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smith Street, Vancouver, British Columbia on December 18, 2015 at 9:45 am (Vancouver time), or as soon thereafter as counsel may be heard (the “**Final Application**”).

AND NOTICE IS FURTHER GIVEN that the Final Order approving the Arrangement will, if made, serve as the basis of an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof with respect to securities issued under the Arrangement.

IF YOU WISH TO BE HEARD, any person affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition ("**Response**") in the form prescribed by the Supreme Court Civil Rules, together with any affidavits and other material on which that person intends to rely at the hearing of the Final Application, and delivered a copy of the filed Response, together with all affidavits and other material on which such person intends to rely at the hearing of the Final Application, including an outline of such person's proposed submissions, to the Petitioner at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) on December 16, 2015.

The Petitioner's address for delivery is:

BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard Street, P.O. Box 49314
Vancouver, B.C. V7X 1L3

Attention: Sean K. Boyle

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of "Response" as aforesaid. You may obtain a form of "Response" at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Golden Arrow Securityholders.

A copy of the said Petition and other documents in the proceeding will be furnished to any Golden Arrow Securityholders upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out above.

Date: November 16, 2015

"Sean K. Boyle"

Signature of lawyer for Petitioner
Sean K. Boyle

APPENDIX “G”
PRO FORMA FINANCIAL STATEMENTS OF NEW GAR

Golden Arrow Resources Corporation

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SEPTEMBER 30, 2015
(Expressed in Canadian Dollars)

Golden Arrow Resources Corporation
Pro Forma Consolidated Statement of Financial Position
As at September 30, 2015

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

	Golden Arrow Resources Corporation \$	Pro forma adjustments \$	Note	Pro forma consolidated \$
ASSETS				
Current assets				
Cash and cash equivalents	52,543	1,273,177	3b	1,325,720
Investments	92,506	-		92,506
Amounts receivable	571,679	(537,045)	3b	34,634
Prepaid expenses	84,955	(58,958)	3b	25,997
	801,683	677,174		1,478,857
Investment in associate	-	26,423,100	3a	26,423,100
Property and equipment	12,578	(12,578)	3b	-
Mineral property interests	2,848,131	(2,040,921)	3b	807,210
	3,662,392	25,046,775		28,709,167
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,198,158	(249,492)	3b	948,666
Due to related parties	697,000	(697,000)	3b	-
Loan payable	71,100	(71,100)	3b	-
Interest payable	10,368	(10,368)	3b	-
	1,976,626	(1,017,991)		948,666
EQUITY				
Share capital	16,134,915	-		16,134,915
Commitment to issue shares	363,928	-		363,928
Reserves	15,498,905	-		15,498,905
Deficit	(30,311,982)	26,074,735		(4,237,247)
	3,662,392	25,046,775		28,709,167

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

Golden Arrow Resources Corporation
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
For the year ended December 31, 2014

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

	Golden Arrow Resources Corporation \$	Pro forma adjustments \$	Note	Pro forma consolidated \$
Expenses				
Administration and management services	615,625	-		615,625
Corporate development and investor relations	452,914	-		452,914
Depreciation	21,618	-		21,618
Exploration	6,263,828	(6,145,868)	4	117,960
Office and sundry	234,820	-		234,820
Professional fees	236,891	-		236,891
Rent, parking and storage	258,650	-		258,650
Salaries and employee benefits	545,926	-		545,926
Share-based compensation	319,902	-		319,902
Transfer agent and regulatory fees	31,408	-		31,408
Travel and accommodation	151,418	-		151,418
Loss from operating activities	9,133,000	(6,145,868)		2,987,132
Foreign exchange gain	(747,110)	-		(747,110)
Gain on sale of mineral property interests	-	(26,074,735)	3a	(26,074,735)
Interest income	(20,177)	-		(20,177)
Loss on sale of marketable securities	66,085	-		66,085
Share of loss in associate	-	3,085,727	4	3,085,727
Write-off of mineral property interests	100,050	-		100,050
Loss (income) for the year	8,531,848	(29,134,876)		(20,603,028)
Other comprehensive loss (income)				
Items that may be reclassified to profit or loss				
Unrealized loss (gain) on available-for-sale marketable securities	(1,155)	-		(1,155)
Comprehensive loss (income) for the year	8,530,693	(29,134,876)		(20,604,183)
Basic and diluted loss (earnings) per common share	0.21	(0.71)		(0.50)
Weighted average number of shares outstanding	41,234,058			41,234,058

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

Golden Arrow Resources Corporation
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
For the nine months ended September 30, 2015

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

	Golden Arrow Resources Corporation \$	Pro forma adjustments \$	Note	Pro forma consolidated \$
Expenses				
Administration and management services	567,975	-		567,975
Corporate development and investor relations	401,178	-		401,178
Depreciation	-	-		-
Exploration	4,026,308	(4,012,665)	4	13,643
Office and sundry	187,013	-		187,013
Professional fees	801,762	-		801,762
Rent, parking and storage	212,386	-		212,386
Salaries and employee benefits	401,924	-		401,924
Share-based compensation	440,431	-		440,431
Transfer agent and regulatory fees	53,877	-		53,877
Travel and accommodation	54,446	-		54,446
<i>Loss from operating activities</i>	<i>7,147,300</i>	<i>(4,012,665)</i>		<i>3,134,635</i>
Foreign exchange gain	(804,484)	-		(804,484)
Interest income	(9,818)	-		(9,818)
Interest expense	10,364	-		10,364
Loss on sale of marketable securities	158,572	-		158,572
Share of income in associate	-	(540,197)	4	(540,197)
Loss for the period	6,501,934	(4,552,862)		1,949,072
Other comprehensive loss				
Items that may be reclassified to profit or loss				
Unrealized loss (gain) on available-for-sale marketable securities	4,235	-		4,235
Comprehensive loss for the period	6,506,169	(4,552,862)		1,953,307
Basic and diluted loss per common share	0.13	(0.09)		0.04
Weighted average number of shares outstanding	51,883,017			51,883,017

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

1. BACKGROUND

Golden Arrow Resources Corporation (“Golden Arrow” or “the Company”) is a natural resource company engaged in the acquisition and exploration of resource properties in Argentina and Chile.

Golden Arrow and Silver Standard Resources Inc. (“Silver Standard”) entered into a Business Combination Agreement (“the Agreement”) on September 30, 2015. The purpose of the Agreement is to combine the Pirquitas Mine, which is 100% owned by Silver Standard, with the Chinchillas project, which is 100% owned by Golden Arrow.

During an 18-month period of pre-development activities (“the Preliminary Period”), Silver Standard will have the right, in its sole discretion, to commence a business arrangement that will see the Pirquitas Mine and the Chinchillas project combined into a 75% (Silver Standard) 25% (Golden Arrow) jointly owned mining entity, with Silver Standard assuming the role of operator.

During the Preliminary Period, Silver Standard will invest up to US\$12,600,000, with a minimum expenditure commitment of US\$4,000,000, at Chinchillas to advance the project and evaluate the feasibility of developing a combined mining business with its existing Pirquitas operation.

In consideration for granting Silver Standard the rights to conduct pre-development activities at Chinchillas during the Preliminary Period, Silver Standard has agreed to pay Golden Arrow: (i) CAD\$500,000 on signing of the agreement (already paid); (ii) CAD\$500,000 within five business days after the shareholders of Golden Arrow approve the transaction; (iii) CAD\$500,000 within five business days after the earlier of the six month anniversary of the shareholder approval for the transaction and the date of election to proceed with the jointly owned mining entity; and (iv) CAD\$500,000 within five business days after the earlier of the twelve month anniversary of the shareholder approval for the transaction and the date of election to proceed with the jointly owned mining entity.

Silver Standard may, in its sole discretion, elect to exercise its option at any time over the Preliminary Period. Upon formation of the jointly owned mining entity, Silver Standard will pay Golden Arrow an amount equal to 25% of mine earnings, if any, generated by Pirquitas less certain expenditures for exploration (including Chinchillas pre-development expenditures), capital investment and closure costs incurred during the Preliminary Period.

The transaction will be effected by way of a court approved Plan of Arrangement (“the Arrangement”). The Arrangement will be subject to approval by two thirds of the votes cast at a special meeting of the Golden Arrow shareholders.

These unaudited pro forma consolidated financial statements have been prepared as if the election to proceed (“the election”) has been made by Silver Standard on the dates indicated in note 2.

2. BASIS OF PREPARATION

The unaudited pro forma consolidated statement of financial position gives effect to the election as if it had occurred at September 30, 2015 and the unaudited pro forma consolidated statements of loss and comprehensive loss give effect to the election as if it had occurred on January 1, 2014.

2. BASIS OF PREPARATION (continued)

The unaudited pro forma consolidated financial statements have been prepared from information derived from and should be read in conjunction with:

- the Company's audited consolidated financial statements as at and for the year ended December 31, 2014;
- the Company's unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2015;
- the audited carve-out financial statements of Pirquitas Mine as at and for the year ended December 31, 2014; and
- the unaudited combined carve-out financial statements of Pirquitas Mine which constitutes MP LLC, MPSA and the revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership, directly related to the sales of concentrate from the Pirquitas Mine as at and for the nine months ended September 30, 2015.

The unaudited pro forma consolidated financial statements are for illustrative purposes only, based on the assumptions set forth herein. They may not be indicative of the consolidated financial position or consolidated results of operations that would have occurred if the election had actually taken place at the dates indicated or of the consolidated financial position or consolidated results of operations that may occur in the future.

3. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

On the dates that Silver Standard is assumed to have made the election, the jointly owned mining entity, as set out in the Arrangement, is assumed to be formed.

The unaudited pro forma consolidated statement of financial position is based on the unaudited condensed consolidated statement of financial position of the Company as at September 30, 2015 and has been adjusted for the following items:

- a) Golden Arrow will contribute in its Chinchillas project and Silver Standard will contribute in its Pirquitas mine to the jointly owned mining entity. The asset owned by Golden Arrow will therefore change from a 100% owned exploration and evaluation asset to a 25% interest in a jointly owned mining entity.

Based on the terms of the shareholders' agreement, Golden Arrow will account for its 25% interest as an investment in associate, because it will exercise significant influence over the jointly owned mining entity.

On the formation of the jointly owned mining entity, Golden Arrow will record its investment in associate at fair value. Fair value has been estimated based on the fairness opinions prepared in conjunction with the Arrangement. On that basis, an estimated fair value of \$26,423,100 has been ascribed to the investment. This results in a gain on formation of the jointly owned mining entity of \$26,074,735.

To reflect this accounting treatment, the carrying value of the Chinchillas project of \$2,040,921 has been eliminated and an investment in associate of \$26,423,100 has created. Other sundry assets and liabilities associated with the Chinchillas project have also been eliminated. The gain on formation of \$26,074,735 has been reflected in the unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended December 31, 2014.

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

3. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

- b) Silver Standard is required to pay Golden Arrow \$2,000,000 in four equal tranches (Note 1). The latest date that the last of these payments can be made is the date of the election. On that basis, the Company has reflected the total consideration as cash in the unaudited pro forma consolidated statement of financial position as at September 30, 2015.
- c) Prior to the formation of the jointly owned mining entity, Golden Arrow shall have settled in full all loans payable to related parties. On that basis, the Company has reflected the settlement of loans due to related parties as a reduction of cash in the unaudited pro forma consolidated statement of financial position as at September 30, 2015.

4. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

The unaudited pro forma consolidated statements of operations for the year ended December 31, 2014 and the nine months ended September 30, 2015 are based on the consolidated statement of loss and comprehensive loss included in the audited annual consolidated financial statements for the year ended December 31, 2014 and the consolidated statement of loss and comprehensive loss included in the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2015.

For the purposes of the unaudited pro forma statements of loss and comprehensive loss, the election to proceed is deemed to take place on January 1, 2014. It is assumed that the jointly owned mining entity is formed on that day and that Golden Arrow commences accounting for its 25% share of the profit or loss of the jointly owned mining entity from that date onwards.

The unaudited pro forma consolidated statements of operations have been adjusted to eliminate the exploration and evaluation expenditures related to the Chinchillas project and to account for Golden Arrow's 25% share of the earnings or loss of the jointly owned mining entity for the periods in question.

The results of the jointly owned mining entity have been compiled by combining the results from the combined carve-out financial statements of the Pirquitas Mine which constitutes MP LLC, MPSA and the revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership, directly related to the sales of concentrate from the Pirquitas Mine with the results of the Chinchillas project as follows:

		Nine months ended September 30, 2015	Year ended December 31, 2014
		\$	\$
Comprehensive loss and net loss attributable to shareholders		81,525,437	107,261,078
Adjustments for:			
Exploration expenditures attributable to the Chinchillas project	(1)	4,012,665	6,145,868
Depreciation, depletion and amortization	(2)	(31,608,813)	(18,979,005)
Foreign exchange loss	(3)	(844,066)	(4,772,977)
Impairment charges	(4)	(43,450,502)	(44,460,150)
Interest earned and other finance income	(5)	519,038	1,903,226
Interest expense and other finance costs	(6)	(5,006,445)	(8,576,114)
Income tax expense	(7)	(7,308,100)	(26,179,020)
Adjusted comprehensive (income) loss and net (income) loss attributable to shareholders		(2,160,786)	12,342,906
Share of (income) loss in associate		(540,197)	3,085,727

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

4. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (continued)

- (1) Exploration expenses incurred on the Chinchillas project by Golden Arrow would become attributable to the jointly owned mining entity for the periods in question.
- (2) Depreciation, depletion and amortization has been estimated based on the fair value of the depreciable long lived assets of the jointly owned mining entity using a remaining 3 year mine life at the time the election is made.
- (3) Foreign exchange loss relating to cash balances has been eliminated on the basis that material cash balances are not expected to be held in the jointly owned mining entity.
- (4) On the basis that the election is made on January 1, 2014, the investment in the associate is recorded at fair value based on the fairness opinions prepared in conjunction with the Arrangement. Accordingly impairment charges incurred in the Pirquitas Mine carve-out financial statements have been reversed for the purpose of deriving the combined results for the periods in question.
- (5) Interest earned and other finance income has been eliminated on the basis that this amount is earned as a result of account balances that would not form part of the jointly owned mining entity.
- (6) Interest expense and other finance costs has been eliminated on the basis that this amount is incurred as a result of account balances that would not form part of the jointly owned mining entity.
- (7) Income tax expense recorded in the Pirquitas Mine carve-out financial statements does not reflect an operating charge of the jointly owned mining entity and has been eliminated.

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

**APPENDIX “H”
FINANCIAL STATEMENTS OF NEW GAR**

1049708 B.C. LTD.

FINANCIAL STATEMENTS

**AS AT AND FOR THE PERIOD ENDED
SEPTEMBER 30, 2015**



November 17, 2015

Independent Auditor's Report

To the Shareholder of 1049708 B.C. Ltd.

We have audited the accompanying financial statements of 1049708 B.C. Ltd., which comprise the statement of financial position as at September 30, 2015 and the statements of loss and comprehensive loss, cash flows and changes in equity for the period then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1049708 B.C. Ltd. as at September 30, 2015 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which discloses conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about 1049708 B.C. Ltd.'s ability to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

1049708 B.C. LTD.
Statement of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2015 \$
ASSETS	
Cash	<u>1</u>
Total Assets	<u>1</u>
EQUITY	
Share capital	<u>1</u>
Total Equity and Liabilities	<u>1</u>

Nature of operations and going concern – Note 1

These financial statements are authorized for issue by the Board of Directors on November 17, 2015. They are signed on the Company's behalf by:

"Niko Cacos" , Director

1049708 B.C. LTD.**Statement of Loss and Comprehensive Loss***(Expressed in Canadian Dollars)*

	Period since incorporation on September 22, 2015 to September 30, 2015 \$
Expenses	-
Loss for the period	-
Comprehensive loss for the period	-
Basic and diluted loss per common share (\$)	
Basic and diluted loss per common share (\$)	-

1049708 B.C. LTD.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Period since incorporation on September 22, 2015 to September 30, 2015
	\$
Cash flows from operating activities	
Loss for the period	-
Net cash used in operating activities	-
Cash flows from investing activities	
Net cash generated by investing activities	-
Cash flows from financing activities	
Issuance of common shares	1
Net cash generated by financing activities	1
Net increase in cash and cash equivalents	1
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	1
Net increase (decrease) in cash and cash equivalents	1
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	1

1049708 B.C. LTD.
Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital			
	Number of shares	Amount \$	Deficit \$	Total \$
Balance at September 22, 2015	-	-	-	-
Issuance of common shares	1	1	-	1
Balance at September 30, 2015	1	1	-	1

1049708 B.C. LTD.

Notes to the Financial Statements

For the period ended September 30, 2015

*(Expressed in Canadian Dollars Unless Otherwise Noted)***1. NATURE OF OPERATIONS AND GOING CONCERN**

1049708 B.C. LTD. (the “Company”) was incorporated on September 22, 2015, under the Business Corporations Act in the province of British Columbia. The head office address of the Company is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The registered office and records office of the Company is Suite 2600, Three Bentall Centre, PO Box 49314, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3.

The Company was incorporated to facilitate the restructuring required to be able to carry out the transaction described in Note 4. The intention is that the Company will be listed on the TSX Venture Exchange and will hold the investment in the JVCo referred to in Note 4 as well as the mineral property interests currently held by Golden Arrow Resources Corporation.

At September 30, 2015 the Company did not have enough cash on hand to meet its planned expenditures for the next twelve months. This creates material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continued operations are dependent upon its ability to raise funding to conduct its activities as described in Note 4. Management’s plan in this regard is to raise equity financing as required. There can be no assurance that the Company will be successful in achieving these goals.

2. SIGNIFICANT ACCOUNTING POLICIES*Statement of compliance*

The Company’s financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Foreign currencies

The presentation and functional currency of the Company is considered to be the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

New Accounting Standards and Interpretations

The International Accounting Standards Board (“IASB”) has issued new and amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

1049708 B.C. LTD.

Notes to the Financial Statements

For the period ended September 30, 2015

*(Expressed in Canadian Dollars Unless Otherwise Noted)***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****IFRS 9 – Financial Instruments**

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014 IFRS 9, Financial Instruments (“IFRS 9”) was issued. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

3. CAPITAL AND RESERVES*Authorized Share Capital*

At September 30, 2015, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in 2015

On September 22, 2015, the Company issued one share for consideration of \$1 to Golden Arrow Resources Corp.

4. PLAN OF ARRANGEMENT

On September 30, 2015 the Company entered into a business combination agreement (the “Agreement”) among the Company’s sole shareholder, Golden Arrow Resources Corporation (“Golden Arrow”), Silver Standard Resources Inc. (“Silver Standard”), Mina Pirquitas, LLC (“MP LLC”) and Valle Del Cura S.A. wherein the Company proposes, subject to, among other things, Silver Standard exercising an Election to Proceed (as defined in the Agreement), to give effect to a plan of arrangement (the “Arrangement”) pursuant to which each shareholder of Golden Arrow will receive one common share in the capital of the Company (a “New GAR Share”) in exchange for each common share of Golden Arrow (the “GAR Shares”) held.

Pursuant to the Arrangement, the GAR Shares (and thereby Golden Arrow’s interest in the Chinchillas property, a mineral property located in the Jujuy province of Argentina) will be transferred to a joint venture company (“JVco”), which, subject to the terms of the Agreement, will initially be owned 75% by Silver Standard and 25% by the Company.

1049708 B.C. LTD.

Notes to the Financial Statements

For the period ended September 30, 2015

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. PLAN OF ARRANGEMENT (continued)

Under the terms of the Agreement, JVco shall also acquire from Silver Standard all of the issued and outstanding securities of MP LLC which, through its Argentine branch, holds title to the Pirquitas mine (also located in the Jujuy province of Argentina), with the effect that upon completion of the Arrangement, existing shareholders of Golden Arrow will, as holders of New GAR shares, have exposure through the Company's 25% interest in JVCo to Silver Standard's Pirquitas mine and Golden Arrow's Chinchillas property.

In consideration for granting Silver Standard the rights to conduct an 18-month period of pre-development activities at Chinchillas ("the Preliminary Period"), Silver Standard has agreed to pay to Golden Arrow: (i) C\$0.5M on signing of the transaction agreements (already paid); (ii) C\$0.5M within five business days after the shareholders of Golden Arrow approve the transaction; (iii) C\$0.5M within five business days after the earlier of the 6 month anniversary of the shareholder approval for the transaction and the date of election to proceed with the joint venture; and (iv) C\$0.5M within five business days after the earlier of the 12 month anniversary of the shareholder approval for the transaction and the date of election to proceed with the joint venture.

Silver Standard may elect to exercise its option at any time over the Preliminary Period. Upon entering into the joint arrangement, Silver Standard will pay Golden Arrow an amount equal to 25% of mine earnings generated by Pirquitas less certain expenditures for exploration (including Chinchillas pre-development expenditures), capital investment and closure costs incurred during the Preliminary Period.

APPENDIX “I”
COMBINED CARVE-OUT FINANCIAL STATEMENTS FOR THE PIQUITAS MINE FOR
THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(See Attached)

Pirquitas Mine

Combined Carve-out Financial Statements
December 31, 2014 and 2013



November 13, 2015

Independent Auditor's Report

To the Board of Directors of Silver Standard Resources Inc.

We have audited the accompanying combined carve-out financial statements of the Pirquitas Mine, which comprise the combined carve-out statements of financial position as at December 31, 2014 and December 31, 2013, the combined carve-out statements of comprehensive loss, changes in equity and owner's interests, and cash flows for the years ended December 31, 2014 and December 31, 2013 and the related notes, which comprise a summary of significant accounting policies and other explanatory information. Our opinions, based on our audits, are presented below.

Management's responsibility for the combined carve-out financial statements

Management is responsible for the preparation and fair presentation of these combined carve-out financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined carve-out financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined carve-out financial statements present fairly, in all material respects, the financial position of the Pirquitas Mine as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to the fact that, as described in note 2 to the combined carve-out financial statements, the Pirquitas Mine did not operate as a separate entity during the periods presented. These carve-out financial statements are, therefore, not necessarily indicative of results that would have occurred if the Pirquitas Mine had been a separate stand-alone entity during the periods presented or of the future results of the Pirquitas Mine.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Pirquitas Mine

Combined Carve-out Financial Statements

December 31, 2014 and 2013

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Pirquitas Mine

Combined Carve-out Statements of Financial Position

As at December 31, 2014 and 2013

(expressed in thousands of United States dollars)

	Note	December 31 2014 \$	December 31 2013 \$
Current assets			
Cash and cash equivalents	3	52,535	81,849
Trade receivables and other assets	4	42,393	61,905
Inventory	5	60,620	50,894
Amounts due from related party	13	2,310	887
		157,858	195,535
Non-current assets			
Property, plant and equipment	6	109,268	159,505
Deferred income tax assets	8	—	12,040
Value added tax receivable	9	27,263	61,896
Non-current inventory	5	2,404	8,316
Total assets		296,793	437,292
Current liabilities			
Trade and other payables	10	23,299	16,955
Current provisions	11	59,226	50,684
Debt	12	5,922	—
Amounts due to related party	13	42,133	64,607
		130,580	132,246
Non-current liabilities			
Provisions	11	32,798	30,902
Total liabilities		163,378	163,148
Equity			
Owner's net investment	14	482,669	476,260
Other reserves		(24,358)	(24,358)
Retained (deficit)		(324,896)	(177,758)
Total equity attributable to owners		133,415	274,144
Total liabilities and equity		296,793	437,292

Commitments (note 19(c))

Events after the reporting date (note 1)

The accompanying notes are an integral part of the combined carve-out financial statements

Approved by the Audit Committee of Silver Standard Resources Inc, and authorized for issue on November 13, 2015

"Richard D. Paterson"

Richard D. Paterson, Director

"Beverlee F. Park"

Beverlee F. Park, Director

Pirquitas Mine

Combined Carve-out Statements of Comprehensive Loss

For the years ended December 31, 2014 and 2013

(expressed in thousands of United States dollars, except per share amounts)

	Note	2014 \$	2013 \$
Revenue		141,253	174,686
Cost of sales	15	(143,829)	(169,501)
(Loss) income from mine operations		(2,576)	5,185
General and administrative expenses		(1,793)	(3,615)
Exploration and evaluation expenses		(1,425)	(2,205)
Impairment charges	7	(40,250)	(202,440)
Operating (loss)		(46,044)	(203,075)
Interest earned and other finance income	16	1,723	5,239
Interest expense and other finance expenses	16	(7,764)	(3,818)
Other income (expense)		11	(714)
Foreign exchange (loss)		(21,330)	(31,473)
(Loss) before tax		(73,404)	(233,841)
Income tax (expense) recovery	8	(23,700)	6,431
Total comprehensive (loss) and net (loss) attributable to owner		(97,104)	(227,410)

The accompanying notes are an integral part of the combined carve-out financial statements

Pirquitas Mine

Combined Carve-out Statements of Changes in Equity and Owner's Interests

For the years ended December 31, 2014 and 2013

(expressed in thousands of United States dollars)

	Owner's net investment \$	Other reserves \$	Retained earnings (deficit) \$	Total equity \$
Balance, January 1, 2013	474,317	(24,358)	49,652	499,611
Equity contribution	1,943	—	—	1,943
Total comprehensive (loss) for the year	—	—	(227,410)	(227,410)
Balance, December 31, 2013	476,260	(24,358)	(177,758)	274,144
Equity contribution	6,409	—	—	6,409
Dividends paid	—	—	(50,034)	(50,034)
Total comprehensive (loss) for the year	—	—	(97,104)	(97,104)
Balance, December 31, 2014	482,669	(24,358)	(324,896)	133,415

The accompanying notes are an integral part of the combined carve-out financial statements

Pirquitas Mine

Combined Carve-out Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(expressed in thousands of United States dollars)

	Note	2014 \$	2013 \$
Operating activities			
Net (loss) for the year		(97,104)	(227,410)
Adjustments for:			
Depreciation, depletion and amortization		29,184	41,808
Net finance expense		6,036	(1,421)
Impairment charges and inventory write-downs		51,512	214,633
Other loss		—	—
Income tax expense		23,700	(6,431)
Non-cash foreign exchange loss		13,719	22,511
Net changes in non-cash working capital items	20	21,480	18,508
Cash generated by operating activities before value added taxes, interest and income taxes (paid) recovered		48,527	62,198
Value added taxes (paid)		(18,892)	(19,567)
Value added taxes recovered		30,707	5,040
Income taxes recovered (paid)		4,447	(10,850)
Cash generated by operating activities		64,789	36,821
Investing activities			
Purchase of property, plant and equipment		(10,332)	(30,911)
Deferred stripping expenditures		(11,446)	(28,837)
Expenditures on exploration properties		(900)	—
Interest received		1,445	5,190
Cash (used) in investing activities		(21,233)	(54,558)
Financing activities			
Payment of dividends		(50,035)	—
Advances from related parties		2,000	25,400
Repayment of related parties		(26,436)	(1,000)
Debt proceeds		5,922	—
Cash (used in) generated by financing activities		(68,549)	24,400
Effect of foreign exchange rate changes on cash and cash equivalents		(4,321)	(10,092)
(Decrease) in cash and cash equivalents		(29,314)	(3,429)
Cash and cash equivalents, beginning of period		81,849	85,278
Cash and cash equivalents, end of period		52,535	81,849

Supplemental cash flow information (note 20)

The accompanying notes are an integral part of the combined carve-out financial statements

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

1. NATURE OF OPERATIONS AND BACKGROUND

The Pirquitas Mine ("we", "us" or "our") constitutes Mina Pirquitas, LLC ("MP LLC") (formerly Mina Pirquitas, Inc. ("MPI") until its conversion to a limited liability corporation on December 31, 2014), its Argentine branch, Mina Pirquitas LLC, Sucursal Argentina ("MP SA"), and the revenues, expenses, assets and liabilities from a related sales and marketing entity, a British Columbia limited partnership, directly related to the sale of concentrate from the Pirquitas Mine. MP LLC is a limited liability corporation incorporated under the laws of Delaware, United States of America. We are principally engaged in the operation of our silver mine located in Jujuy Province, Argentina.

Our address is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

On September 30, 2015, our parent company, Silver Standard Resources Inc. ("Silver Standard"), along with MP LLC, entered into an agreement (the "Agreement") with Golden Arrow Resources Corporation ("Golden Arrow") to explore, evaluate and seek to develop Golden Arrow's Chinchillas silver-lead-zinc project, located in Jujuy Province, Argentina approximately 30 kilometers from the Pirquitas Mine.

Under the terms of the Agreement, Silver Standard will evaluate Chinchillas during a period of 18 months from the signing of the Agreement (the "Preliminary Period") as a mining operation to supply feed to the Pirquitas plant beginning in the second half of 2017. Silver Standard has committed to spend a minimum of \$4,000,000 for pre-development activities. Expenditures may total up to \$12,600,000 million based on the success of the pre-development activities, including exploration, mine planning, metallurgical studies, permitting and engineering studies.

Silver Standard has agreed to pay Golden Arrow up to C\$2,000,000 during the Preliminary Period in four C\$500,000 installments with the first installment paid on signing of the Agreement and the remaining installments are conditional upon completion of project milestones.

If Silver Standard elects to proceed, it will enter into a joint venture with 1049708 B.C. Ltd. ("New GAR"), a Golden Arrow entity that, following the completion of a statutory plan of arrangement (the "Arrangement"), will be owned by Golden Arrow's current shareholders, whereby Silver Standard will be the majority partner and operator. Pursuant to the terms of the joint venture, Silver Standard would contribute all of its interest in MP LLC to the joint venture in exchange for a 75% ownership interest and New GAR (which will after the Arrangement is complete own 100% of Golden Arrow) would contribute all of its interest in Golden Arrow to the joint venture in exchange for a 25% ownership interest. Silver Standard may elect to exercise its option at any time over the Preliminary Period. Upon entering into the joint venture, Silver Standard will pay New GAR an amount equal to 25% of mine earnings generated by Pirquitas less certain expenditures for exploration (including Chinchillas pre-development expenditures), capital investment and closure costs incurred during the Preliminary Period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these combined carve-out financial statements are set out below.

a) Basis of preparation

The Pirquitas Mine combined carve-out financial statements, which have been prepared in connection with the Agreement, present the historical carve-out financial position, results of operations, changes in equity and cash flows of the Pirquitas Mine. The Pirquitas Mine combined carve-out financial statements have been derived from the accounting records of Silver Standard and prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Pirquitas Mine been a separate entity. Silver Standard's investment in the Pirquitas Mine, presented as Owner's Interest in the Pirquitas Mine combined carve-out financial statements, includes the accumulated retained earnings, other reserves and accumulated net contributions by Silver Standard. Our results are comprised of the historical operations, assets, liabilities and cash flows of MP LLC, MP SA and the revenues, expenses, assets and liabilities from a related sales and marketing entity directly related to the sale of concentrate from the Pirquitas Mine. The combined carve-out statements include a portion of Silver Standard's general and administrative expenses that are directly related to the operation of the Pirquitas mine, including but not limited, to concentrate sales, insurance and certain exploration

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

and technical services. Administrative expenses incurred by Silver Standard that relate to corporate oversight and are more general in nature have not been allocated to the combined carve-out statement of comprehensive loss.

These combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The comparative information has also been prepared on this basis.

These combined carve-out financial statements incorporate the financial statements of our entities as described in note 1. All balances and transactions between the parties being combined are eliminated.

These statements were authorized for issue by the Audit Committee of Silver Standard Resources Inc. on November 13, 2015.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires us to exercise our judgment in the process of applying our accounting policies. The areas involving judgment or complexity, or areas where assumptions and estimates are significant and could affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the combined carve-out financial statements and the reported amounts of revenues and expenses during the period, are discussed in note 2(q).

b) Accounting convention

These combined carve-out financial statements have been prepared on the historical cost basis.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the combined carve-out financial statements are measured using the currency of the primary economic environment in which the particular entity operates (the "functional currency").

The combined carve-out financial statements are presented in United States dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated using the period end exchange rates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the combined carve-out statements of loss.

d) Revenue recognition

Our primary source of revenue is from the sale of metal-bearing concentrate. Revenue is recognized in the combined carve-out financial statements when the following conditions are met:

- the significant risks and rewards of ownership have passed to the customer;
- neither continuing managerial involvement, to the degree usually associated with ownership, nor effective control over the good sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that economic benefits associated with the sale will flow to us; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenue from the sale of concentrate is recorded net of charges for treatment, refining and penalties. Net revenues from the sale of significant by-products are included within revenue. Where a by-product is not regarded as significant, sales proceeds may be credited against cost of sales.

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Concentrate sales are recognized on a provisional basis using our estimate of contained metals. Final settlement is based on applicable commodity prices, contractually determined quotational periods, and receipt of final weights and assays, which typically occurs two to six months after shipment.

Variations between the price recorded when revenue was initially recognized and the actual final price are caused by changes in metal prices and result in an embedded derivative. The derivative is recorded at fair value each period until final settlement occurs, with value adjustments recognized in revenue.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and held at banks and short-term investments with an original maturity of 90 days or less, which are readily convertible into a known amount of cash and excludes any restricted cash that is not available for use by us.

f) Inventory

Stockpiled ore and finished goods are valued at the lower of average cost and estimated net realizable value ("NRV"). Cost includes all direct costs incurred in production including direct labour and materials, production stripping, freight, depreciation, depletion and amortization and directly attributable overhead costs. The NRV is calculated using the estimated price at the time of sale based on prevailing and forecast metal prices less estimated future production costs to convert the inventory into saleable form and all associated selling costs.

Any write-downs of inventory to NRV are recorded within cost of sales in the combined carve-out statements of loss. If there is a subsequent increase in the value of inventory, the previous write-downs to NRV are reversed up to cost to the extent that the related inventory has not been sold.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. Costs added to stockpiled ore inventory are derived from the current mining costs incurred up to the point of stockpiling the ore and are removed at average cost. Quantities of stockpiled ore are verified by periodic surveys.

Finished goods inventory includes metal concentrates at site and in transit.

Materials and supplies inventories are valued at the lower of average cost and NRV. Costs include acquisition, freight and other directly attributable costs. A regular review is undertaken to determine the extent of any provision for obsolescence.

Inventory that is not planned to be processed or used within one year is classified as non-current.

g) Mineral properties

Capitalized costs of mineral properties include the following:

- Costs of acquiring exploration stage properties in asset acquisitions;
- Economically recoverable exploration and evaluation expenses;
- Expenditures incurred to develop mining properties;
- Value attributed to properties acquired in a business combination;
- Deferred stripping costs;
- Estimates of close down and restoration assets; and
- Borrowing costs incurred that are attributable to qualifying mineral properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(i) Exploration and evaluation expenditures**

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with acquiring the rights to explore, prospecting, sampling, mapping, diamond drilling and other work involved in searching for Mineral Resources.

Evaluation expenditures are costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of: (i) further defining the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a Mineral Resource or a Proven and Probable Mineral Reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of mineralized material is commercially justified including preliminary economic assessments, pre-feasibility and final feasibility studies.

The costs of acquiring exploration properties in an asset purchase, including option payments and the acquisition of mineral licenses, are capitalized as an exploration and evaluation asset at cost. The cost of acquiring Mineral Resources in a business combination are recognized as mineral property asset at fair value.

All other exploration and evaluation expenditures are expensed until it is probable that future economic benefits will flow to us. We use the following criteria to assess the economic recoverability and probability of future economic benefits:

- Viability: A Proven and/or Probable Mineral Reserve has been established that demonstrates a positive financial return, and/or where there is a history of conversion to Mineral Reserves at operating mines; and
- Authorizations: necessary permits, access to critical resources and environmental programs exist or are reasonably obtainable.

Once future economic benefits are expected, further exploration and evaluation expenditures are capitalized at cost and recognized as an exploration and evaluation asset within property, plant and equipment. Capitalized costs are considered to be tangible assets as they form part of the underlying mineral property. No amortization is charged during the evaluation and development phase as the asset is not available for use.

(ii) Development expenditures

Once approval has been obtained to commence the development and construction of a mine, all costs are capitalized and included in the carrying amount of the related property in the period incurred. All costs, including pre-operating costs, are capitalized until the point that the mineral property is operating at intended levels by us. This is determined by: (i) completion of operational commissioning of major mine and plant components; (ii) operating results being achieved consistently for a period of time; (iii) indicators that these operating results will be continued; and (iv) other factors being present, including one or more of the following: a significant portion of the plant/mill capacity being achieved; a significant portion of available funding being directed towards operating activities; a predetermined, reasonable period of time being passed; or significant milestones for the development of the mineral property being achieved.

In addition, any proceeds from sales in these periods are offset against costs capitalized.

In open pit mining operations, it is necessary to incur costs to remove waste material in order to access the ore body, which is known as stripping. Stripping costs incurred prior to the production stage of a mining property (pre-stripping costs) are capitalized as part of the carrying amount of the related mining property.

Once the mineral property is operating as intended, further operating costs, including depreciation, depletion and amortization, are included within inventory as incurred.

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(iii) Production stripping costs

During the production phase of a mine, where stripping activities result in improved access to ore, we recognize a non-current 'stripping activity asset' ("SAA") when it is probable that the future economic benefit of the improved access will flow to us, the ore to which access has been improved is identifiable, and costs can be reliably measured. Typically identifiable components of an ore body correspond to the phases of a mine plan. Within each identifiable component, the average stripping ratio is determined; the cost of waste removal in excess of the stripping ratio is capitalized as a SAA, and the cost of waste and ore removal in line with the average stripping ratio is recorded in inventory. The SAA is amortized using a unit of production method over the period in which the improved access to the component of the ore body is achieved.

(iv) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to our relevant general borrowings during the period.

h) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment charges.

The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and, for qualifying assets, the associated borrowing costs.

Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as plant and equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as a cost of inventory.

i) Depreciation

The carrying amounts of plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, if shorter. Depreciation starts on the date when commissioning is complete. The major categories of property, plant and equipment are depreciated on a units-of-production or straight-line basis using the estimated lives indicated below:

Computer equipment	3 - 5 years
Furniture and fixtures	7 years
Vehicles	3 years
Mining equipment	5 - 7 years
Mobile equipment components	3 - 15 years
Buildings	Life of mine
Mine plant equipment	Life of mine
Leasehold improvements	Lease term

Where the estimated life of an asset exceeds the life of mine, assets are depreciated until the expected cessation of their usage.

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Land is not depreciated.

Mineral properties, including close down and restoration assets and SAA, are depreciated using the units-of-production method. In applying the units-of-production method, depreciation is calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material expected to be extracted in current and future periods based on Mineral Reserves.

We conduct an annual review of residual values, useful lives and depreciation methods employed for property, plant and equipment. Any changes in estimate that arise from this review are accounted for prospectively.

j) Review of asset carrying values and impairment assessment

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or at any time if an indicator of impairment is considered to exist. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

We conduct reviews to assess for any indications of impairment of asset values. External factors such as changes in current and forecast metal prices, operating costs and other market factors are also monitored to assess for indications of impairment.

If any such indication exists, an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs to dispose ("FVLCTD") and value in use ("VIU"). If the asset's carrying amount exceeds its recoverable amount then an impairment loss is recognized in the combined statement of loss.

FVLCTD is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is normally assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets, other than goodwill, that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

k) Equity and Owner's interest

Common shares or units issued, owner's contributions and the share of contributed capital from the limited partners associated with the related sales and marketing entity are recorded at the net proceeds received which is the fair value of the consideration received less costs incurred in connection with the issue.

l) Taxation

The income tax expense for the period is comprised of current and deferred tax, and is recognized in the combined carve-out statement of income except to the extent that it relates to items recognized directly in equity.

(i) Current income tax

Current tax for each of MPI LLC, MPI SA and our related sales and marketing entity is based on the local taxable profit for the period at the local statutory tax rates enacted or substantively enacted at the date of the combined carve-out statement of financial position.

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ii) Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences between the carrying value of assets and liabilities in the combined statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is determined using tax rates and tax laws that are enacted or substantively enacted at the date of the combined carve-out statement of financial position and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are not recognized if the temporary difference arises on the initial recognition of assets and liabilities in a transaction other than a business combination, that at the time of the transaction, affects neither the taxable nor the accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by us and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available to be utilized against those deductible temporary differences. Deferred tax assets are reviewed at each reporting date and amended to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority, and we intend to settle our current tax assets and liabilities on a net basis.

(iii) Royalties and other tax arrangements

Royalties and other arrangements are treated as taxation arrangements when they have the characteristics of tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to an income measure. Obligations arising from royalty arrangements that do not satisfy these criteria are recognized as current liabilities and included within cost of sales.

(iv) Value added tax ("VAT")

VAT may be paid in countries where recoverability is uncertain. In these cases, VAT payments are either deferred within mineral property costs, or expensed if related to exploration and evaluation costs. If we ultimately recover the amounts that have been deferred, the amount received will be applied to reduce mineral property costs. If the amounts were previously expensed, the recovery will be recognized in the combined carve-out statement of loss.

m) Financial instruments

(i) Financial assets and liabilities

We classify our financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), loans and receivables, available-for-sale, held to maturity, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were obtained. Management determines the classification of financial assets and liabilities at initial recognition.

We have not classified any financial instruments as available for sale or as held to maturity. Our accounting policy for each of the other categories is as follows:

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are recorded at fair value and transaction costs are expensed in the combined carve-out statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the combined carve-out statement of loss in the period in which they arise. Financial assets at FVTPL are held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loans and receivables Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Other financial liabilities Other financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the initial cost and the redemption value is recognized in the combined carve-out statement of income over the period to maturity using the effective interest method.

Derivative financial instruments Our policy with regard to 'Financial Risk Management' is set out in note 19. We have not entered into any stand-alone derivative contracts.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. Commodity-based embedded derivatives resulting from provisional sales prices of metals in concentrate are recognized in revenue as described in note 2(d).

(ii) Fair value of financial instruments

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), we establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the financial asset's specific circumstances.

(iii) Impairment of financial assets

We assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is 'significant' or 'prolonged' based on indicators such as significant adverse changes in the market, economic or legal environment.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(iv) Derecognition of financial assets and liabilities

Financial assets are derecognized when the assets mature or are sold, and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within finance income or other income and finance costs, respectively.

n) Provisions for close down and restoration and for environmental clean-up costs

Close down and restoration costs include dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of estimated future costs. The cost estimates are updated during the life of the operation to reflect known development, e.g. revisions to cost estimates and to the estimated lives of the operations, and are subject to formal reviews at regular intervals.

The initial closure provision together with changes resulting from changes in estimated cash flows or discount rates are adjusted within mineral properties. These costs are then depreciated over the life of the asset to which they relate, typically using the units-of-production method. The accretion or unwinding of the discount applied in establishing the net present value of provisions is charged to the combined carve-out statement of income as a financing expense.

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

December 31, 2014 and 2013

(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Leases

Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as finance leases. Finance leases are capitalized at the lease commencement at the lower of the fair market value of the leased property and the net present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

p) Adopted IFRS pronouncements

The following new and amended IFRS pronouncements were adopted during 2014:

Levies imposed by governments

International Financial Reporting Interpretations Committee's ("IFRIC") Interpretation 21, *Levies* ("IFRIC 21"), an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments, was effective for annual periods beginning on January 1, 2014. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This did not have any material impact on our current accounting for levies imposed by governments.

Impairment of assets

IAS 36, *Impairment of assets*, was amended to clarify disclosure requirements when a recoverable amount is determined based on FVLCTD. The amendment was effective for annual periods beginning on January 1, 2014 and we have adopted the amendment in note 7, which did not have a significant impact to the disclosure.

q) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the combined carve-out financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the combined carve-out financial statements. Information about such judgments and estimation is contained in the accounting policies and/or notes to the combined carve-out financial statements, and the key areas are summarized below.

Areas of judgment that have the most significant effect on the amounts recognized in the combined carve-out financial statements are:

- Review of asset carrying values and impairment assessment;
- Mineral Reserves and Mineral Resources estimates;
- Determination of deferred stripping activities;
- Determination of useful lives of property, plant and equipment;
- Valuation of inventory;
- Close down and restoration provision;
- Deferred tax assets and liabilities;
- Functional currency; and
- Contingencies.

Pirquitas Mine

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(tabular amounts expressed in thousands of United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Key sources of estimation uncertainty that have the most significant effect on the amounts recognized in the combined carve-out financial statements are:

- Review of asset carrying values and impairment assessment;
- Mineral Reserves and Mineral Resources estimates;
- Valuation of inventory;
- Close down and restoration provision;
- Deferred tax assets and liabilities; and
- Contingencies,

Each of these judgments and estimates is considered in more detail below.

Review of asset carrying values and impairment assessment

In accordance with our accounting policy (note 2(j)), each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of FVLCTD or VIU.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices and forecasts, production budgets and forecasts, and life-of-mine estimates.

The determination of FVLCTD and VIU requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, discount rates, Mineral Reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in the combined carve-out statements of loss.

Mineral Reserves and Mineral Resources estimates We estimate Mineral Reserves and Mineral Resources based on information prepared by qualified persons as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. Mineral Reserves are used in the calculation of depreciation, amortization and impairment charges, for forecasting the timing of the payment of close down and restoration costs, and future taxes. In assessing the life of a mine for accounting purposes, Mineral Resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating Mineral Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Mineral Reserves and may, ultimately, result in Mineral Reserves estimates being revised. Such changes in Mineral Reserves could impact on depreciation and amortization rates, asset carrying values and the provision for close down and restoration.

Determination of deferred stripping activities We determine whether stripping costs incurred during the production phase of a surface mining operation provide improved access to a component of an ore body that will be mined in a future period, and whether the costs can be reliably measured. We have to apply judgment when identifying components of the mine over which stripping costs are capitalized, in estimating the average stripping ratio for each component, and in using judgment to determine the period over which the SAA is amortized.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Determination of useful lives of property, plant and equipment We use the units-of-production method to depreciate mineral property expenditures, whereby depreciation is calculated using the quantity (either tonnes or ounces) of ore extracted from the mine in the period as a percentage of the total quantity of ore expected to be extracted in current and future periods based on Mineral Reserves. As noted above, there are numerous uncertainties inherent in estimating Mineral Reserves. Other assets are depreciated using the straight-line method, which includes significant management judgment to determine useful lives and residual values.

The carrying amounts of our mineral properties are depleted based on recoverable ounces contained in Proven and Probable Mineral Reserves. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to our mine plans and changes in metal price forecasts can result in a change to future depletion rates.

Valuation of inventory Stockpiled ore and finished goods are valued at the lower of average cost and NRV. NRV is calculated as the estimated price at the time of sale based on prevailing and forecast metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of forecast sales price, production and selling costs requires significant assumptions that may impact the stated value of our inventory.

Close down and restoration provision Close down and restoration costs are a consequence of exploration activities and mining, and the majority of close down and restoration costs are incurred near the end of the life of a mine. Our accounting policy requires the recognition of such provisions when the obligation occurs. The initial provisions are periodically reviewed during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations. Although the ultimate cost to be incurred is uncertain, we estimate our costs based on studies using current restoration standards and techniques. The initial closure provisions together with changes, other than those arising from the discount applied in establishing the net present value of the provision, are capitalized within property plant and equipment and depreciated over the lives of the assets to which they relate.

The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites, local inflation rates and exchange rates when liabilities are anticipated to be settled in a currency other than the U.S. dollar. The expected timing of expenditure can also change, for example, in response to changes in Mineral Reserves, production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration, which would affect future financial results.

Deferred tax assets and liabilities The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Functional currency The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on our combined results based on the foreign currency translation methods described in note 2(c).

Contingencies Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal, tax or regulatory proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, we evaluate with our legal counsel the perceived merits of any legal, tax or regulatory proceedings, unasserted claims or actions. Also evaluated are the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets or liabilities are not recognized in the combined carve-out financial statements.

Pirquitas Mine

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

r) Future accounting changes

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective. None of these is expected to have a significant effect on our combined financial statements, except the following set out below:

Revenue from contracts with customers

The IASB has replaced IAS 18, *Revenue* in its entirety with IFRS 15 - *Revenue from contracts with customers* ("IFRS 15") which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2017. We are currently evaluating the impact the standard is expected to have on our combined financial statements.

IFRS 9, Financial Instruments: Classification and Measurement ("IFRS 9")

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of *IFRS 9*, issued in July 2014, moved the mandatory effective date to January 1, 2018.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. We will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

Amendments

Amendments to standards and interpretations include the following:

IFRS 7, *Financial instruments: Disclosure* ("IFRS 7"): IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on our combined financial statements.

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3. CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013
	\$	\$
Cash balances	52,263	67,149
Short-term investments	272	14,700
	52,535	81,849

4. TRADE RECEIVABLES AND OTHER ASSETS

	December 31, 2014	December 31, 2013
	\$	\$
Trade receivables	26,390	43,516
Tax receivables	1,438	10,132
Value added tax receivables (note 9)	8,002	3,069
Prepayments and deposits	3,540	3,333
Other receivables	3,023	1,855
	42,393	61,905

We expect full recovery of the trade receivables amounts outstanding and, therefore, no allowance has been recorded against these receivables. No trade receivables are past due and all are expected to be settled within twelve months.

Credit risk is further discussed in note 19(b). We do not hold any collateral for any receivable amounts outstanding at December 31, 2014 or December 31, 2013.

5. INVENTORY

	December 31, 2014	December 31, 2013
	\$	\$
Current:		
Finished goods	24,764	16,183
Stockpiled ore	17,896	18,918
Materials and supplies	17,960	15,793
	60,620	50,894
Non-current inventory ⁽¹⁾	2,404	8,316
	63,024	59,210

⁽¹⁾ From time to time, we hold stockpiled ore and supplies that are expected to be used after one year, both of which are classified as non-current inventory. Non-current inventory consisted of stockpiled ore of \$Nil (December 31, 2013 - \$4,251,000) and materials and supplies of \$2,404,000 (December 31, 2013 - \$4,065,000).

Pirquitas Mine

Notes to the Combined Carve-out Financial Statements

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5. INVENTORY (Cont'd)

As of December 31, 2014, it was determined that low grade stockpiles would not be processed given prevailing silver prices and were therefore written off. This resulted in a charge to cost of sales of \$11,262,000 (note 15).

During the year ended December 31, 2013, we wrote-down stockpiled ore to its NRV, recording a charge of \$12,193,000. The cost of inventory held at NRV at December 31, 2014 was \$Nil (December 31, 2013 - \$3,656,000).

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

	December 31, 2014				
	Plant and equipment	Assets under construction	Mineral properties	Exploration and evaluation assets	Total
Cost					
Balance, January 1, 2014	257,297	10,337	34,160	—	301,794
Additions	2,190	10,122	13,172	900	26,384
Disposals	(4,883)	—	—	—	(4,883)
Impairment charges (note 7)	(22,835)	—	(17,415)	—	(40,250)
Transfers	5,997	(5,997)	—	—	—
Balance, end of period	237,766	14,462	29,917	900	283,045
Accumulated depreciation					
Balance, January 1, 2014	(117,205)	—	(25,084)	—	(142,289)
Charge for the year	(30,665)	—	(4,833)	—	(35,498)
Disposals	4,010	—	—	—	4,010
Balance, end of period	(143,860)	—	(29,917)	—	(173,777)
Net book value at December 31, 2014	93,906	14,462	—	900	109,268

	December 31, 2013				
	Plant and equipment	Assets under construction	Mineral properties	Exploration and evaluation assets	Total
Cost					
Balance, January 1, 2013	291,554	18,791	141,092	—	451,437
Additions	927	28,085	27,188	—	56,200
Disposals and reclassifications	(4,342)	—	—	—	(4,342)
Change in estimate of close down and restoration provision	—	—	939	—	939
Impairment charges (note 7)	(67,381)	—	(135,059)	—	(202,440)
Transfers	36,539	(36,539)	—	—	—
Balance, end of period	257,297	10,337	34,160	—	301,794
Accumulated depreciation					
Balance, January 1, 2013	(88,358)	—	(18,976)	—	(107,334)
Charge for the year	(31,388)	—	(6,108)	—	(37,496)
Disposals	2,541	—	—	—	2,541
Balance, end of period	(117,205)	—	(25,084)	—	(142,289)
Net book value at December 31, 2013	140,092	10,337	9,076	—	159,505

As at December 31, 2014, no items of property, plant and equipment have been pledged as security for liabilities.

Pirquitas Mine

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7. IMPAIRMENT OF NON-CURRENT ASSETS

During the years ended December 31, 2014 and December 31, 2013, metal prices have been volatile and silver has experienced a significant decline overall through this period, which was an indicator of potential impairment of the carrying value of our long-lived assets. In 2014, silver prices were consistent until September 1, but thereafter declined significantly from \$19.49/oz to \$15.97/oz at December 31, 2014. There was a similar trend from the beginning of 2013 to the second quarter of 2013, as silver prices declined significantly from \$30.87/oz to approximately \$18.86/oz. As a result, at both December 31, 2014 and June 30, 2013, we assessed the recoverable amount of the Pirquitas Mine, which has been identified as a CGU.

Impairment testing on the Pirquitas Mine

In both impairment assessments, the recoverable amount of the Pirquitas Mine was determined to be the FVLCTD, which is based upon the CGU's estimated future after-tax cash flows. The after-tax cash flows were determined based on life-of-mine ("LOM") after-tax cash flow projections, which incorporate our estimates of forecast metal prices, production based on current estimates of recoverable Mineral Reserves and Mineral Resources, exploration potential, future operating costs and capital expenditures, inflation, and long-term foreign exchange rates. Metal prices included in the cash flow projections were based on market consensus forecasts. Projected cash flows are discounted using an estimated weighted average cost of capital of a market participant adjusted for asset specific risks. Management's estimate of the FVLCTD is classified as level 3 in the fair value hierarchy (note 18).

Significant assumptions and impact

Pricing

For the December 31, 2014 ("Q4 2014") and June 30, 2013 ("Q2 2013") impairment assessments, the real silver metal price assumptions were as follows:

Silver price assumptions			2015	2016	2017	
Q4 2014			\$17.50	\$18.50	\$19.00	
Silver price assumptions	H2 2013	2014	2015	2016	2017	Long-term price
Q2 2013	\$22.99	\$21.92	\$22.58	\$22.68	\$21.95	\$20.70

Inflation and foreign exchange

Argentina's current inflationary environment continues to be elevated with the Argentine peso experiencing significant devaluation. A key assumption in the Pirquitas Mine's LOM after-tax cash flow projections was that total operating costs increased by inflation would be largely offset by a devaluation of the Argentine peso. Should this assumption regarding the future macroeconomic situation in Argentina change, and sustained inflation continue, without a commensurate change in the foreign exchange rate, the estimated recoverable amount could be adversely impacted.

Discount rate

The pre-tax discount rate adjusted for asset specific risks used for the Q4 2014 impairment assessment was 10% (Q2 2013 - 10%).

At Q4 2014, the recoverable amount of \$180,007,000 (Q2 2013 - \$219,947,000) was lower than the carrying value of the CGU and therefore we recorded an impairment charge of \$40,250,000 (Q2 2013 - \$202,440,000) before tax, (\$40,250,000 net of tax (Q2 2013 - \$196,904,000)) against the carrying value of the Pirquitas Mine and its plant and equipment.

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8. CURRENT AND DEFERRED INCOME TAX

Tax charges in the combined carve-out financial statements have been determined based on the tax charges recorded by MP LLC (and formerly MPI Inc) and MP SA in their statutory accounts in accordance with their respective tax returns. The income tax recorded in the combined carve-out financial statements has also been affected by the taxation arrangements within Silver Standard related to the sales and marketing entity. Income tax expense related to the sales and marketing entity has been calculated on the basis of the entity's allocation of income tax (expense) recovery based on its financial impact on the consolidated tax return with the difference recorded to equity. This calculated income tax is not necessarily representative of the income tax that would have been reported had the Pirquitas Mine been an independent group and it is not necessarily representative of the income tax that may arise in the future.

Income tax expense (recovery) differs from the amount that would be computed by applying the Canadian statutory rate of 26% (2013: 25.75%) to income (loss) before income taxes. The reasons for the differences are as follows:

Years ended December 31	2014	2013
	\$	\$
(Loss) before taxes	(73,404)	(233,841)
Statutory tax rate	26.00%	25.75%
Expected income tax (recovery)	(19,085)	(60,214)
Increase (decrease) resulting from:		
Permanent differences	(2,334)	—
Foreign exchange	(10,212)	1,812
Differences in foreign and future tax rates	(7,847)	(25,732)
Mining & overseas withholding tax	5,250	—
Adjustments in respect of prior years	—	5,384
Movement in deferred tax not recognized		
Movement in year	(1,684)	72,176
Additional movement in deferred tax not recognized due to reorganization	59,525	—
Other	87	143
Total income tax expense	23,700	(6,431)
Current tax expense	11,660	4,357
Deferred tax expense (recovery)	12,040	(10,788)
Total income tax expense	23,700	(6,431)

The applicable tax rate in Canada for the year ended December 31, 2014 was 26%, which reflects the legislated provincial tax rate increased from 25.0% to 26.0% on April 1, 2013.

Impairment of the Pirquitas Mine of \$51,512,000 (including \$40,250,000 relating to write-down of property, plant and equipment and \$11,262,000 of write-off of inventory) gave rise to an increased deductible temporary difference with respect to Argentina assets of \$51,512,000. However, any resulting deferred income tax asset was unrecognized according to IAS 12, *Income Taxes*, as the entity does not have evidence to prove that it will have taxable profit to utilize the deferred tax assets or any deferred tax liabilities required to be offset by the deferred tax assets in the foreseeable future.

During the year, we completed a reorganization of MPI. As a result of this reorganization, MPI, as a wholly-owned subsidiary of Silver Standard is no longer subject to U.S. income tax. Consequently, the current year deferred tax balances relating to Pirquitas arise from MP SA, the Argentine branch, whereas the comparative 2013 deferred tax balances relate to MPI. Accordingly, the previously recognized deferred tax asset comprised of the foreign tax credit (\$12,040,000 arising from Argentine withholding tax paid on interest in 2013) has been derecognized. The reorganization has resulted in a reduction to the unrecognized deferred tax asset relating to the Pirquitas Mine of \$47,485,000. Accordingly, the total movement in the unrecognized deferred tax assets relating to the reorganization of MPI is equal to \$59,525,000. Argentine withholding tax paid on interest results in current tax expense of \$5,250,000 for 2014.

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8. CURRENT AND DEFERRED INCOME TAX (Cont'd)

In the normal course of business, we are subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by us in computing current and future income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amounts of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. We provide for potential differences in interpretation based on a best estimate of the probable outcome of these matters. Changes in these estimates could result in material adjustments to our current and future income taxes.

The tax effected items that give rise to significant portions of the deferred income tax assets for the years ended December 31, 2014 and 2013 are presented below:

	Net balance at January 1, 2014	Recognized in statement of loss	Balance as at December 31, 2014		
			Net	Deferred tax assets	Deferred tax liabilities
	\$	\$	\$	\$	\$
Inventory	1,114	(327)	787	787	—
Property, plant and equipment	(32,110)	17,247	(14,863)	—	(14,863)
Close down and restoration provision	3,214	(8,118)	(4,904)	—	(4,904)
Carry forward tax loss and tax credits	27,782	(21,802)	5,980	5,980	—
Mining and foreign withholding tax	12,040	(12,040)	—	—	—
Other	—	13,000	13,000	13,000	—
Net deferred tax (liabilities) assets before set-off	12,040	(12,040)	—	19,767	(19,767)
Set-off tax	—	—	—	(19,767)	19,767
Net deferred tax (liabilities)	12,040	(12,040)	—	—	—

	Net balance at January 1, 2013	Recognized in statement of loss	Balance as at December 31, 2013		
			Net	Deferred tax assets	Deferred tax liabilities
	\$	\$	\$	\$	\$
Inventory	9,410	(8,296)	1,114	1,114	—
Property, plant and equipment	(27,537)	(4,573)	(32,110)	—	(32,110)
Close down and restoration provision	10,351	(7,137)	3,214	3,214	—
Carry forward tax loss and tax credits	—	27,782	27,782	27,782	—
Mining and foreign withholding tax	—	12,040	12,040	12,040	—
Other	18,232	(18,232)	—	—	—
Net deferred tax (liabilities) assets before set-off	10,456	1,584	12,040	44,150	(32,110)
Set-off tax	—	—	—	(32,110)	32,110
Net deferred tax (liabilities)	10,456	1,584	12,040	12,040	—

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8. CURRENT AND DEFERRED INCOME TAX (Cont'd)

We recognize tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. Our unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

Years ended December 31	2014	2013
	\$	\$
Inventory	15,455	—
Property, plant and equipment	—	195,212
Close down and restoration provision	35,966	—
Carry forward tax loss and tax credits	161,958	—
Other items	—	10,862
Unrecognized deductible temporary differences	213,379	206,074

At December 31, 2014, we had the following estimated tax operating losses available to reduce future taxable income, including both losses for which deferred tax assets are utilized to offset applicable deferred tax liabilities and losses for which deferred tax assets are not recognized as listed in the table above. Losses expire between 2019 and 2020.

As at December 31, 2014	\$
Argentina	225,733

9. VALUE ADDED TAX RECEIVABLE

	December 31, 2014	December 31, 2013
	\$	\$
Current (note 4)	8,002	3,069
Non-current	27,263	61,896
	35,265	64,965

VAT paid in Argentina in relation to the Pirquitas Mine became recoverable under Argentina law once the mine reached the production stage and we apply to the Argentina government to recover the applicable VAT on an ongoing basis. There have, at times, been significant delays in obtaining final approvals and, therefore, the collection of VAT and the classification reflects best estimates of timing of recoveries. Despite the procedural delays, we believe that the remaining balance is fully recoverable and have not provided an allowance, as discussed further in note 19(b).

The VAT receivables balance in Argentina is denominated in Argentine pesos. Accordingly, foreign currency fluctuations could materially impact the value of the VAT receivables in U.S. dollars, as discussed further in note 19(a)(ii).

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10. TRADE AND OTHER PAYABLES

Trade payables and accrued liabilities are comprised of the following items:

	December 31, 2014	December 31, 2013
	\$	\$
Trade payables	11,936	9,630
Accrued liabilities	11,363	7,325
	23,299	16,955

11. PROVISIONS

Provisions are comprised of the following items:

	December 31, 2014		December 31, 2013	
	Current	Non-Current	Current	Non-Current
	\$		\$	
Export duties on silver concentrate ⁽¹⁾	56,058	—	48,169	—
Close down and restoration provision ⁽²⁾	3,168	32,798	2,515	30,902
	59,226	32,798	50,684	30,902

- ⁽¹⁾ We entered into a fiscal stability agreement (the “Fiscal Agreement”) with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine. In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas) levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002 and the Federal Government has asserted that the Pirquitas Mine is subject to this export duty. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina.

The Federal Court (Jujuy) granted an injunction in our favor effective September 29, 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrates (the “Injunction”), pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta). In September 2014, the Federal Tax Authority in Argentina filed an application with the Federal Court (Jujuy) to lift the Injunction and require payment of the export duty and payment of applied interest charges. We filed a response to such application on October 14, 2014 and a decision is pending.

As of December 31, 2014, we have paid \$6,646,000 in export duties, against which we have filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue export duties, with no accrual for interest charges, and have recorded a corresponding increase in cost of sales in the relevant period. The application of interest charges is uncertain, but if applied from the date each duty was levied and based on current U.S. dollar rates, was estimated to be in the range of \$4.0 million to \$6.5 million. The final amount of export duties and interest, if any, to be paid or refunded depends on a number of factors including the outcome of litigation. Changes in our assessment of this matter could result in material adjustments to our combined carve-out statement of loss.

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11. PROVISIONS (Cont'd)

(2) The changes in the close down and restoration provision during 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
	\$	\$
Balance, January 1	33,417	29,227
Liabilities settled during the year	(530)	(233)
Accretion expense	3,079	3,484
Revisions and new estimated cash flows	—	939
Balance, December 31	35,966	33,417
Less: current portion of close down and restoration provision	(3,168)	(2,515)
Non-current close down and restoration provision	32,798	30,902

Our close down and restoration provision relates to the restoration and closure of our mining operations and exploration and evaluation asset (note 6). The provision is initially recorded at present value, and subsequently re-measured at each reporting period.

The provision is calculated as the present value of estimated future net cash outflows based on the following key assumptions:

- Discount interest rates: 9.9% (2013 - 9.9%); and
- Settlement of obligations expected to occur over the next 16 years.

A 1% change in the discount rate would increase or decrease the provision by approximately \$1,009,000.

12. DEBT

Current debt is comprised of the following items:

	December 31, 2014	December 31, 2013
	\$	\$
Loan facility ⁽¹⁾	5,922	—

(1) We entered into an Argentine peso-denominated loan facility of an equivalent amount of \$7,500,000 at an interest rate determined at time of draw. At December 31, 2014, the Argentine peso equivalent of \$5,922,000 had been drawn on this facility at an Argentina peso interest rate of 29.3% per annum and a maturity date of January 29, 2015, which has subsequently been extended until August 2016. The loan facility is supported by Silver Standard's credit facility. Prior to August 4, 2015, the loan facility was supported by cash collateral from Silver Standard.

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13. RELATED PARTY TRANSACTIONS

a) Amounts due from related party

Amounts due from related party as at December 31, 2014 of \$2,310,000 (December 31, 2013 - \$887,000) relate to amounts loaned to Pacific Rim Mining Corporation Argentina S.A., which is wholly-owned by our parent company, Silver Standard. The loan is denominated in Argentine pesos and has an annualized interest rate of 17%, and interest income for the year ended December 31, 2014 was \$184,000 (2013 - \$49,000).

b) Amounts due to related party

Amounts due to related party as at December 31, 2014 of \$42,133,000 (December 31, 2013 - \$64,607,000) relate to amounts loaned from Silver Standard, of which \$29,969,000 (December 31, 2013 - \$29,922,000) bears interest of LIBOR plus 3% per annum, and the balance is non-interest bearing. During the year ended December 31, 2014 we were advanced \$2,000,000 and repaid \$26,436,000 (2013 - were advanced \$25,400,000 and repaid \$1,000,000). All outstanding loans are repayable on demand. In addition, in the year ended December 31, 2014 we paid management service fees to Silver Standard of \$552,000 (2013 - \$nil).

c) Dividends paid

During the year ended December 31, 2014, we paid dividends of \$50,035,000 (2013 - \$nil) to our parent company, Silver Standard.

14. EQUITY AND OWNER'S INTEREST

The equity and owner's interest presented in the combined carve-out financial statements represents the contribution and retained earnings of MP LLC (including MP SA) (and for comparative purposes its share capital and contributed surplus of MPI), as well as the share of contributed capital and retained earnings from the limited partners associated with the related sales and marketing entity.

MP LLC is a limited liability corporation which had 100 units issued and outstanding (2013 - MPI had 1,000 shares issued with an unlimited authorized common shares with no par value).

The limited partnership had 13,000,100 units issued and outstanding at December 31, 2014 (2013 - 13,000,100). All of the issued and outstanding units of MP LLC and limited partnership units of the sales and marketing limited partnership have been pledged by Silver Standard pursuant to the credit agreement dated as of August 4, 2015 among Silver Standard, Canadian Imperial Bank of Canada and the lenders from time to time parties to such agreement.

15. OPERATING COSTS BY NATURE

a) Cost of sales

Years ended December 31	2014	2013
	\$	\$
Cost of inventory	92,663	100,554
Depletion, depreciation and amortization	29,184	41,808
Export duties (note 11)	10,720	14,946
Write-down of stockpiles (note 5)	11,262	12,193
	143,829	169,501

b) Restructuring costs

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During 2013, we incurred restructuring costs of \$1,468,000 in cost of inventory. No restructuring costs were incurred during 2014.

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16. FINANCE INCOME AND EXPENSES

a) Interest income

Years ended December 31	2014	2013
	\$	\$
Interest income	1,445	5,190
Interest income from related party	278	49
Total interest income	1,723	5,239

b) Interest expense and other finance expenses

Years ended December 31	2014	2013
	\$	\$
Accretion of close down and restoration provision (note 11)	(3,079)	(3,484)
VAT discounts	(2,839)	—
Other finance expenses	(1,846)	(334)
Total interest expense and other finance expenses	(7,764)	(3,818)

17. OPERATING SEGMENT

An operating segment is defined as a component:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

The Pirquitas Mine, as defined in note 1, is the sole operating segment based on the information used by the President and Chief Executive Officer of Silver Standard (who is considered to be our chief operating decision maker) to manage the business.

Segment revenue by product

Years ended December 31	2014	2013
	%	%
Silver	82	91
Zinc	16	9
Other	2	—

Segment revenue by location and major customers

Our sales are made to external customers located in various geographical areas. We had five customers who individually accounted for between 11% and 22% of total revenue during 2014, and four customers who individually accounted for between 17% and 23% of total revenue during 2013.

Non-current assets by location

As at December 31, 2014, all our non-current assets of \$138,935,000 (December 31, 2013 - \$229,717,000 (excludes deferred income tax assets)) were located in Argentina.

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18. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Our financial instruments include cash and cash equivalents, trade receivables and other assets, trade and other payables, amounts due to and from related parties, provisions and debt.

a) Financial assets and liabilities by category

At December 31, 2014	Loans and receivables	FVTPL	Other financial liabilities	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents (note 3)	52,535	—	—	52,535
Trade receivables and other assets ⁽¹⁾	3,023	26,390	—	29,413
Amounts due from related party	2,310	—	—	2,310
Total financial assets	57,868	26,390	—	84,258
Financial liabilities				
Trade and other payables	—	—	23,299	23,299
Current provisions (note 11)	—	—	56,058	56,058
Current debt (note 12)	—	—	5,922	5,922
Amounts due to related party	—	—	42,133	42,133
Total financial liabilities	—	—	127,412	127,412
At December 31, 2013				
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents (note 3)	81,849	—	—	81,849
Trade receivables and other assets ⁽¹⁾	1,855	43,516	—	45,371
Amounts due from related party	887	—	—	887
Total financial assets	84,591	43,516	—	128,107
Financial liabilities				
Trade and other payables	—	—	16,955	16,955
Current provisions (note 11)	—	—	48,169	48,169
Amounts due to related party	—	—	64,607	64,607
Total financial liabilities	—	—	129,731	129,731

⁽¹⁾ Certain trade receivables and other assets are classified as FVTPL due to the embedded derivative identified through provisional pricing arrangements discussed in note 2(d).

b) Fair value of financial instruments

The carrying values of all of our financial instruments not measured at fair value approximate their fair values due to their short maturity.

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18. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Cont'd)

Fair value hierarchy

Assets and liabilities that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

	Fair value at December 31, 2014			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Recurring measurements				
Trade receivables and other assets	—	26,390	—	26,390
Current debt (note 12)	5,922	—	—	5,922
	5,922	26,390	—	32,312
Non-recurring measurements				
Inventory	—	—	63,024	63,024
Property, plant and equipment	—	—	107,414	107,414
	—	—	170,438	170,438
Fair value at December 31, 2013				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring measurements				
Trade receivables and other assets	—	43,516	—	43,516
	—	43,516	—	43,516
Non-recurring measurements				
Inventory	—	—	3,656	3,656
Property, plant and equipment	—	—	222,169	222,169
	—	—	225,825	225,825

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

The Argentine peso-denominated loan facility is valued using the official foreign exchange rate at the end of the period.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Trade receivables from provisional invoices for concentrate sales are included in Level 2, as the basis of valuation uses quoted commodity prices.

Level 3 – inputs for an asset or liability that are not based on observable market data (unobservable inputs)

During the years ended December 31, 2014 and 2013, the Pirquitas Mine was written down to its recoverable amount. The recoverable amounts became the carrying values and the property, plant and equipment within the CGU will not be revalued, but certain assumptions used in the calculation of the recoverable amounts are categorized as Level 3 in the fair value hierarchy (note 7).

There were no transfers into or out of Level 3 during 2014 or 2013.

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19. FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks as a result of our operations, including market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management strategy seeks to reduce potential adverse effects on our financial performance. Risk management is carried out under policies approved by management.

We may, from time to time, use certain contracts to manage our exposure to fluctuations in market prices, foreign currency, metal and energy prices or interest rates. We do not have a regular practice of trading derivatives.

The risks associated with our financial instruments and the policies on how we mitigate those risks are set out below. This is not intended to be a comprehensive discussion of all risks.

a) Market Risk

This is the risk that the fair values of financial instruments will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are price risk, currency risk and interest rate risk.

(i) Price Risk

This is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market prices. Income from mine operations in the next year depends on the metal prices for silver, and to a lesser extent, zinc. These prices are affected by numerous factors that are outside of our control such as:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- inflation; and
- political and economic conditions, including interest rates and currency values.

The principal financial instrument we hold that is impacted by commodity prices is the embedded derivative within our silver and zinc concentrate trade receivables. The majority of these sales agreements are subject to pricing terms that settle within one to three months after delivery of concentrate and this adjustment period represents our trade receivable exposure to variations in commodity prices.

We have not hedged the price of any precious metal as part of our strategy.

A 10% increase in the silver and zinc prices as at December 31, 2014 and December 31, 2013, with all other variables held constant, would have resulted in the following impact to our trade receivables and after-tax net income:

	2014	2013
	\$	\$
10% increase in silver price	1,958	1,814
10% increase in zinc price	275	272

The costs relating to our production activities vary depending on market prices on certain mining consumables including diesel fuel and electricity. A 10% increase in diesel fuel market prices would have resulted in a \$1,409,000 decrease in our after-tax net income for the year ended December 31, 2014. We have not hedged any commodity prices as at December 31, 2014.

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19. FINANCIAL RISK MANAGEMENT (Cont'd)

(ii) Currency Risk

Currency risk is the risk that the fair values or future cash flows of our financial instruments and VAT receivables will fluctuate because of changes in foreign currency rates. Our financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; exchange gains and losses in these situations impact earnings.

The following are the most significant areas of exposure to currency risk, shown in thousands of U.S. dollars:

	December 31, 2014	December 31, 2013
	Argentine peso	Argentine peso
Cash	6,383	20,700
VAT receivable	35,265	64,965
Trade and other payables (excluding VAT and income taxes)	(17,804)	(13,487)
Current debt	(5,922)	—
Total	17,922	72,178

We monitor and manage this risk with the objective of ensuring our company-wide exposure to negative fluctuations in currencies against the U.S. dollar is managed. As at December 31, 2014 we have not entered into any derivatives to mitigate this risk.

The Argentine government requires the repatriation of export revenues into Argentina and, where cash flows exceed our current cash repatriation schedule, this results in an increase to our Argentine peso cash balance. In Argentina, the official Argentine peso exchange rate published is significantly lower than the parallel market rate (also referred to as the Blue rate). We use the official Argentine peso exchange rate for all re-measurement purposes which is consistent with the economic reality that foreign currency transactions entered into or paid out of Argentina are required to be converted at the official exchange rate. A sudden devaluation of the Argentine peso to a rate closer to the parallel rate would materially impact the value of our Argentine peso-denominated cash and VAT receivables in U.S. dollar terms, but would improve our operating costs in U.S. dollar terms, all else being equal. We are actively seeking ways to mitigate the risk on our cash balance of a devaluation of the Argentine peso, and therefore, we are repatriating cash from Argentina under a fixed schedule of debt repayments and have entered into an Argentina peso-denominated loan facility.

In early 2014, the Argentine peso saw a significant devaluation as the government reduced intervention and relaxed capital controls, although since that time the peso has reverted to a steady devaluation against the U.S. dollar. In 2014, the Argentine peso devalued 31% compared to 33% in 2013. The devaluation reduced the value of our Argentine peso-denominated assets, principally cash and VAT receivables, and decreased Argentina peso-denominated liabilities, principally accounts payable, when expressed in U.S. dollar terms.

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19. FINANCIAL RISK MANAGEMENT (Cont'd)

A 10% increase in the U.S. dollar exchange rate on financial assets and liabilities denominated in the following currencies, with all other variables held constant, would have resulted in the following impact to our total comprehensive income for the years ended December 31, 2014 and December 31, 2013:

Years ended December 31	2014	2013
	\$	\$
Argentine peso	(1,195)	(4,829)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on our cash and cash equivalents and Argentine peso-denominated loan facility because these are the only financial instruments we hold that are impacted by interest based on variable market interest rates. We monitor our exposure to interest rates closely and have not entered into any derivative contracts to manage our risk.

As at December 31, 2014, the weighted average interest rate earned on our U.S. dollar cash and cash equivalents was 0.23% (2013 - 5.08%). With other variables unchanged, a 1% change in the annualized interest rate would impact after-tax net income by \$276,000 (2013 - \$605,000).

b) Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. Our credit risk is limited to the following instruments:

Credit risk related to financial institutions and cash deposits Under our investment policy, investments are made only in highly-rated financial institutions, and corporate and government securities. We diversify our holdings and consider the risk of loss associated with investments to be low.

Credit risk related to trade receivables We are exposed to credit risk through our trade receivables on concentrate sales, which are principally with internationally-recognized counterparties. Payments of receivables are scheduled, routine and received within a contractually agreed time frame. We manage this risk by requiring provisional payments of at least 75% of the value of the concentrate shipped and through utilizing multiple counterparties.

Credit risk related to other financial assets All other receivable balances are expected to be collectible in full due to the nature of the counterparties and/or a previous history of collectability.

We also have credit risk through our significant VAT receivables balance that is collectible from the government of Argentina. The balance is expected to be recoverable in full, however due to legislative rules and the complex collection process, a significant portion of the asset is classified as non-current until government approval of the recovery claim is approved.

Our maximum exposure to credit risk as at December 31, 2014 and December 31, 2013 was as follows:

	December 31, 2014	December 31, 2013
	\$	\$
Cash and cash equivalents	52,535	81,849
VAT receivable	35,265	64,965
Trade receivables and other assets	29,413	45,370
	117,213	192,184

At December 31, 2014, no amounts were held as collateral except those discussed above in credit risk related to other financial assets.

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19. FINANCIAL RISK MANAGEMENT (Cont'd)

c) Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our obligations under our financial instruments as they fall due. We manage our liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support our current operations, expansion and development plans, and by managing our capital structure as described below. Our objective is to ensure that there are sufficient committed financial resources to meet our planned operating requirements for a minimum of twelve months.

Argentine government regulation of U.S. dollar inflows and outflows restricts the ability to repatriate cash generated, although we repatriate cash from Argentina under a fixed schedule of debt repayments, which has an impact on overall liquidity.

In the normal course of business, we enter into contracts that give rise to commitments for future minimum payments. The following is a maturity profile of financial liabilities and operating and capital commitments presenting contractual undiscounted cash flows:

Contractual obligations	Payments due by period (as at December 31, 2014)		At December 31, 2013
	Less than one year	Total	Total
	\$	\$	\$
Trade and other payables	23,299	23,299	16,955
Current provisions	56,058	56,058	48,169
Current debt ⁽¹⁾	5,922	5,922	—
Capital expenditure commitments	76	76	6,164
Total contractual obligations	85,355	85,355	71,288

⁽¹⁾ The provision for export duties is reported as a current liability and therefore disclosed as due within one year. As discussed note 11, this liability relates to a legal proceeding in Argentina, and the likelihood and timing of any settlement remains uncertain.

Our cash balance, along with projected operating cash flows under normal operating conditions are expected to be sufficient to fund planned operations, exploration, and development over the next twelve months. If, however, we were required to settle the export duty provision in full in this period, this would have a material impact on our liquidity.

Capital management

Our objectives when managing capital are:

- to safeguard our ability to continue as a going concern in order to develop and operate our current projects; and
- to maintain a flexible capital structure which lowers the cost of capital.

In order to facilitate the management of capital requirements, we prepare annual expenditure budgets and continuously monitor and review actual and forecasted cash flows. The annual and updated budgets are monitored and approved by management.

We expect our current capital resources will be sufficient to carry out our exploration plans and support operations through the current operating period.

As of December 31, 2014, there were no externally-imposed capital requirements.

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20. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital items during the year ended December 31, 2014 and 2013 are as follows:

Years ended December 31	2014	2013
	\$	\$
Trade receivables and other assets	15,750	(3,420)
Inventory	(11,451)	3,206
Trade and other payables	9,074	1,029
Current provisions	7,358	12,927
Amounts due to/from related parties	749	4,766
	21,480	18,508
