

2330922

CERTIFICATE

This is to certify that these articles are effective on

CERTIFICAT

Ceci certifie que les présents statuts entrant en vigueur le

AMALGAMATION NUMBER

1926394

DECEMBER 23 DÉCEMBRE, 2014

Director / Directeur
Business Corporations Act / Loi sur les sociétés par actions

Form 8
Business
Corporations
Act

Formule 8
Loi sur les
sociétés par
actions

**ARTICLES OF ARRANGEMENT
STATUTS D'ARRANGEMENT**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale de la société : (Écrire en LETTRES MAJUSCULES SEULEMENT) :

U	.	S	.	S	I	L	V	E	R	&	G	O	L	D	I	N	C	.										

2. The new name of the corporation if changed by the arrangement: (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société si elle est modifiée par suite de l'arrangement :
(Écrire en LETTRES MAJUSCULES SEULEMENT)

3. Date of incorporation/amalgamation: / Date de la constitution ou de la fusion :
2012-06-06

Year, Month, Day / année, mois, jour

4. The arrangement has been approved by the shareholders of the corporation in accordance with section 182 of the *Business Corporation Act.* / Les actionnaires de la société ont approuvé l'arrangement conformément à l'article 182 de la *Loi sur les sociétés par actions.*

5. A copy of the arrangement is attached to these articles as Exhibit "A" / Une copie de l'arrangement constitue l'annexe «A».

6. The arrangement was approved by the court on / La cour a approuvé l'arrangement le
2014/12/22

Year, Month, Day / année, mois, jour

and a certified copy of the Order of the court is attached to these articles as Exhibit "B". / Une copie certifiée conforme de l'ordonnance de la cour constitue l'annexe «B».

7. The terms and conditions to which the scheme is made subject by the Order have been complied with.
Les conditions que l'ordonnance impose au projet d'arrangement ont été respectées.

These articles are signed in duplicate. / Les présents statuts sont signés en double exemplaire.

U.S. SILVER & GOLD INC.

Name of Corporation / Dénomination sociale de la société

By/ Par:

Signature / Signature

Vice-President, General Counsel
and Corporate Secretary

Description of Office / Fonctions

EXHIBIT A

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith, the following terms have the respective meanings set forth below and grammatical variations shall have the corresponding meanings:

"**Acquiror**" means Scorpio Mining Corporation, a corporation incorporated under the laws of Canada;

"**Acquiror Options**" means the stock options of Acquiror issued in exchange for Target Options pursuant to Section 2.3(b)(iv);

"**Acquiror Shares**" means the common shares in the capital of Acquiror;

"**Amalco**" means the amalgamated entity resulting from the amalgamation of Amalgamation Sub and Target pursuant to Section 2.3(b);

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamation**" has the meaning set out in Section 2.3(b);

"**Amalgamation Sub**" means 2441996 Ontario Inc., a wholly-owned subsidiary of Acquiror incorporated under the laws of the Province of Ontario;

"**Amalgamation Sub Shares**" means the common shares in the capital of Amalgamation Sub;

"**Arrangement**" means an arrangement of Target under section 182 of the OBCA, on the terms and conditions set forth herein;

"**Arrangement Agreement**" means the arrangement agreement dated November 7, 2014 between Acquiror and Target;

"**Arrangement Resolution**" means the special resolution of the Target Shareholders approving the Arrangement to be considered at the Target Meeting;

"**Articles of Arrangement**" means the articles of arrangement of Target in respect of the Arrangement to be filed with the Director pursuant to section 183(1) of the OBCA after the Final Order is made, in order for the Arrangement to become effective;

"**Business Day**" means any day, other than Saturday, Sunday or a statutory holiday in Toronto, Ontario;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to section 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Consideration**" means 1.68 Acquiror Shares per Target Share;

"**Court**" means the Superior Court of Justice of the Province of Ontario;

"**Depository**" means the entity appointed by Target to act as depository in respect of the Arrangement;

"**Director**" means the Director appointed pursuant to section 278 of the OBCA;

"**Dissent Rights**" has the meaning set out in Section 3.1;

"**Dissenting Shareholder**" means a holder of Target Shares who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Target Shares in respect of which Dissent Rights are validly exercised by such holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as may be mutually agreed to in writing by the Parties;

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

"**Exchange Ratio**" means 1.68;

"**Final Order**" means the order of the Court pursuant to section 182 of the OBCA approving the Arrangement, as such order may be amended by the Court (with the consent of both Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of both Parties, each acting reasonably) on appeal;

"**Governmental Authority**" means any applicable (a) multi-national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board or authority of any of the foregoing, (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (d) any stock exchange;

"holders" means, (a) when used in reference to Target Shares, Acquiror Shares, Amalgamation Sub Shares or Amalco Shares, except where the context otherwise requires, the holders of such Target Shares, Acquiror Shares, Amalgamation Sub Shares or Amalco Shares shown from time to time in the registers maintained by or on behalf of Target, Acquiror, Amalgamation Sub and Amalco, as applicable, and (b) when used in reference to Target Options or Target RSUs, except where the context otherwise requires, the holders of such Target Options or Target RSUs shown from time to time in the registers or accounts maintained by or on behalf of Target;

"In-the-Money Amount" has the meaning set out in Section 2.3(b)(iv);

"Interim Order" means the interim order of the Court made pursuant to section 182(5) of the OBCA providing for, among other things, the calling and holding of the Target Meeting, as the same may be amended by the Court (with the consent of both Parties, each acting reasonably);

"Laws" means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Governmental Authority, in each case, to the extent they have the force of law;

"OBCA" means the *Business Corporations Act* (Ontario);

"person" includes a natural person, a corporation, company or other body corporate, a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, an unincorporated association, a Governmental Authority or any other legal or business entity however designated or constituted;

"Plan of Arrangement" means this plan of arrangement as the same may be amended or modified in accordance with Section 5.1 hereof, section 7.1 of the Arrangement Agreement or upon the direction of the Court in the Final Order (with the consent of both Parties, each acting reasonably);

"RSU Amendments" means the amendments to the Target RSU Plan approved by the board of directors of Target in accordance with the terms of the Target RSU Plan to provide that, at the Effective Time: (a) the value of each Target RSU outstanding immediately prior to the Effective Time (representing the unit equivalent in value of one Target Share) shall be adjusted by multiplying such value, as applicable, by the Exchange Ratio; (b) the obligation to make a payment to each holder of a Target RSU outstanding immediately prior to the Effective Time on the redemption of the Target RSUs shall be adjusted such that following the Effective Time any payments to be made on the redemption of the Target RSUs will be based on the fair market value of the Acquiror Shares; and (c) except as provided in clauses (a) and (b), the same terms and conditions as were applicable to the Target RSUs immediately prior to the Effective Time shall continue to apply to the Target RSUs outstanding following the Effective Time and Amalco shall continue to be liable for the obligations of Target under the Target RSU Plan pertaining to the Target RSUs and the agreements evidencing the grants thereof;

"**Target**" means U.S. Silver & Gold Inc., a corporation incorporated under the laws of the Province of Ontario;

"**Target Circular**" means the notice of the Target Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the holders of Target Shares in connection with the Target Meeting;

"**Target Meeting**" means the special meeting of holders of Target Shares, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**Target Option Plan**" means the stock option plan of Target dated August 13, 2012;

"**Target Options**" means the outstanding stock options of Target granted under the Target Option Plan;

"**Target RSU Plan**" means the restricted share unit plan of Target dated December 20, 2012;

"**Target RSUs**" means the outstanding restricted share units of Target granted under the Target RSU Plan;

"**Target Shares**" means the common shares in the capital of Target;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Tax Law**" has the meaning set out in Section 4.6; and

"**TSX**" means the Toronto Stock Exchange.

1.2 **Interpretation**

In this Plan of Arrangement, except as may be otherwise specifically provided and unless something in the subject matter or context is inconsistent therewith:

- (a) the terms "Plan of Arrangement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Plan of Arrangement in its entirety and not to any particular provision hereof;
- (b) references to an "Article" or "Section" followed by a number or letter refer to the specified article or section of this Plan of Arrangement;
- (c) the division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Plan of Arrangement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;

- (e) if the date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day;
- (f) references to any agreement or document shall be to such agreement or document (together with the schedules, appendices and exhibits thereto) as it may be amended, restated, supplemented or waived from time to time;
- (g) references to any statute or to any provision of any statute shall include all regulations and rules issued thereunder or pursuant thereto, in each case as amended from time to time; and
- (h) wherever the term "includes" or "including" is used, it shall be deemed to mean "includes, without limitation" or "including, without limitation", respectively.

1.3 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.4 Time

Time shall be of the essence in this Plan of Arrangement and the transactions and steps set out herein.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding at and after, the Effective Time on Acquiror, Amalgamation Sub and Target and all holders and beneficial owners of Target Shares, Target Options and Target RSUs.

2.3 Arrangement

Commencing at the Effective Time, the following shall occur, and shall be deemed to occur, in the following sequence without any further act or formality:

- (a) each Target Share outstanding immediately prior to the Effective Time held by a Dissenting Shareholder shall be transferred and assigned to Target by the holder thereof, free and clear of any Encumbrances, and upon the transfer of each such Target Share from such Dissenting Shareholder to Target:

- (i) such Dissenting Shareholder shall cease to be the holder of such Target Shares and to have any rights as a holder of such Target Shares other than the rights set out in Section 3.1;
 - (ii) such Dissenting Shareholder shall be removed as the holder of such Target Shares from the register of holders of Target Shares; and
 - (iii) the Target Shares so transferred shall be cancelled without any repayment of capital;
- (b) immediately following the preceding step, Amalgamation Sub and Target shall amalgamate (the "**Amalgamation**") to form one corporate entity with the same effect as if they were amalgamated under section 177 of the OBCA and the legal existence of Target will survive, as more fully described in Section 2.4, and without limiting the foregoing, Amalgamation Sub will cease to exist without being liquidated or wound up, Amalgamation Sub and Target will continue as one corporation, and the property of Amalgamation Sub will become the property of Amalco. On the amalgamation of Amalgamation Sub and Target to form Amalco pursuant to this Section 2.3(b):
- (i) (A) each Amalgamation Sub Share outstanding immediately prior to the Effective Time shall be exchanged for one Amalco Share, (B) the holder of the Amalgamation Sub Shares so exchanged shall be added to the register of holders of Amalco Shares and (C) the Amalgamation Sub Shares so exchanged shall be cancelled without any repayment of capital;
 - (ii) (A) each Target Share outstanding immediately prior to the Effective Time (other than Target Shares held by Dissenting Shareholders) shall be exchanged for the Consideration, (B) the holders of the Target Shares so exchanged shall be added to the register of holders of Acquiror Shares and (C) the Target Shares so exchanged shall be cancelled without any repayment of capital;
 - (iii) in consideration for Acquiror issuing and delivering, on behalf of Amalco, Acquiror Shares directly to holders of Target Shares pursuant to Section 2.3(b)(ii), Amalco shall issue to Acquiror the number of Amalco Shares with an aggregate fair market value equal to the aggregate fair market value of the Acquiror Shares so issued and delivered and there shall be added to the stated capital account maintained by Acquiror for Acquiror Shares an amount equal to the aggregate "paid-up capital" (for the purposes of the Tax Act) of the Target Shares exchanged for Acquiror Shares pursuant to Section 2.3(b)(ii);
 - (iv) each Target Option outstanding immediately prior to the Effective Time, whether vested or unvested, shall be exchanged for an Acquiror Option to purchase from Acquiror the number of Acquiror Shares equal to the product of (i) the number of Target Shares subject to such Target Option

immediately prior to the Effective Time multiplied by (ii) the Exchange Ratio, provided that the number of Acquiror Shares issuable pursuant to such Acquiror Option shall be rounded down to the nearest whole number of Acquiror Shares. The exercise price per Acquiror Share subject to such Acquiror Option shall be an amount equal to the quotient of (i) the exercise price per Target Share subject to such Target Option immediately prior to the Effective Time divided by (ii) the Exchange Ratio, provided that the aggregate exercise price payable on exercise of such Acquiror Option shall be rounded up to the nearest whole cent. Notwithstanding the foregoing, if it is determined in good faith that the excess of the aggregate fair market value of the Acquiror Shares subject to an Acquiror Option issued pursuant to this Section 2.3(b)(iv) immediately after such issuance over the aggregate option exercise price for such Acquiror Shares (such excess referred to as the "**In-the-Money Amount**" of the Acquiror Options) would otherwise exceed the excess of the aggregate fair market value of the Target Shares subject to the Target Option exchanged for such Acquiror Option immediately prior to the issuance of such Acquiror Option over the aggregate option exercise price for such Target Shares (such excess referred to as the In-the-Money Amount of the Target Options), the previous provisions shall be modified so that the In-the-Money Amount of the Acquiror Option does not exceed the In-the-Money Amount of the Target Option, but only to the extent necessary and in a manner that does not otherwise adversely affect the holder of such Acquiror Option. Except as otherwise provided herein, each Acquiror Option issued pursuant to this Section 2.3(b)(iv) shall be on the same terms and conditions as were applicable to the exchanged Target Option immediately prior to the Effective Time and Acquiror shall assume all the obligations of Target under the Target Option Plan pertaining to the Target Options and the agreements evidencing the grants thereof; and

- (c) immediately following the preceding step, the RSU Amendments shall become effective in accordance with the terms of the Target RSU Plan.

2.4 Amalgamation of Amalgamation Sub and Target

Pursuant to Section 2.3(b), Amalgamation Sub and Target shall amalgamate to form one corporate entity, Amalco, with the effect described below, and, unless and until otherwise determined in the manner required by Law, the following shall, and shall be deemed to, apply to Amalco without any further act or formality:

- (a) the name of Amalco shall be U.S. Silver & Gold Inc.;
- (b) the articles of Amalco shall be substantially in the form of the articles of Target;
- (c) the by-laws of Amalco shall be the same as the by-laws of Target;

- (d) the registered office of Amalco shall be located at Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8;
- (e) there shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;
- (f) Amalco shall be authorized to issue an unlimited number of common shares with the same rights, privileges, restrictions and conditions as the Target Shares;
- (g) the transfer of Amalco Shares shall be restricted and no holder of Amalco Shares shall transfer any such Amalco Shares without either: (i) the express sanction of the holders of more than fifty percent of the voting shares of Amalco for the time being outstanding expressed by a resolution passed at a meeting of the shareholders or by an instrument or instruments in writing signed by the holders of more than fifty percent of such shares; or (ii) the express sanction of the directors of Amalco expressed by a resolution passed by the votes of a majority of the directors of Amalco at a meeting of the board of directors or signed by all of the directors entitled to vote on that resolution at a meeting of directors;
- (h) the number of directors of Amalco shall not be less than 1 and not more than 10;
- (i) the initial directors of Amalco shall be:

Name	Address for Service	Canadian Resident
Darren Blasutti	Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8	Yes
Warren Varga	Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8	Yes
Peter McRae	Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8	Yes

- (j) the first annual meeting of holders of Amalco Shares shall be held within 18 months of the Effective Date;
- (k) the stated capital of the issued and outstanding Amalco Shares shall be equal to the sum of (i) the aggregate "paid-up capital" (for the purposes of the Tax Act) of the Amalgamation Sub Shares immediately prior to the amalgamation and (ii) the aggregate fair market value of the Acquiror Shares issued in exchange for Target Shares pursuant to Section 2.3(b)(ii); and

- (l) upon the Amalgamation pursuant to Section 2.3(b):
 - (i) the property of each of Amalgamation Sub and Target shall continue to be the property of Amalco and for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the property of Target;
 - (ii) all rights, contracts, permits and interest of Target or Amalgamation Sub shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of either of Target or Amalgamation Sub under any such rights, contracts, permits and interests;
 - (iii) Amalco shall continue to be liable for the obligations of Amalgamation Sub and Target;
 - (iv) all existing causes of action, claims or liabilities to prosecution with respect to Amalgamation Sub and Target shall be unaffected;
 - (v) all civil, criminal or administrative actions or proceedings pending by or against Amalgamation Sub and Target may be continued to be prosecuted by or against Amalco; and
 - (vi) all convictions against, or rulings, orders or judgments in favour of or against Amalgamation Sub and Target may be enforced by or against Amalco.

2.5 Adjustments to Consideration

- (a) The Consideration to be received by holders of Target Shares (and the Exchange Ratio, if applicable) shall be adjusted to reflect fully the effect of any stock or share split, reverse split, stock or share dividend (including any return of capital, dividend, or distribution of securities convertible into Acquiror Shares or Target Shares), consolidation, reorganization, recapitalization or other similar change with respect to Acquiror Shares or Target Shares, as applicable, occurring on or after the date of the Arrangement Agreement and prior to the Effective Time.
- (b) If on or after the date of the Arrangement Agreement, either Target or Acquiror declares, sets aside or pays any dividend or other distribution to holders of Target Shares or to holders of Acquiror Shares, as applicable, as of a time prior to the Effective Time, Target and Acquiror shall make such adjustments to the Consideration (and the Exchange Ratio, if applicable) as they together determine acting in good faith to be necessary to restore the original intention of the parties in the circumstances. For greater certainty, if Target takes any of the actions referred to above, the aggregate Consideration to be paid by Acquiror shall be decreased by an equivalent amount, and if Acquiror takes any of such actions, the aggregate Consideration to be paid by Acquiror shall be increased by an equivalent amount.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent

Holders of Target Shares may exercise rights of dissent with respect to such Target Shares pursuant to and in the manner set forth in Section 185 of the OBCA and this Section 3.1 (the "**Dissent Rights**") in connection with the Arrangement; provided that, notwithstanding section 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in section 185(6) of the OBCA must be received by Target not later than 5:00 p.m. (Toronto time) on the Business Day preceding the Target Meeting. Holders of Target Shares who validly exercise such Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid fair value for their Target Shares, will be entitled to be paid by Target the fair value of such Target Shares, and will not be entitled to any other payment or consideration, including any Acquiror Shares that would be issuable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Target Shares; or
- (b) are ultimately determined not to be entitled, for any reason, to be paid fair value for their Target Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Target Shares, and shall receive the Consideration in exchange for their Target Shares on the basis determined in accordance with, and subject to, Section 2.3(b)(ii).

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall Acquiror, Target or any other person be required to recognize a person exercising Dissent Rights unless such person is the holder of those Target Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall Acquiror, Target or any other person be required to recognize Dissenting Shareholders as holders of Target Shares in respect of which Dissent Rights have been validly exercised after the completion of steps in Section 2.3(a) and such Dissenting Shareholders shall be removed from the register of holders of Target Shares in respect of the Target Shares for which Dissent Rights have been validly exercised at the Effective Time. In addition to any other restrictions under Section 185 of the OBCA, (i) holders of Target Options and (ii) holders of Target Shares who vote or have instructed a proxyholder to vote such Target Shares in favour of the Arrangement Resolution (but only in respect of such Target Shares) shall not be entitled to exercise Dissent Rights.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

At or promptly following the Effective Time, Acquiror shall deposit with the Depository, for the benefit of the former holders of Target Shares which were exchanged for Acquiror Shares under the Arrangement one or more certificates representing the number of whole Acquiror Shares exchanged for Target Shares pursuant to Section 2.3(b)(ii). Upon surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented Target Shares, together with a duly completed letter of transmittal in respect of such Target Shares in the form attached to the Target Circular and such other documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder (in each case less any Consideration withheld pursuant to Section 4.6), a certificate representing the number (rounded up or down to the nearest whole number pursuant to Section 4.3) of Acquiror Shares which such holder has the right to receive (together with any dividends or other distributions paid or payable with respect thereto pursuant to Section 4.2), and the certificate so surrendered shall forthwith be cancelled, if applicable. Until surrendered, each certificate which immediately prior to the Effective Time represented one or more outstanding Target Shares shall be deemed at all times following the Effective Time to represent only the right to receive upon such surrender (in each case, less any Consideration withheld pursuant to Section 4.6), (i) a certificate representing the applicable number of Acquiror Shares and (ii) on the appropriate payment date, any dividends or distributions with a record date after the Effective Date paid or payable with respect to Acquiror Shares as contemplated by Section 4.2.

4.2 Dividends and other Distributions

No dividends or other distributions declared or made after the Effective Time with respect to Acquiror Shares with a record date after the Effective Date shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented one or more Target Shares, unless and until the holder of such certificate shall surrender such certificate in accordance with Section 4.1. Subject to applicable Law, at the time of such surrender of any such certificate (or, in the case of clause (ii), at the appropriate payment date), there shall be paid to the former holder of such certificate, without interest, (i) the amount of dividends or other distributions with a record date after the Effective Date paid with respect to the number of Acquiror Shares which such holder has the right to receive and, (ii) to the extent not paid under clause (i), on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Date but prior to surrender and with the payment date subsequent to surrender payable with respect to such Acquiror Shares.

4.3 No Fractional Shares

In no event will any holder of Target Shares be entitled to a fractional Acquiror Share pursuant to the Arrangement. Where the number of Acquiror Shares to be issued to a holder of Target Shares as Consideration under the Arrangement would result in a fraction of an Acquiror Share being issuable, the number of Acquiror Shares to be issued and delivered to such

holder shall be rounded up (where the fraction is equal to 0.5 or more) or down (where the fraction is less than 0.5) to the nearest whole Acquiror Share.

4.4 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more Target Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing Acquiror Shares pursuant to Section 4.1 (together with any dividends or other distributions paid or payable with respect thereto pursuant to Section 4.2). When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom a certificate representing Acquiror Shares is to be delivered shall, as a condition precedent to the delivery thereof, give a bond satisfactory to the Depositary, Acquiror, Target and their respective transfer agents in such sum as the Depositary, Acquiror or Target may direct or otherwise indemnify the Depositary, Acquiror and Target in a manner satisfactory to the Depositary, Acquiror and Target against any claim that may be made against the Depositary, Acquiror or Target with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 Extinguishment of Rights

Any certificate which immediately prior to the Effective Time represented one or more Target Shares that is not surrendered to the Depositary together with all other documents or instruments required by Section 4.1 on or prior to the fifth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a shareholder of Target or Acquiror. On such date, the Acquiror Shares (and any dividends or other distributions thereto) to which the former holder of such certificate was ultimately entitled shall be, and shall be deemed to have been, surrendered to Acquiror, together with all entitlements to dividends or other distributions thereon, for no consideration, and such Acquiror Shares and rights shall be cancelled and the former holder shall be removed from the register of holders of Acquiror Shares.

4.6 Withholding Rights

Target, Acquiror and the Depositary and any other person that has a withholding obligation pursuant to this Plan of Arrangement (without duplication) shall be entitled to deduct and withhold from the Consideration or any amount otherwise payable to any holder of Target Shares, Acquiror Shares, Target Options or Target RSUs such amounts as are required or permitted to be deducted or withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, territorial, state, local or foreign Law ("**Tax Law**"). To the extent that amounts are so deducted and withheld, such amounts shall be treated for all purposes as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority. To the extent that any amount is so required under applicable Tax Law to be deducted or withheld on account of an amount payable under the Arrangement, Target, Acquiror, the Depositary or any such other person that has a withholding obligation pursuant to this Plan of Arrangement, as the case may

be, is hereby authorized to direct the Depositary to sell such portion of the Consideration otherwise payable to the holder as is necessary to provide sufficient funds to Target, Acquiror, the Depositary or any such other person that has a withholding obligation pursuant to this Plan of Arrangement, as the case may be, to enable it to comply with such deduction or withholding requirement and Target, Acquiror, the Depositary or any such other person that has a withholding obligation pursuant to this Plan of Arrangement shall notify such holder of such sale and remit (a) the applicable portion of the net proceeds of such sale to the appropriate Governmental Authority and (b) the remaining net proceeds of such sale (after deduction for the amounts described in clause (a)) to such holder.

ARTICLE 5 **AMENDMENT**

5.1 Amendment

- (a) Target reserves the right to amend this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment must be (i) set out in writing, (ii) approved by Acquiror, (iii) filed with the Court and, if made following the Target Meeting, approved by the Court, and (iv) communicated to holders of Target Shares if and as required by the Court.
- (b) Any amendment to this Plan of Arrangement may be proposed by Target at any time prior to the Target Meeting (provided that Acquiror shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Target Meeting (subject to the requirements of the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment to this Plan of Arrangement that is approved or required by the Court following the Target Meeting shall be effective only if it is consented to by (i) Target and Acquiror and, (ii) if required by the Court, the holders of Target Shares voting in the manner directed by the Court.
- (d) Any amendment to this Plan of Arrangement may be made following the Effective Date unilaterally by Acquiror, provided that it concerns a matter which, in the reasonable opinion of Acquiror, is of an administrative or ministerial nature required to better give effect to the implementation of the Arrangement and is not adverse to the economic interests of any former holder of Target Shares or Target Options.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 6
FURTHER ASSURANCES

6.1 **Further Assurances**

Notwithstanding that the transactions and steps set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or steps set out herein.

EXHIBIT B

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

LA PRÉSENT ATTESTE QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU SCAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU

DATED AT TORONTO THIS
FAIT À TORONTO LE

22 DAY OF December 20 14
JOUR DE

Commercial List Court File No. CV-14-10757-00CL

RÉGISTRAR

GREFFIER

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)



) MONDAY, THE 22ND DAY

) OF DECEMBER, 2014

IN THE MATTER OF an Application under section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;

AND IN THE MATTER OF Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed plan of arrangement involving U.S. SILVER & GOLD INC. and SCORPIO MINING CORPORATION



U.S. SILVER & GOLD INC.

Applicant

ORDER

THIS APPLICATION, made by the Applicant, U.S. Silver & Gold Inc. ("U.S. Silver & Gold"), pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "OBCA"), for an Order approving a proposed plan of arrangement of U.S. Silver & Gold as described in the Plan of Arrangement attached as Schedule "A" to this Order (the "Plan of Arrangement"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of Darren Blasutti sworn November 14, 2014, the Affidavit of Peter McRae sworn December 18, 2014, the

exhibits thereto and other materials referred to therein, and on hearing the submissions of counsel for the Applicant.

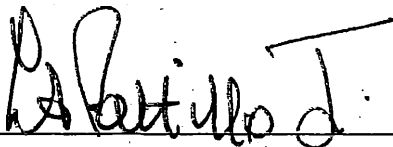
UPON BEING SATISFIED that: (i) the special meeting of the holders of common shares of the Applicant (the "**Shareholders**") was called, held and conducted in accordance with the terms of the Interim Order dated November 18, 2014 (the "**Interim Order**"); (ii) the Shareholders approved the Plan of Arrangement in accordance with the terms of the Interim Order; (iii) the Plan of Arrangement fulfills the statutory requirements for an arrangement as set out in section 182 of the OBCA; and (iv) the terms and conditions of the Plan of Arrangement are fair and reasonable.

1. **THIS COURT ORDERS** that the Plan of Arrangement shall be and is hereby approved pursuant to section 182 of the OBCA.

2. **THIS COURT ORDERS** that the Applicant shall be entitled to seek leave to vary this Order upon such terms and upon such notice as this Honourable Court may direct, to seek the advice and directions of this Honourable Court as to the implementation of this Order, and to apply for such further order or orders as may be appropriate.

ENTERED IN THE REGISTERED OFFICE
OF THE COURT OF CHANCERY
LEEDS

DEC 22 2014



SCHEDULE "A"

**PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith, the following terms have the respective meanings set forth below and grammatical variations shall have the corresponding meanings:

"**Acquiror**" means Scorpio Mining Corporation, a corporation incorporated under the laws of Canada;

"**Acquiror Options**" means the stock options of Acquiror issued in exchange for Target Options pursuant to Section 2.3(b)(iv);

"**Acquiror Shares**" means the common shares in the capital of Acquiror;

"**Amalco**" means the amalgamated entity resulting from the amalgamation of Amalgamation Sub and Target pursuant to Section 2.3(b);

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamation**" has the meaning set out in Section 2.3(b);

"**Amalgamation Sub**" means 2441996 Ontario Inc., a wholly-owned subsidiary of Acquiror incorporated under the laws of the Province of Ontario;

"**Amalgamation Sub Shares**" means the common shares in the capital of Amalgamation Sub;

"**Arrangement**" means an arrangement of Target under section 182 of the OBCA, on the terms and conditions set forth herein;

"**Arrangement Agreement**" means the arrangement agreement dated November 7, 2014 between Acquiror and Target;

"**Arrangement Resolution**" means the special resolution of the Target Shareholders approving the Arrangement to be considered at the Target Meeting;

"**Articles of Arrangement**" means the articles of arrangement of Target in respect of the Arrangement to be filed with the Director pursuant to section 183(1) of the OBCA after the Final Order is made, in order for the Arrangement to become effective;

"**Business Day**" means any day, other than Saturday, Sunday or a statutory holiday in Toronto, Ontario;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to section 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Consideration**" means 1.68 Acquiror Shares per Target Share;

"**Court**" means the Superior Court of Justice of the Province of Ontario;

"**Depository**" means the entity appointed by Target to act as depository in respect of the Arrangement;

"**Director**" means the Director appointed pursuant to section 278 of the OBCA;

"**Dissent Rights**" has the meaning set out in Section 3.1;

"**Dissenting Shareholder**" means a holder of Target Shares who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Target Shares in respect of which Dissent Rights are validly exercised by such holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as may be mutually agreed to in writing by the Parties;

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

"**Exchange Ratio**" means 1.68;

"**Final Order**" means the order of the Court pursuant to section 182 of the OBCA approving the Arrangement, as such order may be amended by the Court (with the consent of both Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of both Parties, each acting reasonably) on appeal;

"**Governmental Authority**" means any applicable (a) multi-national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board or authority of any of the foregoing, (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (d) any stock exchange;

"holders" means, (a) when used in reference to Target Shares, Acquiror Shares, Amalgamation Sub Shares or Amalco Shares, except where the context otherwise requires, the holders of such Target Shares, Acquiror Shares, Amalgamation Sub Shares or Amalco Shares shown from time to time in the registers maintained by or on behalf of Target, Acquiror, Amalgamation Sub and Amalco, as applicable, and (b) when used in reference to Target Options or Target RSUs, except where the context otherwise requires, the holders of such Target Options or Target RSUs shown from time to time in the registers or accounts maintained by or on behalf of Target;

"In-the-Money Amount" has the meaning set out in Section 2.3(b)(iv);

"Interim Order" means the interim order of the Court made pursuant to section 182(5) of the OBCA providing for, among other things, the calling and holding of the Target Meeting, as the same may be amended by the Court (with the consent of both Parties, each acting reasonably);

"Laws" means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Governmental Authority, in each case, to the extent they have the force of law;

"OBCA" means the *Business Corporations Act* (Ontario);

"person" includes a natural person, a corporation, company or other body corporate, a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, an unincorporated association, a Governmental Authority or any other legal or business entity however designated or constituted;

"Plan of Arrangement" means this plan of arrangement as the same may be amended or modified in accordance with Section 5.1 hereof, section 7.1 of the Arrangement Agreement or upon the direction of the Court in the Final Order (with the consent of both Parties, each acting reasonably);

"RSU Amendments" means the amendments to the Target RSU Plan approved by the board of directors of Target in accordance with the terms of the Target RSU Plan to provide that, at the Effective Time: (a) the value of each Target RSU outstanding immediately prior to the Effective Time (representing the unit equivalent in value of one Target Share) shall be adjusted by multiplying such value, as applicable, by the Exchange Ratio; (b) the obligation to make a payment to each holder of a Target RSU outstanding immediately prior to the Effective Time on the redemption of the Target RSUs shall be adjusted such that following the Effective Time any payments to be made on the redemption of the Target RSUs will be based on the fair market value of the Acquiror Shares; and (c) except as provided in clauses (a) and (b), the same terms and conditions as were applicable to the Target RSUs immediately prior to the Effective Time shall continue to apply to the Target RSUs outstanding following the Effective Time and Amalco shall continue to be liable for the obligations of Target under the Target RSU Plan pertaining to the Target RSUs and the agreements evidencing the grants thereof;

"Target" means U.S. Silver & Gold Inc., a corporation incorporated under the laws of the Province of Ontario;

"Target Circular" means the notice of the Target Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the holders of Target Shares in connection with the Target Meeting;

"Target Meeting" means the special meeting of holders of Target Shares, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"Target Option Plan" means the stock option plan of Target dated August 13, 2012;

"Target Options" means the outstanding stock options of Target granted under the Target Option Plan;

"Target RSU Plan" means the restricted share unit plan of Target dated December 20, 2012;

"Target RSUs" means the outstanding restricted share units of Target granted under the Target RSU Plan;

"Target Shares" means the common shares in the capital of Target;

"Tax Act" means the *Income Tax Act* (Canada);

"Tax Law" has the meaning set out in Section 4.6; and

"TSX" means the Toronto Stock Exchange.

1.2 Interpretation

In this Plan of Arrangement, except as may be otherwise specifically provided and unless something in the subject matter or context is inconsistent therewith:

- (a) the terms "Plan of Arrangement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Plan of Arrangement in its entirety and not to any particular provision hereof;
- (b) references to an "Article" or "Section" followed by a number or letter refer to the specified article or section of this Plan of Arrangement;
- (c) the division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Plan of Arrangement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;

- (e) if the date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day;
- (f) references to any agreement or document shall be to such agreement or document (together with the schedules, appendices and exhibits thereto) as it may be amended, restated, supplemented or waived from time to time;
- (g) references to any statute or to any provision of any statute shall include all regulations and rules issued thereunder or pursuant thereto, in each case as amended from time to time; and
- (h) wherever the term "includes" or "including" is used, it shall be deemed to mean "includes, without limitation" or "including, without limitation", respectively.

1.3 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.4 Time

Time shall be of the essence in this Plan of Arrangement and the transactions and steps set out herein.

**ARTICLE 2
THE ARRANGEMENT**

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding at and after, the Effective Time on Acquiror, Amalgamation Sub and Target and all holders and beneficial owners of Target Shares, Target Options and Target RSUs.

2.3 Arrangement

Commencing at the Effective Time, the following shall occur, and shall be deemed to occur, in the following sequence without any further act or formality:

- (a) each Target Share outstanding immediately prior to the Effective Time held by a Dissenting Shareholder shall be transferred and assigned to Target by the holder thereof, free and clear of any Encumbrances, and upon the transfer of each such Target Share from such Dissenting Shareholder to Target:

- (i) such Dissenting Shareholder shall cease to be the holder of such Target Shares and to have any rights as a holder of such Target Shares other than the rights set out in Section 3.1;
 - (ii) such Dissenting Shareholder shall be removed as the holder of such Target Shares from the register of holders of Target Shares; and
 - (iii) the Target Shares so transferred shall be cancelled without any repayment of capital;
- (b) immediately following the preceding step, Amalgamation Sub and Target shall amalgamate (the "Amalgamation") to form one corporate entity with the same effect as if they were amalgamated under section 177 of the OBCA and the legal existence of Target will survive, as more fully described in Section 2.4, and without limiting the foregoing, Amalgamation Sub will cease to exist without being liquidated or wound up, Amalgamation Sub and Target will continue as one corporation, and the property of Amalgamation Sub will become the property of Amalco. On the amalgamation of Amalgamation Sub and Target to form Amalco pursuant to this Section 2.3(b):
- (i) (A) each Amalgamation Sub Share outstanding immediately prior to the Effective Time shall be exchanged for one Amalco Share, (B) the holder of the Amalgamation Sub Shares so exchanged shall be added to the register of holders of Amalco Shares and (C) the Amalgamation Sub Shares so exchanged shall be cancelled without any repayment of capital;
 - (ii) (A) each Target Share outstanding immediately prior to the Effective Time (other than Target Shares held by Dissenting Shareholders) shall be exchanged for the Consideration, (B) the holders of the Target Shares so exchanged shall be added to the register of holders of Acquiror Shares and (C) the Target Shares so exchanged shall be cancelled without any repayment of capital;
 - (iii) in consideration for Acquiror issuing and delivering, on behalf of Amalco, Acquiror Shares directly to holders of Target Shares pursuant to Section 2.3(b)(ii), Amalco shall issue to Acquiror the number of Amalco Shares with an aggregate fair market value equal to the aggregate fair market value of the Acquiror Shares so issued and delivered and there shall be added to the stated capital account maintained by Acquiror for Acquiror Shares an amount equal to the aggregate "paid-up capital" (for the purposes of the Tax Act) of the Target Shares exchanged for Acquiror Shares pursuant to Section 2.3(b)(ii);
 - (iv) each Target Option outstanding immediately prior to the Effective Time, whether vested or unvested, shall be exchanged for an Acquiror Option to purchase from Acquiror the number of Acquiror Shares equal to the product of (i) the number of Target Shares subject to such Target Option

immediately prior to the Effective Time multiplied by (ii) the Exchange Ratio, provided that the number of Acquiror Shares issuable pursuant to such Acquiror Option shall be rounded down to the nearest whole number of Acquiror Shares. The exercise price per Acquiror Share subject to such Acquiror Option shall be an amount equal to the quotient of (i) the exercise price per Target Share subject to such Target Option immediately prior to the Effective Time divided by (ii) the Exchange Ratio, provided that the aggregate exercise price payable on exercise of such Acquiror Option shall be rounded up to the nearest whole cent. Notwithstanding the foregoing, if it is determined in good faith that the excess of the aggregate fair market value of the Acquiror Shares subject to an Acquiror Option issued pursuant to this Section 2.3(b)(iv) immediately after such issuance over the aggregate option exercise price for such Acquiror Shares (such excess referred to as the "In-the-Money Amount" of the Acquiror Options) would otherwise exceed the excess of the aggregate fair market value of the Target Shares subject to the Target Option exchanged for such Acquiror Option immediately prior to the issuance of such Acquiror Option over the aggregate option exercise price for such Target Shares (such excess referred to as the In-the-Money Amount of the Target Options), the previous provisions shall be modified so that the In-the-Money Amount of the Acquiror Option does not exceed the In-the-Money Amount of the Target Option, but only to the extent necessary and in a manner that does not otherwise adversely affect the holder of such Acquiror Option. Except as otherwise provided herein, each Acquiror Option issued pursuant to this Section 2.3(b)(iv) shall be on the same terms and conditions as were applicable to the exchanged Target Option immediately prior to the Effective Time and Acquiror shall assume all the obligations of Target under the Target Option Plan pertaining to the Target Options and the agreements evidencing the grants thereof; and

- (c) immediately following the preceding step, the RSU Amendments shall become effective in accordance with the terms of the Target RSU Plan.

2.4 Amalgamation of Amalgamation Sub and Target

Pursuant to Section 2.3(b), Amalgamation Sub and Target shall amalgamate to form one corporate entity, Amalco, with the effect described below, and, unless and until otherwise determined in the manner required by Law, the following shall, and shall be deemed to, apply to Amalco without any further act or formality:

- (a) the name of Amalco shall be U.S. Silver & Gold Inc.;
- (b) the articles of Amalco shall be substantially in the form of the articles of Target;
- (c) the by-laws of Amalco shall be the same as the by-laws of Target;

- (d) the registered office of Amalco shall be located at Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8;
- (e) there shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;
- (f) Amalco shall be authorized to issue an unlimited number of common shares with the same rights, privileges, restrictions and conditions as the Target Shares;
- (g) the transfer of Amalco Shares shall be restricted and no holder of Amalco Shares shall transfer any such Amalco Shares without either: (i) the express sanction of the holders of more than fifty percent of the voting shares of Amalco for the time being outstanding expressed by a resolution passed at a meeting of the shareholders or by an instrument or instruments in writing signed by the holders of more than fifty percent of such shares; or (ii) the express sanction of the directors of Amalco expressed by a resolution passed by the votes of a majority of the directors of Amalco at a meeting of the board of directors or signed by all of the directors entitled to vote on that resolution at a meeting of directors;
- (h) the number of directors of Amalco shall not be less than 1 and not more than 10;
- (i) the initial directors of Amalco shall be:

Name	Address for Service	Canadian Resident
Darren Blasutti	Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8	Yes
Warren Varga	Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8	Yes
Peter McRae	Suite 2870, 145 King Street West, Toronto, Ontario, M5H 1J8	Yes

- (j) the first annual meeting of holders of Amalco Shares shall be held within 18 months of the Effective Date;
- (k) the stated capital of the issued and outstanding Amalco Shares shall be equal to the sum of (i) the aggregate "paid-up capital" (for the purposes of the Tax Act) of the Amalgamation Sub Shares immediately prior to the amalgamation and (ii) the aggregate fair market value of the Acquiror Shares issued in exchange for Target Shares pursuant to Section 2.3(b)(ii); and

- (l) upon the Amalgamation pursuant to Section 2.3(b):
- (i) the property of each of Amalgamation Sub and Target shall continue to be the property of Amalco and for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the property of Target;
 - (ii) all rights, contracts, permits and interest of Target or Amalgamation Sub shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of either of Target or Amalgamation Sub under any such rights, contracts, permits and interests;
 - (iii) Amalco shall continue to be liable for the obligations of Amalgamation Sub and Target;
 - (iv) all existing causes of action, claims or liabilities to prosecution with respect to Amalgamation Sub and Target shall be unaffected;
 - (v) all civil, criminal or administrative actions or proceedings pending by or against Amalgamation Sub and Target may be continued to be prosecuted by or against Amalco; and
 - (vi) all convictions against, or rulings, orders or judgments in favour of or against Amalgamation Sub and Target may be enforced by or against Amalco.

2.5 Adjustments to Consideration

- (a) The Consideration to be received by holders of Target Shares (and the Exchange Ratio, if applicable) shall be adjusted to reflect fully the effect of any stock or share split, reverse split, stock or share dividend (including any return of capital, dividend, or distribution of securities convertible into Acquiror Shares or Target Shares), consolidation, reorganization, recapitalization or other similar change with respect to Acquiror Shares or Target Shares, as applicable, occurring on or after the date of the Arrangement Agreement and prior to the Effective Time.
- (b) If on or after the date of the Arrangement Agreement, either Target or Acquiror declares, sets aside or pays any dividend or other distribution to holders of Target Shares or to holders of Acquiror Shares, as applicable, as of a time prior to the Effective Time, Target and Acquiror shall make such adjustments to the Consideration (and the Exchange Ratio, if applicable) as they together determine acting in good faith to be necessary to restore the original intention of the parties in the circumstances. For greater certainty, if Target takes any of the actions referred to above, the aggregate Consideration to be paid by Acquiror shall be decreased by an equivalent amount, and if Acquiror takes any of such actions, the aggregate Consideration to be paid by Acquiror shall be increased by an equivalent amount.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent

Holders of Target Shares may exercise rights of dissent with respect to such Target Shares pursuant to and in the manner set forth in Section 185 of the OBCA and this Section 3.1 (the "Dissent Rights") in connection with the Arrangement; provided that, notwithstanding section 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in section 185(6) of the OBCA must be received by Target not later than 5:00 p.m. (Toronto time) on the Business Day preceding the Target Meeting. Holders of Target Shares who validly exercise such Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid fair value for their Target Shares, will be entitled to be paid by Target the fair value of such Target Shares, and will not be entitled to any other payment or consideration, including any Acquiror Shares that would be issuable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Target Shares; or
- (b) are ultimately determined not to be entitled, for any reason, to be paid fair value for their Target Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Target Shares, and shall receive the Consideration in exchange for their Target Shares on the basis determined in accordance with, and subject to, Section 2.3(b)(ii).

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall Acquiror, Target or any other person be required to recognize a person exercising Dissent Rights unless such person is the holder of those Target Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall Acquiror, Target or any other person be required to recognize Dissenting Shareholders as holders of Target Shares in respect of which Dissent Rights have been validly exercised after the completion of steps in Section 2.3(a) and such Dissenting Shareholders shall be removed from the register of holders of Target Shares in respect of the Target Shares for which Dissent Rights have been validly exercised at the Effective Time. In addition to any other restrictions under Section 185 of the OBCA, (i) holders of Target Options and (ii) holders of Target Shares who vote or have instructed a proxyholder to vote such Target Shares in favour of the Arrangement Resolution (but only in respect of such Target Shares) shall not be entitled to exercise Dissent Rights.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

At or promptly following the Effective Time, Acquiror shall deposit with the Depositary, for the benefit of the former holders of Target Shares which were exchanged for Acquiror Shares under the Arrangement one or more certificates representing the number of whole Acquiror Shares exchanged for Target Shares pursuant to Section 2.3(b)(ii). Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented Target Shares, together with a duly completed letter of transmittal in respect of such Target Shares in the form attached to the Target Circular and such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder (in each case less any Consideration withheld pursuant to Section 4.6), a certificate representing the number (rounded up or down to the nearest whole number pursuant to Section 4.3) of Acquiror Shares which such holder has the right to receive (together with any dividends or other distributions paid or payable with respect thereto pursuant to Section 4.2), and the certificate so surrendered shall forthwith be cancelled, if applicable. Until surrendered, each certificate which immediately prior to the Effective Time represented one or more outstanding Target Shares shall be deemed at all times following the Effective Time to represent only the right to receive upon such surrender (in each case, less any Consideration withheld pursuant to Section 4.6), (i) a certificate representing the applicable number of Acquiror Shares and (ii) on the appropriate payment date, any dividends or distributions with a record date after the Effective Date paid or payable with respect to Acquiror Shares as contemplated by Section 4.2.

4.2 Dividends and other Distributions

No dividends or other distributions declared or made after the Effective Time with respect to Acquiror Shares with a record date after the Effective Date shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented one or more Target Shares, unless and until the holder of such certificate shall surrender such certificate in accordance with Section 4.1. Subject to applicable Law, at the time of such surrender of any such certificate (or, in the case of clause (ii), at the appropriate payment date), there shall be paid to the former holder of such certificate, without interest, (i) the amount of dividends or other distributions with a record date after the Effective Date paid with respect to the number of Acquiror Shares which such holder has the right to receive and, (ii) to the extent not paid under clause (i), on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Date but prior to surrender and with the payment date subsequent to surrender payable with respect to such Acquiror Shares.

4.3 No Fractional Shares

In no event will any holder of Target Shares be entitled to a fractional Acquiror Share pursuant to the Arrangement. Where the number of Acquiror Shares to be issued to a holder of Target Shares as Consideration under the Arrangement would result in a fraction of an Acquiror Share being issuable, the number of Acquiror Shares to be issued and delivered to such

holder shall be rounded up (where the fraction is equal to 0.5 or more) or down (where the fraction is less than 0.5) to the nearest whole Acquiror Share.

4.4 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more Target Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing Acquiror Shares pursuant to Section 4.1 (together with any dividends or other distributions paid or payable with respect thereto pursuant to Section 4.2). When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom a certificate representing Acquiror Shares is to be delivered shall, as a condition precedent to the delivery thereof, give a bond satisfactory to the Depositary, Acquiror, Target and their respective transfer agents in such sum as the Depositary, Acquiror or Target may direct or otherwise indemnify the Depositary, Acquiror and Target in a manner satisfactory to the Depositary, Acquiror and Target against any claim that may be made against the Depositary, Acquiror or Target with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 Extinguishment of Rights

Any certificate which immediately prior to the Effective Time represented one or more Target Shares that is not surrendered to the Depositary together with all other documents or instruments required by Section 4.1 on or prior to the fifth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a shareholder of Target or Acquiror. On such date, the Acquiror Shares (and any dividends or other distributions thereto) to which the former holder of such certificate was ultimately entitled shall be, and shall be deemed to have been, surrendered to Acquiror, together with all entitlements to dividends or other distributions thereon, for no consideration, and such Acquiror Shares and rights shall be cancelled and the former holder shall be removed from the register of holders of Acquiror Shares.

4.6 Withholding Rights

Target, Acquiror and the Depositary and any other person that has a withholding obligation pursuant to this Plan of Arrangement (without duplication) shall be entitled to deduct and withhold from the Consideration or any amount otherwise payable to any holder of Target Shares, Acquiror Shares, Target Options or Target RSUs such amounts as are required or permitted to be deducted or withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, territorial, state, local or foreign Law ("Tax Law"). To the extent that amounts are so deducted and withheld, such amounts shall be treated for all purposes as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority. To the extent that any amount is so required under applicable Tax Law to be deducted or withheld on account of an amount payable under the Arrangement, Target, Acquiror, the Depositary or any such other person that has a withholding obligation pursuant to this Plan of Arrangement, as the case may

be, is hereby authorized to direct the Depositary to sell such portion of the Consideration otherwise payable to the holder as is necessary to provide sufficient funds to Target, Acquiror, the Depositary or any such other person that has a withholding obligation pursuant to this Plan of Arrangement, as the case may be, to enable it to comply with such deduction or withholding requirement and Target, Acquiror, the Depositary or any such other person that has a withholding obligation pursuant to this Plan of Arrangement shall notify such holder of such sale and remit (a) the applicable portion of the net proceeds of such sale to the appropriate Governmental Authority and (b) the remaining net proceeds of such sale (after deduction for the amounts described in clause (a)) to such holder.

ARTICLE 5 **AMENDMENT**

5.1 **Amendment**

- (a) Target reserves the right to amend this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment must be (i) set out in writing, (ii) approved by Acquiror, (iii) filed with the Court and, if made following the Target Meeting, approved by the Court, and (iv) communicated to holders of Target Shares if and as required by the Court.
- (b) Any amendment to this Plan of Arrangement may be proposed by Target at any time prior to the Target Meeting (provided that Acquiror shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Target Meeting (subject to the requirements of the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment to this Plan of Arrangement that is approved or required by the Court following the Target Meeting shall be effective only if it is consented to by (i) Target and Acquiror and, (ii) if required by the Court, the holders of Target Shares voting in the manner directed by the Court.
- (d) Any amendment to this Plan of Arrangement may be made following the Effective Date unilaterally by Acquiror, provided that it concerns a matter which, in the reasonable opinion of Acquiror, is of an administrative or ministerial nature required to better give effect to the implementation of the Arrangement and is not adverse to the economic interests of any former holder of Target Shares or Target Options.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 6
FURTHER ASSURANCES

6.1 **Further Assurances**

Notwithstanding that the transactions and steps set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or steps set out herein.

IN THE MATTER OF an application under section 182 of the *Business Corporations Act*,
R.S.O. 1990, c. B.16, as amended;

AND IN THE MATTER OF Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement of U.S. Silver & Gold Inc.

Commercial List File No: CV-14-10757-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

ORDER

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

James Doris (LSUC #33236P)
Bryan D. McLeese (LSUC #55607C)
Andrew Carlson (LSUC #58850N)
Tel: 416.863.0900
Fax: 416.863.0871

Lawyers for the Applicant