



INTERNATIONAL MINERALS

**2013
ANNUAL
AND SPECIAL
MEETING**

Notice of Annual Meeting of
Shareholders and Special Meeting of
Securityholders of International
Minerals Corporation

Management Information Circular

Place:

Zona Hotel and Suites Scottsdale
7677 East Princess Blvd
Scottsdale, Arizona, USA.

Date:

November 26, 2013

Time:

2:00 p.m. (Mountain Standard Time)



INTERNATIONAL MINERALS

LETTER TO HOLDERS OF COMMON SHARES AND OPTIONS

October 25, 2013

Dear Securityholders:

The board of directors (the “**IMZ Board**”) of International Minerals Corporation (the “**Corporation**” or “**IMZ**”) cordially invites you to attend an annual meeting of the holders (the “**IMZ Shareholders**”) of common shares of IMZ (the “**IMZ Shares**”) and a special meeting (the annual meeting and the special meeting are collectively, the “**Meeting**”) of the IMZ Shareholders and the holders (the “**IMZ Optionholders**”) of stock options to purchase common shares of IMZ (the “**IMZ Options**”) (the IMZ Shareholders and the IMZ Optionholders are collectively, the “**IMZ Securityholders**”) to be held at 2:00 p.m. (Mountain Standard Time) on November 26, 2013 at Zona Hotel and Suites Scottsdale, 7677 East Princess Boulevard, Scottsdale, Arizona, USA.

At the Meeting, the IMZ Securityholders will among other things, be asked to consider and, if deemed advisable, to pass a special resolution approving a statutory arrangement (the “**Arrangement**”) under the provisions of the *Business Corporations Act* (Yukon) (the “**YBCA**”) involving IMZ, Hochschild Mining plc (“**HOC**”), HOC Holdings Canada Inc. (a wholly-owned subsidiary of HOC) (“**HOC Canada**”) and Chaparral Gold Corp. (formerly known as 0980507 B.C. Ltd.) (a wholly-owned subsidiary of IMZ) (“**Chaparral Gold**”) to be implemented pursuant to an arrangement agreement (the “**Arrangement Agreement**”) dated October 1, 2013 among IMZ, HOC, HOC Canada and Chaparral Gold. As a result of the Arrangement, HOC will indirectly acquire through HOC Canada all of the issued and outstanding IMZ Shares that it does not already own and IMZ will concurrently transfer its non-Peruvian assets and certain assumed liabilities with respect to same to Chaparral Gold.

Under the terms of the Arrangement Agreement, each IMZ Shareholder (other than HOC in respect of the cash) will receive, upon compliance with the terms and conditions set forth in the plan of arrangement (the “**Plan of Arrangement**”) attached as Schedule A to the Arrangement Agreement, in consideration for all of such IMZ Shareholder’s IMZ Shares: (i) cash consideration on the basis of US\$2.38 per IMZ Share; and (ii) such number of common shares (the “**Chaparral Gold Shares**”) in Chaparral Gold that is equal to the IMZ Shareholder’s then current shareholdings in IMZ. Upon completion of the Arrangement, the then former IMZ Shareholders (including HOC) will own 100% of the Chaparral Gold Shares, all as described in the accompanying Management Information Circular (the “**Circular**”) of the Corporation.

Under the terms of the Arrangement Agreement, any IMZ Options that have not been exercised prior to the effective date of the Arrangement will terminate pursuant to the Arrangement.

Following completion of the Arrangement, HOC will own, directly or indirectly, all of IMZ’s right, title and interest in its Peruvian mineral projects. IMZ’s existing cash (held directly or indirectly) and related receivables (approximately US\$58 million in total), all of the shares of IMZ’s subsidiaries that own IMZ’s non-Peruvian assets, primarily its Nevada properties and assets, (including the assumption of all liabilities related to IMZ’s non-Peruvian assets) will have been transferred to Chaparral Gold. On completion of the Arrangement, former IMZ Shareholders (other than HOC) are expected to hold approximately 97% of the outstanding Chaparral Gold Shares, while HOC or one of its affiliates will hold the remaining 3% of the Chaparral Gold Shares. Chaparral Gold intends to apply to list the Chaparral Gold Shares on a Canadian stock exchange. Such listing will be subject to Chaparral Gold fulfilling all of the minimum listing requirements of such stock exchange.

There can be no assurance that the Chaparral Gold Shares will be listed on a Canadian stock exchange. If listing approval is ultimately obtained prior to the effective time of the Arrangement, trading in the Chaparral Gold Shares is expected to commence concurrently with the delisting of the IMZ Shares from the TSX and the SIX. The completion of the Arrangement is conditional on obtaining TSX approval of the listing for trading of the Chaparral Gold Shares on the TSX.

The IMZ Board has considered the Arrangement at length and after receiving financial advice and consulting with its legal advisors, has determined unanimously that the Arrangement is fair and is in the best interests of IMZ and the IMZ Securityholders. The recommendation of the IMZ Board is based on various factors, including the valuation and fairness opinion of Paradigm Capital Inc. of Toronto, Ontario, Canada, as independent financial advisor to IMZ, to the effect that, as of the date of such opinion, the consideration payable under the Arrangement is fair, from a financial point of view, to the IMZ Shareholders (excluding HOC); the premium to IMZ Shareholders that the consideration represents; and the fact that the IMZ Shareholders will continue to participate in the ongoing exploration and development of the Nevada properties. The full text of such valuation and fairness opinion is attached to the Circular as Appendix “C”.

Accordingly, the IMZ Board has unanimously approved the Arrangement and unanimously recommends that IMZ Securityholders vote in favour of the Arrangement. The delivery of this Circular has been authorized by the IMZ Board.

To be effective, the Arrangement must be approved by a special resolution (the “**Arrangement Resolution**”) passed by a majority of not less than two-thirds of the votes cast by the IMZ Securityholders who vote together as a single class in respect of the Arrangement Resolution. In addition, the Arrangement Resolution must be approved by a majority of the votes cast by IMZ Shareholders, after excluding the votes cast by certain persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. In this regard an aggregate of 3,755,746 IMZ Shares held by HOC and 1,332,516 IMZ Shares held by Stephen Kay, IMZ’s CEO, will be excluded.

Directors and executive officers of IMZ and HOC (who, together with their associates and affiliates, own or exercise control or direction over approximately 5.55% of the issued and outstanding IMZ Shares) have agreed to support and vote in favour of the Arrangement.

It is anticipated that the Arrangement will be completed by the end of December 2013, subject to obtaining court approval and the approval of the IMZ Securityholders and HOC Shareholders and satisfying other usual and customary conditions contained in the Arrangement Agreement.

At the Meeting, if the Arrangement Resolution is approved, IMZ Shareholders will also be asked to approve an incentive share option plan for Chaparral Gold (the “**Chaparral Gold Stock Option Plan**”). The ordinary resolution approving the Chaparral Gold Stock Option Plan must be approved by a simple majority of the votes cast by IMZ Shareholders at the Meeting. In addition to the Arrangement, the IMZ Shareholders will be asked to approve certain resolutions relating to annual meeting matters, specifically, among other things, approving the reappointment of Davidson & Company LLP as IMZ’s auditors and the election of directors.

It is important that your IMZ Securities be represented at the Meeting. Whether or not you are able to attend, we urge you to complete the enclosed form of proxy (printed on blue paper for IMZ Shares and on pink paper for IMZ Options) or voting information form and return it either: (i) in the enclosed addressed envelope to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1; or (ii) by fax to the attention of Computershare Investor Services Inc. (“**Computershare**”), Proxy Department at (416) 263-9524 or toll free fax number 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment(s) or postponement(s) thereof. If you require any assistance in completing your proxy, please call Computershare at 1-800-564-6253 (toll free in Canada and the United States) or +1-514-982-7555 (international direct dial) between the hours of 8:30 a.m. and 8:00 p.m. Eastern Time.

Included with this letter, in addition to the form of proxy, is a notice of the annual meeting of IMZ Shareholders and special meeting of IMZ Securityholders and the Circular. The Circular contains a detailed description of the Arrangement, other information relating thereto, and to Chaparral Gold, including the Chaparral Gold Stock Option Plan and certain annual meeting matters. We urge you to consider carefully all of the information in the Circular.

Also enclosed is a letter of transmittal (the “**Letter of Transmittal**”) containing complete instructions on how to deposit your IMZ Shares under the Arrangement. If the Arrangement is approved, you will not actually receive your cash or Chaparral Gold Shares until the Arrangement is completed and you have returned your properly completed documents, including the Letter of Transmittal and certificates representing your IMZ Shares.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor.

Your vote is important regardless of the number of IMZ Shares or IMZ Options that you own.

On behalf of IMZ, I would like to thank all IMZ Securityholders for their ongoing support as we prepare to take part in this important transaction for IMZ.

Yours very truly,

“Stephen J. Kay”

President, Chief Executive Officer and Director
International Minerals Corporation

INTERNATIONAL MINERALS CORPORATION
7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona 85260 USA
Telephone: (480) 483-9932

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND SPECIAL MEETING OF SECURITYHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the holders (the “**IMZ Shareholders**”) of common shares (the “**IMZ Shares**”) of **INTERNATIONAL MINERALS CORPORATION** (“**IMZ**” or the “**Corporation**”) and a special meeting (the annual meeting and the special meeting are collectively, the “**Meeting**”) of the IMZ Shareholders and the holders (the “**IMZ Optionholders**”) of stock options (the “**IMZ Options**”) to purchase IMZ Shares (the IMZ Shareholders and the IMZ Optionholders are collectively, the “**IMZ Securityholders**”) will be held at Zona Hotel and Suites Scottsdale, 7677 East Princess Blvd., Scottsdale, Arizona, USA., on Tuesday, the 26th day of November, 2013, at 2:00 p.m. (Mountain Standard Time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2013 (with comparative statements relating to the preceding fiscal year ended June 30, 2012), together with the report of the auditors thereon;
2. to determine the number of Directors at six;
3. to elect Directors;
4. to re-appoint Davidson & Company LLP as the Corporation’s auditors and to authorize the Audit Committee to fix their remuneration;
5. to consider pursuant to an interim order of the Supreme Court of Yukon dated October 25, 2013, as same may be amended, (the “**Interim Order**”) and, if thought advisable, to pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix “B” attached to the accompanying Management Information Circular (the “**Circular**”), to approve a plan of arrangement (the “**Arrangement**”) under section 195 of the *Business Corporations Act* (Yukon) (the “**YBCA**”) whereby, among other things, holders of IMZ Shares (other than Hochschild Mining plc and its affiliates in respect of the cash) will receive, for each IMZ Share that they hold, US\$2.38 in cash and one common share (a “**Chaparral Gold Share**”) of a new mineral exploration company (“**Chaparral Gold**”), as more particularly described in the Circular;
6. provided that the Arrangement Resolution is approved, to consider and, if thought advisable, to pass, with or without amendment, an ordinary resolution to approve an incentive share option plan for Chaparral Gold, as more particularly described in the Circular; and
7. to transact such further or other business as may properly come before the meeting or any adjournment(s) or postponement(s) thereof.

Accompanying this Notice is the Circular, a form of Proxy (or a voting instruction form) and an Annual Return Card Form. The accompanying Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by the Corporation before the Meeting or by the Chairman at the Meeting.

Registered IMZ Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their IMZ Shares in accordance with the provisions of Section 193 of the YBCA, as modified by the Plan of Arrangement and the Interim Order. A registered IMZ Shareholder wishing to exercise rights of dissent with respect to the Arrangement must send to IMZ a written objection to the Arrangement Resolution, which written objection must be received by IMZ by 5:00 p.m. (Pacific Standard Time) on November 25, 2013 (or the business day immediately prior to any adjourned or postponed Meeting). An IMZ Shareholder’s right to dissent is more particularly described in the Circular and a copy of the

Interim Order and the text of Section 193 of the YBCA, as amended by the Plan of Arrangement and the Interim Order are set forth in Appendices “D” and “E” respectively, to the Circular.

Failure to strictly comply with the requirements set forth in Section 193 of the YBCA, as modified by the Plan of Arrangement and the Interim Order, will result in the loss of any right of dissent. Persons who are beneficial owners of IMZ Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered IMZ Shareholders are entitled to dissent. Accordingly, a beneficial owner of IMZ Shares desiring to exercise this right must make arrangements for the IMZ Shares beneficially owned by such IMZ Shareholder to be registered in the IMZ Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by IMZ or, alternatively, make arrangements for the registered IMZ Shareholder to dissent on the IMZ Shareholder's behalf.

Only IMZ Securityholders of record at the close of business on October 16, 2013 will be entitled to receive notice of, and to vote at, the Meeting or any adjournment(s) or postponement(s) thereof. **If you are a registered IMZ Securityholder and are unable to attend the Meeting, please complete, sign, date and return the enclosed form of Proxy (printed on blue paper for IMZ Shares and on pink paper for IMZ Options) either: (i) in the enclosed addressed envelope to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 by mail; or (ii) by fax to the attention of the Proxy Department at (416) 263-9524 or toll free fax number 1-866-249-7775, no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment(s) or postponement(s) thereof. If a registered IMZ Securityholder receives more than one form of Proxy because such IMZ Securityholder owns IMZ Shares or IMZ Options registered in different names or addresses, each form of Proxy should be completed and returned. If you require any assistance in completing your form of Proxy, please call Computershare Investor Services Inc. at 1-800-564-6253 (toll free in Canada and the United States) or +1-514-982-7555 (international direct dial) between the hours of 8:30 a.m. and 8:00 p.m. Eastern Time.**

If you are a non-registered IMZ Shareholder, please refer to the section in the Circular entitled “*General Proxy Information – Advice to Beneficial IMZ Shareholders*” for information on how to vote your IMZ Shares.

Please advise the Corporation of any change in your mailing address.

DATED at Scottsdale, Arizona, U.S.A., this 25th day of October, 2013.

BY ORDER OF THE BOARD

“*Stephen J. Kay*”

Stephen J. Kay
President, Chief Executive Officer and Director

TABLE OF CONTENTS

	Page
FORWARD-LOOKING STATEMENTS	11
REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES	12
U.S. / CANADIAN EXCHANGE RATES.....	12
CONVERSIONS.....	12
GLOSSARY OF TERMS.....	13
SUMMARY.....	23
GENERAL PROXY INFORMATION	37
Solicitation of Proxies.....	37
Appointment and Revocation of Proxies.....	37
Voting of Proxies.....	37
Advice to Beneficial IMZ Shareholders.....	38
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON	39
VOTING SHARES AND PRINCIPAL HOLDERS THEREOF	39
THE ARRANGEMENT	40
Background to the Arrangement.....	40
Independent Valuation and Fairness Opinion.....	42
Recommendation of the IMZ Board	43
Reasons for the Recommendation of the IMZ Board.....	43
Voting Agreements.....	44
Arrangement Steps.....	47
Securityholder Approval of the Arrangement.....	49
Court Approval of the Arrangement and Completion of the Arrangement	49
IMZ Options.....	49
Post-Arrangement Structure	50
The Arrangement Agreement	50
Interests of Certain Persons in the Arrangement.....	60
Dissenting Shareholder Rights.....	62
Procedure for the Exchange of Share Certificates by IMZ Shareholders	63
Stock Exchange Listings	64
Canadian Securities Law Matters	65
United States Securities Law Matters	66
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	66
IMZ Shareholders Resident in Canada.....	67
IMZ Shareholders Not Resident in Canada.....	69
ELIGIBILITY FOR INVESTMENT.....	71
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS.....	71
CERTAIN SWISS FEDERAL INCOME TAX CONSIDERATIONS	78
Risks Associated with the Arrangement.....	79
INFORMATION CONCERNING HOC	81
INFORMATION CONCERNING CHAPARRAL GOLD.....	81
APPROVAL OF CHAPARRAL GOLD STOCK OPTION PLAN	82
Chaparral Gold Stock Option Plan.....	82
ANNUAL GENERAL MEETING MATTERS	85
Appointment of Auditors	85
Election of Directors.....	85
Corporate Cease Trade Orders and Bankruptcies	86
Executive Compensation Discussion & Analysis	87
Summary Compensation Table.....	94
Incentive Plan Awards	95
Pension Plan Benefits	96
Termination and Change of Control Benefits.....	96
Director Compensation	97
Securities Authorized for Issuance under Equity Compensation Plans.....	100
Audit Committee	100
Statement of Corporate Governance Practices.....	100
Indebtedness of Directors, Executive Officers and Officers.....	105

Management Contracts	105
Other Business.....	106
Additional Information	106
CONSENT OF PARADIGM CAPITAL INC.....	107

APPENDICES:

APPENDIX “A” – PLAN OF ARRANGEMENT.....	A-1
APPENDIX “B” – ARRANGEMENT RESOLUTION.....	B-1
APPENDIX “C” – VALUATION AND FAIRNESS OPINION.....	C-1
APPENDIX “D” – INTERIM ORDER.....	D-1
APPENDIX “E” – SECTION 193 OF THE YBCA	E-1
APPENDIX “F” – INFORMATION CONCERNING CHAPARRAL GOLD	F-1
APPENDIX “G” – FINANCIAL STATEMENTS OF CHAPARRAL GOLD	G-1
APPENDIX “H” – CHAPARRAL GOLD STOCK OPTION PLAN	H-1
APPENDIX “I” – COMPARISON OF YBCA TO BCBCA.....	I-1
APPENDIX “J” – NOTICE OF APPLICATION.....	J-1
APPENDIX “K” – CARVE OUT FINANCIAL STATEMENTS OF THE CHAPARRAL GOLD BUSINESS	K-1

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at October 25, 2013, unless indicated otherwise)
(All dollar amounts herein are in United States dollars unless indicated otherwise)

Introduction

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of INTERNATIONAL MINERALS CORPORATION (“IMZ or the “Corporation”) for use at the Annual Meeting of IMZ Shareholders and Special Meeting of Securityholders of the Corporation (and any adjournment(s) or postponement(s) thereof) to be held on November 26, 2013 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached to this Circular as Appendix “A”. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under the heading “Glossary of Terms”.

The information concerning HOC and its subsidiaries contained in this Circular, including the appendices, has been provided by HOC for inclusion in this Circular. Although the Corporation has no knowledge that any statements contained herein taken from or based on such documents, records or information provided by HOC are untrue or incomplete, the Corporation assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by HOC to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Corporation.

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase the securities to be issued under or in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this Circular nor any distribution of the securities to be issued under or in connection with the Arrangement will, under any circumstances, create any implication or be treated as a representation that there has been no change in the information set forth herein since the date of this Circular.

THE SECURITIES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY CANADIAN SECURITIES REGULATORY AUTHORITY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS ANY CANADIAN SECURITIES REGULATORY AUTHORITY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

NOTICE TO UNITED STATES SECURITYHOLDERS

The Class A Shares and the Chaparral Gold Shares to be issued and distributed to IMZ Shareholders in exchange for their IMZ Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act. Such securities will be issued and distributed to IMZ Shareholders in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption.

The solicitation of proxies for the Meeting is not subject to the proxy requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared solely in accordance with disclosure requirements

applicable in Canada. The IMZ Securityholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Specifically, information concerning the properties and operations of the Corporation, Chaparral Gold and HOC contained or incorporated by reference herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards.

In particular, the terms “mineral resource”, “measured resource”, “indicated resource” and “inferred resource”, used herein or in the documents incorporated herein by reference, are Canadian mining terms as defined in accordance with NI 43-101 under guidelines set out in the Definition Standards for Mineral Resources and Mineral Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council on December 11, 2005 (the “**CIM Standards**”). While the terms “mineral resource”, “measured resource”, “indicated resource” and “inferred resource” are recognized and required by Canadian regulations, they are not recognized by the United States Securities and Exchange Commission. As such, certain information contained in this Circular or in the documents incorporated by reference herein concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission. Under United States 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. Readers are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into mineral reserves. An “inferred resource” has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It cannot be assumed that all or any part of an “inferred resource” will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred resources may not form the basis of feasibility or other economic studies, other than a preliminary economic assessment. Investors are cautioned not to assume that all or any part of an “inferred resource” exists, or is economically or legally mineable. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. In addition, the definitions of “proven mineral reserves” and “probable mineral reserves” under CIM Standards differ in certain respects from the U.S. standards.

The financial statements and other financial information included or incorporated by reference in this Circular have been presented in United States dollars, were prepared in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus may not be comparable to financial statements of United States companies.

The enforcement by investors of civil liabilities under the United States federal and state securities laws may be affected adversely by the fact that the Corporation, HOC, HOC Canada and Chaparral Gold are incorporated or organized outside the United States, that some or all of their officers and directors and the experts named herein are residents of a country other than the United States, and that all or a substantial portion of the assets of the Corporation, HOC and HOC Canada and said persons are located outside the United States. As a result, it may be difficult or impossible for the IMZ Securityholders in the United States to effect service of process within the United States upon the Corporation, HOC, HOC Canada, Chaparral Gold, their respective officers and directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or any state securities laws. In addition, the IMZ Securityholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or any state securities laws, or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or any state securities laws.

IMZ Shareholders should be aware that the acquisition of Chaparral Gold Shares as a result of the implementation of the Arrangement as described herein may have tax consequences both in the United States, Canada and Switzerland. See “*Certain Canadian Federal Income Tax Considerations*” and “*Certain United States Federal Income Tax Considerations*” and “*Certain Swiss Federal Income Tax Considerations*”.

FORWARD-LOOKING STATEMENTS

Certain statements in this Circular, including the documents incorporated by reference herein, are forward-looking statements, including, but not limited to, those relating to the proposed Arrangement, the timing of the closing of the proposed Arrangement, the listing of the Chaparral Gold Shares on a Canadian stock exchange, information concerning the Parties and their financial capacity and availability of capital and other statements that are not historical facts. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including the Corporation's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Parties. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "pro forma", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the Parties' control, could affect operations, business, financial condition, performance and results of the Parties that may be expressed or implied by such forward-looking statements and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to the following: (i) general economic, industry and market segment conditions; (ii) changes in applicable environmental, taxation and other laws and regulations, as well as how such laws and regulations are interpreted and enforced; (iii) changes in operating risks, including risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; (iv) increased competition; (v) stock market volatility; (vi) ability to maintain current and obtain additional financing; (vii) industry consolidation; (viii) the execution of strategic growth plans; (ix) the outcome of legal proceedings; (x) the ability of the Parties to continue to develop and grow; and (xi) management's success in anticipating and managing the foregoing factors, as well as the risks described under the heading "Risk Factors" in this Circular and in the documents incorporated by reference. In making these statements, the Parties have made assumptions with respect to expected cash provided by continuing operations, future capital expenditures, including the amount and nature thereof, trends and developments in the mining industry, business strategy and outlook, expansion and growth of business and operations, accounting policies, credit risks, anticipated acquisitions, opportunities available to or pursued by the Parties, and other matters.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this Circular are based upon what management of each of the Parties, currently believes to be reasonable assumptions, actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this Circular and, other than as specifically required by law, neither the Corporation, HOC, HOC Canada nor Chaparral Gold assumes any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The historical consolidated financial statements of, and the summaries of historical financial information concerning, IMZ and Chaparral Gold contained or incorporated by reference in this Circular are reported in United States dollars and have been prepared in accordance with IFRS.

U.S. / CANADIAN EXCHANGE RATES

IMZ's primary business activities are carried out through its subsidiaries in Peru and the United States and are conducted primarily in United States dollars. Accordingly, IMZ's financial accounts are maintained in United States dollars. **All dollar amounts herein are expressed in United States dollars unless otherwise indicated. "C" is used to indicate Canadian dollar values.**

The following table sets forth the rate of exchange for the United States dollar, expressed in Canadian dollars in effect at the end of the fiscal periods ending June 30 indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for costs of United States dollars into Canadian dollars.

U.S Dollars into Canadian Dollars at June 30	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rate at end of fiscal year	C\$1.0512	C\$1.0191	C\$0.9643	C\$1.0606
Average rate for fiscal year	C\$1.0079	C\$1.0029	C\$0.9993	C\$1.0567
Low rate for fiscal year	C\$1.0532	C\$1.0604	C\$1.0542	C\$1.1655
High rate for fiscal year	C\$0.9710	C\$0.9449	C\$0.9381	C\$0.9961

The noon rate of exchange on October 24, 2013 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was US\$1.00 equals C\$0.9595.

CONVERSIONS

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

<u>To convert from Imperial</u>	<u>To metric</u>	<u>Multiply by</u>
Acres	Hectares	0.40469
Acres	Square Kilometers	0.00405
Feet	Meters	0.30480
Miles	Kilometers	1.60934
Square Miles	Square Kilometers	2.5900
Tons	Tonnes	0.90718
Ounces (troy)/ton	Grams/Tonne	34.2857

GLOSSARY OF TERMS

Unless the context otherwise requires or where otherwise provided, the following words and terms will have the meanings set forth below when read in this Circular, including the following Summary. These terms are not always used herein and may not conform to the defined terms used in schedules and appendices to this Circular.

“Acquisition Proposal” means, other than the transactions contemplated by the Arrangement Agreement and other than the Re-Organization, any offer, proposal (written or oral) from any Person or group of Persons other than HOC (or any affiliate of HOC or any Person acting in concert with HOC or any affiliate of HOC) after the date of this Agreement relating to (a) any sale or disposition (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), direct or indirect (whether in a single transaction or a series of transactions), of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of IMZ and its Subsidiaries or affiliates, or of 20% or more of the voting or equity securities of IMZ or any of its Subsidiaries or affiliates, (or rights or interests in such voting or equity securities), (b) any take-over bid, exchange offer or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of IMZ or any of its Subsidiaries or affiliates, (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving IMZ or any of its Subsidiaries or affiliates, or (d) any other similar transaction or series of transactions involving IMZ or any of its Subsidiaries or affiliates, provided, in each case, that any offer or proposal relating solely to the Non-Peruvian Assets, the Non-Peruvian Subsidiaries or the Assumed Liabilities will not constitute an Acquisition Proposal;

“affiliate” has the meaning specified in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“Arrangement” means an arrangement under the provisions of section 195 of the YBCA, on the terms and conditions set forth in the Plan of Arrangement, but subject to any amendments or supplements thereto made in accordance with the Arrangement Agreement, and the provisions of the Plan of Arrangement, or made at the direction of the Court in the Final Order;

“Arrangement Agreement” means the arrangement agreement among HOC, IMZ, HOC Canada and Chaparral Gold (formerly known as 0980507 B.C. Ltd.) dated October 1, 2013, together with the Schedules attached thereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“Arrangement Resolution” means the special resolution of the IMZ Securityholders approving the Arrangement as presented at the Meeting substantially in the form of Appendix “B” to this Circular;

“Articles of Arrangement” means the articles of arrangement of IMZ in respect of the Arrangement, required by the YBCA to be sent to the Registrar after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to IMZ, Chaparral Gold and HOC, each acting reasonably;

“Assumed Liabilities” means other than those obligations and liabilities directly related to the Peruvian Assets:

- (a) all of the obligations and liabilities of IMZ or any of its Subsidiaries (except the Peruvian Subsidiaries, unless otherwise agreed), contingent or otherwise, incurred or accrued or arising from any action or inaction prior to or at the Effective Time; any IMZ Benefit Plans relating to IMZ Employees; all change of control payments and all other severance, termination or notice payments owing to any IMZ Employee, whether or not such payment arises as a consequence of the Arrangement or the Re-Organization; any break, termination or other fees or expenses owing, or that may become owing, to any Person;
- (b) a liability or obligation, contingent or otherwise, that, following the Effective Time, IMZ or any of its Subsidiaries (except the Peruvian Subsidiaries, unless otherwise agreed) is legally obliged to pay but which was incurred or accrued or arising from any action or inaction prior to or at the Effective Time, other than those obligations and liabilities directly related to the Peruvian Assets;

- (c) a liability or obligation of IMZ or any of its Subsidiaries, contingent or otherwise, which pertain to, or arose in connection with, or resulting from: (i) the Re-Organization, or (ii) the failure to comply with securities laws or the rules of any stock exchange applicable to it prior to or at the Effective Time; and
- (d) any liability for any Tax which is payable, or may become payable, by IMZ (or its Subsidiaries) in connection with, or resulting from (i) any taxation year or fiscal period (including any portion thereof) ending on or before the Effective Date; (ii) the Re-Organization; (iii) the disposition of the Chaparral Gold Shares by IMZ; or (iv) the sale of the interest in the Rio Blanco gold and silver property to Junefield Resources Ecuador S.A. pursuant to a share purchase and sale agreement dated December 26, 2012, as amended April 4, 2013; or (v) the sale of the shares (or indebtedness) of Square Valley;

“**BCSC**” means the British Columbia Securities Commission;

“**Business Day**” means a day which is not a Saturday, a Sunday or a civic or statutory holiday in Whitehorse, Yukon, Vancouver, British Columbia, Scottsdale, Arizona, Lima, Peru or London, England;

“**Cash Consideration**” means \$2.38 in cash per Class A Share (or the Canadian dollar equivalent determined by the Depositary);

“**Certificate**” or “**Certificate of Arrangement**” means the certificate of arrangement to be issued by the Registrar pursuant to subsection 195(11) of the YBCA in respect of the Articles of Arrangement;

“**Change in Recommendation**” means that the IMZ Board or any committee of the IMZ Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification), the IMZ Board Recommendation;

“**Chaparral Gold**” means Chaparral Gold Corp. (formerly known as 0980507 B.C. Ltd.), a newly incorporated company under the laws of the Province of British Columbia, which is a wholly-owned subsidiary of IMZ;

“**Chaparral Gold Board**” and “**Chaparral Gold Board of Directors**” means the board of directors of Chaparral Gold as the same is constituted from time to time;

“**Chaparral Gold Options**” means stock options granted in accordance with the terms and conditions of the Chaparral Gold Stock Option Plan;

“**Chaparral Gold Shares**” means the common shares without par value in the capital of Chaparral Gold;

“**Chaparral Gold Stock Option Plan**” means the incentive share option plan of Chaparral Gold reserving a maximum of up to 11,763,637 Chaparral Gold Shares reserved for issuance under the Chaparral Gold Stock Option Plan, representing approximately 10% of the issued and outstanding Chaparral Gold Shares, substantially in the form attached to this Circular as Appendix “H”;

“**Circular**” means the notice of the IMZ Securityholder Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in (if any), such management information circular, to be sent to the IMZ Securityholders in connection with the IMZ Securityholder Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

“**Claim**” means any action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by any Person against an Indemnified Person which entitles the Indemnified Person to make a claim for indemnification under the Arrangement Agreement;

“**Class A Shares**” means the Class A voting common shares of IMZ which are to be created in accordance with the Plan of Arrangement and which shall be entitled to two votes per Class A Share with respect to the election of the board of directors of IMZ, but will otherwise have attached thereto the same rights and privileges as the IMZ Shares;

“**Competition Act**” means the *Competition Act* (Canada) and the Regulations promulgated thereunder, as amended;

“**Consideration**” means the consideration to be received pursuant to the Plan of Arrangement in respect of each IMZ Share that is issued and outstanding immediately prior to the Effective Time, comprising of (i) in the case of IMZ Shareholders other than HOC and its affiliates, \$2.38 in cash and one Chaparral Gold Share, and (ii) in the case of HOC and its affiliates, one Chaparral Gold Share;

“**Contract**” means any legally binding agreement, arrangement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which IMZ or Chaparral Gold, or any of their Subsidiaries or affiliates is a party or by which it or any of its Subsidiaries or affiliates is bound or affected or to which any of their respective properties or assets is subject;

“**Converse Property**” means the mineral property known as the Converse Property, consisting of 12 sections of land including five sections of private land and seven sections of unpatented lode mining claims, which is located in Buffalo Valley, in the southeast corner of Humboldt County, Nevada, approximately 30 km west-northwest of Battle Mountain, and 48 km southeast of Winnemucca;

“**Converse Technical Report**” means the technical report titled “Preliminary Economic Assessment, Converse Gold Project, Nevada, USA” dated effective February 2, 2012, prepared for IMZ by Richard Gowans, P.Eng., Christopher Jacobs C.Eng, MIMMM, Dayan Anderson, QP, MMSA and R. Mohan Srivastava, P.Geo;

“**Court**” means the Supreme Court of Yukon;

“**Depository**” means Computershare Trust Company of Canada;

“**Dissent Rights**” means the rights of a Dissenting Shareholder in respect of the Arrangement Resolution as set out in the YBCA and as modified by the Plan or Arrangement and the Interim Order;

“**Dissenting Shareholder**” means a registered holder of IMZ Shares that validly exercises Dissent Rights;

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

“**Effective Time**” means the time when the Arrangement will be deemed to have been completed, which shall be 12:01 a.m., Pacific time, on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

“**EMC (US)**” means Ecuadorian Minerals Corporation (U.S.) and its wholly-owned subsidiaries Metallic Nevada Inc., Metallic Goldfield Inc. and Metallic Venture (U.S.) Inc., a 100% wholly-owned subsidiary of IMZ;

“**Excluded Votes**” means the votes attaching to IMZ Shares beneficially owned, or over which control or direction is exercised, by HOC, HOC Canada and Stephen Kay, being in the aggregate 5,088,262 IMZ Shares, which votes will be excluded for purposes of determining whether minority approval of the Arrangement Resolution has been obtained in accordance with MI 61-101;

“**Final Order**” means the final order of the Court, in a form acceptable to IMZ, Chaparral Gold, HOC and HOC Canada, each acting reasonably, approving the Arrangement as such order may be amended by the Court (with the consent of IMZ, Chaparral Gold, HOC and HOC Canada, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to IMZ, Chaparral Gold, HOC and HOC Canada, each acting reasonably);

“Formal Valuation and Fairness Opinion” means the formal valuation of the IMZ Shares dated September 17, 2013, that was prepared by Paradigm, in accordance with MI 61-101, and the opinion of Paradigm to the effect that, as of the date of such opinion, the Consideration to be received by the IMZ Shareholders is fair, from a financial point of view, to the IMZ Shareholders other than HOC and its affiliates;

“fully diluted basis” means, with respect to the number of outstanding IMZ Shares at any time, the number of IMZ Shares that would be outstanding if all rights to acquire IMZ Shares, including the IMZ Options, were exercised;

“Goldfield Property” means the mineral property known as Goldfield property, consisting of 464 owned patented claims, 104 leased patented claims, 574 owned unpatented claims and 12 owned unpatented claims, which is located in the Goldfield Mining District of Goldfield, Nevada, USA approximately 30 miles south of Tonopah, Nevada, adjacent to the town of Goldfield in Esmeralda County;

“Governmental Entity” means (a) any international, multinational, national, federal, provincial, state, territorial, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any 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 or securities exchange;

“Goldfield Technical Report” means the technical report titled “Feasibility Study on the Goldfield Property, Nevada, USA” dated effective July 17, 2012, prepared for IMZ by Richard Gowans, P.Eng., Christopher Jacobs C.Eng, MIMMM, Dayan Anderson, MMSA, QP, and R. Mohan Srivastava, P.Geo.;

“HOC” means Hochschild Mining plc, a corporation governed by the laws of England and Wales;

“HOC Canada” means HOC Holdings Canada Inc., a newly incorporated company under the laws of the Yukon, which is an indirect wholly-owned subsidiary of HOC;

“HOC Shareholder Approval” means the simple majority approval of the HOC Shareholders who vote at the HOC Shareholder Meeting in favour of the transaction contemplated by the Arrangement;

“HOC Shareholder Meeting” means the extraordinary meeting of HOC Shareholders, including any adjournment(s) or postponement(s) of such extraordinary meeting in accordance with the terms of the Arrangement Agreement, to be called and held for the purpose of seeking the HOC Shareholder Approval;

“HOC Shareholders” means the registered or beneficial holders of the HOC Shares, as the context requires;

“HOC Shares” means the ordinary shares of HOC as presently constituted;

“ICA Approval” means receipt by HOC of written evidence from the responsible Minister or Ministers under the *Investment Canada Act* that the Minister(s) are satisfied or deemed to have been satisfied that the transactions contemplated by the Arrangement Agreement are likely to be of net benefit to Canada pursuant to the *Investment Canada Act*, and there shall be no order in effect and no notice given under Part IV.1 of the *Investment Canada Act* that would have the effect of Law of prohibiting the completion of the transactions contemplated by the Arrangement Agreement, to the extent required;

“IFRS” means International Financial Reporting Standards, at the relevant time, applied on a consistent basis;

“IMZ” or the **“Corporation”** means International Minerals Corporation, a corporation existing under the laws of the Yukon;

“IMZ AIF” means the annual information form of IMZ dated September 30, 2013 in respect of the year ending June 30, 2013;

“IMZ Benefit Plan” means any pension or retirement income plans or other employee compensation, other than equity- or security-based compensation arrangements, or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon IMZ or any of its Subsidiaries or for which IMZ or its Subsidiaries could have any liability;

“IMZ Board” and **“IMZ Board of Directors”** means the board of directors of IMZ as the same is constituted from time to time;

“IMZ Board Recommendation” means upon receipt by the IMZ Board of the Formal Valuation and Fairness Opinion and after receipt of legal and financial advice, that the IMZ Board has by unanimous decision of the IMZ Board, determined that the Arrangement is in the best interests of IMZ and the IMZ Securityholders and recommends that IMZ Securityholders vote in favour of the Arrangement Resolution;

“IMZ Employees” means the employees of IMZ and its Subsidiaries and affiliates;

“IMZ Optionholder” means a holder of IMZ Options;

“IMZ Option Plan” means IMZ’s Incentive Share Option Plan dated December 8, 1994 and adopted by IMZ Shareholders on January 18, 1995, as amended with IMZ Shareholder approval on December 14, 1999, December 18, 2003, November 6, 2006, November 21, 2008 and November 11, 2011;

“IMZ Options” means the outstanding options to purchase IMZ Shares issued pursuant to the IMZ Option Plan;

“IMZ Public Disclosure Record” means all documents and information required to be filed by IMZ under applicable Securities Laws and publicly available on the System for Electronic Document Analysis Retrieval (SEDAR) web-site;

“IMZ Securityholders” means, collectively, IMZ Shareholders and IMZ Optionholders;

“IMZ Securities” means, collectively, the IMZ Shares and the IMZ Options;

“IMZ Shareholder” means the registered or beneficial holders of the IMZ Shares, as the context requires, except that with respect to Dissent Rights, IMZ Shareholders refers only to registered shareholders;

“IMZ Shares” means the common shares without par or nominal value in the capital of IMZ which IMZ is authorized to issue;

“including”, **“includes”** or similar expressions are not intended to be limiting and are deemed to be followed by the expression “without limitation”;

“Indemnified Person” means each of HOC, HOC Canada, IMZ and the Peruvian Subsidiaries;

“Inmaculada Holdings” means Inmaculada Holdings S.A.C., an indirect wholly-owned subsidiary of HOC, existing under the laws of Peru;

“Interim Order” means the interim order of the Court, in a form acceptable to the Parties, acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court with the consent of IMZ and HOC, each acting reasonably;

“Investment Canada Act” means the *Investment Canada Act* and the Regulations promulgated thereunder, as amended;

“Law” or **“Laws”** means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity

that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

“Letter Agreement” means the letter agreement delivered by HOC to IMZ on August 23, 2013 and accepted and agreed to by IMZ as of August 23, 2013;

“Letter of Transmittal” means the letter of transmittal and election form enclosed with this Circular sent in connection with the Meeting to IMZ Shareholders pursuant to which, among other things, IMZ Shareholders are required to deliver certificates representing the IMZ Shares;

“Liens” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest or claims, 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;

“Locked-up Shareholders” means all of the directors, officers and management of IMZ that have executed and delivered a Voting Agreement to HOC, pursuant to which they have agreed, subject to the terms of such Voting Agreements, to vote their IMZ Shares and IMZ Options, where applicable, in favour of the Arrangement Resolution;

“Losses” means, in respect of any matter, all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including all interest, penalties, amounts paid in settlement and reasonable out-of-pocket professional fees and disbursements, but excluding loss of profit and special or consequential damages) arising as a consequence of such matter, net of any insurance and/or tax benefits received or receivable in respect thereof;

“LSE” means London Stock Exchange;

“Master Re-Organization Agreement” means the Master Re-Organization Agreement dated October 25, 2013 to be effective no later than one (1) hour prior to the Effective Time among IMZ, Chaparral Gold, EMC (US) and Ventura;

“Material Adverse Change in Metals Prices” means any change in the price of silver or gold which is or could reasonably be expected to be material and adverse to the business, financial condition, or results of operations of the Peruvian Assets and/or the Peruvian Subsidiaries;

“Material Adverse Effect” means any change, event, occurrence, effect or circumstance that is or could reasonably be expected to be material and adverse to the business, financial condition, or results of operations of the Peruvian Assets and/or the Peruvian Subsidiaries, but excluding changes, effects, or circumstances that (a) are the result of economic factors affecting the economy as a whole, or that are the result of factors generally affecting the industry or specific market in which IMZ or its subsidiaries operate, (b) arise out of or result from matters contemplated by the Parties in connection with the Arrangement Agreement, (c) arise out of or result from actions of IMZ or its Subsidiaries requested by HOC, (d) arise out of or result from actions taken by HOC or its affiliates in connection with HOC’s operation of the Suyamarca Assets, (e) arise out of or result from changes in Law, (f) arise out of or result from changes in generally accepted accounting principles, (g) arise out of or result from acts of war or terrorism or (h) are attributable to the announcement or performance of the transactions contemplated by the Arrangement Agreement;

“Material Contract” means any Contract that is material to the business, operations or prospects of a Party and its Subsidiaries taken as a whole;

“material fact” has the meaning ascribed thereto in the Securities Act;

“Meeting” means the annual meeting of IMZ Shareholders and special meeting of IMZ Securityholders, including any adjournment(s) or postponement(s) of such meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other proper purpose as may be set out in the IMZ Circular;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**Minerals**” means all ores, and ores and concentrates derived therefrom, of precious, base and industrial minerals, including diamonds, which may be lawfully explored for, mined and sold pursuant to mineral rights and other instruments of title;

“**MOV**” means Minera Oro Vega S.A. (Peru), a wholly-owned Peruvian subsidiary of IMZ, through which IMZ owns the majority of the Peruvian Assets;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**Non-Peruvian Assets**” means all assets of IMZ other than the Peruvian Assets;

“**Non-Peruvian Subsidiaries**” means all Subsidiaries of IMZ other than the Peruvian Subsidiaries;

“**ordinary course of business**”, “**ordinary course of business consistent with past practice**”, or any similar reference, means, with respect to an action taken by a person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person; provided that in any event such action is not unreasonable or unusual;

“**Outside Date**” means January 31, 2014, or such later date as may be agreed to in writing by the Parties;

“**Pallancata Mine**” means the Pallancata silver mine located in southern Peru, approximately 180 km southwest of Cuzco;

“**Paradigm**” means Paradigm Capital Inc., the firm which prepared the Formal Valuation and Fairness Opinion;

“**Parties**” means the IMZ, HOC, HOC Canada and Chaparral Gold and “**Party**” means any one of them;

“**PEA**” means Preliminary Economic Assessment;

“**Permit**” means any license, permit, certificate, consent, order, grant, approval, classification, registration, or other authorization of or from any Governmental Entity;

“**person**” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including any Governmental Entity), syndicate or any other entity, whether or not having legal status;

“**Peru**” means the Republic of Peru;

“**Peruvian Assets**” means all assets of IMZ held directly or indirectly by the Peruvian Subsidiaries;

“**Peruvian Subsidiaries**” means MOV and Minera Qorihuayta S.A.C.;

“**Plan of Arrangement**” or “**Plan**” means the plan of arrangement, substantially in the form attached as Schedule A to the Arrangement Agreement, subject to any amendments or variations to such plan made in accordance with the Arrangement Agreement and the terms of such plan of arrangement, or made at the direction of the Court in the Final Order, with the prior written consent of IMZ, Chaparral Gold, HOC and HOC Canada, each acting reasonably;

“**Record Date**” means October 16, 2013;

“**Registrar**” means the Registrar of Corporations appointed pursuant to the YBCA;

“Regulatory Approvals” means, any consent, waiver, permit, exemption, review, order, notice, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required in connection with the Arrangement and prior to the effectiveness, and including, without limitation, those required by the TSX, SIX, Frankfurt Stock Exchange and any other German stock exchanges upon which the IMZ Shares are traded, the Swiss Takeover Board, and the ICA Approval (if required);

“Re-Organization” means the reorganization of IMZ and its Subsidiaries, as applicable, prior to the Effective Time of the Plan of Arrangement, such that Chaparral Gold will acquire the Non-Peruvian Assets, Non-Peruvian Subsidiaries and Assumed Liabilities, all to be effected pursuant to the Master Re-Organization Agreement;

“Required Approval” shall mean for the Arrangement Resolution (a) a majority of not less than two-thirds of the votes cast on the Arrangement Resolution by IMZ Securityholders present in person or represented by proxy at the IMZ Securityholder Meeting and entitled to vote thereat, voting together as a single class and (b) a simple majority of the votes attached to the IMZ Shares held by IMZ Shareholders present in person or represented by proxy at the IMZ Securityholder Meeting and entitled to vote thereat excluding the Excluded Votes;

“Section 3(a)(10) Exemption” means the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) of the U.S. Securities Act, which Chaparral Gold and IMZ intend to rely on with respect to the issuance and distribution of the Chaparral Gold Shares and the Class A Shares to be issued and distributed pursuant to the Arrangement, based on the Court’s approval of the Arrangement;

“Securities Act” means the *Securities Act* (British Columbia) and the rules, regulations, forms and published instruments, policies, bulletins and notices made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“Securities Authorities” means, collectively, the BCSC and the applicable securities commissions and other applicable securities regulatory authorities in each of the other provinces and territories of Canada;

“Securities Laws” means the Securities Act and the rules, regulations, forms, published instruments, policies, bulletins and notices of the Securities Authorities made thereunder, as well as applicable rules, regulations, by-laws as now in effect and as they may be promulgated or amended from time to time;

“Share Consideration” means one Chaparral Gold Share per IMZ Share;

“SIX” means the SIX Swiss Exchange;

“Square Valley” means Square Valley A.V.V. (Aruba) and its subsidiaries, a former 100% wholly-owned subsidiary of IMZ;

“Subsidiary” means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the board of directors thereof (whether or not shares of any other class shall or might be entitled to vote upon the happening of any event or contingency) and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a subsidiary;

“Superior Proposal” means any unsolicited *bona fide* written Acquisition Proposal from a Person who is an arm’s length third party to IMZ and Chaparral Gold to acquire not less than all of the outstanding IMZ Shares or all or substantially all of the assets of IMZ (on a consolidated basis), that complies with Securities Laws and did not result from or involve a breach of Article 5 of the Arrangement Agreement and that:

- (a) is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal;

- (b) if any consideration is cash, is not subject to any financing contingency and in respect of which adequate arrangements have been made to ensure that the required funds will be available to effect payment in full for all of the IMZ Shares or assets, as the case may be;
- (c) is not subject to any due diligence or access condition; and
- (d) that the IMZ Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal (i) would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the IMZ Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by HOC pursuant to Section 5.3(2) of the Arrangement Agreement; and (ii) the failure to recommend such Acquisition Proposal to the IMZ Shareholders would be inconsistent with the fiduciary duties of the IMZ Board;

“**Suyamarca**” means the Peruvian joint venture company, Minera Suyamarca S.A.C., owned 60% by HOC and 40% by IMZ, formed to operate the Pallancata Mine and bring the Inmaculada project into production;

“**Tax Act**” means the *Income Tax Act* (Canada), and the regulations thereunder, in each case as amended;

“**Taxes**” means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party;

“**Termination Fee**” means the termination fee of \$10,000,000 payable in certain circumstances as fully described under “*The Arrangement – Expenses and Termination Fee – Termination Fee*”;

“**TSX**” means the Toronto Stock Exchange;

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“**Updated Goldfield Technical Report**” means the technical report titled “Update to Feasibility Study on the Goldfield Property, Nevada, USA” dated effective June 17, 2013, prepared for IMZ by Sam Shoemaker Jr., Reg. Mem. SME., Richard Gowans, P.Eng., Christopher Jacobs, CEng, MIMMM and R. Mohan Srivastava, P.Geo.;

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended;

“**U.S. Holders**” means IMZ Shareholders resident in the United States for United States income tax purposes;

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended;

“**Ventura**” means Ventura Gold Corp. (U.S.), a wholly-owned subsidiary of IMZ;

“**Voting Agreements**” means the voting agreements (including all amendments thereto) entered into between HOC and the Locked-up Shareholders; and

“**YBCA**” means the *Business Corporations Act* (Yukon), R.S.Y. 2002, c.20. and the regulations made thereunder, as promulgated or amended from time to time.

SUMMARY

The following is a summary of certain information contained in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information and financial statements, including the notes thereto contained elsewhere in this Circular and the attached Appendices all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the Glossary of Terms appearing elsewhere in this Circular. All dollar amounts refer to United States dollars unless indicated otherwise.

The Meeting

The Meeting will be held at 2:00 p.m. (Mountain Standard Time) on Tuesday, November 26, 2013 at Zona Hotel and Suites Scottsdale, 7677 East Princess Boulevard, Scottsdale, Arizona, USA.

Record Date

Only IMZ Securityholders of record at 5:00 p.m. (Vancouver time) on October 16, 2013 will be entitled to receive notice of and vote at the Meeting, or any adjournment(s) or postponement(s) thereof.

Purpose of the Meeting

At the Meeting, IMZ Securityholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution approving the Arrangement. The full text of the Arrangement Resolution is set out in Appendix "B" to this Circular. The Arrangement Resolution will require the affirmative vote of at least two-thirds of the votes cast by the IMZ Securityholders who vote as a single class, present in person or by proxy at the Meeting. In addition the affirmative vote of at least a simple majority of the votes cast by IMZ Shareholders, after excluding the Excluded Votes will be required under MI 61-101. See "*The Arrangement – Securityholder Approval of the Arrangement*" and "*Canadian Securities Law Matters – MI 61-101*."

In addition, if the Arrangement Resolution is approved, IMZ Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**Chaparral Gold Stock Option Plan Resolution**") approving the Chaparral Gold Stock Option Plan. See "*Approval of Chaparral Gold Stock Option Plan*".

Completion of the Arrangement is not conditional upon approval by IMZ Shareholders of the Chaparral Gold Stock Option Plan.

In addition to the Arrangement Resolution and the Chaparral Gold Stock Option Plan Resolution, IMZ Shareholders will also be asked to approve certain resolutions relating to annual meeting matters, specifically, among other things, approving the reappointment of Davidson & Company LLP as IMZ's auditors and the election of directors for the ensuing year. See "*Annual General Meeting Matters*".

The Arrangement

Under the terms of the Arrangement, each IMZ Shareholder (other than HOC in respect of the cash portion of the Consideration) will receive, upon compliance with the terms and conditions set forth in the Plan of Arrangement in consideration for all of such IMZ Shareholder's IMZ Shares: (i) Cash Consideration on the basis of \$2.38 per IMZ Share; and (ii) such number of shares (the "Chaparral Gold Shares") in Chaparral Gold that is equal to the IMZ Shareholder's then current shareholdings in IMZ. Upon completion of the transaction, HOC Canada will indirectly own 100% of the IMZ Shares and the IMZ Shareholders (including HOC) will own 100% of the Chaparral Gold Shares. See "Appendix "A" – *The Plan of Arrangement*".

Under the terms of the Arrangement Agreement, any IMZ Options that have not been exercised prior to the effective date of the Arrangement will terminate pursuant to the Arrangement.

A Letter of Transmittal is enclosed with this Circular for use by IMZ Shareholders for the purpose of the surrender of IMZ share certificates. The details for the surrender of share certificates to the Depository and the addresses of the Depository are set out in the Letter of Transmittal. Provided that a Registered Shareholder has delivered and surrendered to the Depository all share certificates, together with a Letter of Transmittal properly completed and executed in accordance with the instructions of the Letter of Transmittal, and any additional documents as the Depository may reasonably require, the IMZ Shareholder will be entitled to receive, and IMZ and Chaparral Gold will cause the Depository to deliver the Cash Consideration and the certificates representing the number of Chaparral Gold Shares, respectively, issuable or deliverable pursuant to the Arrangement in respect of the exchange of IMZ Shares.

On completion of the Arrangement, IMZ will become an indirect wholly-owned subsidiary of HOC, and all of the right, title and interest of IMZ in Suyamarca and its Peruvian mineral projects and the shares and mineral projects of MOV will be acquired by HOC. The IMZ Shareholders (including HOC) will own 100% of the outstanding Chaparral Gold Shares and all of the right, title and interest of IMZ in the following non-Peruvian assets and liabilities of IMZ will have been transferred to Chaparral Gold at the closing of the Arrangement, including:

- cash and receivables (estimated at approximately \$58 million); and
- IMZ's non-Peruvian assets (primarily in Nevada) subsidiaries and related liabilities.

The Companies

IMZ

IMZ is a Canadian mining company with its head office located in Scottsdale, Arizona and its registered office located in Whitehorse, Yukon Territory, Canada. IMZ, indirectly through its subsidiaries and investee companies, is engaged in the exploration, development and exploitation of gold and silver deposits in Peru and in the State of Nevada, U.S.A.

Chaparral Gold

Chaparral Gold is a new company incorporated by IMZ for the sole purpose of participating in the Arrangement and has not carried on any business other than in connection with the Arrangement and related matters. Following completion of the Arrangement, Chaparral Gold will own, directly or indirectly, all of IMZ's right, title and interest in the wholly owned subsidiaries EMC (US) and Ventura which carry out IMZ's non-Peruvian operations and will indirectly hold a 100% interest in the Goldfield Property and a 100% interest in the Converse Property. See "Appendix "F" - Information Concerning Chaparral Gold" included in this Circular.

HOC

HOC is a precious metals company listed on the London Stock Exchange under the trading symbol HOCM.L/HOC.LN with a primary focus on the exploration, mining, processing and sale of silver and gold. HOC is headquartered in Lima, Peru, with additional offices in Argentina, Chile and Mexico and a corporate office in London. HOC has almost 50 years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, located in Southern Peru and in Southern Argentina. HOC also has numerous long-term projects throughout the Americas. HOC will under the terms of the Arrangement Agreement indirectly acquire through HOC Canada all of the IMZ Shares. See "Information Concerning HOC".

HOC Canada

HOC Canada is a newly incorporated company under the laws of the Yukon, which is an indirect wholly-owned subsidiary of HOC. HOC Canada was incorporated solely for the purposes of facilitating the Arrangement.

Background to the Arrangement

IMZ's Peruvian operations are conducted through Suyamarca, a joint venture company owned indirectly by IMZ as to 40% and HOC as to 60%. IMZ's principal properties in Peru are its 40% indirect interests in Suyamarca's Pallancata silver mine and the Inmaculada gold/silver development property.

Commercial production at the Pallancata mine commenced in September 2007 under a joint venture agreement between IMZ and HOC dated June 30, 2006, as amended, under which a wholly owned subsidiary of HOC is the mine operator. During the financial year ended June 30, 2013, IMZ has focused at the Pallancata Mine on working with HOC to continue production at Pallancata and to produce approximately 7.4 million ounces of silver and 28,000 ounces of gold in the financial year, and on replacing mineral resources and reserves to extend the existing mine life (approximately 3.5 years based on current reserves).

The Inmaculada project is in the permitting and development stage, and during the financial year ended June 30, 2013, IMZ was focused at Inmaculada on working with HOC to continue with mine development, permitting and preparation for construction, with production targeted to commence prior to the end of calendar year 2014.

HOC entered into preliminary discussions with IMZ on several occasions over the past several years to discuss acquiring IMZ's 40% ownership in the Pallancata silver mine and the Inmaculada gold/silver project in order for HOC to hold a 100% interest in these Peruvian assets. The overall consideration discussed and terms of such previous offers were not deemed adequate by IMZ.

In April, 2013, HOC transmitted a non-binding offer letter to IMZ with respect to an offer to acquire all of the shares of IMZ (other than those it owned) for cash, and including the cancellation of HOC's shares in IMZ and the transfer of IMZ's non-Peruvian assets and cash to a new public company to be spun-out to the IMZ shareholders. On April 19, 2013, HOC and IMZ put the negotiations for the transaction on hold following the calamitous drop in gold and silver prices on April 15, 2013.

On June 10, 2013, the transaction negotiations were revived and HOC transmitted a new non-binding offer letter to IMZ that consisted of revising the cash consideration of the previous offer downward with all other conditions of the previous non-binding offer letter remaining the same. On June 19, 2013, HOC and IMZ again halted negotiations on the transaction due to adverse market conditions.

Further discussions ensued during July and August and on August 23, 2013, IMZ signed a non-binding conditional offer letter with HOC for an acquisition of IMZ involving \$280 million (\$2.38 per share) in cash plus one share of Chaparral Gold for every share of IMZ that an IMZ Shareholder held, with the provision that the IMZ Shares held by HOC would not be cancelled, effectively reducing the cash amount to IMZ Shareholders by about \$9 million (\$0.08 per share). The IMZ Board met again with its senior management and legal counsel to consider the revised offer. As a result of this meeting, the IMZ Board determined that the proposed consideration was acceptable in principle. Management was therefore authorized to sign the non-binding offer letter, and to proceed to try and negotiate the terms of a definitive arrangement agreement. The non-binding offer letter that was agreed to by IMZ granted HOC exclusivity in dealing with IMZ until September 23, 2013.

On September 19, 2013, the IMZ Board met to consider the formal proposal by HOC as represented by a draft arrangement agreement. At that meeting, management briefed the IMZ Board as to the material terms of the Arrangement Agreement and the material issues outstanding between the parties. The IMZ Board received further advice from legal counsel as to the duties of the IMZ Board with respect to their review of the Arrangement. The IMZ Board also received advice from Paradigm, including the Formal Valuation and Fairness Opinion. The IMZ Board discussed various other matters relating to the Arrangement, including the processes undertaken by IMZ during the previous years to advance the Non-Peruvian Assets and the results of its discussions with other parties as to possible business transaction that had taken place over the previous year. The IMZ Board also discussed the nature of its fiduciary obligations in this context including that the Arrangement Agreement and the Voting Agreements could be terminated if a Superior Proposal was accepted by IMZ.

In evaluating the Arrangement, the IMZ Board considered a number of factors, including those set out below under the heading “*Recommendation of the IMZ Board*” and received advice from legal counsel. Paradigm also orally delivered the Formal Valuation and Fairness Opinion, which concluded that, in the opinion of Paradigm, based upon and subject to the scope of review, assumptions and limitations contained in the Formal Valuation and Fairness Opinion, as of September 17, 2013, the consideration to be received by IMZ Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the IMZ Shareholders (other than HOC and its affiliates).

Between September 19 and October 1, 2013, the Parties negotiated the definitive terms of the Arrangement Agreement.

After considering all of the foregoing, the IMZ Board approved the execution and delivery of the Arrangement Agreement by IMZ and authorized the making of a recommendation that IMZ Shareholders vote in favour of the Arrangement Resolution. The Arrangement Agreement was executed on October 1, 2013 and all IMZ directors, officers and senior management signed Voting Agreements, representing in aggregate 2.4% of the outstanding IMZ Shares on a non-diluted basis, agreeing to vote their IMZ Securities in favour of the Arrangement.

A news release was issued by IMZ announcing the entering into of the Arrangement Agreement on October 1, 2013 after the close of trading on the TSX and the SIX. Since the date of the Arrangement Agreement, IMZ has been preparing the materials necessary to conclude the Arrangement, including this Circular. See “*The Arrangement - Background to the Arrangement*”.

Independent Valuation and Fairness Opinion

In deciding to approve the Arrangement, the IMZ Board considered, among other things, the Formal Valuation and Fairness Opinion. The IMZ Board received the Formal Valuation and Fairness Opinion from Paradigm on September 19, 2013, which concluded that, subject to the scope of review, assumptions and limitations contained in the Formal Valuation and Fairness Opinion, the Consideration to be received by IMZ Shareholders pursuant to the Arrangement is fair, from a financial point of view, to IMZ Shareholders (other than HOC and its affiliates). The Formal Valuation and Fairness Opinion is attached to this Circular as Appendix “C”. IMZ encourages you to read this opinion in its entirety. See “*The Arrangement – Independent Valuation and Fairness Opinion*”.

The Formal Valuation and Fairness Opinion is not a recommendation as to how any IMZ Shareholder should vote with respect to the Arrangement or any other matter.

Recommendation of the IMZ Board

The IMZ Board has unanimously determined that the Arrangement is in the best interests of IMZ and the IMZ Securityholders and has, based upon, among other things, the Formal Valuation and Fairness Opinion of Paradigm, unanimously determined that the Arrangement is fair, from a financial point of view, to the IMZ Shareholders. **Accordingly, the IMZ Board has unanimously approved the Arrangement and unanimously recommends that IMZ Securityholders vote FOR the Arrangement Resolution.** See “*The Arrangement - Recommendation of the IMZ Board*”.

Reasons for the Recommendation of the IMZ Board

Following receipt of advice and assistance from IMZ’s legal counsel and the Formal Valuation and Fairness Opinion from Paradigm, the IMZ Board carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of IMZ and the IMZ Securityholders; (ii) determined that the Arrangement is fair, from a financial point of view, to IMZ Securityholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that IMZ Securityholders vote in favour of the Arrangement.

In reaching these determinations and approvals the IMZ Board considered, among other things, the following factors and potential benefits and risks of the Arrangement:

- *Significant Premium to IMZ Shareholders.* Combining the cash consideration to be paid by HOC of \$2.38 per share (approximately C\$2.46) with the fair market value per share for Chaparral Gold's assets (Nevada properties and cash) estimated by Paradigm as ranging from C\$0.58 to C\$0.85 per share, the Arrangement represents total consideration (cash and Chaparral Gold) of approximately C\$3.04 - C\$3.31 per share. This value range represents a 15 - 25% premium to IMZ's spot price of C\$2.65 and a 24 - 35% premium over IMZ's 20-day volume weighted average price ("VWAP") on the TSX of C\$2.46, prior to the announcement of the transaction.
- *Liquidity of Peruvian Assets.* IMZ owns minority positions in both the Pallancata Mine and the Inmaculada development project and HOC is the operator of both assets. By virtue of the uniqueness of these ownership positions in the mining industry the universe of potential buyers for such assets is very limited and such illiquidity restricts any premium a buyer would pay for these assets. Over the years IMZ has received tentative indications of value for these assets, all of which were considered inferior to the HOC proposal.
- *Continued Participation by IMZ Shareholders in the Spin-off Properties.* Through Chaparral Gold, IMZ Shareholders will have the opportunity to continue to participate in the ongoing exploration and development opportunities relating to its Nevada assets and the potential exploration opportunities associated with same.
- *Formal Valuation and Fairness Opinion.* The IMZ Board considered the Formal Valuation and Fairness Opinion to the effect that, as of the date thereof and based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations and qualifications set forth in the Fairness Opinion, the Arrangement is fair, from a financial point of view, to IMZ Shareholders (other than HOC and its affiliates).
- *Superior Proposals.* Under the Arrangement Agreement, the IMZ Board remains able to respond, in accordance with its fiduciary duties, to Superior Proposals.

In its review of the proposed terms of the Arrangement, the IMZ Board also considered a number of elements of the transaction that provide protection to the IMZ Securityholders:

- *Securityholder Approval.* The Arrangement must be approved by a majority of at least two thirds of the IMZ Securityholders, who vote as a single class present in person or represented by proxy at the Meeting and entitled to vote thereat.
- *Majority of Minority Approval.* Pursuant to MI 61-101, the Arrangement must also be approved by a simple majority of the votes attached to the IMZ Shares held by IMZ Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat excluding the Excluded Votes required to be excluded pursuant to MI 61-101.
- *Court Approval.* The Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the IMZ Securityholders, thereby permitting the Class A Shares and Chaparral Gold Shares to be distributed in the Arrangement without the requirement of registration under the U.S. Securities Act, in reliance upon the Section 3(a)(10) Exemption.
- *Dissent Rights.* Registered IMZ Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise their Dissent Rights and receive the fair value of their IMZ Shares in accordance with the provisions of Section 193 of the YBCA as modified by the Plan of Arrangement and Interim Order. See "*The Arrangement - Reasons for Recommendation of the IMZ Board*".

In the course of their deliberations, the IMZ Board also identified and considered a variety of risks, including:

- *Risks if Arrangement is not Completed.* The risks to IMZ if the Arrangement is not completed, including the costs to IMZ in pursuing the Arrangement and the diversion of management’s attention away from the conduct of IMZ’s business. See “*Risks Associated with the Arrangement*”.

Voting Agreements

The Locked-Up Shareholders have each entered into Voting Agreements with HOC pursuant to which they have agreed, among other things, to support the Arrangement and vote their IMZ Securities in favour of the Arrangement Resolution.

As of October 1, 2013, directors, officers and management of IMZ who owned or exercised control or direction over an aggregate 2,779,166 IMZ Shares and 1,705,000 IMZ Options, representing approximately 3.7% of the issued and outstanding IMZ Shares (on a fully diluted basis) on such date, signed Voting Agreements. The Voting Agreements may be terminated by the Locked-Up Shareholders in certain limited circumstances, including in the event that the Arrangement Agreement is terminated in accordance with its terms, including as a result of a Superior Proposal. See “*The Arrangement – Voting Agreements*”.

Procedure for the Arrangement to Become Effective

Prior to the Effective Time of the Plan of Arrangement, Chaparral Gold will acquire all of the Non-Peruvian Assets and Non-Peruvian Subsidiaries and will assume the Assumed Liabilities pursuant to the terms of the Master Re-Organization Agreement.

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 195 of the YBCA. The following procedural steps must be taken in order for the Arrangement to become effective at the Effective Time:

- (a) the Arrangement must be approved by the IMZ Securityholders, who vote together as a single class in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party;
- (d) each of the unexercised IMZ Options shall be cancelled and be of no further force and effect;
- (e) each of the IMZ Shares held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to HOC Canada;
- (f) IMZ shall undertake a reorganization of capital within the meaning of section 86 of the *Tax Act* which shall occur in the following order:
 - the authorized share structure of IMZ will be amended by the creation of one new class of shares consisting of an unlimited number of Class A Shares and the Articles of IMZ shall be amended accordingly;
 - each IMZ Share will be exchanged with IMZ (without any further act or formality on the part of the holder of the IMZ Share) free and clear of all Liens for one Class A Share and one Chaparral Gold Share, and such IMZ Shares will be cancelled; and

- the stated capital of IMZ for the outstanding Class A Shares will be an amount equal to the paid-up capital of IMZ for the IMZ Shares, less the fair market value of the Chaparral Gold Shares distributed on such exchange;
- (g) HOC will cause Inmaculada Holdings to transfer the Class A Shares which it acquired under the IMZ capital structure re-organization to HOC Canada in exchange for the issuance to Inmaculada Holdings of one common share of HOC Canada for each Class A Share so transferred, and HOC Canada will add to the stated capital for its common shares an amount equal to the Cash Consideration multiplied by the number of Class A Shares received;
- (h) each outstanding Class A Share (other than Class A Shares held by HOC, HOC Canada or any affiliate thereof) will, without any further act or formality on the part of the holder of the Class A Share, be irrevocably assigned and transferred by the holder thereof to HOC Canada (free and clear of all Liens) in exchange for the Cash Consideration from HOC Canada for each Class A Share held, and:
- the holders of such Class A Shares shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to be paid the Cash Consideration per Class A Share in accordance with the Plan of Arrangement;
 - such holder's names shall be removed from the register of the Class A Shares maintained by or on behalf of IMZ; and
 - HOC Canada shall be deemed to be the transferee and the legal and beneficial holder of such Class A Shares (free and clear of all liens) and shall be entered as the registered holder of such Class A Shares in the register of the Class A Shares maintained by or on behalf of IMZ; and
- (i) the Final Order and Articles of Arrangement in the form prescribed by the YBCA must be filed with the Registrar.

See "*The Arrangement – Arrangement Steps*".

IMZ Securityholder Approval

Approval of the Arrangement Resolution requires the affirmative vote of not less than two-thirds of the votes cast by the IMZ Securityholders who vote together as a single class in person or are represented by proxy at the Meeting and are entitled to vote thereat. The Arrangement must also be approved by a simple majority of the votes attached to the IMZ Shares held by IMZ Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat excluding for this purpose the Excluded Votes required to be excluded pursuant to MI 61-101. See "*The Arrangement - Securityholder Approval of the Arrangement*" and "*Canadian Securities Law Matters - MI 61-101*".

Approval of the Chaparral Gold Stock Option Plan requires the affirmative vote of a majority of the votes validly cast at the Meeting by IMZ Shareholders. See "*Approval of Chaparral Gold Stock Option Plan*".

Court Approval

The Arrangement requires the approval of the Court under the YBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the IMZ Securityholders. Prior to the mailing of this Circular, IMZ obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Following receipt of the approval of the IMZ Shareholders and the IMZ Securityholders to the Arrangement Resolution, pursuant to its obligations under the Arrangement Agreement, IMZ intends to make an application to the Court for the Final Order at 2:00 p.m. (Pacific Standard Time) on December 2, 2013 at The Law Courts, 2134 – 2nd Avenue, Whitehorse, Yukon Y1A 5H6, or as soon as

reasonably practicable, but in any event not later than five Business Days after the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order. MacDonald and Company, Yukon counsel to IMZ has advised that, in deciding whether to grant the Final Order, the Court will consider, among other things, the fairness of the Arrangement to IMZ Securityholders.

Any IMZ Securityholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve an appearance and response no later than 11:00 a.m. (Pacific Standard Time) on November 29, 2013 along with any other documents required, all as set out in the Interim Order and Notice of Application, the text of which are set out in Appendices “D” and “J” to this Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner as the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be advised, prior to the hearing, that the Court’s approval of the Arrangement will form the basis for an exemption from registration of the Class A Shares and the Chaparral Gold Shares issued and exchanged in connection with the Arrangement under the U.S. Securities Act pursuant to section 3(a)(10) thereof. See “*Court Approval of the Arrangement and Completion of the Arrangement*”.

HOC Approval

HOC will be holding the HOC Shareholder Meeting on November 26, 2013 for the purpose of obtaining the HOC Shareholder Approval for the transaction under UK Listing Rules. HOC’s majority shareholder, Mr. Eduardo Hochschild, has entered into a voting support agreement with IMZ and HOC to vote in favour of the transaction at the HOC Shareholder Meeting.

Effective Time

It is anticipated that the Arrangement will become effective on or about December 6, 2013 after the required IMZ Securityholder, Court and regulatory approvals have been obtained and are final and all other conditions to closing have been satisfied or waived. See “*The Arrangement - The Arrangement Agreement - Effective Date of the Arrangement*”.

Non-Solicitation Provisions

In the Arrangement Agreement, IMZ and Chaparral Gold have each agreed not to, directly or indirectly, solicit or participate in any discussions or negotiations with any person (other than HOC or any of its affiliates) regarding an Acquisition Proposal or to make a Change in Recommendation. Nonetheless, the IMZ Board is permitted to consider and accept a Superior Proposal under certain conditions. In such event, HOC is entitled to a five Business Day matching period within which it may make adjustments in the terms and conditions of the Arrangement Agreement, the Plan of Arrangement and the Arrangement to enable IMZ to proceed with the Arrangement as amended rather than the Superior Proposal. In certain limited circumstances, including if IMZ enters into an agreement regarding a Superior Proposal, IMZ will be required to pay to HOC the Termination Fee. See “*The Arrangement - The Arrangement Agreement – Additional Covenants Regarding Non-Solicitation*”.

Termination of Arrangement Agreement

IMZ and HOC may agree in writing to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time. In addition, either IMZ or HOC may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time if certain specified events occur. See “*The Arrangement Agreement – Termination of the Arrangement Agreement*”.

Termination Fee

The Arrangement Agreement includes customary deal protection provisions, including that a \$10 million termination fee is payable by either party in certain circumstances and in particular is payable by IMZ if the approval of IMZ Securityholders is not obtained or if a Superior Proposal is agreed to, and is payable by HOC if it terminates the Arrangement due to a Material Adverse Change on Metals Prices. See *“The Arrangement - The Arrangement Agreement - Termination Fee”*.

Conditions Precedent

The implementation of the Arrangement is subject to a number of conditions being met at or prior to the Effective Time, including but not limited to:

- the Arrangement Resolution shall have been approved by the IMZ Shareholders and the IMZ Securityholders at the Meeting;
- the Interim Order and the Final Order shall have each been obtained from the Court on terms consistent with the Arrangement Agreement, and shall have not been set aside or modified in a manner unacceptable to either IMZ or HOC, acting reasonably;
- the HOC Shareholder Approval shall have been obtained;
- the Re-Organization shall have been completed in accordance with the Master Re-Organization Agreement;
- the Chaparral Gold Shares shall have been conditionally approved for listing on the TSX;
- all Regulatory Approvals shall have been obtained; and
- the Swiss Takeover Board, the Swiss Financial Markets Supervisory Authority (FINMA) or the Swiss Federal Administrative Court shall in a final and binding decision or judgment, in a form and content satisfactory to each of IMZ and HOC, acting reasonably, (i) have either confirmed that the Arrangement does not qualify as a takeover offer under Swiss takeover laws or have exempted the Arrangement from the application of Swiss takeover laws; and (ii) have either confirmed that HOC has no duty to make or have exempted HOC from the duty to make a takeover offer with respect to the transaction contemplated under the Arrangement. This condition was satisfied effective October 15, 2013.

The Arrangement Agreement also provides that the respective obligations of IMZ and HOC to complete the Arrangement are subject to the satisfaction or waiver of certain additional customary conditions precedent, including but not limited to, there having not occurred any Material Adverse Effect in respect of IMZ or on the Peruvian Assets or the Peruvian Subsidiaries. See *“The Arrangement - The Arrangement Agreement - Conditions to Closing”*.

Chaparral Gold

Chaparral Gold is, at the date of this Circular, a wholly-owned subsidiary of IMZ that will acquire and hold the Non-Peruvian Assets, the Non-Peruvian Subsidiaries and the Assumed Liabilities. Chaparral Gold is a new company incorporated pursuant to the laws of the Province of British Columbia and has its registered and records office located at 3350-1055 Dunsmuir Street, Vancouver, British Columbia V6E 2E9. Chaparral Gold intends to apply to list the Chaparral Gold Shares on a Canadian stock exchange. The completion of the Arrangement is conditional on obtaining TSX approval of the listing for trading of the Chaparral Gold Shares on the TSX. Prior to the Effective Time of the Plan of Arrangement, pursuant to the terms of the Master Re-Organization Agreement, the Re-Organization will be completed such that Chaparral Gold will acquire from IMZ the Non-Peruvian Assets (including approximately \$58 million in cash and receivables) and the Non-Peruvian Subsidiaries and will assume the Assumed Liabilities. See *“Appendix “F” - Information Concerning Chaparral Gold”*.

Selected Audited Carve-Out Financial Information for Chaparral Gold Business

The following is a summary of selected information from the audited consolidated financial statements for the Non-Peruvian Assets, Non-Peruvian Subsidiaries and the Assumed Liabilities of IMZ which are to be acquired by Chaparral Gold under the Arrangement (the “**Chaparral Gold Business**”) for the years ended June 30, 2013 and 2012, comprised of consolidated statements of financial position as at June 30, 2013 and 2012; consolidated statements of comprehensive income (loss), consolidated statements of cashflows and consolidated statements of changes in equity for the years ended June 30, 2013, 2012 and 2011. The Chaparral Gold Business financial statements reflect the purchase of the business of IMZ to be acquired by Chaparral Gold under the Arrangement and relate to the carve-out of Chaparral Gold Business’s historical business from IMZ as if it had been independent for the years reported. The summary below must be read in conjunction with the information contained in this Circular under the headings “*The Arrangement - Information Concerning Chaparral Gold*” and Appendix “F” - “*Information Concerning Chaparral Gold*”, and the audited consolidated financial statements for the Chaparral Gold Business attached as Appendix “K” to this Circular.

Chaparral Gold Business Carve-Out Consolidated Balance Sheet Data

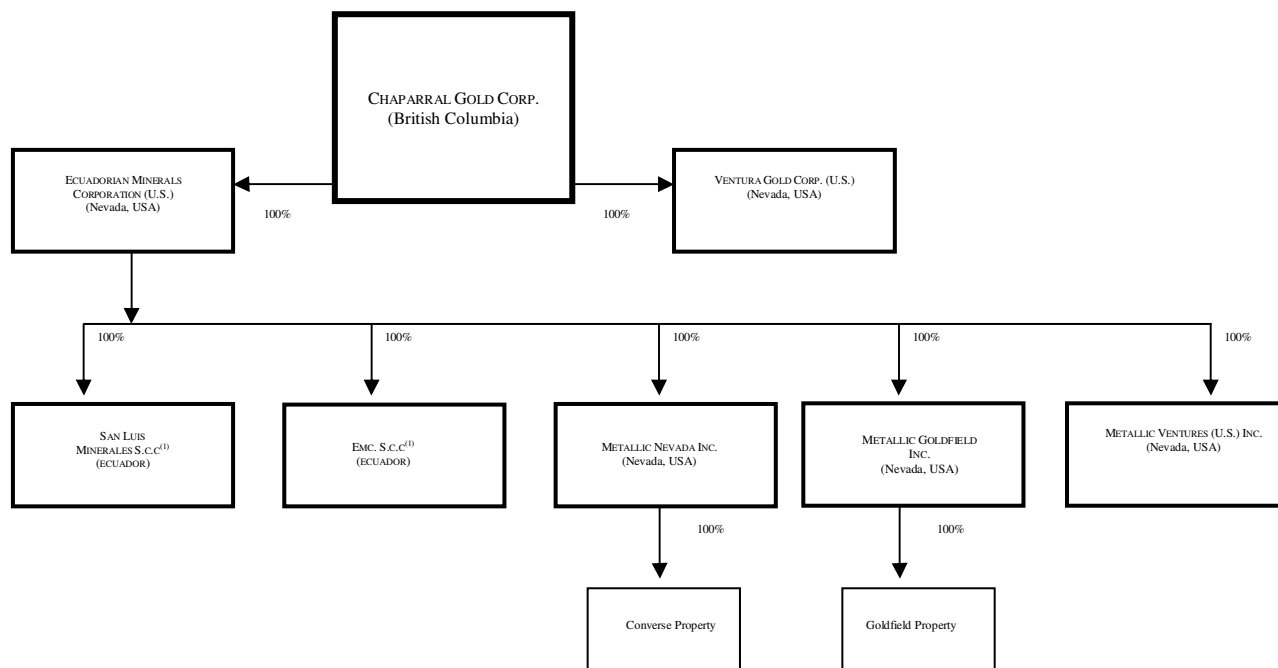
Audited Carve Out Balance Sheet	June 30, 2013 \$	June 30, 2012 \$
Assets		
Cash	58,199,104	81,243,474
Other current assets	13,733,717	42,858,394
Property, plant and equipment	34,209,262	359,724
Investment in resource properties	49,882,586	72,110,962
Other non-current assets	2,287,013	185,100
Total Assets	158,311,682	196,757,654
Liabilities		
Current	6,291,940	3,367,913
Non-current liabilities	8,160,000	8,160,000
Equity	143,859,742	185,229,741
Total Liabilities and Equity	158,311,682	196,757,654

Chaparral Gold Business Carve-Out Consolidated Statement of Comprehensive Income/(Loss) Data

Audited Carve Out Statement of Comprehensive Income/(Loss)	June 30, 2013 \$	June 30, 2012 \$
Income	463,696	(1,178,435)
Expenses	(2,887,645)	(2,574,282)
Income (loss) from continuing operations before taxes	(2,423,949)	(3,752,717)
Deferred income taxes	-	(160,000)
Income (loss) from continuing operations after taxes	(2,423,949)	(3,912,717)
Income (loss) from discontinued operations	(23,716,490)	(23,196,244)
Net Income (loss) and comprehensive income (loss) after tax	(26,140,439)	(27,108,961)

Post-Arrangement Structure

The following chart shows the proposed corporate structure of Chaparral Gold following completion of the Arrangement.



(1) An application has been made to the applicable Ecuadorian authority to dissolve this company.

Dissent Rights

Only IMZ Shareholders who are registered holders of IMZ Shares are entitled to exercise Dissent Rights in accordance with Section 193 of the YBCA as modified by the Plan of Arrangement and the Interim Order. A registered IMZ Shareholder wishing to exercise rights of dissent with respect to the Arrangement, must send to IMZ, a written objection to the Arrangement Resolution, which written objection must be received by IMZ by 5:00 p.m. (Pacific Standard Time) on November 25, 2013 (or the business day immediately prior to any adjourned or postponed Meeting), at (a) McDonald & Company Lawyers, Suite 200, 204 Lambert Street, Whitehorse, Yukon Y1A 3T2; or (b) by facsimile transmission to (867) 667-7600 (Attention: Gareth C. Howells); or (c) by email to ghowells@anton.yk.ca, Attention: Gareth C. Howells. If a registered IMZ Shareholder validly dissents, and the Arrangement is completed, the IMZ Shares of the Dissenting Shareholder will be deemed to have been irrevocably transferred without any further act or formality to HOC Canada (free and clear of all Liens) in consideration of a debt claim against HOC Canada entitling the Dissenting Shareholder to be paid the fair value of its IMZ Shares as of the close of business on the last Business Day before the Meeting. This amount may be the same as, more than or less than the Consideration and other property offered under the Arrangement. Completion of the Arrangement is conditional on Dissent Rights not having been exercised by the holders of more than 5% of the outstanding IMZ Shares. Under the terms of the Plan of Arrangement, registered IMZ Shareholders who vote in person or by proxy in favor of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

A registered IMZ Shareholder who wishes to dissent must provide a dissent notice to IMZ by 5:00 p.m. (Pacific Standard Time) on November 25, 2013 (or the business day immediately prior to any adjourned or postponed Meeting). It is important that registered IMZ Shareholders who wish to dissent comply strictly with the dissent procedures described in this Circular, which are different from the statutory dissent procedures of the YBCA. See “*Dissenting Shareholder Rights*”. The Interim Order alters the time and method of delivery of the written objection, ensures that the IMZ Shares of a Dissenting Shareholder are dealt with in a manner consistent with the Plan of Arrangement and provides that a vote by a Dissenting Shareholder in favour of the Arrangement Resolution will result in a loss of their Dissent Rights.

IMZ Shareholders who do not hold their IMZ Shares in their own name (referred to herein as “IMZ Beneficial Shareholders”) are advised that only IMZ Shareholders of record have Dissent Rights. Beneficial IMZ Shareholders

who wish to exercise Dissent Rights should contact the person (usually a brokerage house) who holds the IMZ Shares as a registered IMZ Shareholder and provide instructions with respect to the exercise of such Dissent Rights.

Procedure for the Exchange of IMZ Share Certificates

Enclosed with this Circular is the Letter of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing IMZ Shares and all other required documents, will enable each IMZ Shareholder to obtain the Consideration to which such IMZ Shareholder is entitled under the Arrangement. Any IMZ Shareholder who does not duly complete and deposit the Letter of Transmittal, together with all other required documents on or before the sixth anniversary of the Effective Date, shall thereafter cease to represent any claim or interest of any kind or nature against HOC, HOC Canada, IMZ, Chaparral Gold or the Depository. See “*The Arrangement - Procedure for the Exchange of Share Certificates by IMZ Shareholders*”.

Stock Exchange Listings

IMZ Shares

IMZ is a reporting issuer in each of the Provinces of Canada and the Yukon Territory. The IMZ Shares currently trade on the TSX, the SIX and are quoted for trading on the Open Market of the Frankfurt Stock Exchange and various other stock exchanges in Germany. After the Effective Date of the Arrangement, IMZ will be an indirect wholly-owned subsidiary of HOC, the IMZ Shares will be delisted from the TSX and the SIX and will cease to be quoted on the Open Market of the Frankfurt Stock Exchange and various other stock exchanges in Germany and HOC expects to apply to the applicable Canadian securities regulators to have IMZ cease to be a reporting issuer in Canada.

Chaparral Gold Shares

Chaparral Gold intends to apply to list the Chaparral Gold Shares issuable pursuant to the Arrangement on a Canadian stock exchange. Such listing will be subject to Chaparral Gold fulfilling all of the minimum listing requirements of such stock exchange. There can be no assurance that the Chaparral Gold Shares will be listed on a Canadian stock exchange. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Chaparral Gold Shares is expected to commence concurrently with the delisting of the IMZ Shares from the TSX. The completion of the Arrangement is subject to obtaining TSX conditional approval of the listing for trading of the Chaparral Gold Shares on the TSX.

Securities Law Matters

Canadian Securities Law Matters

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

United States Securities Law Matters

The Class A Shares and the Chaparral Gold Shares to be issued and distributed to IMZ Shareholders pursuant to the Arrangement will not be registered under the provisions of the U.S. Securities Act or any state securities laws. Such securities will be issued and distributed in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption. The ability of an IMZ Shareholder to resell the Chaparral Gold Shares issued to it on the Effective Date of the Arrangement will depend on whether it is an “affiliate” of IMZ or Chaparral Gold, respectively, after the Effective Date of the Arrangement or was an “affiliate” of IMZ or Chaparral Gold, respectively, within 90 days prior to the Effective Date of the Arrangement. As defined in Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer. Typically, persons who are executive officers, directors or major shareholders of an issuer are considered to be its “affiliates”. Persons that are not affiliates of IMZ or Chaparral Gold, respectively, after the Effective Date of the Arrangement and were not affiliates of IMZ or Chaparral Gold, respectively, within 90 days prior to the Effective Date of the Arrangement, may freely resell the Chaparral Gold Shares issued to them on the Effective Date of the Arrangement under the U.S. Securities Act. Persons that are affiliates of IMZ or Chaparral Gold, respectively, after the Effective Date of the Arrangement or were affiliates of IMZ or Chaparral Gold, respectively, within 90 days prior to the Effective Date of the Arrangement may resell such Chaparral Gold Shares only pursuant to registration or an exemption from registration under the U.S. Securities Act. Such persons are urged to consult with their own legal counsel to determine the circumstances in which the resale of the Chaparral Gold Shares issued to them pursuant to the Arrangement will comply with an exemption from such registration requirements. See “*The Arrangement – United States Securities Law Matters.*”

Certain Income Tax Consequences of the Arrangement for IMZ Securityholders

Canada

This Circular contains a summary of the principal Canadian federal income tax considerations applicable to certain IMZ Securityholders in respect of the proposed Arrangement. See “*Certain Canadian Federal Income Tax Considerations*”. The comments below are qualified in their entirety by reference to such summary.

An IMZ Shareholder who is resident in Canada whose IMZ Shares constitute “capital property” for the purposes of the *Tax Act* generally will not realize a capital gain (or capital loss) as a result of the exchange of such shares for Class A Shares and Chaparral Gold Shares under the Arrangement provided that the fair market value of the Chaparral Gold Shares received by the IMZ Shareholder does not exceed the adjusted cost base of the IMZ Shareholder’s IMZ Shares. Such an IMZ Shareholder will generally realize a capital gain (or a capital loss) on the disposition by such IMZ Shareholder of Class A Shares for the Cash Consideration under the Arrangement to the extent that the aggregate of the amount of the Cash Consideration received by the shareholder, net of any reasonable costs of disposition, exceeds (or is exceeded by) the shareholder’s adjusted cost base of the shareholder’s Class A Shares, which will generally equal the adjusted cost base of such Shareholder’s IMZ Shares minus the fair market value of the Chaparral Gold Shares received by such shareholder. See “*Certain Canadian Federal Income Tax Considerations – IMZ Shareholders Resident in Canada - Taxation of Capital Gains and Capital Losses*”.

An IMZ Shareholder who is not resident in Canada for the purposes of the *Tax Act* will generally not be subject to tax under the *Tax Act* on the disposition of their IMZ Shares under the Arrangement, provided that such shares do not constitute “taxable Canadian property” to such IMZ Shareholder. See “*Certain Canadian Federal Income Tax Considerations – IMZ Shareholders Not Resident in Canada – Disposition of IMZ Shares, Class A Shares and Chaparral Gold Shares*”.

United States

The Circular contains a summary of certain material anticipated U.S. Federal Income Tax considerations relevant to U.S. Holders and which relate to the Arrangement, and the above comments are qualified in their entirety by reference to such summary. IMZ Shareholders are strongly advised to review the summary contained under the heading “*Certain United States Federal Income Tax Considerations*” in this Circular and to consult their own tax advisors for advice with respect to their own particular circumstances. The Arrangement should be a fully taxable

transaction for U.S. Holders (as defined below). Subject to the application of the “passive foreign investment company” rules, U.S. Holders will generally recognize gain or loss on the exchange of IMZ Shares in an amount equal to the difference, if any, between (i) the fair market value (expressed in U.S. dollars) of the Chaparral Gold Shares which are treated as consideration for the IMZ Shares, plus any cash received (expressed in U.S. dollars) and (ii) the adjusted tax basis of such U.S. Holder in the IMZ Shares exchanged.

The foregoing is a brief summary of certain United States federal income tax consequences only. IMZ Shareholders should read carefully the information in the Circular under the heading “*Certain United States Federal Income Tax Considerations*”, which qualifies the summary set forth above. IMZ Shareholders should consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.

Switzerland

This Circular contains a summary of the principal Swiss income and profit tax considerations applicable to certain Swiss residents based on the Swiss direct federal law. The comments below are qualified in their entirety by reference to such summary.

IMZ Shareholders are strongly advised to review the summary contained under the heading “*Certain Swiss Federal Income Tax Considerations*” in this Circular and to consult their own tax advisors for advice with respect to their own particular circumstances. The Arrangement may be taxable subject to certain regulations applicable for individuals, certain corporations and Pension Funds.

An IMZ Shareholder (except a tax-exempt Pension Fund) who is resident in Switzerland for tax purposes will generally be subject to Swiss tax. See “*Certain Swiss Federal Income Tax Considerations*”.

Risk Factors

IMZ Securityholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on IMZ or in the event of a material change in metals prices; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) IMZ will incur costs even if the Arrangement is not completed, and may also be required to pay the Termination Fee to HOC in connection with the Arrangement in certain conditions; and (iv) directors and executive officers of IMZ may have interests in the Arrangement that are different from the IMZ Securityholders.

For more information see “*Risks Associated with the Arrangement*”. Additional risks and uncertainties, including those currently unknown or considered immaterial by IMZ, may also adversely affect the Chaparral Gold Shares, and/or the business of Chaparral Gold following the Arrangement. In addition to the risk factors relating to the Arrangement set out in the Circular, IMZ Shareholders should also carefully consider the risk factors associated with the business of Chaparral Gold included in this Circular. See “*Information Concerning Chaparral Gold – Risk Factors*”.

Other Matters of Special Business Relating to Chaparral Gold

Chaparral Gold Stock Option Plan

At the Meeting, IMZ Shareholders will be asked to consider and, if deemed advisable, approve the adoption by the Chaparral Gold Board of the Chaparral Gold Stock Option Plan which will authorize the Chaparral Gold Board to issue incentive stock options to directors, officers, employees, consultants or other service providers of Chaparral Gold and its subsidiaries. To be adopted, and as required by applicable regulatory authorities, the ordinary resolution must be approved by a simple majority of votes cast at the Meeting by IMZ Shareholders. A copy of the Chaparral Gold Stock Option Plan is set out in Appendix “H” to this Circular. See “*Approval of Chaparral Gold Stock Option Plan*”.

The completion of the Arrangement is not conditional upon approval of the Chaparral Gold Stock Option Plan.

GENERAL PROXY INFORMATION

Solicitation of Proxies

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. IMZ has included a form of proxy (printed on blue paper for IMZ Shares and on pink paper for IMZ Options) with this Circular. It should be used to appoint a proxyholder.

This Circular is furnished in connection with the solicitation of proxies by management of IMZ for use at the Meeting and at any adjournment(s) or postponement(s) of the Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation.

The contents and the sending of this Circular have been approved by the IMZ Board.

No person is authorized to give any information or to make any representations other than these contained in this Circular and if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are Stephen J. Kay, President and Chief Executive Officer and a director of the Corporation and Scott M. Brunson, Chief Financial Officer of the Corporation.

A SECURITYHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.

A PROXY WILL NOT BE VALID UNLESS THE COMPLETED FORM OF PROXY IS RECEIVED BY COMPUTERSHARE INVESTOR SERVICES, INC. OF CANADA, 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO M5J 2Y1 NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME FOR HOLDING THE MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF. PROXIES DELIVERED AFTER THAT TIME WILL NOT BE ACCEPTED.

A securityholder who has given a proxy may revoke it by delivering an instrument in writing executed by the securityholder or by his attorney authorized in writing or, where the securityholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the office of the Corporation's registrar and transfer agent (Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1) at any time up to and including the last business day preceding the day of the Meeting, or if adjourned or postponed, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned or postponed, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Proxies

An IMZ Securityholder may indicate on the form of proxy how the securityholder wishes the proxyholder to vote the IMZ Securities. To do this you may simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your IMZ Securities in accordance with the instructions you have given.

IF YOU DO NOT GIVE ANY INSTRUCTIONS AS TO HOW TO VOTE ON A PARTICULAR ISSUE TO BE DECIDED AT THE MEETING, YOUR PROXYHOLDER CAN VOTE YOUR SECURITIES AS HE OR SHE THINKS FIT. IF YOU HAVE APPOINTED THE PERSONS DESIGNATED IN THE FORM OF PROXY AS YOUR PROXYHOLDER THEY WILL, UNLESS YOU GIVE CONTRARY INSTRUCTIONS, VOTE YOUR IMZ SECURITIES AT THE MEETING AS FOLLOWS:

FOR THE ARRANGEMENT RESOLUTION

and vote your IMZ Shares as follows:

FOR THE RESOLUTION TO APPROVE THE CHAPARRAL GOLD STOCK OPTION PLAN;

FOR THE ELECTION OF DIRECTORS; AND

FOR THE APPOINTMENT OF AUDITORS.

All voting at the Meeting in respect of the Arrangement Resolution will be voted on by a poll. Voting at the Meeting on all other matters will be by a show of hands, with each IMZ Shareholder present in person being entitled to one vote, unless a poll is demanded. The IMZ Securities and IMZ Shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

SUCH SECURITIES WILL ON A POLL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE IS SPECIFIED OR FOR WHICH BOTH CHOICES HAVE BEEN SPECIFIED BY THE SECURITYHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

Advice to Beneficial IMZ Shareholders

Only registered IMZ Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. IMZ Beneficial Shareholders who do not hold their IMZ Shares in their own name are advised that only proxies from IMZ Shareholders of record can be recognized and voted at the Meeting. Beneficial IMZ Shareholders who complete and return an instrument of Proxy must indicate thereon the person (usually a brokerage house) who holds their IMZ Shares as a registered IMZ Shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial IMZ Shareholders is identical to that provided to registered IMZ Shareholders. However, its purpose is limited to instructing the registered IMZ Shareholder how to vote on behalf of the Beneficial IMZ Shareholder.

If IMZ Shares are listed in an account statement provided to an IMZ Shareholder by a broker, then in almost all cases those IMZ Shares will not be registered in such IMZ Shareholder's name on the records of the Corporation. Such IMZ Shares will more likely be registered under the name of the IMZ Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). IMZ Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial IMZ Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the IMZ Shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular and the Proxy to the clearing agencies and intermediaries for onward distribution to non-registered IMZ Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial IMZ Shareholders in advance of shareholders' meetings unless the beneficial shareholders have waived the right to receive Meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial IMZ Shareholders in order to ensure that their IMZ Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial IMZ Shareholder by its broker is identical to the form of

Proxy provided by the Corporation to the registered IMZ Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial IMZ Shareholder. Should a non-registered IMZ Shareholder receiving such a form wish to vote at the Meeting, the non-registered IMZ Shareholder should strike out the names of the Management Proxyholders named in the form and insert the non-registered Shareholder's name in the blank provided. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the IMZ Beneficial Shareholders and asks Beneficial IMZ Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of IMZ Shares to be represented at the Meeting. **A Beneficial IMZ Shareholder receiving a Proxy with a Broadridge sticker on it cannot use that Proxy to vote IMZ Shares directly at the Meeting – the Proxy must be returned to Broadridge well in advance of the Meeting in order to have the IMZ Shares voted.** All references to IMZ Shareholders in this Circular and the accompanying form of Proxy and notice of Meeting are to IMZ Shareholders of record unless specifically stated otherwise.

Advice to IMZ Optionholders

Only IMZ Optionholders who are listed on the IMZ register of Optionholders or their duly appointed proxyholders are permitted to vote at the Meeting. IMZ Optionholders who are not able to attend and vote at the Meeting in person, but who wish to vote at the Meeting by proxy, should complete and return an instrument of Proxy (on the pink form) should refer to the delivery instructions on the Form of Proxy and as summarized in the Notice of Meeting. In addition, IMZ Optionholders who require further information on the solicitation of proxies, the appointment and revocation of proxies and the voting of proxies should review the sections of this Circular entitled "*General Proxy Information – Solicitation of Proxies – Appointment and Revocation of Proxies and Voting of Proxies*".

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Circular, no person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's most recently completed fiscal year ended June 30, 2013, no proposed nominee for election as a director of the Corporation, no person, who to the knowledge of the directors or officers of IMZ, beneficially owns or exercises control or direction over shares carrying more than 10% of the votes attached to the IMZ Shares, and no associate or affiliate of any of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting. See "*The Arrangement – Interest of Certain Persons in the Arrangement*".

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of IMZ consists of an unlimited number of common shares without par or nominal value. Each holder of IMZ Securities is entitled to one vote for each IMZ Security registered in his or her name at the close of business on October 16, 2013, the date fixed by the IMZ Board as the Record Date for determining who is entitled to receive notice of and to vote at the Meeting. At the close of business on the Record Date, there were 117,636,376 IMZ Shares outstanding and 3,101,400 IMZ Options outstanding.

Only Securityholders of record at the close of business on the Record Date, a day which is not less than 30 days prior to the date of the Meeting, who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their IMZ Securities voted at the Meeting, unless in the case of IMZ Shares, such shares are transferred after the Record Date and the transferee establishes to the Corporation's satisfaction that the transferee owns the IMZ Shares and demands not later than 10 days before the Meeting that the transferee's name be included on the list of IMZ Shareholders entitled to vote at the Meeting.

On a show of hands, every individual who is present as a Securityholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a Securityholder who is not present at the Meeting, will have one vote, and on a poll every Securityholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each IMZ Security registered in his or her name on the list of IMZ Shareholders or IMZ Optionholders, as applicable, which in respect of the IMZ Shares is available for inspection during normal business hours at Computershare Investor Services Inc., 3rd Floor -

510 Burrard Street, Vancouver, British Columbia, V6C 3B9, and at the Meeting, and in the case of the list of IMZ Optionholders is maintained at the office of IMZ.

The Arrangement Resolution must be approved by a majority of at least two thirds of the votes cast on the Arrangement Resolution by IMZ Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, and by IMZ Optionholders, who vote as a single class present in person or represented by proxy at the Meeting and entitled to vote thereat. In addition, the Arrangement Resolution must be approved by a majority of greater than 50% of the votes cast by IMZ Shareholders, after excluding the Excluded Votes which votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. See “*The Arrangement – Canadian Securities Law Matters*”.

All other matters to be approved at the Meeting by ordinary resolution require approval of greater than 50% of the votes cast by IMZ Shareholders who, being entitled to do so, vote, in person or are represented by proxy, on the ordinary resolution at the Meeting

To the knowledge of the directors and executive officers of the Corporation, there are no persons or companies that beneficially own, directly or indirectly or exercise control or direction over shares carrying 10% or more of the voting rights attached to the outstanding IMZ Shares.

THE ARRANGEMENT

Under the terms of the Arrangement, each IMZ Shareholder (other than HOC in respect of the cash portion of the Consideration) will receive, upon compliance with the terms and conditions set forth in the Plan of Arrangement, in consideration for all of such IMZ Shareholder’s IMZ Shares: (i) cash consideration on the basis of \$2.38 per IMZ Share; and (ii) such number of Chaparral Gold Shares that is equal to the IMZ Shareholder’s then current shareholdings in IMZ. Upon completion of the transaction, the IMZ Shareholders (including HOC) will own 100% of the Chaparral Gold Shares. See “Appendix “A” – *The Plan of Arrangement*”.

Under the terms of the Arrangement Agreement, any IMZ Options that have not been exercised prior to the effective date of the Arrangement will terminate pursuant to the Arrangement.

On completion of the Arrangement, IMZ will become an indirect wholly-owned subsidiary of HOC, all of the rights, title and interest of IMZ in Suyamarca and its Peruvian mineral projects and the shares of MOV will effectively be acquired by HOC. The IMZ Shareholders (including HOC) will own 100% of the outstanding Chaparral Gold Shares and all of the right, title and interest of IMZ in the following non-Peruvian assets and liabilities of IMZ will have been transferred to Chaparral Gold prior to the closing of the Arrangement, including:

- cash and receivables (estimated at approximately \$58 million); and
- IMZ’s non-Peruvian assets (primarily in Nevada) and subsidiaries and related liabilities.

The Arrangement will be carried out pursuant to the Arrangement Agreement, the Plan of Arrangement and related documents. A summary of the principal terms of the Arrangement Agreement and the Plan of Arrangement is provided in this section. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which is available on SEDAR under IMZ’s profile at www.sedar.com and the Plan of Arrangement, which is attached as Appendix “A” to this Circular.

Background to the Arrangement

The Arrangement is the result of extended arm’s length negotiations between IMZ and HOC.

IMZ’s Peruvian operations are conducted through Suyamarca, a joint venture company owned indirectly by IMZ as to 40% and HOC as to 60%. IMZ’s principal properties in Peru are its 40% indirect interests in Suyamarca’s Pallancata silver mine and the Inmaculada gold/silver development property.

Commercial production at Pallancata commenced in September 2007 under a joint venture agreement between IMZ and HOC dated June 30, 2006, as amended, under which a wholly-owned subsidiary of HOC is the mine operator. During the financial year ended June 30, 2013, IMZ focused on working with HOC to continue production at

Pallancata and to produce approximately 7.4 million ounces of silver and 28,000 ounces of gold, and on replacing mineral resources and reserves to extend the existing mine life (approximately 3.5 years based on current reserves).

The Inmaculada project is in the permitting and development stage, and during the financial year ended June 30, 2013, IMZ was focused on working with HOC to continue with mine development, permitting and preparation for construction, with production targeted to commence prior to the end of calendar year 2014.

HOC entered into preliminary discussions with IMZ on several occasions over the past several years to discuss acquiring IMZ's 40% ownership in the Pallancata silver mine and the Inmaculada gold/silver project in order for HOC to hold a 100% interest in these Peruvian assets. The overall consideration discussed and terms of such previous offers were not deemed adequate by IMZ.

IMZ's management and the IMZ Board regularly review strategic business alternatives available to it, taking into consideration the best interests of IMZ and its stakeholders. Over the past several years, IMZ has executed a number of confidentiality agreements with various mining companies in order to allow exploratory discussions to take place regarding potential transactions to maximize shareholder value and has established a data room to allow preliminary investigations to be undertaken.

In April, 2013, HOC transmitted a non-binding offer letter to IMZ with respect to an offer to acquire all of the shares of IMZ (other than those it owned) for cash, and including the cancellation of HOC's shares in IMZ and the transfer of IMZ's non-Peruvian assets and cash to a new public company to be spun-out to the IMZ Shareholders. On April 19, 2013, HOC and IMZ put the negotiations for the transaction on hold following the calamitous drop in gold and silver prices on April 15, 2013.

On June 10, 2013, the transaction negotiations were revived and HOC transmitted a new non-binding offer letter to IMZ that consisted of revising the cash consideration of the previous offer downward with all other conditions of the previous non-binding offer letter remaining the same. On June 19, 2013, HOC and IMZ again halted negotiations on the transaction due to adverse market conditions.

Further discussions ensued during July and August and on August 23, 2013, IMZ signed a non-binding conditional offer letter with HOC for an acquisition of IMZ involving \$280 million (\$2.38 per share) in cash plus one share of Chaparral Gold for every share of IMZ that an IMZ Shareholder held, with the provision that the IMZ Shares held by HOC would not be cancelled, effectively reducing the cash amount to IMZ Shareholders by about \$9 million (\$0.08 per share). The IMZ Board met again with its senior management and legal counsel to consider the revised offer. As a result of this meeting, the IMZ Board determined that the proposed consideration was acceptable in principle. Management was therefore authorized to sign the non-binding offer letter, and to proceed to try and negotiate the terms of a definitive arrangement agreement. The non-binding offer letter that was agreed to by IMZ granted HOC exclusivity in dealing with IMZ until September 23, 2013.

On September 19, 2013, the IMZ Board met to consider the formal proposal by HOC as represented by a draft arrangement agreement. At that meeting, management briefed the IMZ Board as to the material terms of the Arrangement Agreement and the material issues outstanding between the parties. The IMZ Board received further advice from legal counsel as to the duties of the IMZ Board with respect to their review of the Arrangement. The IMZ Board also received advice from Paradigm, including the Formal Valuation and Fairness Opinion. The IMZ Board discussed various other matters relating to the Arrangement, including the processes undertaken by IMZ during the previous years to advance the Non-Peruvian Assets and the results of its discussions with other parties as to possible business transaction that had taken place over the previous year. The IMZ Board also discussed the nature of its fiduciary obligations in this context including that the Arrangement Agreement and the Voting Agreements could be terminated if a Superior Proposal was accepted by IMZ.

In evaluating the Arrangement, the IMZ Board considered a number of factors, including those set out below under the heading "*Recommendation of the IMZ Board*". Paradigm delivered the Formal Valuation and Fairness Opinion to the IMZ Board, which concluded that, in the opinion of Paradigm, based upon and subject to the scope of review, assumptions and limitations contained in the Formal Valuation and Fairness Opinion, as of September 17, 2013, the consideration to be received by IMZ Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the IMZ Shareholders (other than HOC and its affiliates).

Between September 19 and October 1, 2013 the Parties negotiated the definitive terms of the Arrangement Agreement.

After considering all of the foregoing, the IMZ Board approved the execution and delivery of the Arrangement Agreement by IMZ and authorized the making of a recommendation that IMZ Shareholders vote in favour of the Arrangement Resolution. The Arrangement Agreement was executed on October 1, 2013 and all IMZ directors, officers and senior management signed Voting Agreements, representing in aggregate 2.6% of the outstanding IMZ Shares on a non-diluted basis, agreeing to vote their IMZ Securities in favour of the Arrangement.

A news release was issued by IMZ announcing the entering into of the Arrangement Agreement on October 1, 2013 after the close of trading on the TSX and the SIX. Since the date of the Arrangement Agreement, IMZ has been preparing the materials necessary to conclude the Arrangement, including this Circular.

Independent Valuation and Fairness Opinion

Paradigm was formally engaged pursuant to an agreement dated August 30, 2013 (the “**Paradigm Agreement**”) to prepare and provide a formal valuation and fairness opinion with respect to the Arrangement. The terms of the Paradigm Agreement provide that Paradigm is to be paid a fixed fee for its service and will be reimbursed for out of pocket expenses upon submission of the Formal Valuation and Fairness Opinion. In addition, IMZ has agreed to indemnify Paradigm, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, against certain expenses, losses, claims, actions, damages and liabilities which may arise directly or indirectly from services performed by Paradigm in connection with the Paradigm Agreement. The fee payable to Paradigm is not contingent in whole or in part upon the completion of the Arrangement or on the conclusions reached in the Formal Valuation and Fairness Opinion. No understandings or agreements exist between Paradigm and IMZ with respect to future financial advisory or investment banking business.

Paradigm is a Canadian independent investment banking firm with a sales, trading, research, and corporate finance focus providing services for both institutional investors and corporations. Paradigm was founded in 1999 and is a member of the TSX, the TSX Venture Exchange and the Investment Industry Regulatory Organization of Canada (IIROC). Paradigm has participated in many transactions involving both public and private companies.

Paradigm has advised IMZ that none of Paradigm, its associates or affiliates is: (i) an issuer insider, associate, affiliate or affiliated entity (as those terms are defined in MI 61-101) of IMZ or HOC, or any of their respective associates or affiliates; (ii) an advisor to any person or company other than to the IMZ Board with respect to the Arrangement; or (iii) a manager or co-manager of a soliciting dealer group formed in respect of the Arrangement (or a member of such a group performing services beyond the customary soliciting dealer’s functions or receiving more than the per security or per security holder fees payable to the other members of the group). Paradigm has not provided any financial advisory services to IMZ or HOC, or any of their respective associates or affiliates for which it has received compensation in the 24 months preceding the date of the Formal Valuation and Fairness Opinion. Based on Paradigm’s experience (and its independence), IMZ determined that Paradigm is qualified to provide the Formal Valuation and Fairness Opinion under MI 61-101.

The Formal Valuation and Fairness Opinion represents the opinion of Paradigm, subject to the assumptions and limitations therein, and the form and content has been approved for release by a committee of directors and other professionals of Paradigm, each of whom is experienced in mergers, business combinations, divestitures, and valuations.

On September 19, 2013, Paradigm delivered to the IMZ Board its oral valuation and fairness opinion. Under the Formal Valuation and Fairness Opinion, Paradigm determined the value of the Consideration, which includes \$2.38 (approximately C\$2.46) in cash and one Chaparral Gold Share (valued between C\$0.58 and C\$0.85), is equivalent to C\$3.04 to C\$3.31. Paradigm, later confirmed in writing, that, as of September 17, 2013, and subject to the assumptions, limitations and qualifications set out in such opinion, that the Consideration to be received under the Arrangement is fair, from a financial point of view, to the IMZ Shareholders, other than HOC and its affiliates.

The Formal Valuation and Fairness Opinion was provided in connection with the Arrangement and may not be used or relied upon for any other purpose. IMZ has not, within the period of 24 months from the date of this Circular, obtained any independent appraisals or prior valuations (as defined in MI 61-101) of all or a material part of the properties that its owns directly or indirectly.

In deciding to approve the Arrangement, the IMZ Board considered, among other things, the Formal Valuation and Fairness Opinion. The IMZ Board received the Formal Valuation and Fairness Opinion from Paradigm that, as of the date of the Formal Valuation and Fairness Opinion and subject to and based on the various considerations

referred to in the Formal Valuation and Fairness Opinion, the Consideration to be received by IMZ Shareholders pursuant to the Arrangement is fair, from a financial point of view, to IMZ Shareholders, (other than HOC and its affiliates). The full text of the Formal Valuation and Fairness Opinion which sets forth the assumptions made, valuation methodologies, procedures followed, matters considered and limitations of the review undertaken in connection with the Formal Valuation and Fairness Opinion, is attached as Appendix “C” to this Circular. The Formal Valuation and Fairness Opinion is not a recommendation as to how any IMZ Shareholder should vote with respect to the Arrangement or any other matter. This summary is qualified in its entirety by reference to the full text of the Formal Valuation and Fairness Opinion.

Recommendation of the IMZ Board

The IMZ Board has unanimously determined that the Arrangement is in the best interests of IMZ and the IMZ Securityholders and has, based upon, among other things, the Formal Valuation and Fairness Opinion of Paradigm, unanimously determined that the Arrangement is fair, from a financial point of view, to the IMZ Shareholders. **Accordingly, the IMZ Board has unanimously approved the Arrangement and unanimously recommends that IMZ Securityholders vote FOR the Arrangement Resolution.**

Reasons for the Recommendation of the IMZ Board

Following receipt of advice and assistance from IMZ’s legal counsel and the Formal Valuation and Fairness Opinion from Paradigm, the IMZ Board carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of IMZ and the IMZ Securityholders; (ii) determined that the Arrangement is fair, from a financial point of view, to IMZ Securityholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that IMZ Securityholders vote in favour of the Arrangement.

In reaching these determinations and approvals the IMZ Board considered, among other things, the following factors and potential benefits and risks of the Arrangement:

- *Significant Premium to IMZ Shareholders.* Combining the cash consideration to be paid by HOC of \$2.38 per share (approximately C\$2.46) with the fair market value per share for Chaparral Gold’s assets (Nevada properties and cash) estimated by Paradigm as ranging from C\$0.58 to C\$0.85 per share, the Arrangement represents total consideration (cash and Chaparral Gold) of approximately C\$3.04 - C\$3.31 per share. This value range represents a 15 - 25% premium to IMZ’s spot price of C\$2.65 and a 24 - 35% premium over IMZ’s 20-day volume weighted average price (“VWAP”) on the TSX of C\$2.46, prior to the announcement of the transaction.
- *Liquidity of Peruvian Assets.* IMZ owns minority positions in both the Pallancata Mine and the Inmaculada development project and HOC is the operator of both assets. By virtue of the uniqueness of these ownership positions in the mining industry the universe of potential buyers for such assets is very limited and such illiquidity restricts any premium a buyer would pay for these assets. Over the years IMZ has received tentative indications of value for these assets, all of which were considered inferior to the HOC proposal.
- *Continued Participation by IMZ Shareholders in the Spin-off Properties.* Through Chaparral Gold, IMZ Shareholders will have the opportunity to continue to participate in the ongoing exploration and development opportunities relating to its Nevada assets and the potential exploration opportunities associated with same.
- *Formal Valuation and Fairness Opinion.* The IMZ Board considered the Formal Valuation and Fairness Opinion to the effect that, as of the date thereof and based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations and qualifications set forth in the Fairness Opinion, the Arrangement is fair, from a financial point of view, to the IMZ Shareholders (other than HOC and its affiliates).
- *Superior Proposals.* Under the Arrangement Agreement, the IMZ Board remains able to respond, in accordance with its fiduciary duties, to Superior Proposals.

In its review of the proposed terms of the Arrangement, the IMZ Board also considered a number of elements of the transaction that provide protection to the IMZ Securityholders:

- *Securityholder Approval.* The Arrangement must be approved by a majority of at least two thirds of the votes cast on the Arrangement Resolution by IMZ Securityholders, who vote as a single class present in person or represented by proxy at the Meeting and entitled to vote thereat.
- *Majority of Minority Approval.* Pursuant to MI 61-101, the Arrangement must also be approved by a simple majority of the votes attached to the IMZ Shares held by IMZ Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat excluding the Excluded Votes required to be excluded pursuant to MI 61-101.
- *Court Approval.* The Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the IMZ Securityholders, thereby permitting the Class A Shares and Chaparral Gold Shares to be distributed in the Arrangement without the requirement of registration under the U.S. Securities Act, in reliance upon the Section 3(a)(10) Exemption.
- *Dissent Rights.* Registered IMZ Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise their Dissent Rights and receive the fair value of their IMZ Shares in accordance with the provisions of Section 193 of the YBCA, as modified by the Plan of Arrangement and the Interim Order. See “*The Arrangement - Reasons for Recommendation of the IMZ Board*”.

In the course of their deliberations, the IMZ Board also identified and considered a variety of risks, including:

- *Risks if Arrangement is not Completed.* The risks to IMZ if the Arrangement is not completed, including the costs to IMZ in pursuing the Arrangement and the diversion of management’s attention away from the conduct of IMZ’s business. See “*Risks Associated with the Arrangement*”.

Voting Agreements

Directors and Officers Voting Agreement

As of October 1, 2013, directors, officers and management of IMZ owned or exercised control or direction over an aggregate 2,779,166 IMZ Shares and 1,705,000 IMZ Options, representing approximately 2.4% of the issued and outstanding IMZ Shares and 55% of the outstanding IMZ Options on such date (3.7% on a fully-diluted basis). Such securityholders of IMZ have agreed with HOC in the Voting Agreements to, among other things:

- (a) vote (or cause to be voted) all of the IMZ Shares and IMZ Options, which the IMZ Securityholder is the beneficial owner of (to the extent that such IMZ Securities are entitled to a vote in respect of such matters):
 - (i) in favour of the approval, consent, ratification and adoption of the Arrangement Resolution, the Arrangement Agreement, and the Plan of Arrangement (and any actions required in furtherance thereof) at every meeting of the securityholders of IMZ at which such matters are considered and at every adjournment or postponement thereof, and not withdraw any proxies or change its vote in respect thereof; and
 - (ii) against any resolution proposed by IMZ, Chaparral Gold or any other person that could reasonably be expected to adversely affect or reduce the likelihood of the successful completion of the Arrangement or delay or interfere with, the completion of the Arrangement;
- (b) not to:
 - (i) assert or exercise any dissent rights in respect of the Arrangement that the Locked-up Shareholder may have; or

- (ii) commence or participate in, and shall, and hereby agrees to, take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against IMZ or HOC or any of their subsidiaries (or any of their respective successors) relating to the negotiation, execution and delivery of the Arrangement Agreement or the consummation of the Arrangement;
- (c) not vote or grant to any person other than HOC, or any person designated by HOC a proxy or form of proxy to vote, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote the IMZ Securities (and will cause such IMZ Securities not to be voted) in favour of any Acquisition Proposal;
- (d) deliver, or cause to be delivered, to IMZ's transfer agent, or as otherwise directed by IMZ, after receipt of proxy materials for, and no later than ten (10) calendar days before the date of, the Meeting or any other meeting of the securityholders (or any of them) of IMZ called for the purpose of approving the Arrangement Resolution, the Arrangement Agreement and/or the Plan of Arrangement, a duly executed proxy or form of proxy directing that the IMZ Securities be voted at such meeting in favour of the Arrangement Resolution and the foregoing related matters;
- (e) not support any action that is intended or would reasonably be expected to impede, interfere with, delay, postpone or discourage the completion of the Arrangement or the Plan of Arrangement;
- (f) not do anything that could reasonably be expected to frustrate or hinder the consummation of the Arrangement or the Plan of Arrangement; and
- (g) not, directly or indirectly:
 - (i) solicit, initiate, knowingly encourage or otherwise facilitate, (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of IMZ or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer regarding an Acquisition Proposal or potential Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any substantive discussions or negotiations with any person (other than HOC) regarding any inquiry, proposal or offer regarding an Acquisition Proposal or potential Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, any Acquisition Proposal; and
 - (iv) accept or enter into or propose publicly to accept or enter into a contract with any person relating to an Acquisition Proposal, provided that HOC has agreed that the Locked-up Shareholder is not making any agreement or understanding in any capacity other than in the Locked-up Shareholder's capacity as a securityholder of IMZ, and nothing shall prevent any Locked-up Shareholder who is a director or officer of IMZ from doing any act or thing that such director or officer is properly obligated to do in such capacity, provided that such act or thing is permitted by and is done in compliance with the terms of the Arrangement Agreement; and
 - (v) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussions or negotiations commenced prior to the execution of the Locked-up Shareholder's Voting Agreement with any person (other than HOC) by or on behalf of the Locked-up Shareholder with respect to any Acquisition Proposal or potential Acquisition Proposal, whether or not initiated by the Locked-up Shareholder.

Except with the prior written consent of HOC, the Locked-up Shareholders further agreed, prior to the termination of the Voting Agreements, not to:

- option, transfer, sell, gift, pledge, hypothecate, encumber, or otherwise dispose of any of the IMZ Securities, or enter into any agreement, arrangement or understanding in connection therewith (including any derivative transaction that has the effect of reducing the economic exposure of the Locked-up Shareholder to the IMZ Securities); and
- purchase or acquire any additional IMZ Shares (or any securities convertible into or exchangeable for IMZ Shares) or to acquire or exercise any IMZ Options until such time as the Voting Agreement is terminated.

In the event that:

- (a) IMZ and/or Chaparral Gold, with the agreement of HOC, determines in its good faith judgment that it is necessary or desirable to proceed with an alternative transaction structure, including, without limitation, a takeover bid or asset purchase, in conjunction with or instead of the Plan of Arrangement;
- (b) such alternative transaction provides the same, or better, financial treatment to all affected parties and the financial implications (including tax) for the Locked-up Shareholder are the same or better, and the alternative transaction is on terms that are not more adverse to the Locked-up Shareholder than those contained in the Arrangement Agreement; and
- (c) such alternative transaction is initiated on or before November 1, 2013 and is capable of being completed on or before December 31, 2013 (as described in each of the foregoing clauses (a), (b) and (c), a “Revised Transaction”), the Locked-up Shareholder shall support the completion of the Revised Transaction in the same manner and to the same extent that it has agreed to support the Arrangement and the Plan of Arrangement under this Agreement.

HOC agrees not to amend, modify or change the Arrangement Agreement without the prior written consent of the Locked-up Shareholder other than to increase the Consideration under the Arrangement Agreement, waive any conditions in favour of HOC in the Arrangement Agreement or comply with the legal obligations of HOC with respect to any amendment, modification or change of the Arrangement Agreement.

The Voting Agreement will automatically terminate on the first to occur of:

- (a) the Effective Date;
- (b) the date, if any, that the Arrangement Agreement is terminated in accordance with its terms;
- (c) the date, if any, upon which the Arrangement Agreement is amended, modified or changed contrary to HOC’s amendment, modification or change of the Arrangement Agreement without the Locked-up Shareholder’s consent; and
- (d) the Outside Date.

The Locked-Up Shareholder may terminate the Voting Agreement in certain limited circumstances, including:

- (a) if HOC breaches or is in default of any of its covenants or obligations under the Voting Agreement in a material way;
- (b) if any of the representations or warranties of HOC under the Voting Agreement shall have been at the date hereof, or subsequently become, untrue or incorrect in any material respect; (provided that the Locked-up Shareholder has notified HOC in writing of any of the foregoing events and the same has not been cured by HOC within 15 calendar days of the date such notice was received by HOC); and
- (c) in the event that the Arrangement Agreement is terminated in accordance with its terms, including as a result of a Superior Proposal.

Arrangement Steps

Prior to the Effective Time of the Plan of Arrangement, Chaparral Gold will acquire from IMZ all of the Non-Peruvian Assets and Non-Peruvian Subsidiaries and will assume the Assumed Liabilities pursuant to the terms of the Master Re-Organization Agreement as follows:

- all cash and cash equivalents held directly or indirectly by IMZ (net of all legal, accounting, valuation, employee severance costs and other transaction costs) and all securities and short term investments listed in the Master Re-Organization Agreement. It is anticipated that Chaparral Gold will hold approximately \$58 million in cash and receivables at the Effective Time;
- all of the shares of EMC (US) and Ventura;
- all accounts receivable, notes receivable and other debts due or accruing to IMZ not directly related to the Peruvian Assets, including, but not limited to, certain intercorporate debt, and future payments to be received from the purchasers of IMZ's former Ecuadorian properties, and certain other properties listed in the Master Re-Organization Agreement;
- any proceeds from the disposition of any assets of IMZ (other than the Peruvian Assets) before the Effective Time that become receivable after the date of the Master Re-Organization Agreement;
- all machinery, equipment, technology and communications hardware and infrastructure, furniture, furnishings and accessories, parts and supplies of all kinds owned by IMZ and not directly used in connection with the Peruvian Assets;
- all prepaid expenses of IMZ not directly related to the Peruvian Assets (the "**Prepaid Expenses**");
- the full benefit of all contracts, licenses, leases and instruments to which IMZ is a party (other than those directly related to the Peruvian Assets);
- all authorizations of IMZ (other than those directly related to the Peruvian Assets) to the extent that they are transferable;
- all right, title and interest of IMZ in and to any intellectual property owned by or licensed to IMZ (other than intellectual property directly related to the Peruvian Assets); and
- all Canadian income tax refunds, including GST refunds and other tax refunds receivable by IMZ and which relate to a taxation year or fiscal period, or portion thereof, ending on or before the transaction described in Section 3(e) of the Plan of Arrangement, as well as any FIRPTA-related refunds paid to IMZ after the Effective Time.

The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date and at the Effective Time, if all conditions of the Arrangement have been satisfied or waived. The following description is a summary of the principal steps of the Plan of Arrangement and is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Appendix "A" to this Circular:

- (a) each unexercised IMZ Option and the IMZ Option Plan shall immediately be cancelled and be of no further force and effect and neither IMZ, Chaparral Gold, HOC nor HOC Canada nor any of their respective affiliates or successors shall have any liability in respect thereof;
- (b) each of the IMZ Shares held by a Dissenting IMZ Shareholder in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to HOC Canada (free and clear of all Liens) in consideration for a debt claim against HOC Canada for the amount determined under Section 4 of the Plan of Arrangement, and:
 - (i) such Dissenting IMZ Shareholders shall cease to be the holders of such IMZ Shares and to have any rights or privileges as holders of such IMZ Shares other than the right to be paid fair value for such IMZ Shares as set out in Section 4 of the Plan of Arrangement;

- (ii) such Dissenting IMZ Shareholders' names shall be removed as the holders of such IMZ Shares from the register of IMZ Shares maintained by or on behalf of IMZ; and
 - (iii) HOC Canada shall be deemed to be the transferee of such IMZ Shares free and clear of all Liens, and shall be entered as the registered holder of the IMZ Shares in the register of IMZ maintained by or on behalf of IMZ and shall be deemed to be the legal and beneficial holder of such IMZ Shares.
- (c) IMZ shall undertake a reorganization of capital within the meaning of section 86 of the *Tax Act*, and which reorganization shall occur in the following order:
- (i) the authorized share structure of IMZ will be amended by the creation of one new class of shares consisting of an unlimited number of Class A Shares, and the articles of incorporation of IMZ shall be deemed to be amended accordingly;
 - (ii) each IMZ Share (including such IMZ Shares acquired by HOC Canada from Dissenting IMZ Shareholders as described above) will be exchanged with IMZ (without any further act or formality on the part of the holder of the IMZ Share) free and clear of all Liens for one Class A Share and one Chaparral Gold Share, and such IMZ Shares shall thereupon be cancelled, and:
 - (A) the holders of such IMZ Shares shall cease to be the holders thereof and to have any rights or privileges as holders of such IMZ Shares;
 - (B) such holders' names shall be removed from the register of the IMZ Shares maintained by or on behalf of IMZ; and
 - (C) each IMZ Shareholder shall be deemed to be the holder of the Class A Shares and Chaparral Gold Shares (in each case, free and clear of any Liens) exchanged for the IMZ Shares and shall be entered in the register of IMZ or Chaparral Gold, as the case may be, as the registered holder thereof;
 - (iii) the stated capital of IMZ for the outstanding Class A Shares will be an amount equal to the paid-up capital of IMZ for the IMZ Shares, less the fair market value of the Chaparral Gold Shares distributed on such exchange;
- (d) HOC will cause Inmaculada to transfer the Class A Shares which it acquired pursuant to Section 3(c) of the Plan of Arrangement to HOC Canada in exchange for the issuance to Inmaculada of one common share of HOC Canada for each Class A Share so transferred, and HOC Canada will add to the stated capital for its common shares an amount equal to the Cash Consideration multiplied by the number of Class A Shares so received; and
- (e) each outstanding Class A Share (other than Class A Shares held by HOC, HOC Canada or any affiliate thereof) will, without any further act or formality by or on behalf of a holder of Class A Shares, be irrevocably assigned and transferred by the holder thereof to HOC Canada (free and clear of all Liens) in exchange for the Cash Consideration from HOC Canada for each Class A Share held, and:
- (i) the holders of such Class A Shares shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to be paid the Cash Consideration per Class A Share in accordance with this Plan of Arrangement;
 - (ii) such holders' names shall be removed from the register of the Class A Shares maintained by or on behalf of IMZ; and
 - (iii) HOC Canada shall be deemed to be the transferee and the legal and beneficial holder of such Class A Shares (free and clear of all Liens) and shall be entered as the registered

holder of such Class A Shares in the register of the Class A Shares maintained by or on behalf of IMZ.

Following completion of the Arrangement, HOC will own, directly or indirectly, all of IMZ's right, title and interest in Suyamarca and its Peruvian mineral projects and the shares and mineral projects of MOV. IMZ's existing cash (held directly or indirectly) and related receivables, all of the shares of subsidiaries that own IMZ's non-Peruvian assets (and including the assumption of all liabilities related to IMZ's non-Peruvian assets) will have been transferred to Chaparral Gold. See "*Post-Arrangement Structure*" and "*Information Concerning Chaparral Gold*".

Securityholder Approval of the Arrangement

At the Meeting, IMZ Securityholders will be asked to consider, and if deemed advisable, approve the Arrangement Resolution. The Arrangement Resolution must be approved by a majority of not less than two-thirds of the votes cast by the IMZ Securityholders who voted together as a single class in respect of the Arrangement Resolution. In addition, the Arrangement Resolution must be approved by a majority of the votes cast by IMZ Shareholders, after excluding the votes cast by certain persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101 (the Excluded Votes). See "*The Arrangement Agreement – Canadian Securities Law Matters – MI 61-101*".

Court Approval of the Arrangement and Completion of the Arrangement

The Arrangement requires the approval of the Court under the YBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the IMZ Securityholders. Prior to the mailing of this Circular, IMZ obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Following receipt of the approval of the IMZ Shareholders and the IMZ Securityholders to the Arrangement Resolution, pursuant to its obligations under the Arrangement Agreement, IMZ intends to make an application to the Court for the Final Order at 2:00 p.m. (Pacific Standard Time) on December 2, 2013 at The Law Courts, 2134 – 2nd Avenue, Whitehorse, Yukon Y1A 5H6, or as soon as reasonably practicable, but in any event not later than five Business Days after the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order. MacDonald and Company, Yukon counsel to IMZ has advised that, in deciding whether to grant the Final Order, the Court will consider, among other things, the fairness of the Arrangement to IMZ Securityholders.

Any IMZ Securityholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve an appearance and response no later than 11:00 a.m. (Pacific Standard Time) on November 29, 2013 along with any other documents required, all as set out in the Interim Order and Notice of Application, the text of which are set out in Appendices "D" and "J" to this Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner as the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be advised, prior to the hearing, that the Court's approval of the Arrangement will form the basis for an exemption from registration of the Class A Shares and the Chaparral Gold Shares issued and exchanged in connection with the Arrangement under the U.S. Securities Act pursuant to section 3(a)(10) thereof.

IMZ Options

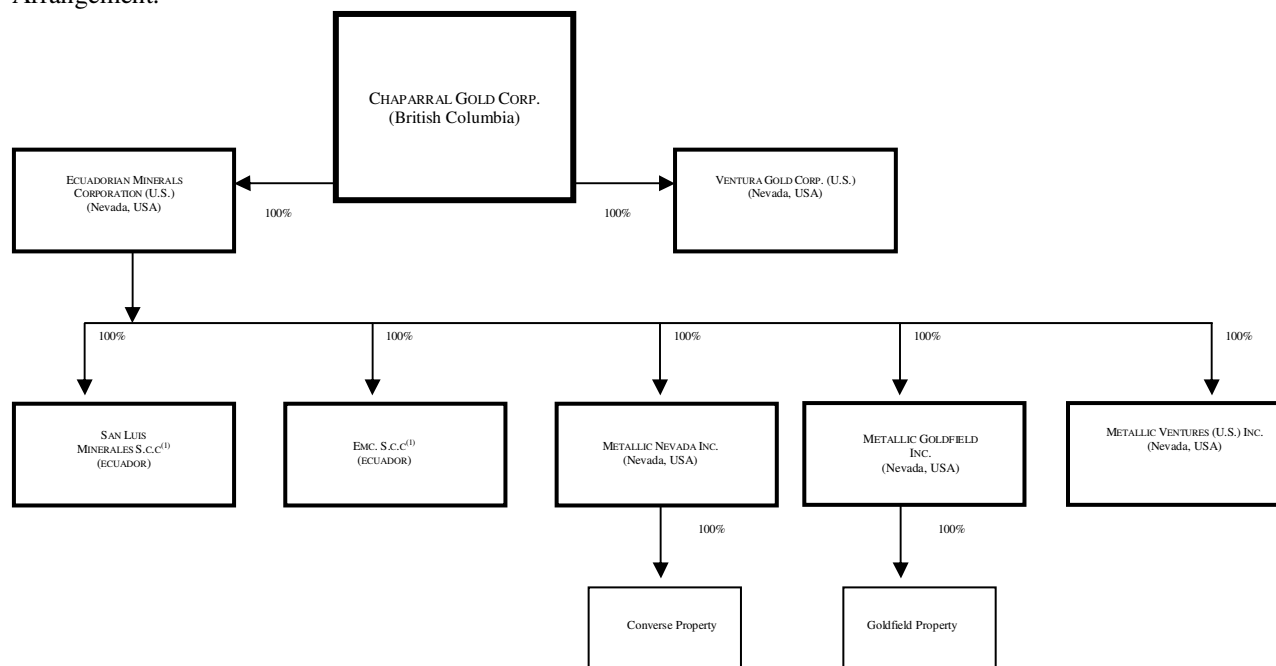
Pursuant to the terms of the Arrangement Agreement, IMZ has agreed to take all actions reasonably required so that pursuant to the Plan of Arrangement, each unexercised IMZ Option outstanding immediately prior to the Effective Time shall be cancelled as of the Effective Time and be of no further force and effect and that none of IMZ, Chaparral Gold, HOC nor HOC Canada nor any of their respective affiliates or successors shall have any liability in respect thereof.

Pursuant to the Plan of Arrangement, each IMZ Option which has not been exercised and which is outstanding immediately prior to the Effective Time shall be cancelled as of the Effective Time.

Each IMZ Optionholder is entitled to one vote for each whole IMZ Share issuable upon exercise of the IMZ Options registered in his or her name and outstanding on the register of IMZ Optionholders maintained by IMZ as at the close of business on the Record Date, and is entitled to vote at the Meeting. All IMZ Optionholders will vote together with the IMZ Shareholders as a single class on the Arrangement Agreement Resolution, only. See “*The Arrangement – Securityholder Approval of the Arrangement.*”

Post-Arrangement Structure

The following chart shows the proposed corporate structure of Chaparral Gold following completion of the Arrangement.



(1) An application has been made to the applicable Ecuadorian authority to dissolve these companies.

The Arrangement Agreement

The following is a summary of the material terms of the Arrangement Agreement, including the Plan of Arrangement attached as Appendix “A” to the Circular, and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement which is filed on SEDAR under IMZ’s issuer profile at www.sedar.com. IMZ Shareholders are urged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

Pursuant to the Arrangement Agreement, it was agreed that the Parties would carry out the Arrangement in accordance with the Arrangement Agreement and the Plan of Arrangement. See “*The Arrangement – Arrangement Steps*”.

Effective Date of the Arrangement

After obtaining the approval of the IMZ Securityholders to the Arrangement Resolutions, upon the other conditions in the Arrangement Agreement, including receipt of the appropriate Regulatory Approvals, being satisfied or waived (if permitted) and upon the Final Order being granted, IMZ will file the Articles of Arrangement with the Registrar. Pursuant to subsection 195(12) of the YBCA, the Arrangement becomes effective on the date shown on the Certificate of Arrangement issued by the Registrar. It is currently expected that the Effective date will be on or about December 6, 2013.

Covenants

Covenants of IMZ Regarding the Conduct of Business

Each of IMZ and Chaparral Gold has given, in favour of HOC and HOC Canada, usual and customary covenants for an agreement of the nature of the Arrangement Agreement which are intended to ensure that IMZ and each of its subsidiaries carry on business in the ordinary course, excepting any action required to give effect to the Re-Organization in accordance with the Master Re-Organization Agreement, until the earlier of the Effective Time and the termination of the Arrangement Agreement. In particular, IMZ has agreed to use its commercially reasonable efforts to preserve intact the current business organization of the Peruvian Assets and Peruvian Subsidiaries, keep available the services of the present employees and agents of the Peruvian Assets and Peruvian Subsidiaries and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Peruvian Assets and Peruvian Subsidiaries. Additional covenants provided by IMZ include, among other things, prohibitions on: amending constating documents; capital alterations; issuing securities; creating charges or encumbrances on the Peruvian Assets; acquiring and disposing of assets; incurring or repaying indebtedness; changing accounting policies; modifying employment arrangements and benefits; entering into or amending Material Contracts; cancelling existing insurance coverage; taking certain tax-related actions; and taking any actions or failing to take any actions that would prevent or materially delay the consummation of the Arrangement.

Covenants of IMZ Regarding the Arrangement

IMZ has also covenanted and agreed with HOC that it will, and it will cause its Subsidiaries, to perform all obligations required or desirable to be performed by IMZ or any of its Subsidiaries under the Arrangement Agreement, co-operate with HOC in connection therewith and do or cause to be done all such acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by the Re-Organization and the Arrangement, including, but not limited to the following:

- using commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are required (i) in connection with the Arrangement or (ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement;
- carrying out the terms of the Interim Order and the Final Order applicable to it and complying promptly with all requirements imposed by Law on it or its Subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- use commercially reasonable efforts to carry out all actions necessary to ensure the availability of the Section 3(a)(10) Exemption with respect to the distribution of the Chaparral Gold Shares and the issuance of the Class A Shares pursuant to the Arrangement; and
- take all action necessary to obtain the conditional listing approval of the TSX to the listing of Chaparral Gold Shares prior to or concurrent with the Effective Time, and in connection therewith, take all such action, prepare all such documents, and organize Chaparral Gold (and its assets, businesses and corporate structure) such that Chaparral Gold will meet all required obligations of a reporting issuer under Canadian Securities Laws at the Effective Time.

Covenants of HOC Regarding the Arrangement

HOC has covenanted and agreed with IMZ, that it will perform all obligations required to be performed by HOC under the Arrangement Agreement, co-operate with IMZ and Chaparral Gold in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement, including, but not limited to the following:

- use its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are required in connection with the Arrangement, on terms that are reasonably satisfactory to IMZ;

- not take any action, or refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement;
- take all commercially reasonable steps necessary to ensure that at the Effective Time, it will have sufficient funds available to satisfy the aggregate Consideration payable to the IMZ Shareholders pursuant to the Arrangement in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement, and to satisfy all other obligations payable by it pursuant to the Arrangement Agreement and the Arrangement; and
- vote all IMZ Shares held by it on the Record Date for the Meeting in favour of the Arrangement Resolution.

HOC has also covenanted with IMZ to convene and conduct the HOC Shareholder Meeting in accordance with HOC's constituting documents and the UK Listing Rules as soon as reasonably practicable, and not to adjourn (except as required by Law or by valid HOC Shareholder action), postpone or cancel (or propose or permit the adjournment (except as required by Law or by valid HOC Shareholder action), postponement or cancellation of) the HOC Shareholder Meeting without IMZ's prior consent.

HOC also agreed to use its commercially reasonable efforts to cause Mr. Eduardo Hochschild to enter into a voting agreement with IMZ by which Mr. Hochschild agrees to vote the 182,415,206 HOC Shares over which he exercises control and direction, in favor of the resolution to be presented to the HOC Shareholders at the HOC Shareholder Meeting to approve the transaction contemplated by the Arrangement. This voting agreement has been entered into.

Additional Covenants Regarding Non-Solicitation

Under the Arrangement Agreement, IMZ and Chaparral Gold have agreed to certain non-solicitation covenants in favour of HOC as follows (the "Non-Solicitation Covenants"):

- (a) IMZ and Chaparral Gold each shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of IMZ or Chaparral Gold, or of any of their respective Subsidiaries and affiliates (collectively "**Representatives**"), and shall not permit any such Representatives to do any of the following:
 - (i) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any information, properties (including mineral properties), facilities, books or records of IMZ or Chaparral Gold, or any Subsidiary or affiliate or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any person (other than HOC) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (iii) make a Change in Recommendation;
 - (iv) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal; or
 - (v) accept or enter into or publicly propose accept or to enter into any agreement, arrangement, or understanding in respect of an Acquisition Proposal.
- (b) IMZ and Chaparral Gold shall, and shall cause their Subsidiaries, affiliates and their Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities whenever commenced with any person (other than HOC)

with respect to any inquiry, proposal or offer that constitutes, or could reasonably be expected to constitute or lead to an Acquisition Proposal, and in connection with such termination shall:

- (i) immediately discontinue access to, and disclosure of all information, including any data room (physical or electronic) and any confidential information, properties (including mineral properties), facilities, books and records of IMZ, Chaparral Gold or any Subsidiary or affiliate to any person other than HOC; and
 - (ii) request, and exercise all rights it has to require (i) the return or destruction of all copies of any information regarding IMZ, Chaparral Gold or any Subsidiary or affiliate provided to any person (other than HOC), and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding IMZ, Chaparral Gold or any Subsidiary or affiliate, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.
- (c) If IMZ receives a request for confidential information from a person who has proposed a written Acquisition Proposal that did not result from a contravention of IMZ's non-solicitation covenants, IMZ and Chaparral Gold may (directly or through their Representatives):
- (i) contact the Person making such proposal for the purpose of clarifying such proposal and any material terms thereof and the conditions to and likelihood of consummation so as to determine whether such proposal is, or is reasonably likely to lead to, a Superior Proposal; and
 - (ii) if the IMZ Board determines, acting in good faith and, after receipt of advice from its legal and financial advisors, that the Acquisition Proposal constitutes or, if consummated in accordance with its terms, would reasonably be expected to result in a Superior Proposal:
 - (A) furnish information with respect to IMZ and its Subsidiaries and affiliates, to the person making such Acquisition Proposal for a period of not more than 15 Business Days; and
 - (B) participate in discussions or negotiations with the person making such Acquisition Proposal,

provided that IMZ shall not, and shall not allow its Representatives to, disclose any information with respect to IMZ to such person (i) if such information has not been previously provided to, or is not concurrently made available to HOC; (ii) without entering into a confidentiality and standstill agreement (if one has not already been entered into) that is acceptable to HOC acting reasonably (provided that no such confidentiality and standstill provisions shall prevent such person from making, pursuing or completing an Acquisition Proposal); and (iii) without promptly providing a copy of such confidentiality agreement to HOC.

- (d) If IMZ, Chaparral Gold or any of their Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer (written or oral) that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to IMZ, Chaparral Gold or any Subsidiary or affiliate, including but not limited to information, access, or disclosure relating to the properties (including mineral projects), facilities, books or records of IMZ, Chaparral Gold or any Subsidiary or affiliate, IMZ shall immediately notify HOC, at first orally, and then promptly and in any event within 24 hours in writing, of:
- (i) such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its terms and conditions, the identity of all person(s) making the Acquisition Proposal, inquiry, proposal, offer or request, and copies of all documents, correspondence or other material received in respect of, from or on behalf of any such person; and

- (ii) the status of developments and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.
- (e) If IMZ or Chaparral Gold receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the IMZ Shareholders, the IMZ Board may enter into a definitive agreement with respect to such Acquisition Proposal, that is a Superior Proposal, if and only if:
- (i) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to a standstill or similar restriction;
 - (ii) IMZ and Chaparral Gold have been, and continue to be, in compliance with their non-solicitation obligations under the Arrangement Agreement;
 - (iii) IMZ has delivered to HOC a written notice of the determination of the IMZ Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the IMZ Board to enter into such definitive agreement, together with a written notice from the IMZ Board regarding the value and financial terms that the IMZ Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the “**Superior Proposal Notice**”);
 - (iv) IMZ has provided HOC a copy of the proposed definitive agreement for the Superior Proposal;
 - (v) at least five (5) Business Days (the “**Matching Period**”) have elapsed from the date that is the later of the date on which HOC received the Superior Proposal Notice and a copy of the proposed definitive agreement for the Superior Proposal from IMZ;
 - (vi) during any Matching Period, HOC has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (vii) the IMZ Board has determined in good faith, after consultation with IMZ’s outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by HOC;
 - (viii) the IMZ Board has determined in good faith, after consultation with IMZ’s outside legal counsel that it is necessary for the IMZ Board to enter into a definitive agreement with respect to such Superior Proposal in order to properly discharge its fiduciary duties; and
 - (ix) prior to entering into such definitive agreement IMZ terminates the Arrangement Agreement and pays the Termination Fee to HOC.
- (f) During the Matching Period, or such longer period as IMZ may approve in writing for such purpose:
- (i) the IMZ Board shall review in good faith any offer made by HOC to amend the terms of the Arrangement Agreement and the Arrangement in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and
 - (ii) IMZ shall negotiate in good faith with HOC to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable HOC to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the IMZ Board determines that such Acquisition Proposal would cease to be a Superior

Proposal, IMZ shall promptly so advise HOC, and the Parties shall amend the Arrangement Agreement to reflect such amendments made by HOC and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

- (g) Each successive amendment to any Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement, and HOC shall be afforded a new five (5) Business Day Matching Period from the later of the date on which HOC receives the Superior Proposal Notice and a copy of the definitive agreement for the new Superior Proposal from IMZ.
- (h) The IMZ Board shall promptly reaffirm the IMZ Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the IMZ Board determines that a proposed amendment by HOC to the terms of the Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal.
- (i) If IMZ provides a Superior Proposal Notice to HOC after a date that is less than ten (10) Business Days before the Meeting, IMZ shall either proceed with or shall postpone the Meeting as directed by HOC, to a date that is not more than ten (10) Business Days after the previously scheduled date of the Meeting.
- (j) Nothing contained in the Arrangement Agreement shall prohibit the IMZ Board from responding through a directors' circular or otherwise as required by Law to an Acquisition Proposal that it determines is not a Superior Proposal, provided that IMZ shall provide HOC and its outside legal counsel with a reasonable opportunity to review the form and content of such circular or other disclosure and shall make all reasonable amendments as requested by HOC and its counsel.

Insurance and Indemnification

IMZ has agreed to purchase, prior to the Effective Date, customary "trailing" or "run-off" directors' and officers' liability insurance policies providing coverage no less favourable in the aggregate to the coverage provided by the policies maintained by IMZ and its Subsidiaries which are in effect immediately prior to the Effective Date, and providing coverage in respect of claims arising from facts or events which occurred on or prior to the Effective Date. Following the Effective Date, HOC has agreed that it will, or will cause IMZ and the Peruvian Subsidiaries to, maintain such trailing or run-off policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided that the cost of such policies shall not exceed 200% of IMZ's current annual aggregate premium for such policies maintained by IMZ or its Subsidiaries at the date of this Agreement.

Following the Effective Date, HOC shall cause IMZ to honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of IMZ and its Subsidiaries to the extent that they are disclosed to HOC and acknowledges that such rights, to the extent that they are disclosed to HOC shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties made by each of IMZ and Chaparral Gold to HOC and HOC Canada and each of HOC and HOC Canada to IMZ and Chaparral Gold, including representations and warranties related to due organization and qualification and authorization to enter into the Arrangement Agreement and carry out their obligations thereunder. In addition, IMZ, Chaparral Gold, HOC and HOC Canada have each made certain representations and warranties particular to such party including in the case of IMZ, representations and warranties in respect of IMZ's business and operations and the Peruvian Assets. HOC has represented and warranted to IMZ that it will have at the Effective Time, sufficient funds available to satisfy the aggregate Consideration payable to the IMZ Shareholders pursuant to the Arrangement. The representations and warranties were made solely for the purposes of the Arrangement Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the Parties.

Subject to certain indemnities provided by Chaparral Gold to HOC, HOC Canada and IMZ pursuant to the Arrangement Agreement, the representations and warranties of IMZ contained in the Arrangement Agreement shall

not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms.

The representations and warranties of HOC and HOC Canada contained in the Arrangement Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms.

Conditions to Closing

Mutual Conditions Precedent

Under the terms of the Arrangement Agreement, the Parties agreed that the respective obligations of the Parties to complete the transactions contemplated by the Arrangement Agreement are subject to fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved and adopted by the IMZ Shareholders at the Meeting in accordance with the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to IMZ or HOC, acting reasonably, on appeal or otherwise;
- (c) the HOC Shareholder Approval shall have been obtained;
- (d) the Re-Organization shall have been completed in accordance with the Master Re-Organization Agreement;
- (e) the Chaparral Gold Shares shall have been conditionally approved for listing on the TSX;
- (f) all Regulatory Approvals, including ICA Approval, if required, shall have been obtained;
- (g) the Swiss Takeover Board, the Swiss Financial Markets Supervisory Authority (FINMA) or the Swiss Federal Administrative Court shall in a final and binding decision or judgment, in a form and content satisfactory to each of IMZ and HOC, acting reasonably, (i) have either confirmed that the Arrangement does not qualify as a takeover offer under Swiss takeover laws or have exempted the Arrangement from the application of Swiss takeover laws; and (ii) have either confirmed that HOC has no duty to make or have exempted HOC from the duty to make a takeover offer with respect to the transaction contemplated under the Arrangement. This condition was satisfied effective October 15, 2013.
- (h) no Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins IMZ, Chaparral Gold or HOC from consummating the Arrangement;
- (i) the Section 3(a)(10) Exemption shall be available for the issuance and exchange of the Chaparral Gold Shares and Class A Shares to be issued and exchanged pursuant to the Arrangement; and
- (j) the Arrangement Agreement shall not have been terminated in accordance with its terms.

Additional Conditions Precedent to the Obligations of HOC

The obligations of HOC and HOC Canada to complete the Arrangement shall be subject to the requirement that each of the following additional conditions be satisfied on or before the Effective Time, which conditions are for the exclusive benefit of HOC and may only be waived, in whole or in part, by HOC in its sole discretion (and on behalf of HOC Canada):

- (a) the representations and warranties of IMZ and Chaparral Gold, without giving effect to any materiality qualifiers, are true and correct as of the date of the Arrangement Agreement and are true

and correct as of the Effective Time, except as would not have or reasonably be expected to have a Material Adverse Effect, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date.

- (b) IMZ and Chaparral Gold shall each have fulfilled or complied in all material respects with each of its covenants contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time.
- (c) there is no action or proceeding pending by any person (other than HOC or its affiliates) in any jurisdiction to:
 - (i) prohibit or restrict the Arrangement, or the ownership or operation by HOC of the Peruvian Assets or any of the Peruvian Subsidiaries, or to compel HOC to dispose of or hold separate any material portion of the Peruvian Assets or of the Peruvian Subsidiaries as a result of the Arrangement; or
 - (ii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, to cause a Material Adverse Effect.
- (d) Approvals:
 - (i) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, except for any consents, waivers, permits, exemptions, orders, approvals, registrations, filings or expired waiting periods required under U.S. state securities laws that would not be expected to have a Material Adverse Effect; and
 - (ii) all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, the failure of which to obtain or the non-expiry of which, either individually or in the aggregate would, or could reasonably be expected to have, a Material Adverse Effect on IMZ, the Peruvian Assets, or the Peruvian Subsidiaries, or materially impede the completion of the Arrangement,

shall have been obtained or received on terms that are reasonably satisfactory to HOC.
- (e) Dissent Rights have not been exercised with respect to more than 5% of the issued and outstanding IMZ Shares.
- (f) there shall not have been any event, change, occurrence or state of facts that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect on IMZ, the Peruvian Assets, or the Peruvian Subsidiaries.
- (g) Other Conditions:
 - (i) there shall not have been any single or aggregate breach of one or more of the Voting Agreements by one or more IMZ Shareholders or investment managers, who in the aggregate direct 10% or more of the votes that may be cast at the IMZ Securityholder Meeting, or if Voting Agreements representing less than 10% of the votes that may be cast at the IMZ Securityholder Meeting are executed and delivered to HOC, then there shall not have been any breach of any of such executed Voting Agreements by IMZ Shareholders or investment managers who in the aggregate direct 5% or more of the votes that may be cast at the IMZ Securityholder Meeting.
 - (ii) all of the IMZ Options shall have been exercised or expired, or the Plan of Arrangement approved by the Final Order shall provide that each IMZ Option outstanding immediately prior to the Effective Time shall be cancelled as a step of the Arrangement and be of no

further force and effect, and neither IMZ, Chaparral Gold, HOC nor HOC Canada nor any of their respective affiliates or successors shall thereafter have any liability in respect thereof.

- (h) IMZ has received effective resignations from each of the directors and senior officers of IMZ and the Peruvian Subsidiaries, effective as of the Effective Date.

Additional Conditions Precedent to the Obligations of IMZ

The obligations of IMZ and Chaparral Gold to complete the Arrangement shall be subject to the requirement that each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of IMZ and may only be waived, in whole or in part, by IMZ in its sole discretion (and on behalf of IMZ):

- (a) The representations and warranties of HOC and HOC Canada which are qualified by references to materiality were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time, in all respects, and all other representations and warranties of HOC and HOC Canada were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time, in all material respects, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date.
- (b) HOC and HOC Canada shall have each fulfilled or complied in all material respects with each of the covenants contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time.

Satisfaction of Conditions

The mutual conditions precedent, the additional conditions precedent to the obligations of HOC and the additional conditions precedent to the obligations of IMZ set out in the Arrangement Agreement will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Registrar.

Termination of the Arrangement Agreement

The Parties have agreed that the Arrangement Agreement is effective from the date of the Arrangement Agreement until the earlier of the Effective Date and the termination of the Arrangement Agreement in accordance with its terms.

The Arrangement Agreement may be terminated prior to the Effective Time by:

- (a) by the mutual written agreement of the Parties; or;
- (b) by either IMZ or HOC if:
 - (i) the IMZ Shareholder Approval is not obtained at the IMZ Shareholder Meeting in accordance with the Interim Order, provided that a Party may not so terminate the Arrangement Agreement if the failure to obtain the IMZ Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement;
 - (ii) the HOC Shareholder Approval shall not have been obtained at the HOC Shareholder Meeting provided that a Party may not so terminate this Agreement if the failure to obtain the HOC Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement;
 - (iii) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or

otherwise permanently prohibits or enjoins any Party from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to so terminate the Arrangement Agreement has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement to the extent required by the Arrangement Agreement;

- (iv) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not so terminate the Arrangement Agreement if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or

(c) By IMZ or Chaparral Gold, if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of HOC under the Arrangement Agreement occurs that would cause any condition of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured; provided that any intentional breach shall be deemed to be incurable and IMZ or Chaparral Gold is not then in breach of the Arrangement Agreement so as to cause any condition of the Arrangement Agreement not to be satisfied; or
- (ii) prior to the approval by the IMZ Shareholders of the Arrangement Resolution, the IMZ Board authorizes IMZ to enter into a written agreement with respect to a Superior Proposal, provided IMZ is then in compliance with its non-solicitation obligations under the Arrangement Agreement and that prior to or concurrent with such termination IMZ pays the Termination Fee in accordance with the Arrangement Agreement.

(d) By HOC, if:

- (iii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of IMZ under the Arrangement Agreement occurs that would cause any condition of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured; provided that any intentional breach shall be deemed to be incurable and HOC is not then in breach of the Arrangement Agreement so as to cause any condition of the Arrangement Agreement not to be satisfied;
- (iv) the IMZ Board or any committee of the IMZ Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification), the IMZ Board Recommendation (a “**Change in Recommendation**”) (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for more than five (5) Business Days after first learning of an Acquisition Proposal shall be deemed to be a Change in Recommendation), or IMZ breaches its non-solicitation obligations under the Arrangement Agreement, and the breach results in an Acquisition Proposal, which is (A) publicly announced or publicly disclosed (by any person other than HOC and its affiliates), or (B) in respect of which IMZ provides due diligence access to the party making such Acquisition Proposal, or the IMZ Board resolves to take any of the foregoing actions;
- (v) there has occurred a Material Adverse Effect to IMZ, the Peruvian Assets or the Peruvian Subsidiaries; or
- (vi) there has occurred a Material Adverse Change in Metals Prices, provided that this termination right may only be exercised by HOC prior to the approval by the IMZ Shareholders of the Arrangement Resolution.

Expenses and Termination Fee

Termination Fee

Despite any other provision in the Arrangement Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs (except where HOC has terminated the Arrangement Agreement due to a Material Adverse Change in Metals Prices, in which case HOC shall pay IMZ the Termination Fee), IMZ shall pay HOC the Termination Fee in accordance with the Arrangement Agreement.

For the purposes of the Arrangement Agreement, “**Termination Fee**” means \$10,000,000, and “**Termination Fee Event**” means the termination of the Arrangement Agreement:

- (a) by HOC, in the event of a Change in Recommendation by the IMZ Board;
- (b) by IMZ, in connection with a Superior Proposal; or
- (c) by IMZ or HOC in the event that the Required Approval is not obtained; or
- (d) by HOC if:
 - (i) IMZ is in breach of any representation or warranty or failure to perform any covenant or agreement which is incapable of being cured; or
 - (ii) the Effective Time does not occur by the Outside Date, provided that HOC may not terminate the Arrangement Agreement, if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by HOC of any of the representations or warranties, or failure to perform any covenant or agreement;

if prior to such termination, an Acquisition Proposal is publicly made or publicly announced by any person other than HOC or any of its affiliates, or any person (other than HOC or any of its affiliates) shall have publicly announced an intention to do so, and such Acquisition Proposal shall remain outstanding and not withdrawn or terminated at the date of the IMZ Securityholder Meeting.

Expenses

All out-of-pocket third party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement, including, without limitation, any change of control payments due to IMZ Employees, and all other costs, expenses and fees of IMZ and Chaparral Gold incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement and the Re-Organization, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

Indemnification by Chaparral Gold

From the Effective Time, Chaparral Gold has agreed to indemnify and save harmless HOC, HOC Canada, IMZ and the Peruvian Subsidiaries (each, an “**Indemnified Person**”) from any and all damages suffered or incurred by such Indemnified Person as a result of, or arising directly or indirectly out of, or in connection with, or from the failure of Chaparral Gold to satisfy, an Assumed Liability. If the Effective Date occurs, this provision shall survive the termination of the Arrangement Agreement.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the IMZ Board with respect to the Arrangement, IMZ Securityholders should be aware that certain members of IMZ’s management and the IMZ Board of Directors have certain interests in connection with the Arrangement, including those referred to below, that may present them with actual or potential conflicts of interest in connection with the Arrangement. The IMZ Board is aware of these interests and considered them along with the other matters described under the heading “*The Arrangement - Background to the Arrangement*”.

Directors

The directors of IMZ (other than directors who are also executive officers) of IMZ hold, in the aggregate, 1,246,850 IMZ Shares, representing approximately 1.1% of the IMZ Shares outstanding on the Record Date. The directors of IMZ (other than directors who are also executive officers) of IMZ also hold, in the aggregate, 580,000 IMZ Options, representing approximately 18.7% of the IMZ Options outstanding on the Record Date. All of the IMZ Shares and IMZ Options held by such directors will be treated in the same fashion under the Arrangement as IMZ Shares and IMZ Options held by every other IMZ Shareholder and IMZ Optionholder, respectively. Under the terms of the Voting Agreements entered into by the directors of IMZ, each IMZ director has agreed not to exercise any of their IMZ Options. See “*The Arrangement – Voting Agreements – Directors and Officers Voting Agreement*”.

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

Executive Officers

The current responsibility for the general management of IMZ is held and discharged by a group of five executive officers, led by Stephen Kay, the President and Chief Executive Officer of IMZ. The executive officers of IMZ and their holdings of IMZ Shares and IMZ Options as of the Record Date are as follows:

<u>Name</u>	<u>Position</u>	<u>IMZ Shares</u>	<u>IMZ Options</u>
Stephen J. Kay	President and Chief Executive Officer	1,332,516	280,000
Scott M. Brunson	Chief Financial Officer	5,000	210,000
Nick Appleyard	Vice-President of Corporate Development	8,400	190,000
Paul Durham	Vice-President of Corporate Relations	0	185,000
Alan Matthews	Vice-President of Special Projects	<u>0</u>	<u>200,000</u>
Total		<u>1,345,916</u>	<u>1,065,000</u>

The executive officers of IMZ, in the aggregate, hold 1,345,916 IMZ Shares representing approximately 1.1% of the IMZ Shares on the Record Date. The executive officers of IMZ, in the aggregate, hold 1,065,000 IMZ Options representing approximately 34.3% of the IMZ Options on the Record Date. All of the IMZ Shares and IMZ Options held by such executive officers will be treated in the same fashion under the Arrangement as IMZ Shares and IMZ Options held by every other IMZ Shareholder and IMZ Optionholder, respectively. Under the terms of the Voting Agreements entered into by the executive officers of IMZ, each executive officer of IMZ has agreed not to exercise any of their IMZ Options. See “*The Arrangement – Voting Agreements – Directors and Officers Voting Agreement*”.

Each of the executive officers of IMZ named in the table above is party to a written employment agreement (the “**Employment Agreements**”) that provides for certain payments upon a “change of control” of IMZ. The Arrangement will constitute a “change of control” of IMZ for the purposes of the employment agreements. Pursuant to the Employment Agreements, if the Arrangement is completed, as a result of the “change of control” of IMZ, the aforementioned officers will be entitled to collectively receive aggregate cash compensation of approximately \$3,731,329. For further details see “*Executive Compensation Discussion and Analysis – Termination and Change of Control Benefits*”.

Chaparral Gold

Certain directors, officers and employees of IMZ are or will be directors, officers or employees of Chaparral Gold and will receive remuneration for acting in that capacity as determined by the Chaparral Gold Board and may be eligible to participate in the Chaparral Gold Stock Option Plan. See *Appendix "F" - Information Concerning Chaparral Gold* - "Approval of Chaparral Gold Stock Option Plan".

DISSENTING SHAREHOLDER RIGHTS

Only IMZ Shareholders that are registered shareholders shall be entitled to exercise Dissent Rights with respect to the IMZ Shares pursuant to and in the manner set forth in section 193 of the YBCA as modified by the Interim Order and the Plan of Arrangement, but provided that notwithstanding subsection 193(5) of the YBCA, such Dissenting IMZ Shareholder delivers to IMZ written objection to the Arrangement by not later than 5:00 p.m. (Pacific Standard Time) on November 25, 2013 (or the business day immediately prior to any adjourned or postponed Meeting), at (a) McDonald & Company Lawyers, Suite 200, 204 Lambert Street, Whitehorse, Yukon Y1A 3T2; or (b) by facsimile transmission to (867) 667-7600 (Attention: Gareth C. Howells); or (c) by email to ghowells@anton.yk.ca, Attention: Gareth C. Howells and otherwise complies strictly with the requirements of the Plan of Arrangement, section 193 of the YBCA and the Interim Order (the "**Dissent Procedures**"). No other holder of securities of IMZ shall be permitted to dissent. See "*Appendix "A" - Plan of Arrangement*", *Appendix "D" - Interim Order*" and *Appendix "E" - Section 193 of the YBCA*".

If the Arrangement is concluded, a registered IMZ Shareholder who exercises Dissent Rights in strict compliance with the Dissent Procedures shall be entitled to be paid by IMZ the fair value of the IMZ Shares held by such Dissenting IMZ Shareholder in respect of which such Dissenting IMZ Shareholder dissents, determined as provided for in the YBCA, as modified by the Interim Order and the Plan of Arrangement, provided that any such Dissenting IMZ Shareholder who exercises such right to dissent and who:

- (a) is ultimately entitled to be paid fair value for its IMZ Shares shall be deemed to have irrevocably transferred its IMZ Shares to HOC Canada in consideration for a debt claim against HOC Canada in an amount equal to the fair value of such shares as set out in the Plan of Arrangement, and shall not be entitled to any other payment or consideration, including any payment under the Arrangement had such holders not exercised their Dissent Rights; or
- (b) is for any reason ultimately not entitled to be paid for fair value for its IMZ Shares, shall be deemed to have participated in the Arrangement as of the Effective Time at the same terms and at the same time as a non-dissenting IMZ Shareholder and shall only be issued the same consideration which an IMZ Shareholder is entitled to receive under the Arrangement as if such Dissenting IMZ Shareholder would not have exercised Dissent Rights.

In no case shall HOC, HOC Canada, IMZ or Chaparral Gold be required to recognize Dissenting IMZ Shareholders as an IMZ Shareholder at and after the Effective Time, and the names of such IMZ Shareholders shall be removed from the share register of IMZ at the Effective Time in accordance with the Plan of Arrangement.

For greater certainty, IMZ Shareholders who vote, in person or by proxy, in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

Persons who are beneficial owners of IMZ Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that **ONLY A REGISTERED IMZ SHAREHOLDER IS ENTITLED TO DISSENT**. An IMZ Shareholder who beneficially owns IMZ Shares but is not the registered holder thereof, should contact the registered holder for assistance.

Strict adherence to the procedures set forth above will be required and failure to do so will result in the loss of all Dissent Rights. Accordingly, each IMZ Shareholder who might desire to exercise Dissent Rights should carefully consider and fully comply with the provisions set forth above and below and consult his or her legal advisor.

Procedure for the Exchange of Share Certificates by IMZ Shareholders

On or prior to the Effective Date, HOC Canada shall deposit cash in United States dollars in immediately available funds with the Depository for the benefit of IMZ Shareholders, in an amount sufficient to pay all Cash Consideration to which IMZ Shareholders are entitled under the Arrangement. From and after the deposit of such cash, the Depository shall be considered to hold such funds for the sole benefit of the IMZ Shareholders. Upon surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented outstanding IMZ Shares that were exchanged under the Arrangement, together with such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate or other instrument shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder the Cash Consideration which such holder has the right to receive pursuant to the Plan of Arrangement, net of any applicable withholding taxes.

The payments to IMZ Shareholders of the Cash Consideration will be denominated in United States dollars. However an IMZ Shareholder can also elect to receive payment in Canadian dollars by checking the appropriate box in the Letter of Transmittal, in which case such IMZ Shareholder will have acknowledged and agreed that they will receive their payment in an amount equal to the Canadian dollar equivalent as determined by the Depository. **IMZ Shareholders electing to have the payment for their IMZ Shares paid in Canadian dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of the IMZ Shareholder and further that all costs of the currency conversion will be for the sole expense of the IMZ Shareholder.**

If an IMZ Shareholder wishes to receive cash payable in Canadian dollars, the box captioned "Currency of Payment" in the Letter of Transmittal must be completed. Otherwise, the Cash Consideration will be paid in United States dollars.

Upon surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented one or more IMZ Shares which were exchanged under the Arrangement Agreement together with a completed Letter of Transmittal and such other documents and instruments as would have been required to effect the transfer of the IMZ Shares formerly represented by such certificate under the YBCA and the by-laws of IMZ and such additional 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 IMZ Shareholder following the Effective Time, certificates or other evidence of ownership representing the Share Consideration to which such IMZ Shareholder is entitled to receive in accordance with the Plan of Arrangement.

After the Effective Time and until surrendered for cancellation as contemplated by the Plan of Arrangement, each certificate which immediately prior to the Effective Time represented one or more IMZ Shares shall be deemed at all times thereafter to represent only the right to receive in exchange therefor certificates or other evidence of ownership representing the Share Consideration and the Cash Consideration to which the holder of such certificate is entitled to receive in accordance with the Plan of Arrangement.

Enclosed with this Circular is a Letter of Transmittal for holders of IMZ Shares, which, when properly completed and duly executed and returned with a certificate or certificates representing the IMZ Shares and all other required documents, as required, will enable each IMZ Shareholder (other than Dissenting Shareholders) to obtain the Chaparral Gold Shares and the Cash Consideration to which such IMZ Shareholder is entitled to receive under the Arrangement.

All registered IMZ Shareholders are required to submit the Letter of Transmittal in respect of their IMZ Shares that will be outstanding on the Effective Date. If you are a beneficial IMZ Shareholder holding your IMZ Shares through a nominee such as a broker or dealer, you should carefully follow any instructions provided to you by such nominee.

Any use of mail to transmit certificate(s) for IMZ Shares and the related Letter of Transmittal is at the risk of the holder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used. Subject to compliance with the procedures summarized above, certificates representing Chaparral Gold Shares and a cheque in the amount payable to a former IMZ Shareholder pursuant to the terms of the Plan of Arrangement will, as soon as practicable after the Effective Date: (i) be forwarded to the holder at the address specified in the Letter of Transmittal by insured first class mail; or (ii) be made available at the offices of the Depository for pick up by the holder as requested by the holder in the Letter of Transmittal.

Where a certificate for IMZ Shares has been destroyed, lost or stolen, the registered holder of that certificate should immediately contact the Depositary by mail at P.O. Box 7021, 31 Adelaide Street East, Toronto, Ontario M5C 3H2, Attention: Corporate Actions; or by registered mail, hand or by courier at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Corporate Actions; or by telephone: toll free (North America) 1-800-564-6253; Overseas: 1-514-982-7555 or by email: corporateactions@computershare.com regarding the issuance of a replacement certificate upon the holder satisfying the requirements of IMZ relating to replacement certificates. See Instruction 6 to the Letter of Transmittal.

In the event that any certificate which immediately prior to the Effective Time represented one or more IMZ Shares which were exchanged under the Arrangement Agreement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, certificates or other evidence of ownership representing the Share Consideration and the Cash Consideration which such IMZ Shareholder is entitled to receive under the Arrangement Agreement. When authorizing such delivery of certificates or other evidence of ownership representing the Share Consideration and the Cash Consideration which such IMZ Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the IMZ Shareholder to whom certificates or other evidence of ownership representing such Share Consideration and the Cash Consideration are to be delivered shall, as a condition precedent to the delivery of such consideration, give a bond satisfactory to HOC, HOC Canada, IMZ, Chaparral Gold and the Depositary in such amount as HOC, HOC Canada, IMZ, Chaparral Gold and the Depositary may direct, or otherwise indemnify HOC, HOC Canada, IMZ, Chaparral Gold and the Depositary in a manner satisfactory to HOC, HOC Canada, IMZ, Chaparral Gold and the Depositary, against any claim that may be made against HOC, HOC Canada, IMZ, Chaparral Gold or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the by-laws of IMZ.

Any certificate formerly representing IMZ Shares that is not deposited, with all other documents as provided in the Plan of Arrangement on or before the sixth anniversary of the Effective Date, shall thereafter cease to represent any claim or interest of any kind or nature against HOC, HOC Canada, IMZ, Chaparral Gold or the Depositary. Accordingly, persons who tender certificates for IMZ Shares after the sixth anniversary of the Effective Date will not be paid any Cash Consideration or Share Consideration.

Any payment made by way of cheque by the Depositary, pursuant to the Plan of Arrangement, that has not been deposited or has been returned to the Depositary, or that otherwise remains unclaimed, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the Consideration and other property for the IMZ Shares under the Arrangement.

Stock Exchange Listings

IMZ Shares

The IMZ Shares will be delisted from the TSX and the SIX and will cease to be quoted on the Frankfurt Stock Exchange after the Effective Date.

Chaparral Gold Shares

Chaparral Gold intends to apply to list the Chaparral Gold Shares issuable pursuant to the Arrangement on a Canadian stock exchange. Such listing will be subject to Chaparral Gold fulfilling all of the minimum listing requirements of such stock exchange. There can be no assurance that the Chaparral Gold Shares will be listed on a Canadian stock exchange. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Chaparral Gold Shares is expected to commence concurrently with the delisting of the IMZ Shares from the TSX. The completion of the Arrangement is subject to obtaining TSX conditional approval of the listing for trading of the Chaparral Gold Shares on the TSX.

Canadian Securities Law Matters

Resale of Chaparral Gold Shares Received in the Arrangement

The distribution of the Chaparral Gold Shares and other securities to be distributed pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Chaparral Gold Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces and territories of Canada provided that: (i) the trade is not a “control distribution” as defined in National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Chaparral Gold Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling securityholder is an insider or officer of Chaparral Gold, the selling securityholder has no reasonable grounds to believe that Chaparral Gold is in default of applicable Canadian securities laws. Each IMZ Securityholder is urged to consult such IMZ Securityholder’s professional advisors to determine the Canadian conditions and restrictions applicable to trades in the Chaparral Gold Shares.

Multilateral Instrument 61-101 (MI 61-101)

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 apply to a reporting issuer proposing to carry out a business combination involving a related party. In the case of the Arrangement, IMZ has determined that HOC is a related party as it holds a majority interest in and operates the Peruvian Assets in which IMZ holds minority interests, which are its principal corporate assets. In addition, Mr. Stephen Kay, the President and CEO of IMZ has been determined to be a related party by virtue of the IMZ Shares that he owns (1,332,516 IMZ Shares or 1.1% of the issued and outstanding IMZ Shares) and the change of control severance payment he will become entitled to under his employment agreement as a result of the completion of the Arrangement, totaling \$1,767,549 which constitutes a collateral benefit pursuant to the Arrangement that exceeds 5% of the value of the Consideration that Mr. Kay will receive as a shareholder pursuant to the Arrangement. As a result, the votes attaching to IMZ Shares that Mr. Kay beneficially owns, or over which control or direction is exercised by Mr. Kay will be excluded in determining whether minority approval of the Arrangement Resolution has been obtained. See “*Procedure for the Arrangement to Become Effective – Securities Law Matters – Canada*”. See “*Interests of Certain Persons in the Arrangement*” and “*Termination and Change of Control Benefits*”.

Under MI 61-101 IMZ is required to obtain a majority of the minority approval to the Arrangement, excluding the votes of HOC and Stephen Kay, and obtain a formal valuation under MI 61-101 with respect to the Arrangement. Accordingly, the Arrangement Resolution is required to be approved by a majority of the votes cast by the IMZ Shareholders, excluding those votes attaching to IMZ Shares beneficially owned, or over which control or direction is exercised, by HOC and its affiliates and by Stephen Kay, who are considered to be related parties in connection with the Arrangement. As at the Record Date, HOC and its affiliates beneficially owned or had control or direction over an aggregate of 3,755,746 IMZ Shares and Stephen Kay owned 1,332,516 IMZ Shares, and accordingly such IMZ Shares will be excluded in determining whether minority approval of the Arrangement Resolution has been obtained. This approval is in addition to the requirement that the Arrangement Resolution must be approved by not less than two thirds of the votes cast by the IMZ Shareholders and the IMZ Securityholders that vote in person or by proxy at the Meeting.

The IMZ Board obtained a formal valuation from Paradigm. The Formal Valuation and Fairness Opinion is attached to this Circular as Appendix “C”. See “*The Arrangement – Independent Valuation and Fairness Opinion*”.

Certain other officers of IMZ are entitled to receive change of control severance payment under their respective employment agreements as a result of the completion of the Arrangement. However, such officers and their associated entities, each beneficially own, or exercise control or direction over, less than 1% of the outstanding IMZ Shares. Accordingly, such officers of IMZ will not be considered to have received a “collateral benefit” under MI 61-101 as a result of their receipt of change of control severance payments. See “*Termination and Change of Control Benefits*”.

United States Securities Law Matters

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to IMZ Securityholders. All IMZ Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of Chaparral Gold Shares issued or distributed to them under the Arrangement complies with applicable securities legislation. Further information applicable to IMZ Securityholders is disclosed under the heading “Notice to United States Securityholders”.

The following discussion does not address the Canadian securities laws that will apply to the issue or resale of Chaparral Gold Shares by IMZ Securityholders within Canada. IMZ Securityholders reselling their Chaparral Gold Shares in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular.

Exemption from the Registration Requirements of the U.S. Securities Act for Class A Shares and Chaparral Gold Shares Issued and Distributed under the Arrangement.

The Class A Shares and the Chaparral Gold Shares to be issued and distributed to IMZ Shareholders pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued and distributed in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption. Section 3(a)(10) of the U.S. Securities Act exempts from registration a security that is issued in exchange for outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, IMZ expects that the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Class A Shares and the Chaparral Gold Shares to be issued and distributed to IMZ Shareholders in connection with the Arrangement pursuant to Section 3(a)(10) thereof.

Resales of Chaparral Gold Shares issued to IMZ Shareholders on the Effective Date of the Arrangement.

The ability of an IMZ Shareholder to resell the Chaparral Gold Shares issued to it on the Effective Date of the Arrangement will depend on whether it is an “affiliate” of IMZ or Chaparral Gold, respectively, after the Effective Date of the Arrangement or was an “affiliate” of IMZ or Chaparral Gold, respectively, within 90 days prior to the Effective Date of the Arrangement. As defined in Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer. The determination of whether a person is an “affiliate” is dependent upon all relevant facts and circumstances. Typically, persons who are executive officers, directors or major shareholders of an issuer are considered to be its “affiliates”. Persons that are not affiliates of IMZ or Chaparral Gold, respectively, after the Effective Date of the Arrangement and were not affiliates of IMZ or Chaparral Gold, respectively, within 90 days prior to the Effective Date of the Arrangement, may freely resell the Chaparral Gold Shares issued to them on the Effective Date of the Arrangement under the U.S. Securities Act. Persons that are affiliates of IMZ or Chaparral Gold, respectively, after the Effective Date of the Arrangement or were affiliates of IMZ or Chaparral Gold, respectively, within 90 days prior to the Effective Date of the Arrangement may resell such Chaparral Gold Shares only pursuant to registration or an exemption from registration under the U.S. Securities Act. Such persons are urged to consult with their own legal counsel to determine the circumstances in which the resale of the Chaparral Gold Shares issued to them pursuant to the Arrangement will comply with an exemption from such registration requirements.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Tax Act* relating to the Arrangement and is generally applicable to IMZ Shareholders who, at all relevant times, for purposes of the *Tax Act* (i) hold their IMZ Shares, and will hold their Chaparral Gold Shares, as capital property, (ii) deal at arm’s length (within the meaning of the *Tax Act*) with HOC, HOC Canada, IMZ and Chaparral Gold, and (iii) are not affiliated with HOC, HOC Canada, IMZ or Chaparral Gold. IMZ Shares and Chaparral Gold Shares will generally be considered to be capital property to a holder thereof, unless the shares are held in the course of carrying on a business, were acquired in a transaction considered to be an adventure or concern in the nature of trade or the holder is a trader or dealer in securities. Certain shareholders who are resident in Canada and who might not otherwise be

considered to hold such shares as capital property may be entitled, in certain circumstances, to make an irrevocable election in accordance with subsection 39(4) of the *Tax Act* to have such shares and all other “Canadian securities” as defined in the *Tax Act* owned by such shareholder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Any person contemplating making such an election should consult their own tax advisor for advice as to whether the election is available or advisable in their own particular circumstances.

This summary is not applicable to a IMZ Shareholder (i) that is a “financial institution” (as defined in the *Tax Act*) for the purposes of the mark-to-market rules, (ii) that is a “specified financial institution” or “restricted financial institution” (as defined in the *Tax Act*), (iii) an interest in which is a “tax shelter investment” (as defined in the *Tax Act*), (iv) who has elected to report its “Canadian tax results” (as defined in the *Tax Act*) in a currency other than Canadian currency or (v) that has entered or will enter into, with respect to the IMZ Shares or the Chaparral Gold Shares, a “derivative forward agreement” within the meaning of proposed amendments to the Tax Act released by the Department of Finance (Canada) on October 18, 2013 (“**October 2013 Proposals**”). Additional considerations, not discussed herein, may be applicable to an IMZ Shareholder that is a corporation resident in Canada, and that is, or becomes, controlled by a non-resident corporation, for purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. All such IMZ Shareholders should consult their own tax advisors.

This summary is based upon the current provisions of the *Tax Act* and regulations thereunder, the current published administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”). This summary also takes into account all specific proposals to amend the *Tax Act* (the “**Proposed Amendments**”) announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. However, there can be no assurance that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, or the administrative practices and assessing policies of CRA, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. This summary assumes that the IMZ Shares and Chaparral Gold Shares will, at all relevant times, be listed on the TSX. The income and other tax consequences of the Arrangement will vary depending on the IMZ Shareholder’s particular circumstances, including the province/territory or provinces/territories in which such IMZ Shareholder resides, carries on business or has a permanent establishment.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular IMZ Shareholder. **Accordingly, IMZ Shareholders are advised to consult their own tax advisors for advice as to the Canadian, provincial, territorial, foreign and other tax implications to them of the Arrangement in their particular circumstances.**

IMZ Shareholders Resident in Canada

The following portion of the summary is applicable to a IMZ Shareholder who is, or is deemed to be, resident in Canada for purposes of the *Tax Act* (a “**Resident Shareholder**”).

Exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares

If, at the time the IMZ Shares are exchanged for Class A Shares and Chaparral Gold Shares under the Arrangement, the fair market value of all Chaparral Gold Shares transferred to IMZ Shareholders on such exchange were to exceed the paid-up capital of all exchanged IMZ Shares immediately before the exchange (which, as described below, IMZ does not expect to be the case), IMZ would be deemed to have paid a dividend on the exchanged IMZ Shares equal to the amount of such excess, and each Resident Shareholder would be deemed to have received a pro rata portion of such dividend, based on the proportion of IMZ Shares held by such IMZ Shareholder immediately before the exchange. However, the fair market value of all Chaparral Gold Shares at the time of such exchange is expected to be lower than the amount that will be the aggregate paid-up capital of all exchanged IMZ Shares immediately before such exchange. Accordingly, IMZ is not expected to be deemed to have paid a dividend as a result of the exchange.

Assuming that the fair market value at the time of the exchange of the Chaparral Gold Shares distributed to IMZ Shareholders under the Arrangement does not exceed the aggregate paid-up capital of all exchanged IMZ Shares immediately before the exchange, a Resident Shareholder whose IMZ Shares are exchanged for Class A Shares and

Chaparral Gold Shares will be considered to have disposed of its IMZ Shares for proceeds of disposition equal to the greater of the adjusted cost base to the Resident Shareholder of its IMZ Shares immediately before the exchange and the fair market value at the time of the exchange of the Chaparral Gold Shares received by such IMZ Shareholder. Consequently, the Resident Shareholder will realize a capital gain on the exchange only if, and to the extent that, the fair market value of the Chaparral Gold Shares received by such shareholder on the exchange exceeds the adjusted cost base of such shareholder's IMZ Shares. If the fair market value of the Chaparral Gold Shares distributed to IMZ Shareholders under the Arrangement at the time of the exchange were to exceed the aggregate paid-up capital of all exchanged IMZ Shares immediately before the exchange (which, as described above, IMZ does not expect to be the case), the proceeds of disposition of a Resident Shareholder's IMZ Shares would generally be reduced by the amount of the deemed dividend that such shareholder would be deemed to have received, as described in the immediately preceding paragraph. In some circumstances, any such dividend deemed to be received by a Resident Shareholder that is a corporation may be deemed by subsection 55(2) of the *Tax Act* to instead be proceeds of disposition for the IMZ Shares. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the *Tax Act*.

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

Disposition of Class A Shares for the Consideration

A Resident Shareholder that transfers Class A Shares under the Arrangement to HOC Canada for the Cash Consideration will be considered to have disposed of such Class A Shares for proceeds of disposition equal to the amount of the Canadian dollar equivalent of the Cash Consideration. As a result, such Resident Shareholder will generally realize a capital gain (or a capital loss) to the extent that such shareholder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Resident Shareholder's Class A Shares. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the *Tax Act*.

Dividends on Chaparral Gold Shares

In the case of a Resident Shareholder who is an individual, dividends received or deemed to be received on Chaparral Gold Shares would be included in computing the individual's income and would be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends that are designated as "eligible dividends".

In the case of a Resident Shareholder that is a corporation, dividends received or deemed to be received on Chaparral Gold Shares would be included in computing the corporation's income and would generally be deductible in computing its taxable income. A "private corporation" (as defined in the *Tax Act*) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the *Tax Act* to pay a refundable tax of 33 1/3% on dividends received or deemed to be received on such shares to the extent that such dividends are deductible in computing the corporation's taxable income.

Disposition of Chaparral Gold Shares

A Resident Shareholder who disposes or is deemed to dispose of Chaparral Gold Shares will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Shareholder of those shares immediately before the disposition. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the *Tax Act*.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Shareholder in a taxation year will be included in the Resident Shareholder’s income for the year. One-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Shareholder in a taxation year must generally be deducted against taxable capital gains realized in that taxation year, to the extent and in the circumstances specified in the *Tax Act*. Any excess of allowable capital losses over taxable capital gains realized in a particular taxation year may be carried back up to three taxation years and carried forward indefinitely and deducted against net taxable capital gains realized in those other years, to the extent and in the circumstances specified in the *Tax Act*.

If the Resident Shareholder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of a Class A Share or a Chaparral Gold Share may be reduced by the amount of dividends received or deemed to be received by the corporation on the share, to the extent and under circumstances specified by the *Tax Act*. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the *Tax Act*. A Resident Shareholder that is a “Canadian-controlled private corporation” (as defined in the *Tax Act*) may be liable to pay an additional refundable tax of 62/3% on certain investment income, which may include amounts in respect of net taxable capital gains and dividends or deemed dividends not deductible in computing taxable income.

Dissenting IMZ Shareholders

A Resident Shareholder who, as a result of the exercise of Dissent Rights, disposes of IMZ Shares to HOC Canada in consideration for a cash payment from HOC Canada, will be considered to have disposed of the IMZ Shares for proceeds of disposition equal to the cash payment in Canadian currency (other than any portion of the payment that is interest awarded by the court). Such Dissenting IMZ Shareholder will realize a capital gain (or capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to such Dissenting IMZ Shareholder of the IMZ Shares immediately before the disposition. See “*Taxation of Capital Gains and Capital Losses*” above for a general description of the treatment of capital gains and capital losses under the *Tax Act*. Interest, if any, awarded by a court to a Resident Shareholder who is a Dissenting IMZ Shareholder will be included in such shareholder’s income for purposes of the *Tax Act*.

IMZ Optionholders Resident in Canada not Electing to Exercise IMZ Options

A Resident IMZ Optionholder will be considered to have disposed of their IMZ Options for proceeds of disposition of nil upon the cancellation of IMZ Options. The Resident IMZ Optionholder will realize a capital loss to the extent of the Resident IMZ Optionholder’s adjusted cost base of the cancelled IMZ Options and any reasonable costs of cancellation. See “*Taxation of Capital Gains and Capital Losses*” above for a general description of the treatment of capital gains and capital losses under the *Tax Act*.

IMZ Shareholders Not Resident in Canada

The following portion of the summary is applicable to a IMZ Shareholder who (i) is not and has never been, or is not and has never been deemed to be, resident in Canada for purposes of the *Tax Act* or any relevant tax treaty or convention, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, IMZ Shares or Chaparral Gold Shares in connection with carrying on a business in Canada (a “Non-Resident Shareholder”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Shareholder that is an insurer carrying on business in Canada and elsewhere.

Receipt of Chaparral Gold Shares

The discussion above, under “*Shareholders Resident in Canada — Exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares*”, of the deemed dividend potentially resulting from the distribution of Chaparral Gold Shares also applies to a Non-Resident Shareholder. As noted in the above discussion, based on the information provided by IMZ, IMZ is not expected to be deemed to have paid a dividend as a result of the exchange of the IMZ Shares for Class A Shares and Chaparral Gold Shares. In the event that IMZ was deemed to have paid a dividend, the portion of the dividend deemed to have been paid to a Non-Resident Shareholder would be subject to withholding tax under the *Tax Act* at the rate of 25% of the gross amount of the dividend, subject to reduction under an applicable income tax convention or treaty.

Disposition of IMZ Shares, Class A Shares and Chaparral Gold Shares

A Non-Resident Shareholder who participates in the Arrangement will not be subject to tax under the *Tax Act* on any capital gain realized on a disposition or deemed disposition of shares (including IMZ Shares, Class A Shares and Chaparral Gold Shares), unless, at the time of disposition, (i) such shares disposed of are “taxable Canadian property” of the Non-Resident Shareholder and (ii) the Non-Resident Shareholder is not exempt from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention.

Generally, a share listed on a designated stock exchange for purposes of the *Tax Act* (which includes the TSX) will not be “taxable Canadian property” to a Non-Resident Shareholder unless, at any particular time during the 60 month period immediately preceding the disposition (i) 25% or more of the issued shares of any class or series of the particular corporation were owned by: (a) such Non-Resident Shareholder, (b) by persons with whom the Non-Resident Shareholder did not deal at arm’s length, (c) a partnership in which the Non-Resident Shareholder, or by persons with whom the Non-Resident Shareholder did not deal at arm’s length, holds a membership interest directly or indirectly through one or more partnerships, or (d) any combination thereof, and (ii) the shares derived more than 50% of their fair market value directly or indirectly from one or any combination of real property situated in Canada, “timber resource property”, “Canadian resource property” (each as defined under the *Tax Act*), or options in respect of, or interests or rights in any of the foregoing.

Generally, a Class A Share will not be “taxable Canadian property” to a Non-Resident Shareholder unless, at any particular time during the 60 month period immediately preceding the disposition, the shares derived more than 50% of their fair market value directly or indirectly (otherwise than through a corporation, partnership or trust the shares or interests in which were not themselves “taxable Canadian property” at the particular time) from one or any combination of real property situated in Canada, “timber resource property”, “Canadian resource property” (each as defined under the *Tax Act*), or options in respect of, or interests or rights in any of the foregoing.

In the case of a Non-Resident Shareholder that is a resident of the United States and that is a “qualifying person” for purposes of the Canada U.S. Tax Convention (the “**Canada-U.S. Treaty**”), any gain realized by the Non-Resident Shareholder on a disposition of IMZ Shares, Class A Shares or Chaparral Gold Shares that would otherwise be subject to tax under the *Tax Act* will be exempt from tax pursuant to the Canada-U.S. Treaty provided that the value of such shares is not derived principally from real property situated in Canada (as defined in the Canada-U.S. Treaty).

In the event that a IMZ Share, Class A Share or Chaparral Gold Share constitutes “taxable Canadian property” of a Non-Resident Shareholder and any capital gain that would be realized on the exchange or disposition of the share is not exempt from tax under the *Tax Act* pursuant to an applicable income tax convention, then the tax consequences discussed above for IMZ Shareholders who are resident in Canada, under “*Exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares*”, “*Disposition of Class A Shares for the Consideration*”, and “*Disposition of Chaparral Gold Shares*”, as applicable, and under “*Taxation of Capital Gains and Capital Losses*”, would generally apply.

Reporting and withholding obligations under section 116 of the *Tax Act* apply when a person who is not resident in Canada for purposes of the *Tax Act* disposes of “taxable Canadian property”, other than “excluded property”. “Excluded property” includes a share of a class of shares of a corporation that is listed on a recognized stock exchange (which includes the TSX), and also includes a property that is a “taxable Canadian property” solely because of a deeming provision in the *Tax Act*. The reporting and withholding obligations will not apply with respect to the exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares, or on a subsequent disposition of Chaparral Gold Shares while they are listed on a recognized stock exchange. The reporting and withholding obligations may apply with respect to the disposition of a Non-Resident Shareholder’s Class A Shares for Cash Consideration if such shares constitute “taxable Canadian property” to such shareholder at that time. However, IMZ believes the Class A Shares will not constitute “taxable Canadian property” because such shares (i) will never have derived greater than 50% of their value from any combination of real property situated in Canada, “timber resource property”, “Canadian resource property” (each as defined under the *Tax Act*), or options in respect of, or interests or rights in any of the foregoing, and (ii) will not have been subject to an applicable deeming rule.

Dividends on Chaparral Gold Shares

Dividends paid, deemed to be paid, or credited on Chaparral Gold Shares to a Non-Resident Shareholder would be subject to withholding tax under the *Tax Act* at a rate of 25% of the gross amount of the dividend, unless such rate is

reduced by an applicable income tax convention or treaty. In the case of a beneficial owner of dividends that is a resident of the United States, that is a “qualifying person” for purposes of the U.S. Treaty and that owns less than 10% of the voting stock of Chaparral Gold, as the case may be, the rate of withholding tax on dividends would be reduced to 15%.

Dissenting IMZ Shareholders

A Non-Resident Shareholder who, as a result of the exercise of Dissent Rights, disposes of IMZ Shares to HOC Canada in consideration for a cash payment from HOC Canada, will be considered to realize a capital gain or capital loss as discussed above under “*IMZ Shareholders Resident in Canada—Dissenting IMZ Shareholders*”. The same general considerations apply as discussed above under “*IMZ Shareholders Not Resident in Canada—Disposition of IMZ Shares, Class A Shares and Chaparral Gold Shares*” in determining whether a capital gain will be subject to tax under the *Tax Act*. Any interest awarded to the Non-Resident Shareholder by the Court will not be subject to withholding tax under the *Tax Act*, unless such interest constitutes “participating debt interest” (as defined in the *Tax Act*).

ELIGIBILITY FOR INVESTMENT

The Class A Shares will, while held by a shareholder pursuant to the Arrangement, be qualified investments under the *Tax Act* for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts (“**Registered Plans**”).

The Chaparral Gold Shares will be qualified investments under the *Tax Act* for Registered Plans at a particular time, provided that, at that time, the Chaparral Gold Shares are listed on a designated stock exchange at that time or Chaparral Gold is a “public corporation” as defined in the *Tax Act*. If the Chaparral Gold Shares are not listed on a designated stock exchange at the time they are distributed pursuant to the Arrangement, but they become listed on a designated stock exchange in Canada before the due date for Chaparral Gold’s first income tax return and Chaparral Gold makes the appropriate election in that return, or Chaparral Gold otherwise satisfies the conditions in the *Tax Act* to be a “public corporation” before the due date for Chaparral Gold’s first income tax return and Chaparral Gold makes the appropriate election in that return, the Chaparral Gold Shares will be considered to be a qualified investment for Registered Plans from their date of issue.

Where a Registered Plan acquires a Chaparral Gold Share in circumstances where the Chaparral Gold Share is not a qualified investment under the *Tax Act* for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant or holder under the Registered Plan.

Notwithstanding that a Class A Share or Chaparral Gold Share may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or annuitant of a RRSP or RRIF, as applicable, will be subject to a penalty tax in respect of such share held in the TFSA, RRSP or RRIF, as applicable, if such share is a “prohibited investment” under the *Tax Act*. A Class A Share or Chaparral Gold Share will generally not be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with IMZ or Chaparral Gold, as applicable, for purposes of the *Tax Act*, (ii) has a “significant interest” as defined in the *Tax Act* in IMZ or Chaparral Gold, as applicable, or (iii) has a “significant interest” as defined in the *Tax Act* in a corporation, partnership or trust in which IMZ or Chaparral Gold, as applicable, does not deal at arm’s length for purposes of the *Tax Act*. The October 2013 Proposals propose to delete the condition in (iii) above. In addition, pursuant to the October 2013 Proposals, a Class A Share or a Chaparral Gold Share, as applicable will generally not be a “prohibited investment” if such share is “excluded property” as defined in the October 2013 Proposals for trusts governed by a TFSA, RRSP or RRIF.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain of the U.S. federal income tax consequences of the transactions described in the Arrangement for U.S. Holders (as defined below) participating in the Arrangement. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the Arrangement. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the Arrangement to such U.S. Holder. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S.

Holder. Except as discussed below, this summary does not discuss reporting requirements. This summary does not discuss or take into account any U.S. federal estate, gift, generation-skipping transfer tax or alternative minimum tax considerations nor any U.S. state or local tax considerations. U.S. Holders should consult their own tax advisors regarding any such tax consequences of the Arrangement. This summary does not address the U.S. tax consequences of the Arrangement to IMZ Optionholders with respect to their IMZ Options.

Notice Pursuant To Treasury Department Circular 230: Anything contained in this summary concerning any U.S. federal income tax issue is not intended or written to be used, and it cannot be used by a U.S. Holder, for the purpose of avoiding U.S. federal income tax penalties under the Internal Revenue Code of 1986, as amended (the “Code”). This summary was written to support the promotion or marketing (within the meaning of Circular 230) of the Arrangement. Each U.S. Holder should seek U.S. federal tax advice, based on the U.S. Holder’s particular circumstances, from an independent tax advisor.

Authorities

This summary is based upon the Code, temporary, proposed, and final Treasury Regulations issued under the Code, judicial and administrative interpretations of the Code and Treasury Regulations, and the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the “**Canada-US Tax Convention**”), in each case as in effect and available as of the date of this Circular. The Code, Treasury Regulations and judicial and administrative interpretations thereof may change at any time, and any change could be retroactive to the date of this Circular.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the “**IRS**”) has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of Chaparral Gold Shares received pursuant to the Arrangement. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

U.S. Holders

For purposes of this summary, the term “**U.S. Holder**” means a beneficial owner of IMZ Shares (or, following the completion of the Arrangement, Chaparral Gold Shares) that is:

- a citizen or individual resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity properly classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state within the United States, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a U.S. court is able to exercise primary supervision over the trust’s administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or (ii) in the case of a trust that was in existence on August 20, 1996 and was validly treated as a domestic trust, a valid election is in place under applicable U.S. Treasury Regulations to treat such trust as a domestic trust.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds IMZ Shares or Chaparral Gold Shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. This summary does not discuss the tax consequences of the Arrangement to any such partnership or partner in such partnership. Any such partnership or partner should consult its own tax advisor.

Non-U.S. Holders

For purposes of this summary, a “**non-U.S. Holder**” means a beneficial owner of IMZ Shares or Chaparral Gold Shares that is not a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the Arrangement or ownership and disposition of Chaparral Gold Shares received pursuant to the Arrangement to non-U.S. Holders of IMZ Shares, and such non-U.S. Holders should consult their own tax advisors regarding the potential U.S. federal income tax consequences to them of the Arrangement and ownership and disposition of Chaparral Gold Shares received pursuant to the Arrangement, and the potential application of any tax treaties.

Transactions Not Addressed

This summary does not address the U.S. federal income tax consequences of any transaction, other than the Arrangement, in which Class A Shares or Chaparral Gold Shares are acquired.

Persons Not Addressed

This summary does not address the U.S. federal income tax consequences applicable to U.S. Holders that may be subject to special tax rules, including:

- banks, financial institutions and insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts;
- brokers, dealers and traders in securities;
- persons who do not own IMZ Shares or Chaparral Gold Shares as capital assets (generally, property held for investment) within the meaning of section 1221 of the Code;
- dealers in securities or currencies or traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that hold IMZ Shares as a part of a hedging, integrated or conversion transaction or a straddle, or as part of any other risk reduction transaction;
- persons who own, or are deemed to own 10% or more, by voting power or value, of IMZ or Chaparral Gold.

This summary also does not address the U.S. federal income tax consequences applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the United States; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the *Tax Act*; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold IMZ Shares (or after the Arrangement, Chaparral Gold Shares) in connection with carrying on a business in Canada; or (d) persons that have a permanent establishment in Canada for the purposes of the Canada-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding the tax consequences relating to the Arrangement and the ownership and disposition of Chaparral Gold Shares received pursuant to the Arrangement.

Treatment of U.S. Holders of IMZ Shares

IMZ has not sought a ruling from the IRS or an opinion from counsel regarding the possible treatment of the exchange of a U.S. Holder’s IMZ Shares for Class A Shares and Chaparral Gold Shares (the “**Spin-Off**”) as a tax free spin-off under section 355 of the Code. Moreover, IMZ does not expect that the Spin-Off will so qualify. For purposes of the following summary of tax consequences, it is assumed that the Spin-Off will not qualify for tax-free treatment for U.S. federal tax purposes.

The Spin-Off, the exchange of IMZ Shares for Class A Shares and the exchange of such Class A Shares for the Cash Consideration should be treated as steps of a single integrated transaction for U.S. federal income tax purposes, in which U.S. Holders should be treated as having disposed of their IMZ Shares in exchange for the Chaparral Gold Shares and the Cash Consideration (with the acquisition and disposition of the Class A Shares being disregarded). Assuming such treatment, the Chaparral Gold Shares and the Cash will be treated as an amount realized in exchange for the U.S. Holder's IMZ Shares (and, to the extent the special PFIC tax rules described below are applicable, the U.S. Holder's indirect interest in the IMZ subsidiaries) and the U.S. Holder will recognize gain or loss equal to the difference, if any, between (a) the aggregate fair market value of the Chaparral Gold Shares and the amount of the Cash Consideration received by the U.S. Holder and (b) the U.S. Holder's adjusted tax basis in the U.S. Holder's IMZ Shares. The aggregate tax basis of the Chaparral Gold Shares received by a U.S. Holder in the Arrangement will be equal to the aggregate fair market value of the Chaparral Gold Shares at the time of their receipt. The holding period of Chaparral Gold Shares received by a U.S. Holder in the Arrangement will begin on the day after their receipt.

Subject to the PFIC rules discussed below, any gain or loss recognized by the U.S. Holder will be short-term capital gain or loss, unless the holding period for the IMZ Shares exchanged was more than one year at the closing of the Arrangement, in which case any gain or loss recognized will be long-term capital gain or loss. Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate or trust. There are no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation. The deduction of capital losses is subject to limitations.

U.S. Holders Exercising Dissent Rights

A U.S. Holder that exercises Dissent Rights in the Arrangement and is paid cash in exchange for all of such U.S. Holder's IMZ Shares generally will recognize gain or loss equal to the difference, if any, between (a) the amount of the cash payment received by such U.S. Holder in exchange for IMZ Shares (other than amounts, if any, that are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and (b) the adjusted tax basis of such U.S. Holder in such IMZ Shares surrendered. Subject to the PFIC rules discussed below, any gain or loss recognized by the U.S. Holder will be short-term capital gain or loss, unless the holding period for the IMZ Shares exchanged was more than one year at the closing of the Arrangement, in which case any gain or loss recognized will be long-term capital gain or loss. Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate or trust. There are no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation. The deduction of capital losses is subject to limitations.

Passive Foreign Investment Company Considerations

A non-U.S. corporation will be classified as a PFIC, for U.S. federal income tax purposes in any tax year in which, after applying certain look-through and related person rules, (i) 75% or more of the corporation's gross income for such tax year is passive income or (ii) on average, 50% or more of the assets held by the corporation either produce passive income or are held for the production of passive income, based on the fair market value of such assets. "Passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Among other special rules, income from working capital, such as interest, generally is considered passive income. In determining whether or not it is classified as a PFIC, a non-U.S. corporation is required to take into account its pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% (by value) stock interest.

Based on available financial information, IMZ believes it was not a PFIC for its tax years ending December 31, 2008 through December 31, 2012 and does not expect to be a PFIC for the tax year in which the Arrangement occurs. IMZ believes that it was a PFIC for its tax years ending December 31, 2005 through 2007. IMZ has not made a determination as to its PFIC status for tax years prior to 2005. In addition, based on available financial information, IMZ expects that Chaparral Gold should be a PFIC during its current tax year and may be a PFIC in future tax years. However, PFIC status is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question and is determined annually. Additionally, the analysis depends, in part, on complex U.S. federal income tax rules which are subject to varying interpretations. Consequently, there can be no assurances regarding the PFIC status of IMZ or Chaparral Gold for any prior tax year or the current year. If IMZ or Chaparral Gold was a PFIC at any time during a U.S. Holder's holding period for the IMZ Shares or Chaparral Gold Shares, as applicable, then the tax consequences of disposing of such shares, as discussed above, will be significantly modified by the PFIC rules discussed below.

PFIC Special Tax Regime

In general, under the PFIC rules, unless a timely election to treat the PFIC as a “qualified electing fund”, or a QEF, or a mark-to-market election has been made, (i) any excess distribution (generally, the ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by a U.S. Holder in the shorter of the three preceding years or the U.S. Holder’s holding period) received by a U.S. Holder and gain realized by a U.S. Holder on a sale or other disposition (including certain events that would not otherwise be treated as taxable events) will be treated as if it had been realized ratably over the U.S. Holder’s holding period, (ii) the amount deemed realized in the current year will be taxable as ordinary income, (iii) the amount deemed realized in each prior year will be subject to tax at the highest marginal rate applicable in such year to ordinary income, and (iv) an interest charge at the rate generally applicable to underpayments of tax will be imposed on such tax as if the tax were payable in those years.

If a U.S. Holder holds IMZ Shares or Chaparral Gold Shares in any year in which IMZ or Chaparral Gold, as applicable, is classified as a PFIC, such U.S. Holder would be required to attach a completed IRS Form 8621 to its tax return every year in which it recognized gain on a disposition of such shares or received an excess distribution, either directly or indirectly. Additional annual filing requirements for U.S. persons who are shareholders in a PFIC may also apply. U.S. Holders should consult their own tax advisors concerning annual PFIC filing requirements.

Indirect PFIC Shareholders

If IMZ or any of its non-U.S. subsidiaries (including Chaparral Gold) owns shares of another foreign corporation that is a PFIC (“**Subsidiary PFIC**”), under certain indirect ownership rules, a U.S. Holder may be treated as if it owned its proportionate share of the shares of the Subsidiary PFIC for purposes of the PFIC rules. A U.S. Holder will be subject to U.S. federal income tax on their proportionate share of (a) any “excess distributions,” as described above, on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC by the Company or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. In addition, U.S. Holders may be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale or disposition of IMZ Shares or Chaparral Gold Shares. Accordingly, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of IMZ Shares or Chaparral Gold Shares are made. Basis adjustments and other rules apply to prevent a shareholder from being taxed twice on an amount previously taxed under the indirect disposition rules.

QEF Election

A U.S. Holder that makes (or has made) a timely QEF election with respect to shares of IMZ or Chaparral Gold, as the case may be, will be subject to U.S. federal income tax on such U.S. Holder’s pro rata share of (i) IMZ’s or Chaparral Gold’s, as applicable, net capital gain, which will be taxed as long-term capital gain to such U.S. Holder, and (ii) IMZ’s or Chaparral Gold’s, as applicable, ordinary earnings, which will be taxed as ordinary income to such holder, regardless of whether such amounts are actually distributed to the holder. However, a U.S. Holder that makes a QEF election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such holder is not a corporation, any such interest paid will be treated as “personal interest,” which is not deductible. A U.S. Holder who makes a QEF election will be required to comply with certain information reporting requirements and a failure to comply with such requirements may result in invalidating the QEF election. U.S. Holders should be aware that there can be no assurance that IMZ or Chaparral Gold will supply the information and statements necessary to make a QEF election. Any amounts distributed by a PFIC out of earnings previously included in the income of an electing holder generally are not taxable (although the holder may recognize ordinary income or loss attributable to exchange rate fluctuations between the time of the previous income inclusion and the time of the actual distribution). An electing holder’s tax basis in its shares of the PFIC is increased by the amount of any income inclusions reported by such shareholder under the QEF rules, and is decreased by any distributions received from the corporation that are treated as recoveries of previously-taxed income. In addition, a U.S. Holder that makes a timely QEF election generally will recognize capital gain or loss on the sale or other taxable disposition of shares of the PFIC and will not be subject to the special PFIC tax rules described above with respect to any excess distributions or dispositions of the shares.

To be considered timely for this purpose, a QEF election must be made for the first tax year in the shareholder’s holding period in which the foreign corporation qualified as a PFIC (or a deemed sale election must be made, as described below). If a US shareholder fails to timely make a QEF election for the first tax year in the shareholder’s

holding period in which the corporation qualifies as a PFIC, the shareholder may be able to make a retroactive QEF election after the due date for the original QEF election, such shareholder may request the consent of the IRS to make a retroactive election for a tax year of the shareholder provided the shareholder reasonably relied on a qualified tax professional who failed to identify the corporation as a PFIC or failed to advise the shareholder of the consequences of making, or failing to make, the QEF election and provided that certain other requirements are met.

Generally, in order for a U.S. shareholder who makes a QEF election for a year that is not the first year in the shareholder's holding period in which the foreign corporation qualified as a PFIC to avoid being subject to the special PFIC tax rules described above, the shareholder must also make a "deemed sale election" as described below. A deemed sale election requires that the shareholder recognize any gain (but not loss) that the shareholder would have realized on a sale of such shareholder's stock in the foreign corporation for its fair market value (i) on the first day of the shareholder's tax year with respect to which the accompanying QEF election is made, if the corporation was still a PFIC for such year, or (ii) on the last day of the most recent tax year of the corporation in which it was classified as a PFIC, if the corporation lost its PFIC status in the subsequent tax year. The adjusted tax basis of the shareholder's shares will be increased by the amount of gain recognized by the shareholder on a deemed sale election. U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules, the availability of the QEF election and the procedures for making such election on a timely basis.

Mark-to-Market Election

A U.S. Holder is permitted to make a mark-to-market election with respect to the shares of IMZ or Chaparral Gold, as the case may be, if such shares are marketable stock. Shares generally will be "marketable stock" if the shares are regularly traded on a qualified exchange or other market. A class of shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the shares are traded on a qualified exchange on at least 15 days during each calendar quarter. A "qualified exchange" includes any national securities exchange that is registered with the Securities Exchange Commission or the national market system established pursuant to section 11A of the Securities Exchange Act of 1934.

If a U.S. Holder makes the mark-to-market election, for each year in which the foreign corporation is a PFIC, the holder generally will include as ordinary income the excess, if any, of the fair market value of the shares at the end of the tax year over their adjusted tax basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted tax basis of the shares over their fair market value at the end of the tax year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the mark-to-market election, the holder's tax basis in the shares will be adjusted to reflect any such income or loss amounts. Any gain recognized on the sale or other disposition of the shares will be treated as ordinary income.

Although a U.S. Holder may be eligible to make a mark-to-market election with respect to IMZ Shares or Chaparral Gold Shares, as applicable, no such election may be made with respect to the stock of any Subsidiary PFIC (as defined above) that such U.S. Holder is treated as owning, because such stock is not marketable. Hence, the mark-to-market election may not be effective to eliminate the interest charge described above.

The PFIC rules are complex. Each U.S. Holder should consult its tax advisor regarding application and operation of the PFIC rules, including the availability and advisability of, and procedure for, making the QEF election and mark-to-market election.

Ownership of Chaparral Gold Shares

The following is a summary of certain material U.S. federal income tax consequences arising from the ownership of Chaparral Gold Shares by a U.S. Holder who receives such shares in the Arrangement. The discussion below assumes that Chaparral Gold will be classified as a PFIC for all relevant years and is subject to the discussion of the PFIC rules above.

General Taxation of Distributions

General U.S. federal income tax rules will apply to distributions from Chaparral Gold, other than distributions that are treated as excess distributions (which will be subject to the special PFIC tax rules described above, including the consequences of making a timely QEF or mark-to-market election). Under these general rules, a U.S. Holder that receives a distribution, including a constructive distribution, that is paid out of current or accumulated earnings and profits (as determined under U.S. federal income tax principles) will be required to include the amount of such

distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution). The dividends will be included in gross income as ordinary income and generally will not be eligible for the reduced rates applicable under current law to certain qualifying dividends. Dividends paid by Chaparral Gold will generally not be eligible for the dividends received deduction allowed to certain corporate U.S. Holders. To the extent that such a non-excess distribution exceeds current and accumulated earnings and profits, such distribution will be treated (i) first, as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Chaparral Gold Shares, as applicable, and (ii) thereafter as gain from the sale or exchange of such shares. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the dividend rules.

Disposition of Chaparral Gold Shares

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of Chaparral Gold Shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) the U.S. Holder's adjusted tax basis in the shares sold or otherwise disposed of. The character of such gain or loss will depend on the application of the special PFIC rules described above, including whether the U.S. Holder has made a valid QEF or mark-to-market election with respect to the Chaparral Gold Shares. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust and that is not subject to the special PFIC tax rules (e.g., in the case of a U.S. Holder who made a timely QEF election). There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. The deduction of capital losses is subject to limitations.

Other Considerations

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the Arrangement or in connection with the ownership or disposition of Chaparral Gold Shares may be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a tax year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's foreign source taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a foreign corporation should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty and if an election is properly made under the Code. However, the amount of a distribution with respect to the Chaparral Gold Shares that is treated as a dividend may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules.

Receipt of Foreign Currency

The U.S. dollar value of any cash payment in Canadian dollars to a U.S. Holder will be translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the payment, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that will be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes.

Each U.S. Holder should consult its own tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Additional Tax on Passive Income

Individuals, estates and certain trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on “net investment income” including, among other things, dividends and net gain from disposition of property (other than property held in certain trades or businesses). U.S. Holders should consult with their own tax advisors regarding the effect, if any, of this tax on the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of the Chaparral Gold Shares.

Information Reporting and Backup Withholding Tax

Under U.S. federal income tax law and U.S. Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, new U.S. return disclosure obligations (and related penalties) are imposed on U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their IMZ Shares or Chaparral Gold Shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the requirements of filing information returns, including the requirement to file an IRS Form 8938.

Payments made within the United States or by a U.S. payor or U.S. middleman, of (a) distributions on Chaparral Gold Shares, (b) proceeds arising from the sale or other taxable disposition of Chaparral Gold Shares, or (c) any payments received in connection with the Arrangement (including, but not limited to, U.S. Holders exercising Dissent Rights under the Arrangement) generally may be subject to information reporting and backup withholding tax, at the current rate of 28% if a U.S. Holder (i) fails to furnish its correct U.S. taxpayer identification number (generally on Form W-9), (ii) furnishes an incorrect U.S. taxpayer identification number, (iii) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (iv) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder’s U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO HOLDERS OF IMZ SHARES WITH RESPECT TO THE DISPOSITION OF THOSE SHARES PURSUANT TO THE ARRANGEMENT OR THE OWNERSHIP AND DISPOSITION OF CHAPARRAL GOLD SHARES RECEIVED PURSUANT TO THE ARRANGEMENT. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

CERTAIN SWISS FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Swiss income tax considerations under the Federal Direct tax law and is generally applicable to individuals, corporations and pension funds who are resident in Switzerland under the Federal Direct tax law. This summary is of a general nature only and is not exhaustive of all possible Swiss income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular IMZ Shareholder. **Accordingly, IMZ Shareholders are advised to consult their own tax advisors for advice as to the Swiss income tax consequences to them of the Arrangement in their particular circumstances.**

Exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares

Swiss resident individuals should not have to pay income tax on the exchange of the IMZ Shares for Class A shares and Chaparral Gold Shares as any resulting capital gain will qualify as a tax-free capital gain.

Swiss resident corporations may have to pay a profit tax if there is a capital gain on the exchange. A Swiss corporation may qualify for an investment deduction if it holds at least 10% of the issued and outstanding Chaparral Gold Shares or the market value of its Chaparral Gold Shares exceeds one million Swiss Francs. This may reduce the profit tax by allowing a deduction of up to 100% of the profit tax.

Swiss resident pension funds are generally taxed as tax-exempt foundations. A tax-exempt foundation will not be subject to profit tax on any capital gain relating to the exchange and any resulting capital loss is not deductible. If a foundation is not tax-exempt, the profit tax is calculated in the same manner as for a corporation as outlined above.

Disposition of Class A Shares for the Cash Consideration

A Swiss resident individual, corporation or pension fund that disposes of its Class A Shares for the Cash Consideration will generally realize a capital gain or a capital loss.

Individuals who realize a capital gain on the disposition of the Class A shares will generally not be subject to Swiss federal tax.

Corporations may have to pay profit tax on any resulting capital gain on the disposition of the Class A Shares subject to a qualifying investment deduction as described above under “*Exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares*”.

Tax-exempt pension funds will not have to pay profit tax on any resulting capital gain on the disposition of the Class A shares. If a pension fund is not tax-exempt, the profit tax is calculated in the same manner as for a corporation as outlined above under “*Exchange of IMZ Shares for Class A Shares and Chaparral Gold Shares*”.

Dividend Payments

Dividends paid, deemed to be paid, or credited on Chaparral Gold Shares to Swiss resident individuals, corporations and pension funds would be subject to withholding tax of 15% in Canada based on the Switzerland-Canada Tax Convention (the “Convention”). Individuals, corporations and taxable pension funds resident in Switzerland that owns at least 10% of the voting stock and capital of Chaparral Gold would qualify for the reduced withholding tax rate of 5%. Individuals and corporations can apply for a tax credit in Switzerland for withholding tax paid in Canada.

Dividends paid, deemed to be paid, or credited on Chaparral Gold Shares to Swiss resident tax-exempt pension funds may be exempt from Canadian withholding tax subject to certain conditions outlined under the Convention and upon the issuance of a withholding tax certificate of exemption issued by Canadian tax authorities.

RISKS ASSOCIATED WITH THE ARRANGEMENT

In evaluating the Arrangement, IMZ Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by IMZ, may also adversely affect the IMZ Shares, the Chaparral Gold Shares and/or the business of Chaparral Gold following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, IMZ Securityholders should also carefully consider the risk factors associated with the business of Chaparral Gold included in this Circular. See “*Appendix “F” - “Information Concerning Chaparral Gold - Risk Factors*” and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated. The risks associated with the Arrangement include:

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on IMZ or a Material Adverse Change in Metals Prices.

Each of IMZ and HOC has the right to terminate the Arrangement Agreement and Arrangement in certain circumstances. Accordingly, there is no certainty, nor can IMZ provide any assurance, that the Arrangement Agreement will not be terminated by either IMZ or HOC before the completion of the Arrangement. For example, HOC has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have a Material Adverse Effect on IMZ, the Peruvian Assets or the Peruvian Subsidiaries, or if there is a

Material Adverse Change in Metals Prices. There is no assurance that a change having a Material Adverse Effect on IMZ, the Peruvian Assets or the Peruvian Subsidiaries or a Material Adverse Change in Metals Prices will not occur before the Effective Date, in which case HOC could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of IMZ, including receipt of IMZ Securityholder Approval and the Final Order. There can be no certainty, nor can IMZ provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the IMZ Shares may decline because the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the IMZ Board decides to seek another merger or Arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

IMZ will incur costs and may have to pay a termination fee.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by IMZ even if the Arrangement is not completed. If the Arrangement is not completed, IMZ may be required in certain circumstances to pay HOC the Termination Fee, including where the IMZ Securityholder Approval is not obtained. See *“The Arrangement — The Arrangement Agreement — Termination — Termination Fee and Expense Reimbursement”*.

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

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

FIRPTA Risk Factor

Under the Foreign Investment in Real Property Tax Act, Chaparral Gold may be required to withhold tax and deposit such tax with the IRS.

IMZ believes that EMC (US) is currently a “U.S. real property holding corporation” under section 897(c) of the Code (“**USRPHC**”). Generally, gain recognized by IMZ on the sale or other disposition of the shares of EMC (US) will be subject to US federal income tax on a net income basis at normal graduated U.S. federal income tax rates. IMZ does not expect that it will recognize a gain upon its transfer of the shares of EMC (US) to Chaparral Gold because its adjusted tax basis in the shares of EMC (US) is expected to exceed the fair market value of such shares at the time of such transfer. However, unless an exception applies, upon such transfer of the shares of EMC (US), Chaparral Gold is generally required to withhold a tax equal to 10% of the fair market value of the shares of EMC (US) and deposit such amount with the IRS within 20 days after such transfer. Under the Arrangement Agreement, Chaparral Gold will be responsible for such tax. IMZ and Chaparral Gold intend to file with the IRS an application requesting that the IRS provide a withholding certificate which reduces such withholding tax obligation to zero on the basis that IMZ will not recognize any gain on such transfer. IMZ and Chaparral Gold cannot provide any assurances that the IRS will issue such withholding certificate or that such withholding certificate will be received before the Meeting or the Effective Date. If such application is made and the IRS declines to issue the requested withholding certificate, then Chaparral Gold will be required to withhold such tax and deposit it with the IRS after it receives such communication from the IRS. If Chaparral Gold is required to deposit such tax with the IRS, it could have a material negative impact on its working capital. In addition, if Chaparral Gold is required to deposit such tax with the IRS, IMZ and Chaparral Gold intend to promptly apply for a refund of such tax from the IRS.

INFORMATION CONCERNING HOC

HOC is a precious metals company listed on the London Stock Exchange under the trading symbol HOCM.L/HOC.LN with a primary focus on the exploration, mining, processing and sale of silver and gold. HOC is headquartered in Lima, Peru, with additional offices in Argentina, Chile and Mexico and a corporate office in London, UK. HOC has almost 50 years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, located in Southern Peru and in Southern Argentina. HOC also has numerous long-term projects throughout the Americas.

INFORMATION CONCERNING CHAPARRAL GOLD

Upon completion of the Arrangement, IMZ Shareholders will become shareholders of Chaparral Gold. Information relating to Chaparral Gold after the Arrangement is contained in Appendix "F" to this Circular.

APPROVAL OF CHAPARRAL GOLD STOCK OPTION PLAN

Chaparral Gold Stock Option Plan

The completion of the Arrangement is not conditional upon approval of the Chaparral Gold Stock Option Plan by the IMZ Shareholders.

At the Meeting, IMZ Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution approving, conditional upon completion of the Arrangement, the Chaparral Gold Incentive Share Option Plan (the “**Chaparral Gold Stock Option Plan**”), which will authorize the Chaparral Gold Board to issue up to 11,763,637 Chaparral Gold Shares upon the exercise of stock options granted to directors, executive officers, employees and consultants of Chaparral Gold and its Subsidiaries following completion of the Arrangement, which will be equal to 10.0% of the issued and outstanding Chaparral Gold Shares upon completion of the Arrangement. See “*The Arrangement*”. Approval of the Chaparral Gold Stock Option Plan is required by applicable regulatory authorities in connection with the listing of the Chaparral Gold Shares on a Canadian stock exchange.

The Chaparral Gold Board has approved the Chaparral Gold Stock Option Plan, which will be effective upon receipt of the approval of the IMZ Shareholders, the final acceptance of applicable regulatory authorities and is subject to the completion of the Arrangement.

The following is a summary of the material terms of the Chaparral Gold Stock Option Plan. A copy of the full text of the Chaparral Gold Stock Option Plan is attached as Appendix “H” to this Circular.

1. The exercise price of each Option is not less than the closing market price of the Chaparral Gold Shares on the stock exchange on which the Chaparral Gold Shares are listed, on the trading day immediately preceding the date of grant.
2. The Options can be granted for a maximum term of 10 years.
3. At the Chaparral Gold Board’s discretion, the Chaparral Gold Board may determine when any Option will vest and become exercisable and may determine that the Option shall vest and become exercisable in installments. At the present time, it is the Chaparral Gold Board’s policy to require a two-year vesting period for each Option.
4. The maximum number of Chaparral Gold Shares which may be reserved for issuance under Options to any one person at any time under the Chaparral Gold Stock Option Plan is 5% of the Chaparral Gold Shares outstanding at the time of grant (on a non-diluted basis) less the aggregate number of Shares reserved for issuance to that person under any other option to purchase Shares from treasury granted as a compensation or incentive mechanism.
5. Chaparral Gold Shareholder approval is required by the affirmative vote of a simple majority of the votes cast at a meeting of shareholders of Chaparral Gold, excluding the votes of Insiders (as defined under Section 1(1) of the Ontario Securities Act), if:
 - (a) the number of Chaparral Gold Shares issuable under share compensation arrangements granted to Insiders is to exceed 10% of the issued and outstanding Chaparral Gold Share capital;
 - (b) the issuance to Insiders, within a one-year period, of Chaparral Gold Shares under share compensation arrangements exceeds 10% of the issued and outstanding Chaparral Gold Share capital; or
 - (c) the issuance to any one Insider and such Insider's Associates, within a one-year period, of Chaparral Gold Shares under share compensation arrangements exceeds 5% of the issued and outstanding Chaparral Gold Share capital.
6. Options are not transferable by an option holder other than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of an option holder only by the option holder and after death only by the option holder’s legal representative.

7. Subject to Chaparral Gold providing notice to optionholders and complying with and any necessary regulatory approvals, the Chaparral Gold Board shall, without the consent of the optionholders in question, determine either that: (a) all of the Chaparral Gold Options granted under the Chaparral Gold Stock Option Plan will terminate upon the occurrence of a Triggering Event; or (b) all of the Chaparral Gold Options granted under the Chaparral Gold Stock Option Plan will be exchanged for convertible securities of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

For the purposes of the Chaparral Gold Stock Option Plan a Triggering Event, shall include among other events, a proposed merger, amalgamation, arrangement or reorganization of Chaparral Gold with one or more corporations as a result of which, immediately following such event, the shareholders of Chaparral Gold as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation; a proposed Change of Control (as defined in the Chaparral Gold Stock Option Plan) of Chaparral Gold; and the proposed sale or other disposition of all or substantially all of the assets of Chaparral Gold.

All outstanding Chaparral Gold Options will immediately vest ten business days prior to the consummation of a Triggering Event.

8. If an option holder dies, the legal representative of the option holder may exercise the option holder's Options within the earlier of (a) one year after the date of the option holder's death but only to the extent the Options were by their terms exercisable on the date of death or (b) the expiry date of the Options.
9. If an option holder ceases to be an Eligible Person for any reason whatsoever other than death, each Option held by the option holder will cease to be exercisable 30 days after the termination date. If any portion of an Option is not vested by the termination date, that portion of the Option may not under any circumstances be exercised by the option holder. Without limitation, and for greater certainty only, this provision applies regardless of whether the option holder was dismissed with or without cause and regardless of whether the option holder received compensation in respect of dismissal or is entitled to a period of notice of termination, which would otherwise have permitted a greater portion of the Option to vest with the option holder; and
10. The Chaparral Gold Board may amend, suspend or terminate the Chaparral Gold Stock Option Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any option holder without the consent of such option holder. If the Chaparral Gold Stock Option Plan is terminated, the provisions of the Chaparral Gold Stock Option Plan and any administrative guidelines, and other rules and regulations adopted by the Chaparral Gold Board and in force at the time of the Chaparral Gold Stock Option Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
11. The Chaparral Gold Board may, at any time, without further approval by the Chaparral Gold Shareholders, amend the Chaparral Gold Stock Option Plan or any Option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
 - (a) amendments of a "housekeeping" nature such as typographical, clerical and grammatical errors;
 - (b) reflect changes to applicable securities laws or to comply with the policies of the stock exchange on which the Chaparral Gold Shares are listed;
 - (c) a change to the vesting provisions of a security or of the Chaparral Gold Stock Option Plan;
 - (d) a change to the termination provisions of a security of the Chaparral Gold Stock Option Plan which does not entail an extension beyond the original expiry date; and
 - (e) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Chaparral Gold Stock Option Plan reserve.
12. Pursuant to applicable regulatory policies, Chaparral Gold Shareholder approval is required for the following types of amendments to the Chaparral Gold Stock Option Plan:

- (a) any amendment to the number of securities issuable under the Chaparral Gold Stock Option Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage, if previously approved by Chaparral Gold Shareholders, will not require any additional Chaparral Gold Shareholder approval;
 - (b) any change to the eligible option holders which would have the potential of broadening or increasing insider participation;
 - (c) the addition of any form of financial assistance;
 - (d) any amendment to a financial assistance provision which is more favorable to option holders;
 - (e) the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Chaparral Gold Stock Option Plan reserve; and
 - (f) the addition of a deferred or restricted share unit or any other provision which results in option holders receiving securities while no cash consideration is received by Chaparral Gold Stock Option Chaparral Gold.
13. With the consent of the affected option holders, the Chaparral Gold Board may amend or modify any outstanding Option in any manner to the extent that the Chaparral Gold Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to the prior approval of the relevant stock exchanges.

The granting of Options by the Chaparral Gold Board is designed to give each option holder an interest and incentive in preserving and maximizing Chaparral Gold Shareholder value in the longer term, to enable Chaparral Gold to attract and retain individuals with experience and ability and to reward individuals for ongoing performance. The Chaparral Gold Board considers Option grants when reviewing executive officer compensation packages as a whole.

The Chaparral Gold Board will have sole discretion to determine the key employees to whom it believes that grants should be made and to determine the terms and conditions of the Options forming part of such grants. The Chaparral Gold Board can approve ranges of Option grants for each level of employee. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to Chaparral Gold.

Accordingly, IMZ Shareholders will be asked at the Meeting to approve the Chaparral Gold Stock Option Plan by passing the following ordinary resolution (the "**Chaparral Gold Stock Option Plan Resolution**"), which requires an affirmative vote of a majority of the votes cast by IMZ Shareholders at the Meeting:

"RESOLVED AS AN ORDINARY RESOLUTION that:

1. effective on the Effective Date as defined in the management information circular of IMZ, dated October 25, 2013, the incentive share option plan (the "**Chaparral Gold Stock Option Plan**") of Chaparral Gold Corp. ("**Chaparral Gold**") which provides for Chaparral Gold to issue up to 11,763,637 common shares upon the exercise of stock options granted under the Chaparral Gold Stock Option Plan, in substantially the form attached as Appendix "H" to the Circular, subject to any modifications as requested by any applicable regulatory authorities, be and is hereby adopted as the Chaparral Gold Stock Option Plan;
2. Chaparral Gold be authorized to abandon or terminate all or any part of the Chaparral Gold Stock Option Plan if the board of directors of Chaparral Gold deems it appropriate and in the best interests of Chaparral Gold to do so, subject to the approval of any applicable regulatory authorities; and
3. any one or more of the directors and officers of Chaparral Gold be authorized and directed to perform all such acts, deeds and things and execute, under the seal of Chaparral Gold or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution, including making appropriate filings with the regulatory authorities including any applicable stock exchange."

An ordinary resolution requires the approval of a simple majority (greater than 50%) of the votes cast by those Chaparral Gold Shareholders who, being entitled to do so, vote in person or by proxy at a general meeting of Chaparral Gold.

ANNUAL GENERAL MEETING MATTERS

Appointment of Auditors

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Davidson & Company LLP, Chartered Accountants (“**Davidson & Company**”) as auditors of IMZ and to authorize the Audit Committee to fix their remuneration.

Election of Directors

The IMZ Board presently consists of seven (7) directors. Mr. John W. W. Hick will not be seeking re-election as a director at the Meeting, and it is therefore intended to determine the number of directors at six and to elect six directors for the ensuing year.

Unless otherwise instructed, the persons named in the enclosed instrument of proxy intend to vote for the election of a board of directors comprised of six persons. The names of further nominees for election may come from the floor at the Meeting. IMZ has received no nominations for election to the IMZ Board or any other shareholders' proposal pursuant to section 138 of the YBCA.

The term of office of each of the present directors expires at the Meeting. The persons named below will each be presented for election at the Meeting as management's nominees and, unless otherwise instructed, the persons named in the accompanying form of proxy intend to vote for the election of these nominees. An IMZ Shareholder may vote for all of the nominees, vote for some of the nominees and withhold for others, or withhold for all of the nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of IMZ or until his successor is elected or appointed, unless his office is earlier vacated in accordance with By-Law No. 1 of IMZ, or the provisions of the YBCA. The number of terms that a director may serve is not limited by IMZ's By-Law No. 1 or the provisions of the YBCA.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, the country in which he is ordinarily resident, all offices of IMZ or any of its significant affiliates now held by him, his principal occupation, the period of time for which he has been a director of IMZ, and the number of common shares of IMZ beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name, Position and Country of Residence ⁽¹⁾	Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 Years ⁽¹⁾	Previous Service as a Director	Number of IMZ Shares ⁽²⁾
STEPHEN J. KAY President, Chief Executive Officer and Director United States	President and Chief Executive Officer of IMZ. President and a director of Ecuadorian Minerals Corporation (U.S.)	Since November 8, 1993	1,332,516
ROD C. McKEEN ⁽⁵⁾ Director and Corporate Secretary Canada	Lawyer; principal in the law firm of Axiom Law Corporation.	Since December 8, 1994	61,500
JORGE PAZ DURINI Director Ecuador	Lawyer; partner in the law firm of Paz & Horowitz Cia. Ltd.	Since April 7, 1994	52,000
GABRIEL BIANCHI ⁽³⁾⁽⁵⁾ Director Switzerland	President of Bianchi & Partner, an asset management company for private individuals.	Since March 24, 2003	345,350

Name, Position and Country of Residence ⁽¹⁾	Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 Years ⁽¹⁾	Previous Service as a Director	Number of IMZ Shares ⁽²⁾
W. MICHAEL SMITH ⁽³⁾⁽⁴⁾ Director Canada	Retired as partner with Pricewaterhouse Coopers in 2004 after 37 years of service.	Since November 28, 2005	Nil
AXEL SCHWEITZER ⁽⁶⁾ Director Germany	CEO of the ALBA Group, a German company specialized in recycling and environmental services, 2008 to present.	Since August 23, 2013	788,000

- (1) The information as to country of residence and principal occupation, not being within the knowledge of IMZ, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director, directly or indirectly, exercises control or direction, not being within the knowledge of IMZ, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee.
- (4) Denotes member of the Compensation Committee.
- (5) Denotes member of the Corporate Governance/Nominating Committee
- (6) Dr. Schweitzer replaced Roberto Baquerizo who resigned from the IMZ Board on July 9, 2013.

As at October 16, 2013, the total beneficial security holdings of the current directors are 2,579,366 IMZ Shares, which represent approximately 2.2% of the issued and outstanding IMZ Shares. IMZ does not have an executive committee at present.

Majority Voting Policy

The IMZ Board has drafted a Majority Voting Policy (the “**Policy**”) for the election of directors in uncontested elections which provides that any nominee for director who receives, from the IMZ Shares voted at any annual or special meeting of the IMZ Shareholders in person or by proxy, a greater number of IMZ Shares withheld than IMZ Shares voted in favor of his or her election must promptly tender his or her resignation to the Chairman of IMZ’s Corporate Governance Committee, to take effect on the acceptance of the IMZ Board, with such resignation expected to be accepted except in situations where extenuating circumstances would warrant the director to continue to serve on the IMZ Board. IMZ intends to meet with significant shareholders to discuss the rationale for the adoption of the Policy. Such meetings are being planned for 2014. Accordingly, IMZ does not currently have in effect a Majority Voting Policy.

Corporate Cease Trade Orders and Bankruptcies

Other than as set out in item (c) below, no current or proposed director of IMZ is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including IMZ), that:

- (a) was subject to 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, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to 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, for a period of more than 30 consecutive days, that was issued after the proposed director 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.
- (c) Mr. Stephen Kay was a director of Ventura Gold Corp. (“**Ventura**”), then called “EPICentrix Technologies Inc.”, when a cease trade order was issued against Ventura by the British Columbia Securities Commission (“**BCSC**”) on September 11, 2003 and by the Alberta Securities Commission (the “**ASC**”) on October 23, 2003 for failure to file certain financial statements required pursuant to the *Securities Act* (British

Columbia). The cease trade order was revoked by both the BCSC and ASC on June 22, 2004. On September 12, 2003, the TSX Venture Exchange (the “TSXV”) suspended trading of Ventura as a result of the September 11, 2003 cease trade order by the BCSC. On January 6, 2004, Ventura’s listing was transferred from Tier 2 of the TSXV to the NEX board of the TSXV for failure to maintain the minimum listing requirements for a TSXV Tier 2 issuer. On February 1, 2005, following a name change (from EPICentrix Technologies Inc. to Ventura), a change of business from the technology sector to the mineral resource sector, and a private placement financing, Ventura’s common shares were reinstated for trading as a Tier 2 issuer on the TSXV.

No proposed director of IMZ:

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

No current or proposed director of IMZ has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Executive Compensation Discussion & Analysis

Named Executive Officers

Set out below are particulars of compensation paid to the following persons (the “**Named Executive Officers**”):

- (a) IMZ's chief executive officer (“**CEO**”);
- (b) IMZ's chief financial officer or person acting in a similar capacity (“**CFO**”);
- (a) each of IMZ's (including any of its subsidiaries) three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed fiscal year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation, for that fiscal year; and
- (b) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of IMZ or its subsidiaries, nor acting in a similar capacity, at the end of that fiscal year.

During the fiscal year ended June 30, 2013, IMZ had five “Named Executive Officers”, Stephen J. Kay, President and Chief Executive Officer, Scott M. Brunson, Chief Financial Officer, Nick Appleyard, Vice President of Corporate Development, Paul Durham, Vice President of Corporate Relations and Alan Matthews, Vice President of Special Projects.

Compensation Philosophy and Objectives

The fundamental goal of IMZ is to create value for its shareholders and foster well-managed growth of IMZ. Compensation plays an important role in achieving short and long-term business objectives and in serving this goal. IMZ's compensation program is designed to:

1. Align the interests of executive officers with shareholder interests to maximize long-term shareholder value;
2. Link executive compensation to the performance of IMZ and its strategic plan;
3. Compensate executive officers at a level that ensures IMZ is able to attract, motivate and retain highly qualified individuals with exceptional skills; and
4. To evaluate executive performance on the basis of IMZ's overall performance and achievements and success in building long-term shareholder value.

To attain these goals, the IMZ Board has established its Compensation Committee (the "**Compensation Committee**"), which is responsible for ensuring that IMZ has an appropriate plan for executive compensation and for making recommendations to the IMZ Board with respect to the compensation of IMZ's executive officers. More specifically, the responsibilities of the Compensation Committee include (i) evaluating the performance of and recommending salaries for the Named Executive Officers of IMZ on an annual basis (ii) determining the appropriate annual remuneration for directors; (iii) making recommendations to the IMZ Board respecting the granting of annual salary adjustments, bonuses and stock option awards; and (iv) considering other matters affecting IMZ's employee compensation matters, for example retirement or health care considerations. The Compensation Committee ensures that total compensation paid to all Named Executive Officers is fair, reasonable and competitive with the mining industry and is consistent with IMZ's compensation philosophy. In carrying out these responsibilities, the Compensation Committee is allowed to engage such third party advice as it deems appropriate. However, no third party advisors were engaged during the financial year ended June 30, 2013.

During fiscal year 2013, the Compensation Committee comprised John Hick, Michael Smith and Roberto Baquerizo, all of whom are considered independent for the purposes of National Instrument 58-101, Disclosure of Corporate Governance Practices ("**NI 58-101**"). Subsequent to fiscal year end, Mr. Baquerizo resigned from the IMZ Board in July 2013 and Mr. Hick is not standing for re-election. The IMZ Board intends to appoint two new members to the Compensation Committee at the IMZ Board's meetings in November, 2013. The remaining Compensation Committee member has significant experience with public companies and ongoing resource sector involvement, as well as managerial skills that enable him to make decisions on the suitability of IMZ's compensation policies and practices. A brief summary is listed below for the remaining member of the Compensation Committee.

Michael Smith

Mr. Smith retired in 2004 as a partner with PricewaterhouseCoopers ("**PwC**") after 37 years of service, where he was principally involved in the precious and base metal mining industry. During his tenure with PwC, he was responsible for Human Resources for all the firm's offices in British Columbia as well as assuming those responsibilities for 4 years in their Phoenix office. In addition he was a member of PwC-Canada's National Human Resource Committee for several years. As such, he is very familiar with the responsibilities of both fixed and incentive based compensation practices as well as personnel evaluation practices and methodologies. He also serves as Chairman of IMZ's Audit Committee.

Fixed and Variable Compensation

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. Executive compensation currently consists of fixed cash salary and benefits, performance-based cash bonuses (non-guaranteed) and incentive stock options. Fixed salary and benefits comprise the executive officers' base compensation, whereas option-based and cash bonus compensation may or may not be awarded or may be awarded to a greater or lesser extent depending on whether the executive officer has met or exceeded expected performance goals.

Given the stage of IMZ's development, it does not have a formal written charter that specifically delineates a methodology for monitoring executive officers' performance. However, the Compensation Committee and IMZ Board meet annually to discuss and define performance targets for each of the executive officers in an effort to assure that corporate goals and objectives are met. As an example, the IMZ Board sets objectives for IMZ's technical executive officers (VP Corporate Development and VP Corporate Special Projects) by establishing firm budgets and fixed timelines for completion of property studies, with the ultimate corporate goals of:

- (1) Evaluating, in a timely fashion, new prospective properties and recommending them, when warranted, for possible acquisition;
- (2) Furthering the advancement of IMZ's core properties from the development stage toward production; and
- (3) Maintaining a level of high professionalism in all aspects of the evaluation process

The performance of each senior officer and the degree of success he or she has achieved in accomplishing recommended goals is evaluated annually by the IMZ Board in order to determine if salary increases are warranted and to evaluate variable compensation levels including awarding of bonuses and/or granting of incentive stock options. The annual review for each executive officer is based on an assessment of several factors, including current competitive market conditions, industry compensation levels and particular experience and individual skills, such as leadership ability, management effectiveness and overall performance. The Compensation Committee is charged with the responsibility of recommending appropriate compensation adjustments based on its annual compensation analysis of peer companies combined with the IMZ Board's review of individual and Corporation performances. During the fiscal year ended June 30, 2013, the Compensation Committee met once formally and once informally and consulted with Management on a number of other occasions to discuss performance and appropriate compensation levels.

In November 2012, the Compensation Committee also undertook an extensive internal survey of compensation programs in the mining industry for the preceding year (2011) and conducted a detailed analysis of the compensation packages of a subset of 12 peer group companies, which included Golden Star Resources Ltd. ("GSC"), San Gold Corporation ("SGR"), Kirkland Lake ("KGI"), B2Gold Corp. ("BTO"), Lake Shore Gold Corp. ("LSG"), Timmins Gold Corp. ("TMM"), Aurizon Mines Ltd. ("ARZ"), Alacer Gold Corp. ("ASR"), Semafo Inc. ("SMF"), AuRico Gold Inc. ("AUQ"), Alamos Gold Inc. ("AGI") and Argonaut Gold ("AR"). The size, scope and activities of these companies are well-known to the Compensation Committee and as such the Compensation Committee was readily able to compare the compensation paid by these companies to the compensation paid by IMZ in 2012.

Data were gathered for the peer comparisons from published information posted on the companies' respective websites and from reports filed on the Canadian SEDAR website. Salary levels, bonuses and equity compensation for all Named Executive Officers and retainer/committee/meeting attendance fees for all Board members of the peer companies were compiled in a spreadsheet for comparison. The highest and lowest compensation awards of other companies were discarded for each Executive Officer position (i.e. CEO, CFO, various VPs) and median and average values were calculated for the remaining data.

Based on the survey results of the peer group companies, the Compensation Committee has determined the following in respect of compensation:

1. Annual fixed cash compensation for executives should be within the lowest 25th percentile of its peer group range;
2. Annual bonuses for each executive will be established for each executive position as a percentage of base salary;
3. The form and structure of the compensation program will be subject to annual review in response to changing employment issues and the performance of IMZ relative to prior years and the industry in general; and
4. Each executive officer's bonus will be subject to:
 - (a) IMZ's ability to pay based on its cash resources;
 - (b) the attainment of certain predetermined individual objectives;

- (c) IMZ's stock performance relative to industry measures;
- (d) the attainment of corporate budget objectives;
- (e) the attainment of certain other corporate objectives such as internal and external growth targets and safety/environmental objectives; and
- (f) a discretionary component.

For the January 2013 salary adjustments, the Compensation Committee took into consideration the stock market performance of IMZ relative to its peers, as well as the financial performance of IMZ compared to prior years and compared to the financial performance of its peers. Based on corporate plans and strategies proposed by Management for the upcoming year, performance objectives for 2013 were drafted by the Compensation Committee. Pursuant to its review of market practices and trends within the mining industry and completion of its peer survey analysis, the Compensation Committee, with input from the rest of the IMZ Board, proposed modest salary increases for 2013. In addition, in response to the downturn in market conditions for many mining sector companies including IMZ, it was decided that no cash bonuses would be awarded and no incentive stock options would be granted. See "Summary Compensation Table" for further details regarding current salary levels and compensation for all Named Executive Officers.

Compensation Risk Assessment and Mitigation

Although IMZ does not have formal policies specifically targeting risk-taking in a compensation context, it is the practice of the Compensation Committee and the IMZ Board to consider all factors related to an executive officer's performance, including any inappropriate risk-taking, when determining compensation.

As discussed above, executive compensation is comprised of both short-term compensation, in the form of base salary and benefits, as well as discretionary performance bonuses, designed to link compensation with short-term corporate performance goals, and long-term compensation in the form of incentive stock options. The Compensation Committee believes that this structure ensures a significant portion of executive compensation is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value.

The Compensation Committee believes that IMZ's compensation policies do not encourage Named Executive Officers or individuals to take inappropriate or excessive risks. IMZ's compensation policies are structured such that most variable components of compensation remain "at risk" over a period of time, thereby aligning shareholder interests with that of the executive officers over the long-term.

The following components of IMZ's compensation framework are specifically designed to mitigate against compensation-related risks:

- There is an appropriate compensation mix, including fixed and performance based compensation, and other forms that include compensation that remains "at risk" over a period of time;
- Incentive bonus payments are derived from performance against pre-approved annual objectives for both IMZ and the executive officers. Performance bonuses are discretionary, not guaranteed;
- It is IMZ's current policy that vesting periods for incentive stock options granted under the IMZ Option Plan are two years from the date of grant.

Financial Instruments

In November 2012, IMZ adopted a policy prohibiting Named Executive Officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities of IMZ granted as compensation or held, directly or indirectly, by Named Executive Officers or directors.

The policy prohibits the directors and officers of IMZ from directly or indirectly engaging in any kind of hedging transaction that could reduce or limit the director's or officer's economic risk with respect to the director's or officer's holdings, ownership or interest in or to the IMZ Shares or other securities of IMZ, including, without limitation, outstanding stock options or other compensation awards the value of which are derived from, referenced to or based on the value or market price of IMZ Shares or other securities of IMZ. Prohibited transactions include

the purchase by a director or officer of financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, units of exchange funds, puts, calls or other derivative securities that are designed to hedge or offset a decrease in market value of equity securities of IMZ.

In addition, the policy requires the IMZ Board to review and, if necessary, revise IMZ's compensation policies and practices at least once annually to ensure that none of its policies or practices encourage executive officers or individuals managing a principal business unit or division of IMZ to take inappropriate or excessive risks.

Named Executive Officer Employment Contracts

Effective January 2, 2007, IMZ entered into an employment agreement, as amended (the “**CEO Employment Agreement**”) with its President and Chief Executive Officer Stephen J. Kay (the “**CEO**”). The CEO Employment Agreement provides for an annual review and consideration of an increase of the annual salary payable to the CEO to reflect any changes in the performance of the CEO but in no event will the annual salary be less than \$250,000. Effective January 1, 2013, the current annual salary of the CEO is \$390,000. The CEO Employment Agreement further states that IMZ is to provide other benefits to the CEO, including a Corporation-owned vehicle.

Effective January 3, 2011, IMZ entered into an employment agreement (the “**CFO Employment Agreement**”) with Scott M. Brunson, its Chief Financial Officer (the “**CFO**”). The CFO Employment Agreement provides for an annual review and consideration of an increase of salary based on performance. Effective January 1, 2013, the CFO's current annual salary is \$250,000. The CFO Employment Agreement further states that IMZ is to provide other benefits to the CFO, including an automobile allowance.

Effective January 1, 2010, IMZ entered into an employment agreement (the “**VP-Corporate Development Employment Agreement**”) with Nick Appleyard, its Vice-President of Corporate Development (the “**VP-Corporate Development**”). The VP-Corporate Development Employment Agreement provides for an annual review and consideration of an increase of salary based on performance. Effective January 1, 2013, the VP-Corporate Development's current annual salary is \$258,000. The VP-Corporate Development Employment Agreement further states that IMZ is to provide other benefits to the VP-Corporate Development, including an automobile allowance.

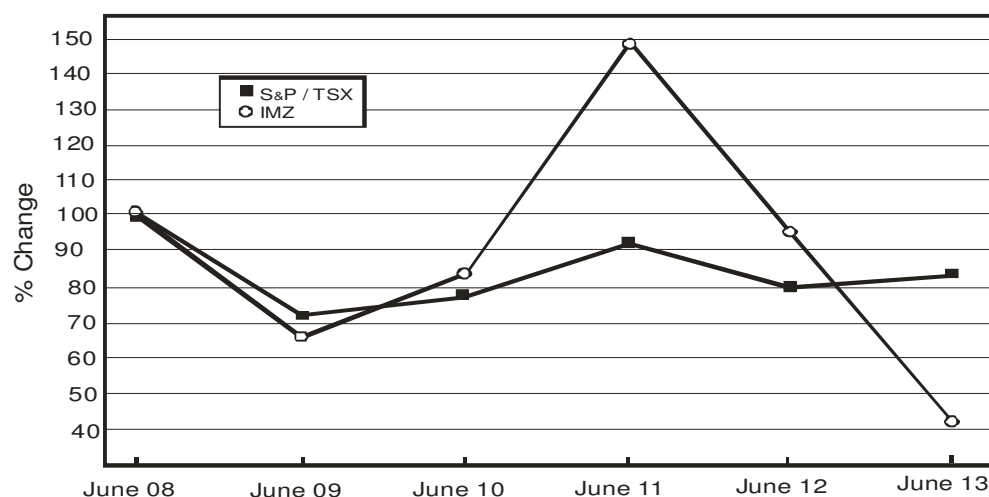
Effective April 5, 2010, IMZ entered into an employment agreement (the “**VP-Corporate Relations Employment Agreement**”) with Paul Durham, its Vice-President of Corporate Relations (the “**VP-Corporate Relations**”). The VP-Corporate Relations Employment Agreement provides for an annual review and consideration of an increase of salary based on performance. Effective January 1, 2013, the VP-Corporate Relations' current annual salary is \$210,000. The VP-Corporate Relations Employment Agreement further states that IMZ is to provide other benefits to the VP-Corporate Relations, including an automobile allowance.

On November 1, 2011, IMZ entered into an employment agreement (the “**VP-Special Projects Employment Agreement**”) with Alan Matthews, its Vice-President of Special Projects (the “**VP-Special Projects**”). The VP-Special Projects Employment Agreement provides for an annual review and consideration of an increase of salary based on performance. Effective January 1, 2013, the VP-Special Projects' salary is \$195,000. The VP-Special Projects Employment Agreement further states that IMZ is to provide other benefits to the VP-Special Projects, including an automobile allowance.

In addition, all of the Named Executive Officers' employment agreements provide that, subject to regulatory approval and approval by the IMZ Board, they will be entitled from time to time to receive common share stock options of IMZ at prices set by the IMZ Board in accordance with applicable regulatory guidelines.

Share Performance Graph

The chart below compares the yearly percentage change in the cumulative total shareholder return on IMZ Shares against the cumulative total shareholder return of the Standard and Poor's / TSX Composite Index for the period commencing June 30, 2008 and ending June 30, 2013.



IMZ	○	100 (\$5.13)	66 (\$3.41)	84 (\$4.30)	149 (\$7.64)	94 (\$4.80)	42 (\$2.14)
S&P / TSX	■	100 (14467)	72 (10375)	78 (11294)	92 (13301)	80 (11597)	84 (12129)

Share-Based and Option-Based Awards

The IMZ Board grants IMZ Options in accordance with IMZ's Incentive Option Plan and the policies of the TSX, under which the IMZ Board is authorized to grant IMZ Options to executive officers and directors, employees and consultants of IMZ (collectively, "**Eligible Persons**"), enabling them to currently acquire up to an aggregate of 12,500,000 IMZ Shares, of which 3,290,137 IMZ Options remain to be granted pursuant to the IMZ Option Plan as at the Record Date and 3,101,400 IMZ Options are outstanding. Under the IMZ Option Plan, the exercise price of each IMZ Option is not less than the closing market price of the IMZ Shares on the TSX on the trading day immediately preceding the date of grant. The following is a summary of the current salient terms of the Plan:

1. The options can be granted for a maximum term of 10 years.
2. At the IMZ Board's discretion, the IMZ Board may determine when any IMZ Option will vest and become exercisable and may determine that the IMZ Option shall vest and become exercisable in installments. At the present time, it is the IMZ Board's policy to require a two-year vesting period for each IMZ Option.
3. The maximum number of IMZ Shares which may be reserved for issuance under IMZ Options to any one person at any time under the IMZ Option Plan is 5% of the IMZ Shares outstanding at the time of grant (on a non-diluted basis) less the aggregate number of IMZ Shares reserved for issuance to that person under any other option to purchase IMZ Shares from treasury granted as a compensation or incentive mechanism.
4. IMZ Shareholder approval is required by the affirmative vote of a simple majority of the votes cast at a meeting of shareholders of IMZ, excluding the votes of Insiders (as defined under Section 1(1) of the Ontario Securities Act), if:
 - (a) the number of IMZ Shares reserved for issuance under share compensation arrangements granted to Insiders is to exceed 10% of the issued and outstanding share capital;
 - (b) the issuance to Insiders, within a one-year period, of shares under share compensation arrangements exceeds 10% of the issued and outstanding share capital; or
 - (c) the issuance to any one Insider and such Insider's associates, within a one-year period, of shares under share compensation arrangements exceeds 5% of the issued and outstanding share capital.
5. IMZ Options are not transferable by an option holder other than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of an option holder only by the option holder and after death only by the option holder's legal representative.

6. If an option holder dies, the legal representative of the option holder may exercise the option holder's IMZ Options within the earlier of (a) one year after the date of the option holder's death but only to the extent the IMZ Options were by their terms exercisable on the date of death or (b) the expiry date of the IMZ Options.
7. If an option holder ceases to be an Eligible Person for any reason whatsoever other than death, each IMZ Option held by the option holder will cease to be exercisable 30 days after the termination date. If any portion of an IMZ Option is not vested by the termination date, that portion of the IMZ Option may not under any circumstances be exercised by the option holder. Without limitation, and for greater certainty only, this provision applies regardless of whether the option holder was dismissed with or without cause and regardless of whether the option holder received compensation in respect of dismissal or is entitled to a period of notice of termination, which would otherwise have permitted a greater portion of the IMZ Option to vest with the option holder.
8. The IMZ Board may amend, suspend or terminate the IMZ Option Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required approval. No such amendment, suspension or termination shall alter or impair any IMZ Options or any rights pursuant thereto granted previously to any option holder without the consent of such option holder. If the IMZ Option Plan is terminated, the provisions of the IMZ Option Plan and any administrative guidelines, and other rules and regulations adopted by the IMZ Board and in force at the time of the IMZ Option Plan shall continue in effect during such time as an IMZ Option or any rights pursuant thereto remain outstanding.
9. Pursuant to the policies of the TSX, the IMZ Board may, at any time, without further approval by the IMZ Shareholders, amend the IMZ Option Plan or any IMZ Option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
 - (a) amendments of a "housekeeping" nature such as typographical, clerical and grammatical errors;
 - (b) a change to the vesting provisions of a security or of the IMZ Option Plan;
 - (c) a change to the termination provisions of a security of the IMZ Option Plan which does not entail an extension beyond the original expiry date; and
 - (d) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the IMZ Option Plan reserve.
10. Pursuant to the policies of the TSX, IMZ Shareholder approval is required for the following types of amendments to the IMZ Option Plan:
 - (a) any amendment to the number of securities issuable under the IMZ Option Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage, if previously approved by IMZ Shareholders, will not require any additional IMZ Shareholder approval;
 - (b) any change to the eligible option holders which would have the potential of broadening or increasing insider participation;
 - (c) the addition of any form of financial assistance;
 - (d) any amendment to a financial assistance provision which is more favorable to option holders;
 - (e) the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the IMZ Option Plan reserve; and
 - (f) the addition of a deferred or restricted share unit or any other provision which results in option holders receiving securities while no cash consideration is received by IMZ.
11. With the consent of the affected option holders, the IMZ Board may amend or modify any outstanding IMZ Option in any manner to the extent that the IMZ Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an IMZ Option becomes exercisable, subject to the prior approval of the relevant stock exchanges.

The granting of IMZ Options by the IMZ Board is designed to give each option holder an interest and incentive in preserving and maximizing IMZ Shareholder value in the longer term, to enable IMZ to attract and retain individuals with experience and ability and to reward individuals for ongoing performance. The IMZ Board, upon recommendations by the Compensation Committee, considers IMZ Option grants when reviewing executive officer compensation packages as a whole.

The IMZ Board has sole discretion to determine the key employees to whom it believes that grants should be made and to determine the terms and conditions of the IMZ Options forming part of such grants. The IMZ Board approves ranges of IMZ Option grants for each level of employee. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to IMZ.

The number of IMZ Options which may be issued by IMZ is limited under the IMZ Option Plan and by the rules and policies of the TSX. Currently an aggregate of 12,500,000 IMZ Shares are reserved under the IMZ Option Plan. At present, a total of 3,101,400 IMZ Options are outstanding and 3,290,137 IMZ Shares remain available for the additional grant of IMZ Options. Stock options have various terms up to a maximum of 10 years and are exercisable at not less than the closing market price of IMZ's Shares on the TSX on the trading day immediately preceding the date of grant. A holder of IMZ Options must be a director, officer, or a full or part-time employee or consultant of IMZ, a subsidiary or an affiliate in order to be granted stock options.

The IMZ Board approved an amendment to the IMZ Option Plan to add a provision relating to compliance with Canadian withholding tax requirements. This amendment was made in accordance with the amendment provision of the IMZ Option Plan and does not require IMZ Shareholder approval.

Summary Compensation Table

The following table discloses the compensation paid to, awarded or earned (in U.S. dollars unless otherwise stated) by IMZ's Named Executive Officers during IMZ's three most recently completed financial years ended June 30, 2013, 2012 and 2011:

Name and Principal Position	Fiscal Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) ⁽⁸⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	Other Compensation (\$) ⁽⁷⁾	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Stephen J. Kay Chief Executive Officer & President ⁽¹⁾	2011	\$275,250	Nil	Nil	\$125,000 ⁽⁴⁾	Nil	N/A	\$33,921	\$394,171
	2012	\$330,000	Nil	\$151,500	\$150,000 ⁽⁵⁾	Nil	N/A	\$30,223	\$661,723
	2013	\$375,000	Nil	Nil	\$0 ⁽⁶⁾	Nil	N/A	\$17,973	\$392,973
Scott M. Brunsdon Chief Financial Officer	2011	\$95,000 ⁽²⁾	Nil	\$350,250	Nil	Nil	N/A	\$10,746	\$455,996
	2012	\$209,000	Nil	\$90,900	\$100,000 ⁽⁵⁾	Nil	N/A	\$20,563	\$420,463
	2013	\$239,000	Nil	Nil	\$0 ⁽⁶⁾	Nil	N/A	\$18,780	\$257,780
Nick Appleyard Vice President of Corp. Development	2011	\$181,002	Nil	Nil	\$75,000 ⁽⁴⁾	Nil	N/A	\$13,019	\$269,021
	2012	\$220,000	Nil	\$90,900	\$85,000 ⁽⁵⁾	Nil	N/A	\$22,843	\$418,743
	2013	\$249,000	Nil	Nil	\$0 ⁽⁶⁾	Nil	N/A	\$24,601	\$273,601
Paul Durham Vice President of Corporate Relations	2011	\$180,100	Nil	Nil	\$40,000 ⁽⁴⁾	Nil	N/A	\$27,991	\$248,091
	2012	\$192,500	Nil	\$90,900	\$50,000 ⁽⁵⁾	Nil	N/A	\$26,786	\$360,186
	2013	\$205,000	Nil	Nil	\$0 ⁽⁶⁾	Nil	N/A	\$24,601	\$229,601
Alan Matthews Vice President of Special Projects	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	\$124,039 ⁽³⁾	Nil	\$163,000	\$30,000 ⁽⁵⁾	Nil	N/A	\$12,439	\$329,478
	2013	\$190,000	Nil	Nil	\$0 ⁽⁶⁾	Nil	N/A	\$18,780	\$208,186

- (1) Mr. Kay is also a director of IMZ but does not receive additional compensation for his duties in that capacity.
- (2) On January 3, 2011, IMZ entered into an employment agreement with Mr. Brunsdon as Chief Financial Officer of IMZ. His compensation amount shown above for fiscal year 2011 reflects payments from January 3, 2011 through June 30, 2011.
- (3) On November 1, 2011, IMZ entered into an employment agreement with Mr. Matthews as Vice President-Special Projects. His compensation amount shown above for fiscal year 2012 reflects salary payments of \$123,333 from November 1, 2011 to June 30, 2012 and a \$706 adjustment in director fees for the period from July 1 to September 22, 2011, when Mr. Matthews resigned his position as director.
- (4) Performance bonus awarded by the IMZ Board at the end of calendar year 2010.

- (5) Performance bonus awarded by the IMZ Board at the end of calendar year 2011.
- (6) The IMZ Board elected to not award any cash bonuses at the end of calendar year 2012.
- (7) “All Other Compensation” includes medical health insurance, dental insurance and life insurance. The amount also includes an automobile allowance for each officer, other than Mr. Kay, as IMZ provides a vehicle for Mr. Kay.
- (8) The fair value of stock options granted is determined using the Black Scholes option pricing model, as such model is most commonly used by public companies, and is recorded as stock-based compensation expense over the vesting period of the stock options. The table below shows weighted average assumptions used in the Black Scholes valuation of stock options granted:

	2012	2011
Risk-free interest rate	1.96%	3.16%
Expected life of options	6.1 years	6.1 years
Annualized volatility	25.47%	25.28%
Dividend	0%	0%

Incentive Plan Awards

Outstanding Share-Based and Option-Based Awards

The following table sets out the outstanding option-based awards and share-based awards held by the Named Executive Officers as at June 30, 2013 and includes awards granted in previous years:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) ⁽⁴⁾	Number of shares or units of share that have not vested (#) ⁽⁵⁾	Market or payout value of share-based awards that have not vested (C\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (C\$) ⁽⁵⁾
Stephen J. Kay President and CEO	20,000	C\$2.80	3/27/2014	Nil	N/A	N/A	N/A
	75,000	C\$4.00	2/01/2015	Nil			
	25,000	C\$5.78	2/26/2017	Nil			
	60,000	C\$3.73	2/23/2019	Nil			
	100,000 ⁽¹⁾	C\$5.80	1/29/2022	Nil			
Scott Brunson CFO	150,000	C\$7.04	1/10/2021	Nil	N/A	N/A	N/A
	60,000 ⁽¹⁾	C\$5.80	1/29/2022	Nil			
Nick Appleyard VP-Corporate Development	100,000	C\$5.78	2/26/2017	Nil	N/A	N/A	N/A
	30,000	C\$3.73	2/23/2019	Nil			
	60,000 ⁽¹⁾	C\$5.80	1/29/2022	Nil			
Paul Durham VP-Corporate Relations	125,000 ⁽²⁾	C\$4.00	5/20/2020	Nil	N/A	N/A	N/A
	60,000 ⁽¹⁾	C\$5.80	1/29/2022	Nil			
Alan Matthews VP-Special Projects	50,000	C\$4.58	2/14/2014	Nil	N/A	N/A	N/A
	25,000	C\$4.00	2/01/2015	Nil			
	25,000	C\$5.78	2/26/2017	Nil			
	100,000 ⁽³⁾	C\$5.86	11/29/2021	Nil			

- (1) Incentive stock options were granted to all executive officers except Mr. Matthews (see note 3 below) on January 30, 2012 at an exercise price of C\$5.80 with a two-year vesting period. None of the options are vested until January 29, 2014, the end of the two-year period.
- (2) A total of 150,000 incentive stock options were granted to Mr. Durham on May 20, 2010 at an exercise price of C\$4.00. Mr. Durham exercised 25,000 options during the fiscal year 2011 and now has a balance of 125,000 remaining options.
- (3) As a part of his employment agreement, a total of 100,000 incentive stock options were granted to Mr. Matthews on November 29, 2011 at an exercise price of C\$5.86 with a two-year vesting period. None of the options are vested until November 29, 2013, the end of the two-year period. Mr. Matthews’ other options were granted to him during his tenure as a director of IMZ.
- (4) “In-the-money” means the excess of the market value of IMZ Shares on June 28, 2013 over the exercise price of the options. IMZ’s share price on June 28, 2013 was C\$2.14. None of the stock options were in-the-money.
- (5) IMZ has not granted any share-based awards.

Incentive plan awards – Value vested or earned during the year

Name	Option-based awards – Value vested during the year (C\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Stephen J. Kay President and CEO	Nil	N/A	N/A
Scott Brunsdon CFO	Nil ⁽³⁾	N/A	N/A
Nick Appleyard VP- Corporate Development	Nil	N/A	N/A
Paul Durham VP- Corporate Relations	Nil	N/A	N/A
Alan Matthews VP-Special Projects	Nil	N/A	N/A

- (1) The value is determined by calculating the difference between the market price of the underlying shares on the vesting date and the exercise price of the options on the vesting date.
- (2) IMZ has not granted any share-based awards.
- (3) Incentive stock options were granted to Mr. Brunsdon on January 10, 2011 at an exercise price of C\$7.04 with an 18-month vesting period, of which one third of the total options granted vest every 6 months. During the fiscal year ended June 30, 2013, full vesting of the options occurred on July 10, 2012. However, market price on June 28, 2013 was C\$2.14 and therefore the options were not “in-the-money”.

Stock Options Exercised During the Fiscal Year Ended June 30, 2013

The following table discloses IMZ Options that were exercised by a director and officer of IMZ during the fiscal year ended June 30, 2013:

Position with IMZ	Number of IMZ Options Exercised	Exercise Price of IMZ Options	High and Low Trading Prices on the TSX During the 30 Days Prior to the Exercise of the IMZ Options
Director	50,000	\$1.80	\$4.37-\$3.04
Employee	5,000	\$3.65	\$5.29-\$4.00
TOTAL	55,000		

Pension Plan Benefits

IMZ offers a basic 401-K retirement plan to officers and employees, which allows for tax deferred contributions by such individuals up to \$15,500 per year and employees older than 50 years old may elect to contribute an additional \$5,000. IMZ does not match funds that are invested in the plan by officers and employees.

Termination and Change of Control Benefits

Effective as of January 2, 2007, IMZ entered into a new employment agreement, as amended (the “**CEO Employment Agreement**”) with its President and Chief Executive Officer, Stephen J. Kay (the “**CEO**”). The CEO Employment Agreement is subject to termination in certain events. In the case of termination of the CEO Employment Agreement by IMZ, other than for just cause, or in the event of resignation by the CEO within three months after a change of control of IMZ (as defined therein), the CEO Employment Agreement provides for payment by IMZ of a termination allowance to the CEO in an amount equal to three times his highest annual base salary and bonus over the past three years of his employment with IMZ together with an amount equal to 24 months of the CEO’s health insurance and other benefit plans in place at the time of termination or resignation of the CEO.

Effective January 3, 2011, IMZ entered into an employment agreement (the “**CFO Employment Agreement**”) with Scott Brunsdon, its Chief Financial Officer (the “**CFO**”). The CFO Employment Agreement is subject to termination in certain events. In the case of termination of the CFO Employment Agreement by IMZ, other than for just cause, or in the event of resignation by the CFO within three months after a change of control of IMZ (as defined therein), the CFO Employment Agreement provides for payment by IMZ of a termination allowance to the

CFO in an amount equal to two times his then-current annual base salary with IMZ together with an amount equal to 12 months of the CFO's health insurance and other benefit plans in place at the time of termination or resignation of the CFO.

On January 1, 2010, IMZ entered into an employment agreement (the “**VP-Corporate Development Employment Agreement**”) with Nick Appleyard, its Vice President of Corporate Development (the “**VP-Corporate Development**”). The VP-Corporate Development Employment Agreement is subject to termination in certain events. In the case of termination of the VP-Corporate Development Employment Agreement by IMZ, other than for just cause, or in the event of resignation by the VP-Corporate Development within three months after a change of control of IMZ (as defined therein), the VP-Corporate Development Employment Agreement provides for payment by IMZ of a termination allowance to the VP-Corporate Development in an amount equal to two times his then-current annual base salary with IMZ together with an amount equal to 12 months of the VP-Corporate Development's health insurance and other benefit plans in place at the time of termination or resignation of the VP-Corporate Development.

On April 5, 2010, IMZ entered into an employment agreement (the “**VP-Corporate Relations Employment Agreement**”) with Paul Durham, its Vice President of Corporate Relations (the “**VP-Corporate Relations**”). The VP-Corporate Relations Employment Agreement is subject to termination in certain events. In the case of termination of the VP-Corporate Relations Employment Agreement by IMZ, other than for just cause, or in the event of resignation by the VP-Corporate Relations within three months after a change of control of IMZ (as defined therein), the VP-Corporate Relations Employment Agreement provides for payment by IMZ of a termination allowance to the VP-Corporate Relations in an amount equal to two times his then-current annual base salary with IMZ together with an amount equal to 12 months of the VP-Corporate Relations' health insurance and other benefit plans in place at the time of termination or resignation of the VP-Corporate Relations.

On November 1, 2011, IMZ entered into an employment agreement (the “**VP-Special Projects Employment Agreement**”) with Alan Matthews, its Vice President of Special Projects (the “**VP-Special Projects**”). The VP-Special Projects Employment Agreement is subject to termination in certain events. In the case of termination of the VP-Special Projects Employment Agreement by IMZ, other than for just cause, or in the event of resignation by the VP-Special Projects within three months after a change of control of IMZ (as defined therein), the VP-Special Projects Employment Agreement provides for payment by IMZ of a termination allowance to the VP-Special Projects in an amount equal to two times his then-current annual base salary with IMZ together with an amount equal to 12 months of the VP-Special Projects' health insurance and other benefit plans in place at the time of termination or resignation of the VP-Special Projects.

The estimated incremental payments from IMZ to Messrs. Kay, Brunson, Appleyard, Durham and Matthews, respectively on (i) termination without cause or (ii) termination without cause or resignation with cause within 12 months following a change of control, assuming the triggering event occurred on June 30, 2013, are the same amounts, irrespective of whether the termination is without cause or following a change of control, and are as follows:

NEO		Termination Payment
Stephen J. Kay	Salary and Bonus	\$1,767,549
Scott Brunson	Salary	\$530,442
Nick Appleyard	Salary	\$563,927
Paul Durham	Salary	\$448,658
Alan Matthews	Salary	\$420,753

Director Compensation

Effective January 1, 2012, IMZ compensates its directors with an annual retainer fee of C\$30,000. The directors also receive compensation for meeting attendance (IMZ Board or committee) of C\$1,000 per meeting, as well as a non-meeting daily attendance fee of C\$1,000 per day (payable for days attended for management review, mine site visits, etc.). IMZ also pays annual retainers of C\$10,000 to the Chairman of the Audit Committee, C\$5,000 to the

chairmen of the Compensation Committee and Corporate Governance/Nominating Committee and C\$7,500 to the Lead Director.

The following table sets out the compensation provided to all directors, who are not Named Executive Officers, for IMZ's fiscal year ended June 30, 2013. The amounts paid to each director are stated below in United States dollars to correspond with IMZ's financial statements.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁸⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
John Hick ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	\$56,838	N/A	Nil	Nil	N/A	Nil	\$56,838
Rod C. McKeen ⁽³⁾⁽⁷⁾	\$39,779	N/A	Nil	Nil	N/A	Nil	\$39,779
Jorge Paz Durini ⁽⁸⁾	\$39,780	N/A	Nil	Nil	N/A	Nil	\$39,780
Gabriel Bianchi ⁽¹⁾⁽³⁾	\$42,780	N/A	Nil	Nil	N/A	Nil	\$42,780
Michael Smith ⁽¹⁾⁽²⁾⁽⁴⁾	\$58,480	N/A	Nil	Nil	N/A	Nil	\$58,480
Roberto Baquerizo ⁽²⁾⁽⁹⁾	\$41,730	N/A	Nil	Nil	N/A	Nil	\$41,730

(1) Denotes a member of IMZ's Audit Committee.

(2) Denotes a member of IMZ's Compensation Committee.

(3) Denotes a member of IMZ's Corporate Governance/Nominating Committee

(4) Mr. Smith is Chairman of the Audit Committee.

(5) Mr. Hick is Lead Director and Chairman of the Compensation and Corporate Governance/Nominating Committees.

(6) IMZ did not award any stock options during fiscal year 2013.

(7) Mr. McKeen, director and Canadian legal counsel for IMZ, is not deemed an independent director, as he receives compensation for legal services provided to IMZ (see "Other Compensation" below). However, effective January 1, 2012, the Compensation Committee recommended and the IMZ Board approved payment of fees to its non-independent directors (other than Stephen Kay).

(8) Dr. Paz, director and legal counsel for IMZ in Ecuador, is not deemed an independent director, as he also receives compensation for legal services provided to IMZ (see "Other Compensation" below). However, effective January 1, 2012, the Compensation Committee recommended and the IMZ Board approved payment of fees to its non-independent directors (other than Stephen Kay).

(9) Mr. Baquerizo resigned his position as a director of IMZ on July 9, 2013. He was replaced by Dr. Axel Schweitzer on August 23, 2013.

Share-based awards, option based awards and non-equity incentive plan compensation

The following table sets out the outstanding share-based awards and option-based awards held by the directors, who are not Named Executive Officers, as at June 30, 2013:

Director's Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) ⁽¹⁾	Number of shares or units of share that have not vested (#) ⁽²⁾	Market or payout value of share-based awards that have not vested (C\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (C\$) ⁽²⁾
John Hick	50,000	C\$5.86	11/29/2021	Nil	N/A	N/A	N/A
Rod C. McKeen	15,000	C\$2.80	3/27/2014	Nil	N/A	N/A	N/A
	35,000	C\$4.00	2/01/2015	Nil			
	25,000	C\$5.78	2/26/2017	Nil			
	40,000	C\$3.73	2/23/2019	Nil			
	30,000	C\$5.80	1/29/2022	Nil			

Director's Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) ⁽¹⁾	Number of shares or units of share that have not vested (#) ⁽²⁾	Market or payout value of share-based awards that have not vested (C\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (C\$) ⁽²⁾
Jorge Paz Durini	30,000	C\$4.00	2/01/2015	Nil	N/A	N/A	N/A
	25,000	C\$5.78	2/26/2017	Nil			
	40,000	C\$3.73	2/23/2019	Nil			
	30,000	C\$5.80	1/29/2022	Nil			
Gabriel Bianchi	20,000	C\$4.00	2/01/2015	Nil	N/A	N/A	N/A
	25,000	C\$5.78	2/26/2017	Nil			
	40,000	C\$3.73	2/23/2019	Nil			
	30,000	C\$5.80	1/29/2022	Nil			
Michael Smith	50,000	C\$4.48	12/06/2015	Nil	N/A	N/A	N/A
	25,000	C\$5.78	2/26/2017	Nil			
	40,000	C\$3.73	2/23/2019	Nil			
	30,000	C\$5.80	1/29/2022	Nil			
Roberto Baquerizo ⁽³⁾	40,000	C\$5.78	2/26/2017	Nil	N/A	N/A	N/A
	40,000	C\$3.73	2/23/2019	Nil			
	30,000	C\$5.80	1/29/2022	Nil			

(1) "In-the-money" means the excess of the market value of IMZ Shares on June 28, 2013 over the exercise price of the options. IMZ's share price on June 28, 2013 was C\$2.14. None of the stock options were in-the-money.

(2) IMZ has not granted any share-based awards.

(3) Roberto Baquerizo resigned his position as a director of IMZ on July 9, 2013 and his stock options were subsequently terminated on September 9, 2013. Dr. Axel Schweitzer was appointed to replace Mr. Baquerizo on August 23, 2013.

Incentive plan awards – Value vested or earned during the year

Name	Option-based awards – Value vested during the year (C\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽³⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
John Hick	Nil	N/A	N/A
Rod C. McKeen	Nil	N/A	N/A
Jorge Paz Durini	Nil	N/A	N/A
Gabriel Bianchi	C\$60,500 ⁽²⁾	N/A	N/A
Michael Smith	Nil	N/A	N/A
Roberto Baquerizo ⁽⁴⁾	Nil	N/A	N/A

(1) On November 29, 2011, 50,000 options were granted to Mr. Hick at an exercise price of C\$5.86. On January 30, 2012, options were granted to the other members of the IMZ Board of Directors at an exercise price of C\$5.80. However, all the options have a full two year vesting period and none of the options are exercisable prior to end of the two year period on November 29, 2013 and January 29, 2014, respectively.

(2) On April 17, 2013, Mr. Bianchi exercised 50,000 stock options at an exercise price of C\$1.80 which were granted to him on May 22, 2003. Value of the stock options was calculated using the market price of the IMZ Shares on the TSX on April 17, 2013 (closing price was C\$3.01) less the exercise price of the stock options.

(3) IMZ has not granted any share-based awards.

- (4) Roberto Baquerizo resigned his position as a director of IMZ on July 9, 2013. Dr. Axel Schweitzer was appointed to replace Mr. Baqueriz on August 23, 2013.

Other Compensation

In addition to the compensation described above, IMZ, during the fiscal year ended June 30, 2013, paid or accrued, directly or indirectly, cash compensation to certain directors, who are not Named Executive Officers of IMZ, for services provided in capacities other than as directors, as follows:

1. Axiom Law Corporation (“**Axiom**”), a law firm in which Rod C. McKeen, the Corporate Secretary and a director of IMZ, is a principal, charged IMZ \$216,496 for legal services performed by Mr. McKeen and other employees of Axiom (including reimbursable expenses) rendered to IMZ during the fiscal year.
2. Paz & Horowitz Cia. Ltd. (“**Paz & Horowitz**”), a law firm in which Dr. Jorge Paz Durini, a director of IMZ, is a partner, charged IMZ \$322,355 for legal services performed by Dr. Paz and other employees of Paz & Horowitz (including reimbursable expenses) rendered to IMZ during the fiscal year.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth as at June 30, 2013, the number of securities authorized for issuance under stock options granted pursuant to the IMZ Option Plan dated December, 1994 (as amended on December 14, 1999, December 18, 2003, November 6, 2006, November 21, 2008 and November 11, 2011), which was last approved by the Shareholders on November 11, 2011:

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	3,318,400	C\$5.18	3,073,137 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,318,400		3,073,137 ⁽¹⁾

- (1) As at June 30, 2013, 12,500,000 shares in aggregate reserved for grant of options under incentive stock option plan less number of outstanding options (3,318,400) and the number of exercised options (6,108,463).

Audit Committee

Information concerning IMZ’s Audit Committee is set out under the heading “Audit Committee” in IMZ’s Annual Information Form (“**AIF**”) dated September 30, 2013, which contains information for the fiscal year ended June 30, 2013. The AIF may be obtained on SEDAR under IMZ’s name at www.sedar.com or on IMZ’s website at the following link: www.intlminerals.com

Statement of Corporate Governance Practices

In accordance with the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices* and National Policy 58-201 *Corporate Governance Guidelines* (the “**Guidelines**”), IMZ is required to give full and complete disclosure of its systems of corporate governance. To the extent that IMZ’s governance system differs from the Guidelines, each difference and the reason for the difference are required to be disclosed. The directors of IMZ carefully consider the Guidelines and IMZ’s approach to corporate governance with reference to specifically enumerated Guidelines are addressed below.

In addition, please refer to the IMZ Board Mandate, summarized in the section on “Board Mandate” and available in full on IMZ’s website (<http://www.intlminerals.com/company/board-mandate>).

IMZ Board

The IMZ Board is currently composed of a majority of four independent, as well as three non-independent directors. In order to stay fully informed of IMZ’s operations and performance, at a minimum the IMZ Board meets quarterly (via telephonic conferencing) to review IMZ’s financial statements and consider the recommendations of the Audit Committee. During each of those meetings, members of senior management give brief updates of IMZ’s projects and are available for any questions the IMZ Board may have. As needed, the CEO may schedule additional interim meetings when Board consideration is required on particular matters.

In addition the IMZ Board annually meets in person during the week of IMZ’s Annual General Meeting (“AGM”) in Scottsdale, Arizona. During this time, the directors are apprised of (1) the status of ongoing projects and studies undertaken during the year, (2) actual cash flows received and capital costs expended as compared to amounts budgeted for the year, and (3) share price performance and investor interaction during the year.

IMZ’s four independent directors are Messrs. John Hick, Gabriel Bianchi, Michael Smith and Axel Schweitzer. IMZ’s three non-independent directors are Messrs. Stephen Kay, Rod McKeen and Jorge Paz Durini. These directors are non-independent insofar as they hold senior executive positions with IMZ (Mr. Kay) and/or provide, directly or indirectly, significant ongoing legal services to IMZ on a fee for service basis (Messrs. Paz and McKeen).

Directorships

The following directors and officers of IMZ are also directors and/or officers of other reporting issuers as set out below:

<u>Name of Director/Officer</u>	<u>Name of Reporting Issuer</u>
Stephen J. Kay	New Dimension Resources Ltd.
John W.W. Hick	First Uranium Corporation Carpathian Gold Inc. Eurotin Inc. Hudson Resources Inc. Marengo Mining Limited St. Andrew Goldfields Ltd.
Rod C. McKeen	Santa Barbara Resources Ltd. Medallion Resources Ltd.
Axel Schweitzer	ALBA Group plc & Co. KG
Scott M. Brunsdon	Hunt Mining Corporation Global Minerals Ltd.
Alan Matthews	Redzone Resources Ltd.

The independent directors of the IMZ Board hold meetings at which non-independent directors and members of management are not in attendance and do so at their discretion as deemed necessary. IMZ holds quarterly meetings and other meetings as required to review and discuss IMZ’s business activities, consider and approve matters presented to the IMZ Board for approval and to provide guidance to management. The opinions of the independent directors are sought and duly acted upon for all material matters related to IMZ. In addition, management informally provides updates to and consults with the IMZ Board between formal Board meetings. In general, management consults with the IMZ Board when deemed appropriate to keep the IMZ Board fully informed regarding IMZ’s affairs.

The IMZ Board also reviews and approves for hiring all senior officers of IMZ. This ensures that the IMZ Board has knowledge of each potential officer’s education, training and experience prior to an employment offer being made.

The IMZ Board has the responsibility to ensure that the IMZ Board functions independently of management. The IMZ Board does not presently have an independent director as the chair of the IMZ Board, but has an independent lead director (John W.W. Hick), who is independent and acts as a liaison between management and the independent directors to optimize the effectiveness of the IMZ Board and its committees.

In the absence of the appointment of an independent chairman, IMZ's CEO Stephen Kay chairs the meetings of the IMZ Board.

IMZ held seven (7) board meetings during its most recently completed fiscal year. The attendance record for its directors at Board meetings and committee meetings is shown in the table below.

<u>Name of Director</u>	<u>Board Meetings Attended/Total Meetings Held</u>	<u>Audit Committee (Held Quarterly)</u>	<u>Compensation Committee</u>	<u>Corporate Governance/Nominating Committee</u>
Stephen J. Kay	7 / 7			
John Hick ⁽¹⁾⁽²⁾⁽³⁾	7 / 7	4 / 4	1 / 1	1 / 1
Rod C. McKeen ⁽³⁾	7 / 7			1 / 1
Jorge Paz Durini	7 / 7			
Michael Smith ⁽¹⁾⁽²⁾	7 / 7	4 / 4	1 / 1	
Gabriel Bianchi ⁽¹⁾⁽³⁾	7 / 7	4 / 4		1 / 1
Roberto Baquerizo ⁽²⁾⁽⁴⁾	7 / 7		1 / 1	

- 1) Member of Audit Committee
- 2) Member of Compensation Committee.
- 3) Member of Corporate Governance/Nominating Committee.
- 4) Mr. Baquerizo resigned his position on July 9, 2013. He was replaced by Dr. Axel Schweitzer on August 23, 2013.

Board Mandate

For further information about corporate governance, please refer to the IMZ Board Mandate, available in full on the Company's website (<http://www.intlminerals.com/company/board-mandate>). The Mandate is reviewed and amended, as needed, from time to time, and was approved by the IMZ Board on November 21, 2008.

The Mandate describes the organization and function of the IMZ Board, including its purpose, composition and responsibilities, including the roles of committees and the lead director.

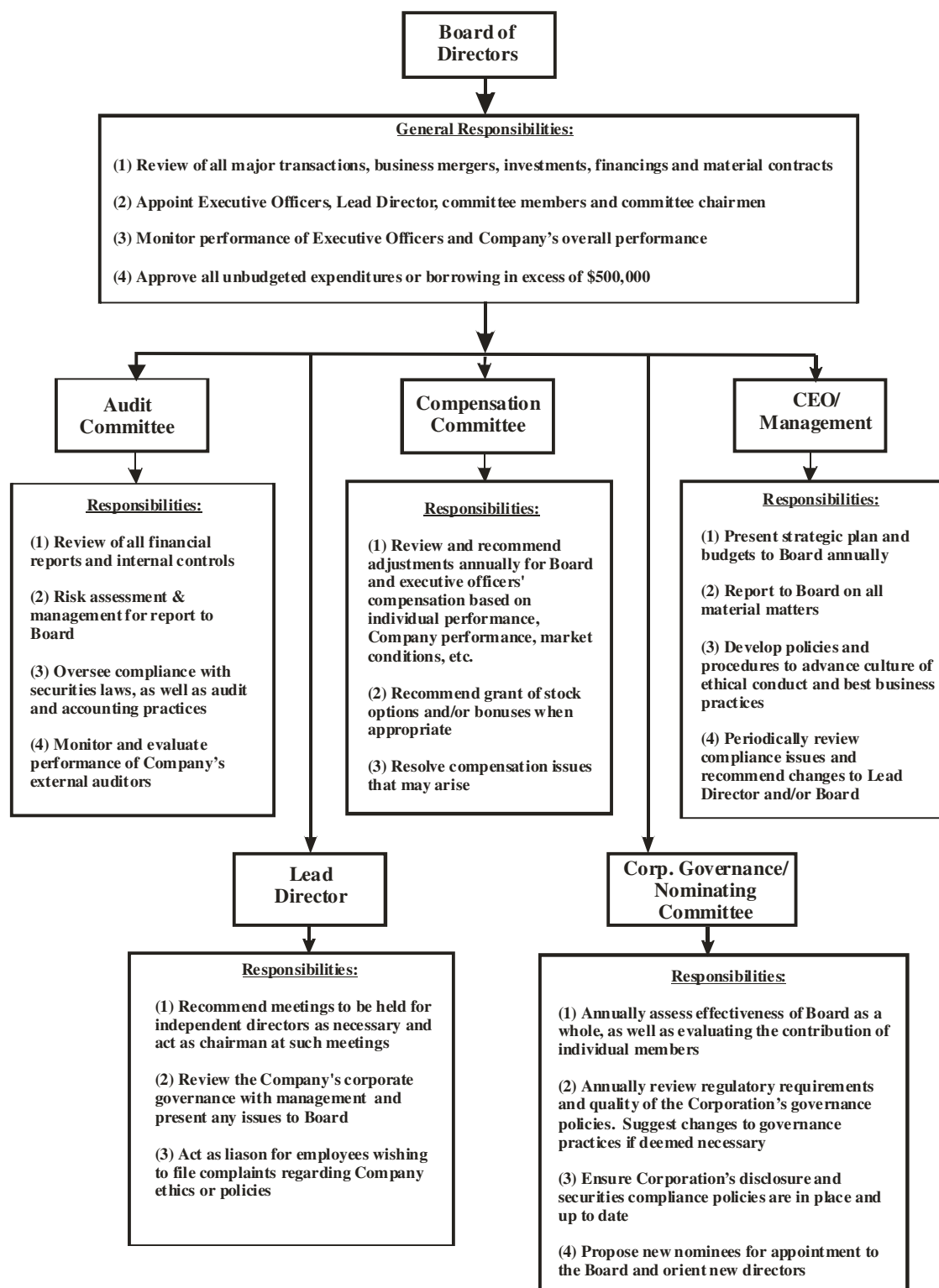
The business and affairs of IMZ are managed by the Executive Officers and senior management, under the direction and supervision of the IMZ Board. Directors shall at all times act in the best interests of IMZ and in good faith, exercising care, diligence and sound business judgment.

The IMZ Board generally discharges its responsibilities directly and through its committees and by delegating the day-to-day management of IMZ to its Executive Officers.

The IMZ Board meets, at a minimum, on a quarterly basis with the Executive Officers to review the business operations, financial results and corporate governance of IMZ. The IMZ Board relies on management to keep the IMZ Board apprised of all significant developments affecting IMZ. Interim meetings are scheduled if Board consideration is required on particular matters.

Position Descriptions

The IMZ Board does not currently have a Chairman of the IMZ Board separate from the CEO, but does have an independent lead director, Mr. John Hick. IMZ's CEO and the IMZ Board's lead director do not have formal written position descriptions, but both have clear mandates from the IMZ Board to carry out their responsibilities. The chart below outlines basic responsibilities of the IMZ Board's committees and IMZ's management.



The directors are kept fully informed of all decisions that have a material impact on the operation and performance of IMZ. All major contracts and transactions are put before the directors for approval or ratification. As described in the section on “Board Mandate” above, the IMZ Board has charged the Executive Officers and senior management with the responsibilities for day-to-day running of IMZ, which includes proposing strategic direction, policies and financial goals of IMZ and submission of an annual budget for the review, consideration and approval by the IMZ Board.

Orientation and Continuing Education

IMZ does not have a formal orientation and education program for new directors. New directors, however, are provided with relevant materials with respect to IMZ, as well as being informed in detail of relevant corporate issues by the CEO. All directors are fully apprised of the status of projects, budgets and corporate issues during quarterly Board meetings and meetings held during the week of IMZ's annual shareholder meeting.

The IMZ Board currently discusses corporate governance practices annually and reviews relevant policies such as the Code of Business Conduct and Ethics (see next section below) and the IMZ Board Mandate from time to time. The IMZ Board currently does not provide formal continuing education for its directors. However, all members of the Audit Committee are encouraged to take continuing education programs and are compensated by IMZ should they do so.

By using a board composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, IMZ has confidence that its Board operates effectively and efficiently.

Ethical Business Conduct

A written code of ethics and conduct (the “Code”) for the directors, officers and employees was prepared and approved by the IMZ Board on September 27, 2007. It was distributed for signature to all directors, officers and employees of IMZ in October 2007. The IMZ Board relies on John Hick, independent lead director of IMZ, to monitor compliance with the Code. The Code was filed October 17, 2007 on SEDAR under IMZ's name and is also posted on IMZ's website at <http://www.intlminerals.com/company/code-of-conduct>.

The Code has been developed to communicate to directors, officers and employees standards for business conduct in the use of Corporation time, resources and assets and, to identify and clarify proper conduct in areas of potential conflict of interest. Each director, officer and employee is provided with a copy of the Code, and if requested by IMZ, asked to sign an acknowledgement that the standards and principles of the Code will be maintained at all times on IMZ's business. The Code is designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under “Whistleblower” situations, are reported to the Chairman of the Audit Committee and can be reported anonymously. The Chairman of the Audit Committee will report to the IMZ Board any reported violations at least quarterly or, more frequently depending on the specifics of the reported violation. To date there have been no reported violations.

The IMZ Board ensures the exercise of independent judgment in considering transactions and agreements in respect of which a director has a material interest. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to material transactions is provided for review by the IMZ Board, particularly by independent directors.

The IMZ Board comprises directors who have solid track records in spheres ranging from legal and financial to exploration and mining expertise in order to ensure a culture of ethical business conduct.

Nomination of Directors

Nomination of new directors is the responsibility of the Corporate Governance/Nominating Committee (“CG/N Committee”), which was established on November 9, 2012. The CG/N Committee currently comprises directors John Hick, Rod McKeen and Gabriel Bianchi, with Mr. Hick acting as Chairman of the committee. The CG/N Committee annually distributes a confidential performance review survey to each member of the IMZ Board, whereby each director evaluates the contributions of the other directors and the overall effectiveness of the IMZ Board. When the IMZ Board finds it necessary to add or replace a director, candidates are put forth by the CG/N Committee for consideration by the IMZ Board. In general, the IMZ Board also solicits input from IMZ's management. If a candidate appears qualified, the IMZ Board and management conduct due diligence and if the results are satisfactory, the candidate is invited to join the IMZ Board.

Compensation

IMZ's Compensation Committee was established on February 13, 2007 and currently consists of independent directors John Hick and Michael Smith, with Mr. Hick acting as Chairman of the committee. The committee reviews comparative industry compensation levels and makes recommendations to the IMZ Board regarding compensation for IMZ's Executive Officers and its directors. See "*Directors Compensation*".

IMZ currently compensates both its non-executive and executive directors (with the exception of Mr. Kay) with a \$30,000 per year annual retainer. The lead director receives an annual retainer of \$7,500 and committee chairs receive an annual retainer of \$5,000, excepting the Chair of the Audit Committee who receives an annual retainer of \$10,000. Each director receives a \$1,000 fee for each meeting attended, either in person or by telephone. Directors also receive a \$1,000/day fee for their attendance at special functions such as management review sessions. All members of the IMZ Board (independent and non-independent) may also be issued incentive stock options from time to time.

The Chief Executive Officer, who is also a director of IMZ, is not present during Compensation Committee deliberations and abstains during Board consideration of his performance evaluation and compensation levels. He is not compensated in his capacity as a director.

To date, the IMZ Board and Corporation consider that they have had sufficient information to establish the Executive Officers' compensation and therefore did not retain any compensation consultants or advisors at any time during IMZ's most recently completed fiscal year.

Other Board Committees

IMZ does not have any standing committees other than the Audit Committee, the Compensation Committee and the Corporate Governance/Nominating Committee at the present time.

Assessments

As discussed above, the CG/N Committee annually distributes a confidential survey to each member of the IMZ Board whereby each director evaluates the contributions of the other directors and the overall effectiveness of the IMZ Board, as well as noting any shortcomings or problems that may have been observed. The survey was developed with the goal of obtaining objective and subjective comments in key areas from each director on an annual basis. The survey is designed to help assess the skills, effectiveness and competencies that each existing director possesses and the contributions made by individual directors at meetings. Review of the questionnaires allows each director's qualifications, skills, experience and competencies to be evaluated. A summary report of the review is compiled by John Hick, Chairman of the CG/N Committee and lead director, and presented to the IMZ Board for discussion regarding performance and effectiveness of the IMZ Board as a whole to determine whether changes in size, personnel or responsibilities are warranted.

Indebtedness of Directors, Executive Officers and Officers

During IMZ's last completed fiscal year ended June 30, 2013, no director, executive officer or officer of IMZ, proposed management nominee for election as a director of IMZ or each associate or affiliate of any such director, executive officer or proposed nominee is or has been indebted to IMZ or any of its subsidiaries or is and has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by IMZ or any of its subsidiaries, other than routine indebtedness.

Management Contracts

Other than as set out elsewhere in this Circular, there are no management functions of IMZ which are to any substantial degree performed by a person other than the directors and executive officers of IMZ.

Other Business

Management of IMZ knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote on the same in accordance with their best judgment of such matters.

Additional Information

Additional information relating to IMZ is available on SEDAR at www.sedar.com and on IMZ's website at www.intlminerals.com. Financial information is provided in IMZ's comparative financial statements and management discussion and analysis ("MD&A") for its most recently completed fiscal year. To request copies of IMZ's financial statements and MD&A, please contact Terri Kasten at (480) 483-9932 or via email at tkasten@intlminerals.com.

The contents and sending of this Circular has been approved by the IMZ Board.

DATED: In Scottsdale, Arizona this 25th day of October, 2013.

INTERNATIONAL MINERALS CORPORATION

"Stephen J. Kay"

President, Chief Executive Officer and Director

CONSENT OF PARADIGM CAPITAL INC.

To: The Board of Directors (the “IMZ Board”) of International Minerals Corporation (“IMZ”)

We refer to our valuation and fairness opinion (the “Valuation and Fairness Opinion”) dated September 17, 2013 with respect to the valuation of the transaction and the fairness of the transaction, from a financial point of view, to the holders of the common shares (the “IMZ Shares”) of IMZ, other than Hochschild Mining plc, in connection with the arrangement agreement dated October 1, 2013 between IMZ, Hochschild Mining plc, HOC Holdings Canada Inc. and Chaparral Gold Corp. to acquire all of the issued and outstanding IMZ Shares.

We have read the information circular of IMZ dated October 25, 2013 (the “Circular”) and have no reason to believe that there are any misrepresentations in the information contained therein that is derived from our Valuation and Fairness Opinion, or that is within our knowledge as a result of the services performed by us in the preparation of our Valuation and Fairness Opinion.

We hereby consent to the reference to, and the summary of, our Valuation and Fairness Opinion and to the use of our name “Paradigm Capital Inc.” in the Circular and to the inclusion of a copy of our Valuation and Fairness Opinion in the Circular.

In providing such consent, except as may be required by securities laws, the Valuation and Fairness Opinion has been prepared for the IMZ Board in connection with the transaction and, other than as expressly provided herein, may not be used by any other persons for any other purpose without the prior written consent of Paradigm Capital Inc., and we do not intend that any person other than the IMZ Board rely upon such Valuation and Fairness Opinion.

“Paradigm Capital Inc.”

Toronto, Ontario
October 25, 2013

APPENDIX “A”

PLAN OF ARRANGEMENT UNDER SECTION 195 OF THE YUKON BUSINESS CORPORATIONS ACT

1. INTERPRETATION

- (a) **Definitions:** In this Plan of Arrangement, unless there is something in the subject matter or the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

“**Arrangement**” means the arrangement under the provisions of section 195 of the YBCA, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment, variation or supplement hereto made in accordance with the Arrangement Agreement and the provisions of Section 6 hereof or made at the direction of the Court in the Final Order;

“**Arrangement Agreement**” means the Arrangement Agreement between IMZ, HOC, HOC Canada, and IMZ Spinco dated October 1, 2013;

“**Arrangement Resolution**” means the Special Resolution of IMZ Securityholders approving the Arrangement and presented at the IMZ Securityholder Meeting;

“**Articles of Arrangement**” means the articles of arrangement of IMZ in respect of the Arrangement, required by the YBCA to be sent to the Registrar after the Final Order is made, which shall include this Plan of Arrangement as amended by the Final Order and otherwise be in a form and content satisfactory to IMZ and HOC, each acting reasonably;

“**Business Day**” means a day which is not a Saturday, Sunday or a civic or statutory holiday in Whitehorse, Yukon; Vancouver, British Columbia; Scottsdale, Arizona; Lima, Peru; or London, England;

“**Cash Consideration**” means \$2.38 in cash per Class A Share (or the Canadian dollar equivalent determined by the Depositary);

“**Certificate of Arrangement**” means the certificate of arrangement issued by the Registrar pursuant to subsection 195(11) of the YBCA in respect of the Articles of Arrangement;

“**Class A Shares**” means the Class A voting common shares of IMZ which are to be created in accordance with this Plan of Arrangement and which shall be entitled to two votes per Class A Share with respect to the election of the board of directors of IMZ, but will otherwise have attached thereto the same rights and privileges as the IMZ Shares;

“**Court**” means the Supreme Court of Yukon;

“**Depositary**” means Computershare Trust Company of Canada;

“**Dissent Procedures**” means the procedures set forth in section 193 of the YBCA as amended by this Plan of Arrangement and the Interim Order and/or Final Order required to be taken by an IMZ Shareholder to exercise a Dissent Right;

“**Dissent Rights**” means the rights of dissent of IMZ Shareholders in respect of the Arrangement Resolution as defined in Section 4 hereof;

“**Dissenting IMZ Shareholder**” means an IMZ Shareholder who has duly exercised a Dissent Right in strict compliance with the Dissent Procedures;

“**Effective Date**” means the date shown in the Certificate of Arrangement;

“Effective Time” means the time when the Arrangement will be deemed to have been completed, which shall be 12:01 a.m., Pacific time, on the Effective Date, or such other time as the Parties agree to in writing prior to the Effective Date;

“Final Order” means the final order of the Court in a form acceptable to IMZ, IMZ Spinco, HOC and HOC Canada, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of IMZ, IMZ Spinco, HOC and HOC Canada, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both IMZ, IMZ Spinco, HOC and HOC Canada, each acting reasonably);

“Governmental Entity” means (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any 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;

“HOC” means Hochschild Mining plc, a company established and existing under the laws of England and Wales;

“HOC Canada” means HOC Holdings Canada Inc., a corporation existing under the laws of the Yukon, and an indirect wholly-owned subsidiary of HOC;

“IMZ” means International Minerals Corporation, a corporation existing under the laws of the Yukon;

“IMZ Circular” means the notice of the IMZ Securityholder Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in (if any), such management information circular, to be sent to the IMZ Securityholders in connection with the IMZ Securityholder Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

“IMZ Options” means the outstanding options to purchase IMZ Shares issued pursuant to the IMZ Option Plan;

“IMZ Optionholders” means the holders of IMZ Options;

“IMZ Option Plan” means IMZ’s Incentive Share Option Plan dated December 8, 1994 and adopted by IMZ Shareholders on January 18, 1995, as amended with IMZ Shareholder approval on December 14, 1999, December 18, 2003, November 6, 2006, November 21, 2008 and November 11, 2011;

“IMZ Securityholders” means, collectively, IMZ Shareholders and IMZ Optionholders;

“IMZ Securityholder Meeting” means the annual meeting of the IMZ Shareholders and the special meeting of IMZ Securityholders, including any adjournment(s) or postponement(s) of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the IMZ Circular;

“IMZ Shareholders” means the registered or beneficial holders of the IMZ Shares, as the context requires, except that with respect to Dissent Rights, IMZ Shareholders refers only to registered shareholders;

“IMZ Shares” means the common shares in the capital of IMZ which IMZ is presently authorized to issue;

“IMZ Spinco” means 0980507 B.C. Ltd. (which subsequently changed its name to Chaparral Gold Corp.), a corporation existing under the laws of British Columbia, and a wholly-owned subsidiary of IMZ prior to the effectiveness of this Plan of Arrangement;

“IMZ Spinco Shares” means common shares in the capital of IMZ Spinco;

“Inmaculada” means Inmaculada Holdings S.A.C., corporation existing under the laws of Peru, and an indirect wholly-owned subsidiary of HOC;

“Interim Order” means the interim order of the Court in a form acceptable to IMZ, IMZ Spinco, HOC and HOC Canada, each acting reasonably, providing for, among other things, the calling and holding of the IMZ Securityholder Meeting, as such order may be amended, supplemented or varied by the Court with the consent of IMZ, IMZ Spinco, HOC and the HOC Canada, each acting reasonably;

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

“Letter of Transmittal” means the letter of transmittal to be delivered by IMZ to the IMZ Shareholders providing for the delivery of the IMZ Shares to the Depositary;

“Lien” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest or claims, 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;

“paid-up capital” has the meaning ascribed to such term for purposes of the *Tax Act*;

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

“Registrar” means the registrar appointed pursuant to section 263 of the YBCA;

“Share Consideration” means one IMZ Spinco Share per IMZ Share;

“Special Resolution” has the meaning ascribed to such term in the YBCA;

“Tax Act” means the *Income Tax Act* (Canada);

“Taxes” means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party; and

“YBCA” means the *Business Corporations Act* (Yukon).

- (b) **Interpretation Not Affected by Headings.** The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or Subsection hereof and include any agreement or instrument supplementary or ancillary hereto.
- (c) **Date for any Action.** If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- (d) **Number and Gender.** In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders and neuter.
- (e) **References to Persons and Statutes.** A reference to a Person includes any successor to that Person. Any reference to a statute or to a rule of a self regulatory organization, including any stock exchange, refers to such statute or rule, and all rules and regulations, administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (f) **Currency.** Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of the United States.
- (g) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- (h) **Time References.** Time shall be of the essence in every matter or action contemplated hereunder. References to time are to Pacific time.

2. ARRANGEMENT AGREEMENT

This Plan of Arrangement and the Arrangement are made pursuant to and subject to the provisions of the Arrangement Agreement. At the Effective Time, the Arrangement shall be binding upon HOC, HOC Canada, IMZ, IMZ Spinco, IMZ Shareholders (including Dissenting IMZ Shareholders), IMZ Optionholders, the Depositary and the registrar and transfer agent of IMZ, without any further act or formality required on the part of any Person.

3. THE ARRANGEMENT

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) each unexercised IMZ Option and the IMZ Option Plan shall immediately be cancelled and be of no further force and effect and neither IMZ, IMZ Spinco, HOC nor HOC Canada nor any of their respective affiliates or successors shall have any liability in respect thereof;
- (b) each of the IMZ Shares held by a Dissenting IMZ Shareholder in respect of which Dissent Rights have been validly exercised shall be deemed to have been irrevocably transferred without any further act or formality to HOC Canada (free and clear of all Liens) in consideration for a debt claim against HOC Canada for the amount determined under Section 4, and:
 - (i) such Dissenting IMZ Shareholders shall cease to be the holders of such IMZ Shares and to have any rights or privileges as holders of such IMZ Shares other than the right to be paid fair value for such IMZ Shares as set out in Section 4;
 - (ii) such Dissenting IMZ Shareholders' names shall be removed as the holders of such IMZ Shares from the register of IMZ Shares maintained by or on behalf of IMZ; and

- (iii) HOC Canada shall be deemed to be the transferee of such IMZ Shares free and clear of all Liens, and shall be entered as the registered holder of the IMZ Shares in the register of IMZ maintained by or on behalf of IMZ and shall be deemed to be the legal and beneficial holder of such IMZ Shares.
- (c) IMZ shall undertake a reorganization of capital within the meaning of section of 86 of the *Tax Act*, and which reorganization shall occur in the following order:
 - (i) the authorized share structure of IMZ will be amended by the creation of one new class of shares consisting of an unlimited number of Class A Shares, and the articles of incorporation of IMZ shall be deemed to be amended accordingly;
 - (ii) each IMZ Share (including such IMZ Shares acquired by HOC Canada pursuant to Section 3(b) above, if any) will be exchanged with IMZ (without any further act or formality on the part of the holder of the IMZ Share) free and clear of all Liens for one Class A Share and one IMZ Spinco Share, and such IMZ Shares shall thereupon be cancelled, and:
 - (iii) the holders of such IMZ Shares shall cease to be the holders thereof and to have any rights or privileges as holders of such IMZ Shares;
 - (iv) such holders' names shall be removed from the register of the IMZ Shares maintained by or on behalf of IMZ; and
 - (v) each IMZ Shareholder shall be deemed to be the holder of the Class A Shares and IMZ Spinco Shares (in each case, free and clear of any Liens) exchanged for the IMZ Shares and shall be entered in the register of IMZ or IMZ Spinco, as the case may be, as the registered holder thereof;
 - (vi) the stated capital of IMZ for the outstanding Class A Shares will be an amount equal to the paid-up capital of IMZ for the IMZ Shares, less the fair market value of the IMZ Spinco Shares distributed on such exchange;
- (d) HOC shall cause Inmaculada to transfer the Class A Shares which it acquired pursuant to Section 3(c) above to HOC Canada in exchange for the issuance to Inmaculada of one common share of HOC Canada for each Class A Share so transferred, and HOC Canada will add to the stated capital for its common shares an amount equal to the Cash Consideration multiplied by the number of Class A Shares so received; and
- (e) each outstanding Class A Share (other than Class A Shares held by HOC, HOC Canada or any affiliate thereof) will, without any further act or formality by or on behalf of a holder of Class A Shares, be irrevocably assigned and transferred by the holder thereof to HOC Canada (free and clear of all Liens) in exchange for the Cash Consideration from HOC Canada for each Class A Share held, and:
 - (i) the holders of such Class A Shares shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to be paid the Cash Consideration per Class A Share in accordance with this Plan of Arrangement;
 - (ii) such holders' names shall be removed from the register of the Class A Shares maintained by or on behalf of IMZ; and
 - (iii) HOC Canada shall be deemed to be the transferee and the legal and beneficial holder of such Class A Shares (free and clear of all Liens) and shall be entered as the registered holder of such Class A Shares in the register of the Class A Shares maintained by or on behalf of IMZ.

4. RIGHTS OF DISSENT

- (a) Only IMZ Shareholders that are registered shareholders shall be entitled to exercise dissent rights (“**Dissent Rights**”) with respect to the IMZ Shares pursuant to and in the manner set forth in section 193 of the YBCA as modified by the Interim Order, the Final Order and this Section 4, but provided that notwithstanding subsection 193(5) of the YBCA, such Dissenting IMZ Shareholder delivers to IMZ written objection to the Arrangement by not later than 5:00 p.m. (Pacific time) on the Business Day immediately prior to the date of the IMZ Securityholder Meeting and otherwise complies strictly with the requirements hereof, section 193 of the YBCA and the Interim Order and Final Order (the “**Dissent Procedures**”). No other holder of securities of IMZ shall be permitted to dissent.
- (b) If the Arrangement is concluded, an IMZ Shareholder who exercises Dissent Rights in strict compliance with the Dissent Procedures shall be entitled to be paid by IMZ the fair value of the IMZ Shares held by such Dissenting IMZ Shareholder in respect of which such Dissenting IMZ Shareholder dissents, determined as provided for in the YBCA, as modified by the Interim Order and this Section 4, provided that any such Dissenting IMZ Shareholder who exercises such right to dissent and who:
- (i) is ultimately entitled to be paid fair value for its IMZ Shares shall be deemed to have transferred its IMZ Shares to HOC Canada in consideration for a debt claim against HOC Canada in an amount equal to the fair value of such shares as set out in Subsection 3(b), and shall not be entitled to any other payment or consideration, including any payment under the Arrangement had such holders not exercised their Dissent Rights; or
- (ii) is for any reason ultimately not entitled to be paid for fair value for its IMZ Shares, shall be deemed to have participated in the Arrangement as of the Effective Time at the same terms and at the same time as a non-dissenting IMZ Shareholder and shall only be issued the same consideration which an IMZ Shareholder is entitled to receive under the Arrangement as if such Dissenting IMZ Shareholder would not have exercised Dissent Rights.
- (c) In no case shall HOC, HOC Canada, IMZ or IMZ Spinco be required to recognize Dissenting IMZ Shareholders as an IMZ Shareholder at and after the Effective Time, and the names of such IMZ Shareholders shall be removed from the share register of IMZ at the Effective Time in accordance with Section 3.
- (d) For greater certainty, IMZ Shareholders who vote, in person or by proxy, in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

5. DELIVERY OF CONSIDERATION

- (a) **Letter of Transmittal.** The Depositary will forward to each registered IMZ Shareholder, at the address of such IMZ Shareholder as it appears on the register for IMZ Shares, a Letter of Transmittal and instructions for obtaining delivery of the certificates or other evidence of ownership representing the Share Consideration transferred to such IMZ Shareholder pursuant to the Arrangement.
- (b) **Entitlement to Consideration.**
- (i) On or prior to the Effective Date, HOC Canada shall deposit cash in immediately available funds (at Toronto or as directed by the Depositary) with the Depositary for the benefit of IMZ Shareholders, in an amount sufficient to pay all Cash Consideration to which IMZ Shareholders are entitled under this Arrangement. From and after the deposit of such cash, the Depositary shall be considered to hold such funds for the sole benefit of the IMZ Shareholders. Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding IMZ Shares that were exchanged under this Arrangement, together with such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate or other instrument shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder the Cash Consideration which such holder has the right to receive pursuant to Section 3 hereof, net of any applicable withholding taxes.

- (ii) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more IMZ Shares which were exchanged under this Agreement together with a completed Letter of Transmittal and such other documents and instruments as would have been required to effect the transfer of the IMZ Shares formerly represented by such certificate under the YBCA and the by-laws of IMZ and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such IMZ Shareholder following the Effective Time, certificates or other evidence of ownership representing the Share Consideration to which such IMZ Shareholder is entitled to receive in accordance with Section 3 hereof.
- (iii) After the Effective Time and until surrendered for cancellation as contemplated by Subsection 5(b) hereof, each certificate which immediately prior to the Effective Time represented one or more IMZ Shares shall be deemed at all times thereafter to represent only the right to receive in exchange therefor certificates or other evidence of ownership representing the Share Consideration and the Cash Consideration to which the holder of such certificate is entitled to receive in accordance with Subsection 5(b) hereof.
- (c) **Lost Certificates.** In the event that any certificate which immediately prior to the Effective Time represented one or more IMZ Shares which were exchanged under this Agreement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, certificates or other evidence of ownership representing the Share Consideration and the Cash Consideration which such IMZ Shareholder is entitled to receive under this Agreement. When authorizing such delivery of certificates or other evidence of ownership representing the Share Consideration and the Cash Consideration which such IMZ Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the IMZ Shareholder to whom certificates or other evidence of ownership representing such Share Consideration and the Cash Consideration are to be delivered shall, as a condition precedent to the delivery of such consideration, give a bond satisfactory to HOC, HOC Canada, IMZ, IMZ Spinco and the Depositary in such amount as HOC, HOC Canada, IMZ, IMZ Spinco and the Depositary may direct, or otherwise indemnify HOC, HOC Canada, IMZ, IMZ Spinco and the Depositary in a manner satisfactory to HOC, HOC Canada, IMZ, IMZ Spinco and the Depositary, against any claim that may be made against HOC, HOC Canada, IMZ, IMZ Spinco or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the by-laws of IMZ.
- (d) **Termination of Rights.** Any certificate formerly representing IMZ Shares that is not deposited, with all other documents as provided in this Section 5 on or before the sixth anniversary of the Effective Date, shall thereafter cease to represent any claim or interest of any kind or nature against HOC, HOC Canada, IMZ, IMZ Spinco or the Depositary.

6. AMENDMENT

- (a) HOC and IMZ reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the IMZ Securityholder Meeting, then: (i) approved by the Court, and (ii) if the Court directs, approved by the IMZ Securityholders and in any event communicated to them, and in either case in the manner required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement, if agreed to by IMZ and HOC, may be made at any time prior to or at the IMZ Securityholder Meeting, with or without any other prior notice or communication and, if so proposed and accepted by Persons voting at the IMZ Securityholder Meeting (other than as may be required under the Interim Order) shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the IMZ Securityholder Meeting will be effective only if it is consented to by IMZ and HOC and, if required by the Court, by the IMZ Securityholders.

- (d) Notwithstanding the foregoing provisions of this Section 6, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

7. WITHHOLDING TAX

HOC, HOC Canada, IMZ, IMZ Spinco and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any Person under the Plan of Arrangement such amounts as HOC, HOC Canada, IMZ, IMZ Spinco or the Depositary, as applicable, are required, entitled or reasonably believe to be required or entitled to deduct and withhold from such consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity.

8. PARAMOUNTCY

From and after the Effective Time (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to the IMZ Option Plan, IMZ Options and IMZ Shares, outstanding prior to the Effective Time, (b) the rights and obligations of IMZ Shareholders, holders of IMZ Options and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to the IMZ Shares or the IMZ Options shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

9. FURTHER ASSURANCES

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

APPENDIX “B”

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the “**Arrangement**”) under Section 195 of the *Business Corporations Act* (Yukon) (the “**YBCA**”) of International Minerals Corporation (the “**Company**”), all as more particularly described and set forth in the management information circular (the “**Company Circular**”) dated October 25, 2013, of the Company accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the “**Arrangement Agreement**”) made as of September 25, 2013, among the Company, Chaparral Gold Corp., Hochschild Mining plc and HOC Holdings Canada Inc., is hereby authorized, approved and adopted.
2. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
3. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms, the “**Plan of Arrangement**”), the full text of which is set out in Appendix “A” to the Company Circular, is hereby authorized, approved and adopted.
4. The Company be and is hereby authorized to apply for a final order (the “**Final Order**”) from the Supreme Court of Yukon (the “**Court**”) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Company Circular).
5. Notwithstanding that these resolutions have been passed (and the Arrangement adopted) by the shareholders and optionholders of the Company or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders and optionholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Registrar under the YBCA, the articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX “C”
VALUATION AND FAIRNESS OPINION



September 17, 2013

The Board of Directors
International Minerals Corporation
7950 E. Acoma Drive
Suite 211
Scottsdale, AZ 85260

To the Board of Directors:

Paradigm Capital Inc. ("**Paradigm Capital**") understands that International Minerals Corporation ("**International Minerals**" or "**IMZ**") and Hochschild Mining PLC ("**Hochschild**") entered into a non-binding letter of intent (the "**LOI**") dated August 23, 2013 in respect of a proposed transaction pursuant to which Hochschild will acquire for cash 100% of the outstanding common shares of International Minerals (the "**IMZ Shares**") that Hochschild and its affiliates do not already own, while simultaneously transferring certain of International Minerals' assets and liabilities to a new company ("**SpinCo**") by way of a plan of arrangement as described in the LOI (the "**Potential Transaction**"). Pursuant to the terms of the Potential Transaction, International Minerals' shareholders would have the opportunity to participate in International Minerals' Nevada assets through the ownership of shares of SpinCo. SpinCo will be capitalized with International Minerals' existing cash balance, any stock option proceeds, and the proceeds from the sale of its Ecuador assets.

Paradigm Capital further understands that:

- (a) The Potential Transaction would constitute a "business combination" for purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and therefore requires a formal valuation (the "**Valuation**") of the Potential Transaction;
- (b) The board of directors of International Minerals (the "**Board of Directors**") will consider and evaluate the Potential Transaction and make recommendations thereon to the shareholders of International Minerals, excluding Hochschild (the "**Minority Shareholders**"); and
- (c) The Board of Directors has retained Paradigm Capital to assist it in evaluating the Potential Transaction, including the preparation and delivery to the Board of Directors of the Valuation in accordance with the requirements of MI 61-101 and Rule 29 of the Investment Industry Regulatory Organization of Canada ("**IIROC**") (collectively the "**Policies**") and an opinion (the "**Fairness Opinion**" and together with the Valuation the "**Valuation and Fairness Opinion**") as to the fairness, from a financial point of view, of the consideration, which includes US\$2.38 per share in cash and 1 share of SpinCo, to be paid to the Minority Shareholders pursuant to the Potential Transaction (the "**Consideration**").

Paradigm Capital also understands IMZ is required to prepare an information circular in connection with the Potential Transaction (the "**Circular**") in compliance with applicable laws, regulations, policies and rules and will be mailed to shareholders of IMZ.

All dollar amounts herein are expressed in Canadian dollars, unless stated otherwise.



Paradigm Capital Engagement and Background

Paradigm Capital was first contacted regarding the Potential Transaction on August 29, 2013. Paradigm Capital was formally engaged to act as financial advisor to the Board of Directors pursuant to an agreement dated August 30, 2013 (the “**Agreement**”). The terms of the Agreement provide that Paradigm Capital is to be paid a fixed fee for its service and will be reimbursed for out of pocket expenses upon submission of the Valuation and Fairness Opinion. In addition, International Minerals has agreed to indemnify Paradigm Capital, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, against certain expenses, losses, claims, actions, damages and liabilities which may arise directly or indirectly from services performed by Paradigm Capital in connection with the Agreement. The fee payable to Paradigm Capital is not contingent in whole or in part upon the completion of the Potential Transaction or on the conclusions reached in the Valuation and Fairness Opinion. No understandings or agreements exist between Paradigm Capital and IMZ with respect to future financial advisory or investment banking business.

Credentials and Independence of Paradigm Capital

Paradigm Capital is a Canadian independent investment banking firm with a sales, trading, research, and corporate finance focus providing services for both institutional investors and corporations. Paradigm Capital was founded in 1999 and is a member of the Toronto Stock Exchange (“**TSX**”), the TSX Venture Exchange, and IIROC. Paradigm Capital has participated in many transactions involving both public and private companies.

The Valuation and Fairness Opinion expressed herein represents the opinion of Paradigm Capital and the form and content thereof have been approved for release by a committee of directors and other professionals of Paradigm Capital, each of whom is experienced in mergers, business combinations, divestitures, and valuations.

None of Paradigm Capital, its associates or affiliates: (i) is an issuer insider, associate, affiliate or affiliated entity (as those terms are defined in MI 61-101) of International Minerals or Hochschild, or any of their respective associates or affiliates; (ii) is an advisor to any person or company other than to the Board of Directors with respect to the Potential Transaction; (iii) is a manager or co-manager of a soliciting dealer group formed in respect of the Potential Transaction (or a member of such a group performing services beyond the customary soliciting dealer’s functions or receiving more than the per security or per security holder fees payable to the other members of the group). Paradigm Capital has not provided any financial advisory services to International Minerals or Hochschild, or any of their respective associates or affiliates for which it has received compensation in the past 24 months.

Paradigm Capital may, however, during the ordinary course of business, provide financial advisory or investment banking services to International Minerals, Hochschild or any of their respective affiliates. In addition, during the ordinary course of business, Paradigm Capital may actively trade common shares and other securities of International Minerals or Hochschild for its own account and for the accounts of Paradigm Capital’s clients and, accordingly, may at any time hold a long or short position in such securities. As an investment dealer, Paradigm Capital conducts research on securities and may, during the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including those related to any of International Minerals, Hochschild, or the Potential Transaction.

Scope of the Review

In connection with this Valuation and Fairness Opinion, Paradigm Capital has reviewed and relied upon and in some cases carried out, among other things, the following:

- a) The LOI dated August 23, 2013;



- b) The forms of voting agreement that may be entered into by certain Minority Shareholders;
- c) International Minerals' Annual Information Form dated September 28, 2012 for the fiscal year ended June 30, 2012 and the comparative period dated September 26, 2011 for the fiscal year ended June 30, 2011, respectively;
- d) International Minerals' Annual Report for the fiscal year ended June 30, 2012 and the comparative period ended June 30, 2011, respectively;
- e) International Minerals' audited annual consolidated financial statements and management's discussion and analysis for the fiscal year ended June 30, 2012 and draft annual audited consolidated financial statements and management's discussion and analysis for the fiscal year ended June 30, 2013 received September 4, 2013;
- f) International Minerals' unaudited quarterly condensed consolidated interim financial statements and management's discussion and analysis as at and for the three month periods ended March 31, 2013, December 31, 2012 and September 30, 2012; and the comparative periods ended March 31, 2012, December 31, 2011 and September 30, 2011, respectively;
- g) NI 43-101 Amended and Restated Technical Report Regarding the Goldfield Property, Nevada, USA dated July 25, 2013 with an effective date of June 17, 2013, prepared for International Minerals by Sam Shoemaker Jr., Reg. Mem. SME., Richard Gowans, PEng., Christopher Jacobs, CEng, MIMMM, R. Mohan Srivastava, PGeo.;
- h) NI 43-101 Technical Report Regarding the Converse Gold Project, Nevada, USA dated February 2, 2012, prepared for International Minerals by R. Mohan Srivastava, PGeo., Dayan Anderson, QP, MMSA., Richard Gowans, PEng., Christopher Jacobs, CEng., MIMMM;
- i) NI 43-101 Technical Report Regarding the Inmaculada Property, Peru dated January 11, 2012, prepared for International Minerals by Ausenco Limited;
- j) NI 43-101 Technical Report Regarding the Pallancata Mine, Peru dated June 26, 2009, prepared for International Minerals by Micon International Limited;
- k) Minera Suyamarca S.A.C. financial statements dated July 31, 2013;
- l) International Minerals' press releases, material change reports, and alternative monthly reports for the one year period ending September 16, 2013;
- m) Certain internal financial, operational, corporate projections and other information concerning International Minerals' assets, including financial models for International Minerals' assets, that were prepared or provided by the management of International Minerals;
- n) International Minerals' corporate presentation dated April 2013;
- o) Hochschild's Annual Report for the fiscal year ended December 31, 2012 and the comparative period ended December 31, 2011, respectively;
- p) Hochschild's audited annual consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2012 and the comparative period ended December 31, 2011;



- q) Hochschild's unaudited interim financial statements as at and for the six month period ended June 30, 2013 and the comparative period ended June 30, 2012, respectively;
- r) Hochschild's press releases, material change reports and alternative monthly reports for the one year period ending September 16, 2013;
- s) Oral representations obtained from senior representatives of International Minerals as to matters of fact considered by Paradigm Capital to be relevant;
- t) Third party quarterly production results and guidance on mine production forecasts;
- u) Selected public market trading statistics and relevant business and financial information of International Minerals and other comparable publicly traded entities;
- v) Relevant financial information and selected financial metrics with respect to precedent transactions deemed relevant by Paradigm Capital; and
- w) Such other corporate, industry and financial market information, investigations and analyses as Paradigm Capital considered necessary or appropriate in the circumstances.

In addition, Paradigm Capital has participated in discussions with members of International Minerals' senior management and project technical teams regarding International Minerals, past and current business operations, and International Minerals financial condition and prospects. Paradigm Capital has not, to the best of its knowledge, been denied access by International Minerals to any information requested. Paradigm Capital did not meet with the auditors of International Minerals and has assumed the accuracy and fair presentation of the audited consolidated financial statements of International Minerals and the reports of the auditors therein.

This Valuation and Fairness Opinion has been prepared in accordance with MI 61-101 and the Disclosure Standards for Formal Valuations and Fairness Opinions of IIROC, but IIROC has not been involved in the preparation or review of the Valuation and Fairness Opinion.

Assumptions and Limitations

With the approval of the Board of Directors and, as provided in the Agreement, Paradigm Capital has relied, without independent verification, upon all financial and other information that was obtained from public sources or that was provided to us by International Minerals and its respective affiliates, associates, advisors or otherwise. Paradigm Capital has assumed that this information was complete and accurate as of the date thereof and did not omit to state any material fact or any fact necessary to be stated to make that information not misleading. This Valuation and Fairness Opinion is conditional upon such completeness and accuracy. In accordance with the terms of our engagement, but subject to the exercise of Paradigm Capital's professional judgement, Paradigm Capital has not conducted any independent investigation to verify the completeness or accuracy of such information. With respect to the financial forecasts and budgets provided to us and used in our analysis, Paradigm Capital has assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgement of the management of International Minerals as to the matters covered thereby.

Senior representatives of International Minerals have represented to us in a certificate of two senior officers of IMZ, among other things, that the information, opinions, and other materials (the "**Information**") provided to us by, or on behalf, of IMZ are complete and accurate as of the date of the Information and that: (i) since the date of the Information, except as publicly disclosed, there has been no material change, financial or otherwise, in International Minerals or in its assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature as to render the Information untrue or misleading in any material respect except to the extent disclosed in subsequent Information; (ii) since the dates on which the



Information was provided to Paradigm Capital, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of International Minerals or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Valuation and Fairness Opinion; (iii) there are no independent appraisals or valuations or material non-independent appraisals, valuations or material expert reports relating to International Minerals, its securities, or any of its subsidiaries or any of its respective material assets or liabilities within their possession or control or knowledge that have been prepared as of a date within the two years preceding the date hereof; (iv) since the dates on which the Information was provided to Paradigm Capital, no material transaction has been entered into by International Minerals or any of its subsidiaries, and, except for the Potential Transaction contemplated, IMZ has no plans and is not aware of any circumstances or developments that could reasonably be expected to have a material effect on the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of IMZ or any of its subsidiaries or that would constitute a “material change” (as such term is defined in the *Securities Act* (Ontario) (the “Act”)); (v) such senior officers of International Minerals have no knowledge of any facts or circumstances, public or otherwise, not contained in or referred to in the Information that could reasonably be expected to affect the Valuation and Fairness Opinion, including the assumptions used, procedures adopted, the scope of the review undertaken, or the conclusions reached; (vi) other than as disclosed in the Information, none of International Minerals or its subsidiaries has any material contingent liabilities (on a consolidated or non-consolidated basis) and there are no material actions, suits, proceedings or inquiries pending or threatened against or affecting International Minerals or any of its subsidiaries, at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, board agency or instrumentality which may in any way materially affect International Minerals and its subsidiaries, taken as a whole; (vii) all financial material, documentation and other data concerning International Minerals, its subsidiaries, the Potential Transaction, including any strategic plans, financial forecasts, projections, models or estimates provided to Paradigm Capital, were prepared on a basis consistent in all material respects with the accounting policies of IMZ applied in the audited consolidated financial statements of IMZ; (viii) with respect to any portions of the Information that constitute budgets, strategic plans, financial forecasts, projections, models or estimates, such portions of the Information: (a) were reasonably prepared on bases reflecting the best currently available estimates and judgement of IMZ; (b) were prepared using the assumptions identified therein, which in the reasonable belief of the management of IMZ are (or were at the time of preparation) reasonable in the circumstances; and (c) are not, in the reasonable belief of the management of International Minerals, misleading in any material respect in light of the assumptions used or in light of any developments since the time of their preparation; (ix) no verbal or written offers for, at any one time, all or a material part of the properties and assets owned by, or the securities of, IMZ, or any of its subsidiaries, have been received or made and no negotiations have occurred relating to any such offer within the two years preceding the date hereof that have not been disclosed to Paradigm Capital; (x) there are no agreements, undertakings, commitments, or understandings (written or oral, formal or informal) relating to the Potential Transaction, except as have been disclosed in writing to Paradigm Capital; (xi) the contents of IMZ’s public disclosure documents are true and correct in all material respects and does not contain any “misrepresentation” (as such term is defined in the Act) and such disclosure documents comply in all material respects with all requirements under applicable laws; and (xii) all of the facts upon which Paradigm Capital expresses as being its understanding in the Valuation and Fairness Opinion are true and correct in all material respects.

This Valuation and Fairness Opinion is based on the securities markets, economic, general business and financial conditions prevailing as of the date of the Valuation and Fairness Opinion and the conditions and prospects, financial and otherwise, of International Minerals as they were reflected in the Information reviewed. In the analysis and in preparing the Valuation and Fairness Opinion, Paradigm Capital has made a number of assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Paradigm Capital, International Minerals, Hochschild and any other party involved in connection with the Potential Transaction.

Paradigm Capital has also assumed that the final terms of the Potential Transaction will be substantially the same as contemplated in the LOI. Paradigm Capital has also assumed that the Circular will satisfy all applicable legal requirements.



Paradigm Capital has not been requested to identify, solicit, consider, or develop any potential alternatives to the Potential Transaction.

Finally, Paradigm Capital has assumed that all material governmental, regulatory or other required consents and approvals necessary for the consummation of the Potential Transaction will be obtained without any meaningful adverse effect on IMZ, SpinCo or the contemplated benefits of the Potential Transaction.

This Valuation and Fairness Opinion has been provided for the use of the Board of Directors for their use in considering the Potential Transaction and may not be used or relied upon for any other purpose and may not be published without the express written consent of Paradigm Capital. Subject to the terms of the Agreement, Paradigm Capital consents to the inclusion of the Valuation and Fairness Opinion in its entirety, together with a summary thereof in a form acceptable to Paradigm Capital, acting reasonably, in the Circular and, to the filing thereof with the securities commissions or similar regulatory authorities in each relevant province of Canada.

The Valuation and Fairness Opinion is given as of the date hereof and, subject to the requirements of MI 61-101, Paradigm Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Valuation and Fairness Opinion which may come or be brought to Paradigm Capital's attention after the date hereof. The Valuation and Fairness Opinion is limited to Paradigm Capital's understanding of the Potential Transaction as of the date hereof and Paradigm Capital disclaims any undertaking and assumes no obligation to update the Valuation and Fairness Opinion to take into account any changes regarding the Potential Transaction that may come to its attention after the date hereof or to advise any person of any such changes. Without limiting the generality of the foregoing, in the event that there is any material change in any fact or matter affecting the Valuation and Fairness Opinion, after the date hereof, Paradigm Capital reserves the right to change, modify, or withdraw the Valuation and Fairness Opinion.

Opinions of Financial Advisors

The valuation methodology employed by Paradigm Capital requires the development of long-range financial projections for International Minerals and SpinCo, which reflect numerous assumptions regarding the impact of general economic and industry conditions on their future financial results. The Valuation reflects its Fair Market Values (as herein defined) as at September 16, 2013 (the "**Valuation Date**"). While Paradigm Capital believes the assumptions used are appropriate in the circumstances, some or all of the assumptions may prove to be incorrect.

In preparing the Valuation and Fairness Opinion, Paradigm Capital performed a variety of financial and comparative analyses, including those described below. The summary of Paradigm Capital's analyses described below is not a complete description of the analyses underlying the Valuation and Fairness Opinion. In preparing the Valuation and Fairness Opinion, Paradigm Capital made qualitative judgements as to the significance and relevance of each analysis and factor that it considered.

No company, transaction or business used in Paradigm Capital's analyses as a comparison is identical to IMZ, SpinCo, or the Potential Transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgements concerning financial and operating characteristics and other factors that could affect the business combination, public trading or other values of the companies, business segments or transactions being analysed. The estimates contained in Paradigm Capital's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favourable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities may actually be sold. Accordingly, Paradigm Capital's analyses and estimates are inherently subject to uncertainty.



Paradigm Capital believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this report. The preparation of a valuation and fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Valuation and Fairness Opinion is not and should not be construed as a recommendation to the Minority Shareholders to accept or reject the Potential Transaction.

Prior Valuations

International Minerals has represented to Paradigm Capital that there have been no independent appraisals or prior valuations (as defined in the Policies) of all or a material part of the respective properties or assets owned by IMZ or any of their subsidiaries made in the preceding 24 months and in the possession or control of International Minerals.

Overview of International Minerals

International Minerals is a Canadian resources company focused on the development and operation of gold and silver projects in North and South America. International Minerals is listed on the TSX and the SIX Swiss Exchange (the "**Swiss Exchange**") under the symbol 'IMZ'. International Minerals was founded in the Yukon, Canada on August 26, 1986 and is headquartered in Scottsdale, Arizona, USA. International Minerals owns interests in four major properties, two of which are located in Peru, and two of which are located in Nevada, USA. IMZ has a 40% interest in one producing property, the Pallancata Mine ("**Pallancata**"), and one near-production development-stage property in Peru, the Inmaculada Project ("**Inmaculada**") with a projected production start-up in the second half of 2014. Hochschild is the 60% partner in both Pallancata and Inmaculada. IMZ owns an advanced development-stage and an early development-stage property in Nevada, USA: the Goldfield Project ("**Goldfield**") and the Converse Project ("**Converse**"), respectively. IMZ also has several other small exploration projects in Nevada, USA and Peru.

As of June 30, 2013, International Minerals had US\$58.2 M in cash and equivalents, no debt, and a book value of US\$323.2 M. In addition, IMZ had accounts receivables with an estimated fair market value of US\$14.8 M from the sale of its Ecuador assets. As of the day of this Valuation and Fairness Opinion, International Minerals has a market capitalization of \$267.0 M and 117,636,376 basic shares outstanding.

Peru

Pallancata Project

Pallancata is an underground mine located in southern Peru in which IMZ holds a 40% interest, approximately 180 km southwest of Cuzco. Hochschild holds a 60% interest in Pallancata. The mineral concessions on a 100% basis comprise 15,915 hectares, and IMZ also acquired a lease of approximately 721 hectares of surface rights in the area. Pallancata has been in production since 2007 and produced 8.2 M ounces ("**oz**") and 9.5 M oz silver ("**Ag**") and 26,689 oz and 34,517 oz gold ("**Au**") in fiscal 2012 and 2011, respectively. Estimated production for calendar 2013 is 7.4 M oz Ag and 26,000 oz Au.

According to Hochschild's updated reserve and resource estimates of December 31, 2012, on a 100% basis the mine has reserves of 28.8 M oz Ag and 136,500 oz Au; 3.27 Mt at an average grade of 273 grade per tonne ("**g/t**") Ag and 1.3 g/t Au. Measured and indicated resources were estimated at 51.0 M oz Ag and 240,000 oz Au; 4.5 Mt at an average grade of 352 g/t Ag and 1.7 g/t Au. Inferred resources were 36.2 M oz Ag and 151,000 oz Au; 3.3 Mt at 338 g/t Ag and 1.4 g/t Au. The known portion of the Pallancata mineralized vein is approximately 1.5 kilometres ("**km**") long and up to 40 metres ("**m**") wide.



Pallancata Mine Production Highlights July 1, 2011 to March 31, 2013 (100% Project Basis)

	Quarter Ended						
	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11
Ore processed (tonnes)	251,702	288,858	277,092	270,961	257,339	293,060	268,673
Silver head grade (g/t)	239	255	257	250	263	293	313
Gold head grade (g/t)	1.1	1.1	1.2	1.1	1.0	1.3	1.4
Concentrate produced (tonnes)	1,765	2,212	2,073	2,006	1,745	2,363	2,266
Silver produced (oz)	1,608,044	1,941,821	1,893,274	1,825,387	1,780,120	2,288,930	2,290,805
Gold produced (oz)	6,525	7,402	6,814	6,402	5,612	8,304	9,370
Silver sold (oz)	1,539,220	2,071,312	1,651,900	1,730,340	1,826,000	2,636,210	1,935,350
Gold sold (oz)	5,926	7,764	5,870	5,950	5,480	9,320	8,016
Direct Site Costs per oz silver (after gold by-product credit) - US\$/oz	5.87	5.18	4.69	5.36	5.34	2.35	1.01
Total Cash Costs per oz silver (after gold by-product credit) - US\$/oz	10.15	9.58	8.49	9.08	9.48	6.26	5.44

Inmaculada Project

International Minerals holds a 40% interest in Inmaculada, an underground silver and gold project in the development stage 210 km southwest of Cuzco. Hochschild holds a 60% interest in Inmaculada. Inmaculada currently consists of 33 mineral concessions with a total area of 20,799 hectares. IMZ also has an 870 hectare lease of surface ground expiring in 2034. Production is forecast by IMZ to begin in the second half of 2014 with a mining method comprising a combination of sub-level stoping and cut-and-fill. A January 11, 2012 independent feasibility study shows proven and probable reserves of 845,000 oz Au and 30.14 M oz Ag; 7.801 Mt at 3.37 g/t Au and 120 g/t Ag. Measured and indicated resources were 930,000 oz Au and 32.8 M oz Ag; 7.07 Mt at 4.07 g/t Au and 144 g/t Ag. Average annual production on a 100% basis is estimated at 124,000 oz Au and 4.2 M oz Ag. Life of mine production on a 40% basis is estimated to be 313,000 oz Au and 10.6 M oz Ag. The veins at Inmaculada comprise epithermal, low-sulfidation, bonanza-type mineralized veins.

Nevada

Goldfield Project

International Minerals holds a 100% interest in Goldfield, a development stage site approximately 290 km northwest of Las Vegas, Nevada, USA comprising 86 square km (“**sq. km**”) with three principal target areas: Goldfield Main; McMahan Ridge; and Gemfield. Gemfield is currently the main prospect on the property and is being pursued as an open-pit heap leach operation. As per an amended feasibility study dated June 17, 2013 on Gemfield, proven and probable reserves total 567,000 oz Au; 17.26 Mt at 1.0 g/t Au, with no reserves at Goldfield Main or McMahan Ridge. Measured and indicated resources as of the same date were 1.34 M oz Au; 38.66 Mt at 1.1 g/t Au, attributable to the three properties. Permitting for Gemfield is expected to run parallel with the Environmental Impact Statement (“**EIS**”) process which is currently projected to be completed by late 2014 to early 2015, allowing production to begin in 2016. Gemfield has an average annual production estimate of 76,000 oz, a 6.3 year estimated mine life, and 483,000 oz estimated life of mine gold production. Neither Goldfield Main nor McMahan have a projected start-up date as yet. All three deposits are structurally controlled, volcanic-hosted, epithermal gold deposits of the high-sulfidation, quartz-alunite type.

Converse Project

International Minerals holds a 100% interest in Converse, a development stage open-pit project site approximately 48 km southeast of Winnemucca, Nevada, USA and 8 km west of the Goldcorp/Barrick Marigold gold mine. The property comprises a total of 28.5 sq. km with 10.7 sq. km of free lands purchased from Nevada North Resources (USA) Inc. (“**Nevada North**”), 224 unpatented claims leased from Nevada North and 36 unpatented claims owned by IMZ. The total measured and indicated resource as per a feasibility study on December 19, 2011 was 5.17 M oz Au and 37.95 M oz Ag; 320.23 Mt at 0.50 g/t Au and 3.69 g/t Ag.



Valuation Methodology

Definition of Fair Market Value

In this context, and for the purposes of the Valuation and Fairness Opinion, fair market value ("**Fair Market Value**") means the easily ascertainable monetary consideration that, in an open and unrestricted market, a prudent informed buyer would pay to an informed seller, each acting under no compulsion at arm's length.

Approach to Valuation

The Valuation and Fairness Opinion has been prepared based on techniques that Paradigm Capital considers appropriate in the circumstances, after considering all relevant facts and taking into account Paradigm Capital's assumptions, to arrive at the Fair Market Value of IMZ.

For purposes of determining the Fair Market Value of IMZ, Paradigm Capital relied on a variety of financial and comparative analyses, including those described below. In arriving at the Valuation and Fairness Opinion, Paradigm Capital weighted the Fair Market Values calculated using the following items and methodologies:

- a) Net Asset Value ("**NAV**") analysis;
- b) Market Trading Multiples
 - (i) Comparable Price to Paradigm NAV ("**P/NAV**");
 - (ii) Comparable Price to Consensus NAV ("**P/Consensus NAV**");
 - (iii) Comparable Price to Cash Flow ("**P/CF**");
 - (iv) Comparable Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization ("**EBITDA**", and "**EV/EBITDA**");
 - (v) Comparable Price to Earnings ("**P/E**");
 - (vi) Comparable Price to Book Value ("**P/BV**");
- c) Precedent Transaction Analysis;
- d) Analyst Target Prices;
- e) Historical Trading; and
- f) Other.

As SpinCo is still in the development stage, Paradigm Capital used only P/NAV and P/BV for our fair market value estimate of SpinCo.

a) Net Asset Value Analysis

In determining the NAV for IMZ and SpinCo, Paradigm Capital calculated the NAV of IMZ and SpinCo using a discounted cash flow ("**DCF**") analysis. The DCF considered the present value of the free cash flows to the firm ("**FCFF**") generated by the IMZ assets using an appropriate discount rate. This approach took into account the timing and relative certainty of projected cash flows, and required that certain assumptions be made regarding, among other things, commodity prices, exchange rates, taxes, timing and discount rates.

The International Minerals and SpinCo NAV ranges are determined by adding the value of the operating assets, development-stage assets, exploration projects, and current assets and subtracting debt outstanding, current liabilities and corporate general and administrative costs.

b) Market Trading Multiples

Paradigm Capital compared financial, asset, and operational data of IMZ to the corresponding data of a comparable group of companies determined by Paradigm Capital. Paradigm Capital has chosen comparable companies based on key criteria such as primary commodity, stage of development, production levels, project location, and enterprise value. The valuation metrics selected by Paradigm Capital to be the most appropriate to



determine the value of IMZ were comparable trading ranges of P/NAV, P/CF, EV/EBITDA, P/E, and P/BV. An analysis of the results of the selected company analysis involves complex considerations of the selected companies and other factors that could affect the Fair Market Value of IMZ and the selected companies.

The top table below shows the comparable companies used for IMZ in Paradigm Capital's market trading multiple analysis and the mean and median multiples. All the forecasts in the table immediately below are consensus estimates of investment analyst research. The bottom two table show the comparable companies used for SpinCo in Paradigm Capital's market trading multiple analysis and the mean and median multiples.

International Minerals Precious Metals Producing Comparables

September 16, 2013
US\$ unless otherwise noted

Company	Market Cap		Balance Sheet			EV/EBITDA		P/E		P/CF		Valuation			
	Price (Local)	Market Cap (\$ M)	Cash (\$ M)	Debt (\$ M)	EV (\$ M)	2014E	2015E	2014E	2015E	2014E	2015E	P/Book	Analyst Target Return	P/NAV	YTD Share Performance
Allied Nevada Gold Corp. ⁽¹⁾	US\$4.47	465	249	624	840	7.7x	7.6x	10.1x	8.1x	4.2x	3.3x	0.60x	8%	0.97x	-86%
AuRico Gold Inc.	C\$3.96	948	210	172	909	6.2x	5.0x	19.3x	15.3x	7.5x	6.0x	0.50x	45%	0.75x	-54%
Coeur Mining, Inc.	US\$12.98	1,318	250	312	1,381	6.3x	5.3x	nmf	nmf	6.8x	6.0x	0.56x	17%	1.00x	-49%
Dundee Precious Metals Inc.	C\$6.15	827	99	92	834	5.0x	5.1x	10.0x	9.4x	5.8x	5.5x	1.10x	42%	0.71x	-30%
Endeavour Mining Corporation	C\$0.69	276	63	203	479	3.4x	2.8x	nmf	nmf	2.2x	1.6x	0.29x	122%	0.44x	-74%
Fortuna Silver Mines Inc.	C\$3.92	477	48	0	429	5.5x	4.2x	16.5x	10.8x	9.1x	6.0x	1.82x	17%	1.14x	-35%
Luna Gold Corp.	C\$1.50	153	9	30	174	3.2x	3.0x	6.4x	6.3x	3.5x	4.0x	1.15x	137%	0.37x	-50%
Pan American Silver Corp.	C\$11.39	1,672	441	88	1,325	5.3x	5.0x	30.4x	31.5x	10.4x	9.8x	0.67x	49%	0.77x	-52%
Perseus Mining Limited	A\$0.61	259	32	-	235	5.1x	1.8x	22.0x	10.2x	4.9x	3.9x	0.59x	35%	0.47x	-78%
SEMAFO Inc.	C\$2.10	556	116	-	441	6.0x	4.6x	18.2x	13.6x	7.0x	6.3x	1.05x	28%	0.85x	-70%
Silver Standard Resources Inc.	C\$6.90	540	571	182	152	5.6x	3.3x	nmf	nmf	15.1x	9.4x	0.63x	43%	0.52x	-55%
Timmins Gold Corp.	C\$1.81	253	14	19	257	3.9x	3.7x	7.4x	6.7x	4.6x	4.5x	1.54x	66%	0.63x	-13%
Mean		645			621	5.3x	4.3x	15.6x	12.4x	6.8x	5.5x	0.87x	51%	0.72x	-54%
Median		508			460	5.4x	4.4x	16.5x	10.2x	6.3x	5.7x	0.65x	42%	0.73x	-53%
International Minerals Corporation	C\$2.27	259	58	-	201	8.1x	2.4x	31.4x	6.8x	14.0x	4.0x	0.80x	50%	1.01x	-62%

Source: Capital IQ, Paradigm Capital

Note: enterprise value = market capitalization, less: cash, plus: debt, preferred equity and minority interest, nmf = not meaningful

Note: International Minerals trading multiples based on spot prices of US\$1320/oz Au and US\$21.92/oz Ag, using Paradigm Capital's International Minerals Model

(1) Allied Nevada excludes high and low NAV of US\$31.10 and US\$(1.52), respectively

Gold Comparables - Non Producers

September 16, 2013
US\$ unless otherwise noted

Company	Market Cap		Balance Sheet			Resources and Reserves					Valuation			
	Price (Local)	Market Cap (\$ M)	Cash (\$ M)	Debt (\$ M)	EV (\$ M)	Reserves (M oz)	Total Resources (M oz)	Au Grade (g/t)	Au Eq. ⁽¹⁾ Grade (g/t)	Total Resources (Au Eq. ⁽¹⁾ M oz)	EV/Au Eq. ⁽¹⁾ (\$/oz)	P/Adjusted Book	P/NAV	YTD Share Performance
Carlisle Goldfields Limited	C\$0.07	15	1	-	14	-	5.0	1.7	1.7	5.0	3	0.63x	n/a	-57%
Corvus Gold Inc.	C\$1.12	71	8	0	63	-	3.1	0.2	0.2	3.3	19	1.22x	1.29x	-38%
Eastmain Resources Inc.	C\$0.34	36	8	-	29	-	2.2	5.5	5.5	2.2	13	0.60x	0.18x	-55%
Geologix Explorations Inc.	C\$0.13	21	2	-	19	1.5	0.5	0.2	0.5	1.2	15	0.69x	n/a	-28%
Gold Canyon Resources Inc.	C\$0.40	59	9	-	50	-	5.2	1.0	1.1	5.7	9	0.83x	0.15x	-61%
Golden Queen Mining Co. Ltd.	C\$1.26	120	11	10	118	2.0	2.6	0.4	0.7	3.5	34	nmf	n/a	-46%
Klondex Mines Ltd.	C\$1.56	97	1	8	104	-	2.1	9.5	9.5	2.1	50	1.26x	0.59x	20%
Lexam VG Gold Inc.	C\$0.14	31	4	-	27	-	2.2	2.7	2.7	2.2	12	0.74x	n/a	-25%
Marathon Gold Corporation	C\$0.21	13	2	-	16	-	1.2	2.2	2.2	1.2	13	0.26x	n/a	-67%
Maudore Minerals Ltd.	C\$0.32	15	5	19	29	-	3.1	3.6	3.6	3.1	10	0.35x	n/a	-78%
Meadow Bay Gold Corporation	C\$0.20	10	1	-	10	-	1.1	1.0	1.2	1.3	7	0.43x	0.12x	-23%
Mega Precious Metals Inc.	C\$0.24	28	4	-	24	-	4.8	1.1	1.3	5.3	5	0.52x	0.37x	0%
Midas Gold Corp.	C\$0.84	104	28	0	76	-	7.1	1.6	1.7	7.2	11	0.52x	0.16x	-64%
Midway Gold Corp.	C\$1.01	127	62	-	108	0.9	5.0	0.7	0.7	5.0	22	1.15x	0.38x	-28%
Moneta Porcupine Mines Inc.	C\$0.10	18	7	-	12	-	4.3	1.2	1.2	4.3	3	0.80x	0.19x	-67%
Northern Gold Mining Inc.	C\$0.05	14	4	-	10	-	1.9	1.1	1.1	1.9	5	1.06x	n/a	-85%
Paramount Gold and Silver Corp.	US\$1.33	207	12	-	195	-	6.9	0.3	0.5	9.8	20	1.78x	0.30x	-43%
Probe Mines Limited	C\$2.14	162	42	-	120	-	4.3	1.0	1.0	4.3	28	2.22x	0.57x	19%
Rye Patch Gold Corp.	C\$0.19	26	10	-	16	-	2.4	0.3	0.4	3.0	5	0.80x	0.23x	-55%
Spanish Mountain Gold Ltd	C\$0.10	18	2	-	16	-	6.9	0.4	0.4	7.1	2	0.23x	n/a	-67%
Temex Resources Corp.	C\$0.13	20	6	-	14	-	3.8	1.1	1.1	3.9	4	0.77x	0.19x	-53%
Mean		58			51	0.2	3.6	1.8	1.8	3.9	14	0.84x	0.36x	-43%
Median		28			27	0.0	3.1	1.1	1.1	3.5	11	0.76x	0.23x	-53%

Sources: Capital IQ, Metals Economics Group, Company Filings, Paradigm Capital

Notes:

(1) Equivalent resource calculated at metal prices of US\$3.00/lb Cu, US\$1.10/lb Zn, US\$1.10/lb Pb, US\$1.250/oz Au and US\$23.00/oz Ag.

Note: Adjusted comparable book value is the book value of equity adjusted upwards for exploration work completed over the past five years on projects currently held that was expensed instead of capitalized

Cash Rich Comparable Companies - Spinco

Company	Ticker	Price (C\$)	Mkt Cap (C\$ M)	Cash (C\$ M)	Mkt Cap/Cash (x)	Net Cash (C\$ M)	EV (C\$ M)	Mkt Cap/Net Cash (x)	Working Capital (C\$ M)	Cap/Working Cap (%)	Mkt Cap (%)
Eastern Platinum Limited	TSX:ELR	0.07	65	105	0.62x	105	(40)	0.62x	107	60	60
Petrobank Energy and Resources, Ltd.	TSX:PBG	0.41	40	75	0.53x	74	(35)	0.54x	71	56	56
BENEV Capital Inc.	TSX:BEV	1.77	69	71	0.97x	71	(2)	0.97x	69	99	99
Platino Energy Corp.	TSXV:PZE	0.83	57	67	0.85x	67	(10)	0.85x	74	76	76
Minco Silver Corporation	TSX:MSV	0.79	47	64	0.73x	64	(17)	0.73x	66	71	71
Africo Resources Ltd.	TSX:ARL	0.49	35	61	0.58x	61	(26)	0.58x	64	54	54
Phoscan Chemical Corp.	TSX:FOS	0.27	43	59	0.73x	59	(16)	0.73x	59	73	73
Orca Gold Inc.	TSXV:ORG	0.50	35	58	0.61x	58	(23)	0.61x	56	63	63
Kamalyte Resources Inc.	TSX:KRN	2.14	59	56	1.05x	56	3	1.05x	56	106	106
GobiMin Inc.	TSXV:GMN	0.39	23	59	0.38x	55	(32)	0.42x	40	57	57
Chalice Gold Mines Limited	ASX:CHN	0.17	43	54	0.80x	54	(11)	0.80x	55	78	78
Strategic Metals Ltd.	TSXV:SMD	0.38	34	53	0.64x	53	(19)	0.64x	53	64	64
Entrée Gold Inc.	TSX:ETG	0.31	45	52	0.87x	46	(1)	0.98x	54	84	84
Adriana Resources Inc.	TSXV:ADI	0.21	33	46	0.72x	46	(13)	0.72x	42	79	79
Frontier Rare Earths Limited	TSX:FRO	0.37	33	41	0.80x	41	(8)	0.80x	43	77	77
Consolidated HCl Holdings Corporation	TSX:CXA.B	1.88	39	43	0.91x	39	(0)	1.00x	45	87	87
Westaim Corp.	TSXV:WED	0.04	28	37	0.76x	37	(9)	0.76x	36	77	77
Selwyn Resources Ltd.	TSXV:SWN	0.09	33	37	0.92x	37	(3)	0.92x	40	85	85
Kobex Minerals, Inc.	TSXV:KXM	0.57	26	34	0.77x	34	(8)	0.77x	34	76	76
Century Iron Mines Corporation	TSX:FER	0.41	39	34	1.13x	34	4	1.13x	50	77	77
Canada Fluorspar Inc.	TSXV:CFI	0.17	19	35	0.54x	34	(15)	0.55x	34	55	55
Petrodrado Energy Ltd.	TSXV:PDQ	0.05	24	33	0.72x	33	(9)	0.72x	30	80	80
Spur Ventures Inc.	TSXV:SVU	0.35	21	28	0.75x	28	(7)	0.75x	30	71	71
Minemakers Limited	ASX:MAK	0.16	40	27	1.45x	27	12	1.45x	27	145	145
Mean					0.90x			0.92x		79	79
Median					0.80x			0.80x		76	76

Source: Paradigm Capital, S&P CapitalIQ

c) Precedent Transaction Analysis

Paradigm Capital identified a list of comparable transactions, where public information was available and examined 10 precedent transactions announced between February 2010 and August 2013 where the acquirer had at least a controlling or near controlling stake in the target prior to the acquisition and examined the mean and median premiums paid to previous close price and the 20-day volume weighted average prices ("VWAP").

Mining M&A										
Acquirer	Target	Announcement Date	Transaction Size (\$M)	Ownership Acquired	Consideration		Premiums			
					Total (C\$/share)	Previous Closing Price (C\$)	Premium (%)	20-Day VWAP (C\$)	Premium (%)	
0976837 B.C. Ltd.	Lipari Energy Inc.	22-Aug-13	22.7	43%	0.48	0.41	17.1%	0.39	24.7%	
Sandstorm Gold Ltd.	Premier Royalty Inc.	14-Aug-13	28.3	41%	0.89	0.88	1.3%	0.77	15.8%	
JSC Atomredmetzoloto	Uranium One Inc.	14-Jan-13	1,329.6	49%	2.86	2.41	18.7%	2.18	31.1%	
Nord Gold N.V.	High River Gold Mines Ltd.	18-Jul-12	293.6	25%	1.40	1.23	13.8%	1.20	17.1%	
IMX Resources Limited	Continental Nickel Limited	17-May-12	27.0	63%	1.04	0.69	50.6%	0.71	46.5%	
Straits Resources Limited	Goldminco Corp.	25-May-11	13.8	29%	0.10	0.06	81.8%	0.05	97.2%	
Hunan Nonferrous Metals Corp. Ltd.	Abra Mining Limited	30-Mar-11	14.9	29%	0.40	0.30	33.7%	0.26	54.4%	
Endeavour Mining Corporation.	Etruscan Resources Inc.	28-Jun-10	79.3	45%	0.48	0.39	22.5%	0.37	29.9%	
Richmont Mines Inc.	Louven Mines Inc.	31-Mar-10	5.9	30%	0.76	0.51	48.1%	0.40	89.7%	
Kings Minerals NL	San Anton Resources Corporation	03-Feb-10	8.8	29%	0.29	0.25	16.2%	0.28	3.6%	
Mean							30.4%		41.0%	
Median							20.6%		30.5%	

d) Analyst Target Prices

Paradigm Capital examined the analyst target prices for IMZ. For IMZ, Paradigm Capital used the low and high of the five investment dealer estimates that published research on IMZ in 2013.

e) Historical Trading

Paradigm Capital examined the trading ranges of IMZ for the 13 weeks preceding the Valuation Date, as well as the five, 10, 20, 30, 45 and 60-day VWAPs on both the TSX and the Swiss Exchange.

f) Other

Paradigm Capital examined IMZ's current statement of financial position items as well as its short term obligations as of June 30, 2013.

INTERNATIONAL MINERALS ANALYSIS

The analysis of IMZ considers IMZ on a consolidated basis to include all business and operations, including but not limited to, Pallancata, Inmaculada, Goldfield, and Converse. We have assumed at all times that the operations and assets of IMZ are as set out in the public disclosure of IMZ. A more fulsome description of IMZ can be found under the heading "Overview of International Minerals".

NAV Analysis

(i) NAV Assumptions

As a basis for the development of projected future cash flows, Paradigm Capital reviewed management's financial and operating projections for IMZ. Paradigm Capital developed its own projections for the future cash flows at IMZ based on its own knowledge and experience in modeling mining companies. Except for a few circumstances, these projections are based primarily on IMZ's management projections. The primary differences from management's estimates are related to mine life, metal prices, and production rates.

The metal price forecasts used in Paradigm Capital's financial projections played a critical role in determining the NAV of IMZ, and, in turn, the Fair Market Value of IMZ. In considering future metal prices, Paradigm Capital reviewed various equity research projections and economic factors such as supply and demand.

In Paradigm Capital's opinion, the most important assumption in the IMZ DCF analysis is future metal prices. Paradigm Capital believes that the DCF analysis is based on reasonable assumptions and is accurately calculated although it is highly dependent on numerous assumptions as outlined above. The major difference in Paradigm Capital's low and high NAV estimates are the life of mine price forecasts of US\$1,200/oz gold and US\$21.82/oz silver for low estimates and US\$1,500/oz gold and US\$27.27/oz silver for high estimates. In addition, Paradigm Capital used a six-year mine life for Pallancata and a 10-year mine life for Inmaculada for the low estimates and a nine-year mine life, as well as a minor increase in recoveries and a 7.5% decrease in forecasted mining costs at Pallancata and a 12-year mine life as well as a 7.5% decrease in forecasted mining costs at Inmaculada for the high estimates.

IMZ Net Asset Value		Scenario	
		Low	High
IMZ NPV	US\$ M	242.6	555.2
IMZ Unfunded NAV	US\$ M	242.6	555.2

Paradigm Capital calculated the current market value of the investment portfolio based on the June 30, 2013 balance sheet numbers.

Select key line items of the base case financial forecasts for IMZ are set out below:

International Minerals Financial Summary							
		LOM	H2 2013	2014	2015	2016	2017
Spot Gold Price	US\$/oz		1,320	1,320	1,320	1,320	1,320
Spot Silver Price	US\$/oz		21.92	21.92	21.92	21.92	21.92
Cash Flow							
Net Revenue	US\$ 000s	2,121,072	38,604	71,767	179,773	179,641	289,454
CF	US\$ 000s	864,170	10,347	18,427	64,156	65,400	126,871
FCFF	US\$ 000s	859,261	(13,088)	(43,145)	(702)	(48,236)	168,401
<u>Notes:</u>							
1. LOM: Life of Mine							

(ii) Discount Rate

Paradigm Capital selected appropriate discount rates to apply to the FCFFs using the Capital Asset Pricing Model to determine an appropriate weighted average cost of capital ("**WACC**").

An appropriate discount rate was selected based on Paradigm Capital's experience in valuing mining companies. The discount rate reflects:

- a) market risk (risk free rate, equity risk premium, small capitalization premium and volatility); and
- b) project risk (commodity type, project scale, projected free cash flows, country risk and other mining risks).

WACC			
		Peru	Nevada
Cost of Debt			
Pre-tax Cost of Debt ⁽¹⁾	%	3.30%	8.00%
Tax Rate	%	30.00%	30.00%
After-tax Cost of Debt	%	2.31%	5.60%
Cost of Equity			
Risk Free Rate ⁽²⁾	%	2.10%	2.10%
Re-Levered Beta ⁽³⁾		1.60	1.30
Market Risk Premium ⁽⁴⁾	%	5.78%	5.78%
Cost of Equity	%	11.35%	9.59%
Country Risk Premium ⁽¹⁾	%	1.50%	0.00%
Risk Adjusted Cost of Equity	%	12.85%	9.59%
Target Debt / Total Capital ⁽¹⁾	%	35.0%	33.0%
WACC	%	9.16%	8.27%

⁽¹⁾ Paradigm Capital Estimate

⁽²⁾ Government of Canada 10-Year Bond Yield

⁽³⁾ Comparable company re-levered adjusted beta

⁽⁴⁾ Current implied premium (S&P 500 on January 1, 2013) Aswath Damodaran - Equity Risk Premiums: Determinants, Estimation and Implications (2013)

Based upon the above table, Paradigm Capital's analysis determined the appropriate WACC for IMZ to be 9.16% for the Peru assets and 8.27% for the Nevada assets. Paradigm Capital believes that, based on the foregoing analysis and its knowledge of the mining industry, a discount rate of 9.0% and 8.0%, for Peru and Nevada, respectively is appropriate.

(iii) NAV of IMZ and Sensitivities

To complete the DCF analysis, Paradigm Capital performed a variety of sensitivity analyses, rather than relying on any single series of projected FCFF. Based on the FCFF of IMZ and discount rates presented above, Paradigm Capital's DCF analysis produced NAV ranges using sensitivity analyses. Low and high NAVs were derived from modification of future price assumptions.

Sensitivity to Discounted Cash Flow Analysis

Paradigm Capital did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses. We show three key sensitivities in the table below.

Variable	Sensitivity	US\$ Change in Low Case NAV	% Change in Low Case NAV
Gold Price	+10%	50	18.8%
Silver Price	+10%	29	10.9%
WACC	-1pp	18	6.7%

Market Trading Multiples

Paradigm Capital calculated the mean and median values for the comparable companies, as shown on page 10, and then applied the multiples to IMZ's NAV, EBITDA, Cash Flow, Earnings, and Book Value to determine its implied value. The comparable companies were selected based on production status, location and commodity focus.

(i) Price to NAV

For purposes of the P/NAV analysis, Paradigm Capital used the low and high Paradigm NAV estimates for IMZ and applied a P/NAV ratio based on the comparable group shown on page 10 to arrive at the Fair Market Value for IMZ. Paradigm Capital used the lowest and highest of the four investment dealer NAVs. The scenarios and the associated calculations are set forth below.

Price/Paradigm Net Asset Value		Scenario	
		Low	High
IMZ Unfunded NAV	US\$ M	242.6	555.2
Net Financing Inflows ⁽¹⁾	US\$ M	20.0	20.0
IMZ Partially Funded NAV	US\$ M	262.6	575.2
Comparable P/NAV Multiples	x	0.73x	0.73x
Implied Value	US\$ M	190.7	417.6
Exchange Rate	C\$/US\$	1.03	1.03
Implied Market Capitalization	C\$ M	197.1	431.6
Shares Outstanding - FDITM	M	117.6	117.6
Shares Issued in Financing ⁽¹⁾	M	6.8	6.8
Post Financing Shares Outstanding - FDITM	M	124.4	124.4
Implied Share Price	C\$/Share	1.58	3.47

(1) Assumes financing inflows from US\$20 M convertible debenture issuance at 30% premium to spot share price

Price/Consensus Net Asset Value		Scenario	
		Low	High
Consensus NAVPS	C\$/Share	2.18	4.51
Comparable P/NAV Multiples	x	0.73x	0.73x
Implied Share Price	C\$/Share	1.58	3.27

(ii) Price to Cash Flow

For purposes of the P/CF analysis, Paradigm Capital used the calendar year 2014 and 2015 cash flow estimates from the DCF analysis for IMZ under the low and high price assumptions and applied a P/CF multiple based on the comparable group shown on page 10 to arrive at the Fair Market Value for IMZ. The low and high case scenarios and the associated calculations are set forth below.

CY 2014 Price/Cash Flow		Scenario	
		Low	High
CY 2014 Cash Flow	US\$ M	17.5	30.1
Comparable 2014 P/CF Multiple	x	6.3x	6.3x
Implied Value	US\$ M	109.9	188.8
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	113.5	195.1
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	0.97	1.66

CY 2015 Price/Cash Flow		Scenario	
		Low	High
CY 2015 Cash Flow	US\$ M	59.0	88.2
Comparable 2015 P/CF Multiple	x	5.7x	5.7x
Implied Value	US\$ M	338.9	506.1
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	350.2	523.1
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	2.98	4.45

Paradigm Capital averaged the 2014 and 2015 ranges to derive a low and high value of 1.97 and 3.05

Price/Cash Flow - Average		Scenario	
		Low	High
CY 2014 Implied Share Price	C\$/Share	0.97	1.66
CY 2015 Implied Share Price	C\$/Share	2.98	4.45
Average Implied Share Price	C\$/Share	1.97	3.05

(iii) Enterprise Value/EBITDA

For purposes of the EV/EBITDA analysis, Paradigm Capital used the calendar year 2014 and 2015 EBITDA estimates from the DCF analysis for IMZ under the low and high price assumptions and applied an EV/EBITDA multiple based on the comparable group shown on page 10 to arrive at the Fair Market Value for IMZ. The low and high case scenarios and the associated calculations are set forth below.

CY 2014 EV/EBITDA		Scenario	
		Low	High
Implied Enterprise Value	US\$ M	125.9	228.9
+ Attributable Cash (net of deal cost)	US\$ M	45.0	45.0
+ Ecuador Receivable	US\$ M	14.8	14.8
+ Investment Portfolio	US\$ M	0.9	0.9
Implied Value	US\$ M	186.6	289.6
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	192.8	299.3
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	1.64	2.54

CY 2015 EV/EBITDA		Scenario	
		Low	High
Implied Enterprise Value	US\$ M	336.4	528.9
+ Attributable Cash (net of deal cost)	US\$ M	45.0	45.0
+ Ecuador Receivable	US\$ M	14.8	14.8
+ Investment Portfolio	US\$ M	0.9	0.9
Implied Value	US\$ M	397.1	589.6
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	410.4	609.4
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	3.49	5.18

Paradigm Capital averaged the 2014 and 2015 ranges to derive a low and high value of 2.56 and 3.86

EV/EBITDA - Average		Scenario	
		Low	High
CY 2014 Implied Share Price	C\$/Share	1.64	2.54
CY 2015 Implied Share Price	C\$/Share	3.49	5.18
Average Implied Share Price	C\$/Share	2.56	3.86

(iv) Price to Earnings

For purposes of the P/E analysis, Paradigm Capital used the calendar year 2014 and 2015 earnings estimates from the DCF analysis for IMZ under the low and high price assumptions and then applied a P/E multiple based on the comparable group shown on page 10 to arrive at the Fair Market Value for IMZ. The low and high case scenarios and the associated calculations are set forth below.

CY 2014 Price/Earnings		Scenario	
		Low	High
Implied Value	US\$ M	121.3	362.6
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	125.4	374.8
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	1.07	3.19

CY 2015 Price/Earnings		Scenario	
		Low	High
Implied Value	US\$ M	338.2	674.7
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	349.6	697.4
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	2.97	5.93

Paradigm Capital averaged the 2014 and 2015 ranges to derive a low and high value of 2.02 and 4.56

Price/Earnings- Average		Scenario	
		Low	High
CY 2014 Implied Share Price	C\$/Share	1.07	3.19
CY 2015 Implied Share Price	C\$/Share	2.97	5.93
Average Implied Share Price	C\$/Share	2.02	4.56

Price to Book Value

For purposes of the P/BV analysis, Paradigm Capital used the book value of equity attributable to the shareholders of IMZ and then applied P/BV multiples based on the comparable group shown on page 10 to arrive at the Fair Market Value for IMZ. The low and high case scenarios and the associated calculations are set forth below.

Price/Book Value		Scenario	
		Low	High
IMZ Book Value as at June 30, 2013	US\$ M	323.2	323.2
Comparable P/BV Multiple	x	0.65x	0.87x
Implied Value	US\$ M	209.4	282.6
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	216.4	292.0
Shares Outstanding	M	117.6	117.6
Implied Share Price	C\$/Share	1.84	2.48

Statement of Financial Position Summary

Paradigm Capital has reviewed IMZ's unaudited statement of financial position as at June 30, 2013. Paradigm Capital notes IMZ's working capital balance of \$65.6 M and total equity attributable to the equity holders of IMZ of \$323.6 M.

Precedent Transaction Analysis

Paradigm Capital identified a list of comparable transactions, where public information was available and examined 10 precedent transactions announced between February 2010 and January 2013. Paradigm Capital applied the median and mean closing price premium to IMZ's closing share price as of September 16, 2013.



Precedent Transaction Premiums		Scenario	
		Median	Mean
Share Price	C\$/Share	2.27	2.27
Median Acquisition Premium	%	20.6%	30.4%
Adjusted Share Price	C\$/Share	2.74	2.96

Analyst Target Prices

Paradigm Capital examined the share price targets for IMZ from five investment analysts, and used the lowest and highest of the five. These share price targets were as of or before September 16, 2013.

Analyst Target Prices		Scenario	
		Low	High
Analyst Target Prices	C\$	2.10	3.58

Historical Trading Range

Paradigm Capital examined the trading range of IMZ for the 13 weeks preceding the Valuation Date. Paradigm Capital also examined the five, 10, 20, 30, 45 and 60-day VWAPs on both the TSX and the Swiss Exchange. Paradigm Capital notes that the Swiss Exchange makes up over 90% of the combined volume on both the exchanges. The combined 20-day and 60-day value traded totalled \$3,483,541 and \$9,379,920. Below we present the high and low for the 13-week period preceding the Valuation Date.

Historical Trading		Scenario	
		Low	High
13-Week Trading Range	C\$/Share	1.78	2.59

IMZ Valuation Summary

In arriving at our opinion of the Fair Market Value range of IMZ, Paradigm Capital attributed the weights below to each valuation technique. Paradigm Capital has made qualitative judgements based on our experience in rendering such opinions and on circumstances then prevailing as to the significance and relevance of each factor.

Metric	Weight	Scenario	
		Low	High
Price / Paradigm NAV	20%	1.58	3.47
Price / Consensus NAV	10%	1.58	3.27
Average P/CF	15%	1.97	3.05
Average EV/EBITDA	15%	2.56	3.86
Average P/E	10%	2.02	4.56
P / BV	5%	1.84	2.48
Precedent Transaction Premiums	15%	2.74	2.96
Analyst Target Price	5%	2.10	3.58
Historical Trading	5%	1.78	2.59
Weighted Average Value Range	100%	2.05	3.39

IMZ Valuation Conclusion

Based upon and subject to the foregoing and such other factors as Paradigm Capital considered relevant, Paradigm Capital is of the opinion that, as of the date hereof, the Fair Market Value of IMZ is in the range of \$2.05 to \$3.39 per share.

SPINCO ANALYSIS

The analysis of SpinCo considers certain assets of IMZ, including but not limited to, Goldfield and Converse, as outlined in the LOI. A more fulsome description of Goldfield and Converse can be found under the heading "Overview of International Minerals".

NAV Analysis

(i) NAV Assumptions

As a basis for the development of projected future cash flows, Paradigm Capital used the same DCF model created for the IMZ NAV. The primary differences from estimates provided by management are related to lower corporate overhead cost and a reduction of current assets by the estimated transaction cost that will be incurred by IMZ/SpinCo. Paradigm Capital assumes go forward corporate costs of US\$3.75 M per year and transaction costs of US\$6.5 M.

The metal price forecasts used in Paradigm Capital's financial projections played a critical role in determining the NAV of SpinCo, and, in turn, the Fair Market Value of SpinCo. In considering future metal prices, Paradigm Capital reviewed various equity research projections and economic factors such as supply and demand.

In Paradigm Capital's opinion, the most important assumption in the SpinCo DCF analysis is future metal prices. Paradigm Capital believes that the DCF analysis is based on reasonable assumptions and is accurately calculated although it is highly dependent on numerous assumptions as outlined above. The major difference in Paradigm Capital's low and high NAV estimates are the life of mine price forecasts of US\$1,200/oz Au for low estimates and US\$1,500/oz Au for high estimates.

SpinCo Net Asset Value		Scenario	
		Low	High
SpinCo NPV	US\$ M	90.9	181.9
SpinCo NAV	US\$ M	90.9	181.9

Paradigm Capital calculated the current market value of the investment portfolio based on the June 30, 2013 balance sheet numbers.

(ii) Discount Rate

See IMZ WACC section on page 13, showing our analysis supporting a WACC of 8.0% for SpinCo.

(iii) NAV of SpinCo and Sensitivities

To complete the DCF analysis, Paradigm Capital performed a variety of sensitivity analyses, rather than relying on any single series of projected FCFF. Based on the FCFF of SpinCo and discount rates presented above, Paradigm Capital's DCF analysis produced NAV ranges using sensitivity analyses. Low and high NAVs were derived from modification of future price assumptions.

Sensitivity to Discounted Cash Flow Analysis

Paradigm Capital did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses. We show two key sensitivities in the table below.

Variable	Sensitivity	US\$ Change in Low Case NAV	% Change in Low Case NAV
Gold Price	+10%	25	27.3%
WACC	-1pp	5	5.5%

Market Trading Multiples

Paradigm Capital calculated the values for the comparable companies, as shown on page 10, and then applied the multiples to SpinCo's NAV and Book Value to determine its implied value. The comparable companies were selected based on production status, location and commodity focus.

(i) Price to NAV

For purposes of the P/NAV analysis, Paradigm Capital used the low and high Paradigm NAV estimates for the mining asset value for SpinCo and applied a P/NAV ratio of a comparable group to the mining asset NAV, and a market capitalization/cash trading multiple of comparable companies whose major asset is cash on hand, as shown on page 11, to the financial assets of SpinCo, to arrive at the Fair Market Value for SpinCo. The scenarios and the associated calculations are set forth below.

Price/Paradigm Net Asset Value		Scenario	
		Low	High
SpinCo Mining Asset NAV ⁽¹⁾	US\$ M	31.0	122.1
Comparable P/NAV Multiples	x	0.36x	0.36x
Implied Mining Asset Value	US\$ M	11.2	44.1
SpinCo Financial Asset NAV ⁽²⁾	US\$ M	59.8	59.8
Comparable Market Cap/Cash Multiples	x	0.80x	0.80x
Implied Financial Asset Value	US\$ M	47.7	47.7
Implied Value	US\$ M	58.9	91.9
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	60.9	94.9
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	0.52	0.81

(1) Net of corporate overhead of US\$3.75 M per year

(2) Net of transaction costs of US\$6.5 M

(ii) Price to Book Value

For purposes of the P/BV analysis, Paradigm Capital applied an adjusted book value of comparable non-producing gold companies with assets focused in the United States shown on page 10 to the book value of equity calculated for SpinCo. Adjusted comparable book value is the book value of equity adjusted upwards for exploration work completed over the past five years on projects currently held that was expensed instead of capitalized for the six companies shown on the non-producers table on page 10. The low and high case scenarios and the associated calculations are set forth below.

Price/Book Value		Scenario	
		Low	High
Spinco Book Value Estimate as at June 30, 2013	US\$ M	144.3	144.3
Adjusted Comparable P/BV Multiple	x	0.76x	0.84x
Implied Value	US\$ M	109.0	121.4
Exchange Rate	C\$/US\$	1.03	1.03
Implied Value	C\$ M	112.6	125.5
Shares Outstanding - FDITM	M	117.6	117.6
Implied Share Price	C\$/Share	0.96	1.07



SpinCo Valuation Summary

In arriving at our opinion of the Fair Market Value range of SpinCo, Paradigm Capital attributed the weights below to each valuation technique. Paradigm Capital has made qualitative judgements based on our experience in rendering such opinions and on circumstances then prevailing as to the significance and relevance of each factor.

Metric	Weight	Scenario	
		Low	High
Price / Paradigm NAV	85%	0.52	0.81
P / BV	15%	0.96	1.07
Weighted Average Value Range	100%	0.58	0.85

SpinCo Valuation Conclusion

Based upon and subject to the foregoing and such other factors as Paradigm Capital considered relevant, Paradigm Capital is of the opinion that, as of the date hereof, the Fair Market Value of SpinCo is in the range of \$0.58 to \$0.85 per share.

FAIRNESS OPINION

Approach to Fairness

In reaching our opinion as to the fairness of the Potential Transaction, from a financial point of view, to the Minority Shareholders, we have principally considered: (i) the range of Fair Market Value for IMZ Shares, as determined in the Valuation and (ii) a comparison of the Consideration to the range of Fair Market Value of the IMZ Shares, as determined in the Valuation.

Under the Valuation, we determined the Fair Market Value of IMZ is in the range of \$2.05 to \$3.39 per share. The value of the Consideration, which includes US\$2.38 in cash and 1 share of SpinCo, is equivalent to \$3.04 to \$3.31. This range is consistent with our range of the Fair Market Value of IMZ.

Opinion Conclusion

Based upon and subject to the foregoing and other such matters as we considered relevant, Paradigm Capital is of the opinion that, as of the date hereof, the Consideration is fair, from a financial point of view, to the Minority Shareholders.

Yours very truly,

Paradigm Capital Inc.

PARADIGM CAPITAL INC.

APPENDIX "D"
INTERIM ORDER

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE *BUSINESS CORPORATIONS ACT* OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

SUPREME COURT OF YUKON
COUR SUPRÊME DU YUKON
OCT 25 2013
FILED / DÉPOSÉ

INTERNATIONAL MINERALS CORPORATION

PETITIONER

BEFORE THE HONOURABLE) Friday, the 25th day of
MR. JUSTICE L.F. GOWER) October, 2013

INTERIM ORDER

THE APPLICATION of the Petitioner, coming on for hearing on the 25th day of October, 2013 AND UPON HEARING Gareth C. Howells and Grant Macdonald, Q.C., lawyers for the Petitioner International Minerals Corporation.

THIS COURT ORDERS THAT:

1. Pursuant to paragraph 195(4)(a) and (b) of the *Business Corporations Act*, R.S.Y. 2002, c.20 as amended (Yukon Territory) (the "YBCA") that International Minerals Corporation ("IMZ") convene and hold an annual meeting of shareholders and special meeting of shareholders and optionholders, as may be properly adjourned or postponed (the "IMZ Meeting") as provided for in the management information circular of IMZ dated on or about October 25, 2013 (the "Circular") for the purpose of:
 - (a) the securityholders of IMZ considering and, if thought fit, passing a special resolution (the "Arrangement Resolution"), with or without variation, approving an arrangement (the "Arrangement") involving IMZ, its shareholders (the "IMZ Shareholders") and optionholders (the "IMZ Optionholders") (the IMZ Shareholders and IMZ Optionholders are collectively referred to herein as the "IMZ Securityholders"), Chaparral Gold Corp. (formerly 0980507 B.C. Ltd.) ("Chaparral Gold"), Hochschild Mining plc ("HOC") and HOC Holdings Canada Inc. ("HOC Canada") as described in the plan of arrangement (the "Plan of Arrangement"), as it may be amended in accordance with the Interim Order, which is attached as Schedule "A" to the arrangement agreement dated as of

October 1, 2013 (the "Arrangement Agreement") among IMZ, Chaparral Gold, HOC and HOC Canada, which Arrangement Agreement is attached as Exhibit "H" to the Affidavit #1 of Gareth C. Howells sworn October 22, 2013; and

- (b) acting upon such other matters, including amendments to the foregoing, as may properly come before the IMZ Meeting or any adjournment or postponement thereof.
2. The IMZ Meeting shall be called, held and conducted in accordance with the provisions of the YBCA and the Bylaws of IMZ, as modified by the terms of this Interim Order.
 3. The following information (the "Meeting Materials"):
 - (a) Notice of IMZ Meeting and Circular;
 - (b) Appendices to the Circular, including the Plan of Arrangement;
 - (c) Interim Order and the Notice of Application (substantially in the form attached hereto as Exhibit "A") to this Honourable Court for a Final Order approving the Arrangement;
 - (d) Forms of Proxy; and
 - (e) Letter of Transmittal,

in or substantially in the form as referred to in the Affidavit #2 of Gareth C. Howells, sworn the 22nd day of October, 2013, with such amendments and inclusions thereto as counsel for IMZ may advise are necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of the Interim Order, shall be mailed by prepaid ordinary mail, or in the case of clause (f) below, filed electronically via the SEDAR system, as applicable:

- (a) to the IMZ Shareholders at their registered address as they appear on the books of the registrar and transfer agent for IMZ and to the IMZ Optionholders at their registered address as they appear on IMZ's record books at the close of business on the 16th day of October, 2013, being the record date fixed by the Board of Directors of IMZ for the determination of IMZ Securityholders entitled to notice of the IMZ Meeting (the "Record Date");
- (b) to the intermediaries requesting same;
- (c) to the directors of IMZ;
- (d) to the auditors of IMZ;
- (e) to The Toronto Stock Exchange;

- (f) to the securities commissions or similar regulatory authorities in all of the provinces and territories in Canada where IMZ is a "reporting issuer" under applicable securities laws; and
- (g) to the Yukon Registrar of Corporations and Superintendent of Securities;

which mailing or filing, as the case may be, shall occur at least twenty-one (21) days prior to the date of the IMZ Meeting, excluding the date of mailing or filing and including the date of the IMZ Meeting, and that mailing or filing, as the case may be, of the Notice of Application, as herein described, shall constitute good and sufficient service of such Notice of Application upon all who may wish to appear in these proceedings and no other service, filing or mailing need be made and such service shall be effective on the fifth (5th) day after the said Notice of Application is mailed or filed.

4. IMZ shall use commercially reasonable efforts to mail and to effect service of Notice of the IMZ Meeting and Notice of Application in the manner set out herein and, the accidental omission to give notice of the IMZ Meeting or Notice of Application to, or the non-receipt of such Notices by one or more of the persons specified herein, shall not invalidate any resolution passed or proceedings taken at the IMZ Meeting.
5. IMZ and HOC are authorized to make, in the manner contemplated by and subject to the Arrangement, such amendments, revisions or supplements to the Plan of Arrangement as they may determine, without any additional notice to the IMZ Securityholders. The Plan of Arrangement as so amended, revised or supplemented, shall be the Plan of Arrangement to be submitted at the IMZ Meeting to the IMZ Securityholders and shall be the subject of the Arrangement Resolution.
6. Notice of any amendments, updates or supplements to any of the information provided in the Meeting Materials may be communicated to the IMZ Securityholders by press release, news release, newspaper advertisement or by notice sent to the IMZ Securityholders by any of the means set forth in paragraph 3 hereof, as determined to be the most appropriate method of communication by the Board of Directors of IMZ.
7. The only persons entitled to attend the IMZ Meeting shall be:
 - (a) the registered IMZ Securityholders or their respective proxyholders, if applicable, as of the Record Date;
 - (b) IMZ directors, officers, auditors and advisors (including, but not limited to, legal counsel for IMZ);
 - (c) representatives of HOC, and any of its subsidiaries or affiliates and advisors (including, but not limited to, legal counsel for HOC); and
 - (d) other persons with the prior permission of the Chair of the Meeting.

8. The IMZ Securityholders are permitted to attend at and participate in the IMZ Meeting at a location in the City of Scottsdale, Arizona, USA to be determined by IMZ, substantially as described in the Circular.
9. The Chair and Secretary of the IMZ Meeting shall be Stephen J. Kay and Rod McKeen, respectively, or any other officer or director of IMZ who shall be appointed by the Board of Directors of IMZ for those purposes. A representative of Computershare Trust Company of Canada shall be the scrutineer of the IMZ Meeting.
10. The Chair of the IMZ Meeting is at liberty to call on the assistance of legal counsel to IMZ at any time and from time to time, as the Chair of such IMZ Meeting may deem necessary or appropriate, during such IMZ Meeting, and such legal counsel is entitled to attend such IMZ Meeting for this purpose.
11. The IMZ Meeting may be adjourned for any reason upon the direction of the Chair of the IMZ Meeting, and if the IMZ Meeting is adjourned, it shall be reconvened at a place and time to be designated by the Chair of the IMZ Meeting to a date which is not more than 30 days following such adjournment.
12. The quorum required at the IMZ Meeting for the vote of the IMZ Shareholders shall be the quorum required by the Bylaws of IMZ. The quorum for the vote of the IMZ Shareholders and IMZ Optionholders shall be the quorum required for the vote of the IMZ Shareholders as required by the Bylaws of IMZ, applied *mutatis mutandis* to the vote of the IMZ Shareholders and IMZ Optionholders, voting together as a single class.
13. The votes required to pass the Arrangement Resolution at the IMZ Meeting shall be:
 - (a) the affirmative vote of not fewer than two-thirds of the votes cast by the holders of: (i) issued and outstanding common shares in the capital of IMZ (the "IMZ Shares") entitled to vote thereat; and (ii) the issued and outstanding options to acquire IMZ Shares (the "IMZ Options") entitled to vote thereat, voting together as a single class, who vote in respect of the Arrangement Resolution, whether in person or represented by proxy; and
 - (b) the affirmative vote of not fewer than a majority of the votes cast by the holders of IMZ Shares entitled to vote thereat, who vote in respect of the Arrangement Resolution, whether in person or by proxy, other than the votes cast by HOC, any affiliate of HOC, and any other person described in items (a) through (d) of section 8.1(2) of Multilateral Instrument 61-101 (the "IMZ Minority Shareholders").
14. All votes at the IMZ Meeting in respect of the Arrangement Resolution shall be by ballot.
15. For the purposes of voting at the IMZ Meeting each IMZ Optionholder is entitled to one vote for each whole IMZ Share issuable upon exercise of the IMZ Options held by such holder on the Record Date. If IMZ Options are exercised after the Record Date, the holder of such IMZ Options on the Record Date shall be entitled to vote at the IMZ

Meeting in respect of such IMZ Options and no votes shall be cast in respect of the IMZ Shares issuable upon exercise of such IMZ Options. If IMZ Options expire unexercised after the Record Date but prior to the IMZ Meeting, no votes shall be cast in respect of such expired IMZ Options at the IMZ Meeting.

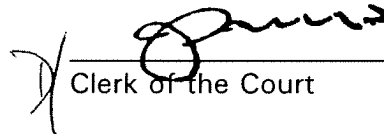
16. IMZ shall be at liberty to give notice of this application to persons outside the jurisdiction of this Honourable Court in the manner specified herein.
17. Any IMZ Securityholder, director or auditor of IMZ, or any other party served with notice of the application for the final order approving the Arrangement (the "Final Order") may appear and make representations at the application for the Final Order, provided that such person shall file an Appearance and a Response, in the respective forms prescribed by the Rules of Court of the Supreme Court of Yukon, with this Court and deliver a copy of the filed Appearance and Response, together with a copy of all material on which such person intends to rely at the application for the Final Order, including an outline of such person's proposed submissions, to the solicitors for IMZ at its address for delivery set out in the Petition, on or before 11:00 a.m. (Pacific Standard Time) on the 29th day of November, 2013 or such later date as the Court may determine.
18. Each registered IMZ Shareholder will be granted rights of dissent (the "Dissent Rights") in respect of the Arrangement Resolution, as contemplated by Section 193 of the YBCA, provided that such registered IMZ Shareholder otherwise complies strictly with the requirements of Section 193 of the YBCA, as amended by Article 4 of the Plan of Arrangement and this Interim Order. The Dissent Rights are further modified by the Interim Order as follows:
 - (a) a registered IMZ Shareholder intending to exercise Dissent Rights must give written notice of dissent to the Arrangement Resolution to IMZ, at: (A) c/o Macdonald & Company, 200 - 204 Lambert Street, Whitehorse, Yukon Territory, Y1A 3T2 Attention: Gareth C. Howells; or (B) by facsimile transmission to (867) 667-7600 (Attention: Gareth C. Howells); or (C) by email to ghowells@anton.yk.ca Attention: Gareth C. Howells, to be received by IMZ no later than 5:00 p.m. (Pacific Standard Time) on: (i) November 25, 2013; or (ii) the day that is one business day prior to the date on which an adjournment or postponement of the IMZ Meeting is held and must otherwise strictly comply with this paragraph 18. The dissent notice must set out the number of IMZ Shares held by the Dissenting Shareholder, as defined below, and include a statement that such IMZ Shares are all of the IMZ Shares held by the Dissenting Shareholder;
 - (b) any registered IMZ Shareholder (a "Dissenting Shareholder") who exercises Dissent Rights in respect of the Arrangement Resolution in strict compliance with the requirements of section 193 of the YBCA, as modified by the Interim Order and Article 4 of the Plan of Arrangement (the "Dissent Procedures"), will be entitled, in the event that the Arrangement becomes effective, to be paid the fair value of the IMZ Shares held by such Dissenting Shareholder in respect of which the Dissenting Shareholder has validly exercised Dissent Rights

determined as of the close of business on the day prior to the IMZ Meeting;

- (c) all of the IMZ Shares held by each Dissenting Shareholder who has validly exercised his, her or its Dissent Rights shall, at the "Effective Time" (as defined in the Plan of Arrangement), and notwithstanding any provision of Section 193 of the YBCA, be and be deemed to have been irrevocably transferred to HOC Canada free and clear of all Liens, as defined in the Arrangement Agreement, and each such Dissenting Shareholder shall cease to have any rights as a IMZ Shareholder in respect of such IMZ Shares other than the right to be paid the fair value of such IMZ Shares in accordance with the Dissent Procedures;
 - (d) if a registered IMZ Shareholder who exercises Dissent Rights is ultimately not entitled, for any reason, to be paid fair value for the IMZ Shares in respect of which such registered IMZ Shareholder has exercised Dissent Rights, the registered IMZ Shareholder will be deemed pursuant to the Plan of Arrangement to have participated in the Arrangement on the same basis as a registered IMZ Shareholder that has not exercised Dissent Rights and will be deemed to have elected to receive the cash consideration and shares of Chaparral Gold as provided for in the Plan of Arrangement;
 - (e) in no case will IMZ, Chaparral Gold, HOC, HOC Canada or their respective successors or assigns or any other person be required to recognize the Dissenting Shareholder as a holder of IMZ Shares at and after the effective time of the Arrangement, and each Dissenting Shareholder will cease to be entitled to the rights of a IMZ Shareholder in respect of the Dissenting Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register of IMZ will be amended to reflect that such former holder is no longer the holder of such IMZ Shares as and from the effective date of the Arrangement;
 - (f) registered IMZ Shareholders shall be the only persons with Dissent Rights in respect of the Arrangement Resolution; and
 - (g) the delivery by an IMZ Shareholder of a notice pertaining to the exercise of Dissent Rights does not deprive such IMZ Shareholder of its right to vote at the IMZ Meeting, however, a vote in favour of the Arrangement Resolution will result in a loss of its Dissent Rights.
19. If the application for the Final Order is adjourned, only those persons who have filed and delivered an Appearance and Response in accordance with the terms hereof need be served with notice of the adjourned date.
20. Unless the directors of IMZ by resolution determine to abandon the Arrangement, the Petitioner shall be at liberty to apply on the 2nd day of December, 2013 at 2:00 p.m. (Pacific Standard Time) or such other date as the Court may direct, for the final approval of the Arrangement and a determination as to the procedural and substantive fairness of the Arrangement, provided the Arrangement Resolution is approved by the IMZ Securityholders, as aforesaid, at the IMZ Meeting.

21. The Petitioner shall report to this Court and furnish evidence of its compliance with any interim order granted with respect to the relief sought herein at the date of the application for the Final Order.
22. The Petitioner shall be at liberty to make such further applications to this Honourable Court in relation to the Plan of Arrangement as are necessary for putting into effect the Plan of Arrangement, including, without limitation, an application to vary the Interim Order.
23. To the extent of any inconsistency or discrepancy with respect to the matters provided for in the Interim Order and the terms of any instrument creating, governing or collateral to the IMZ Shares and IMZ Options, the Interim Order shall govern.

BY THE COURT


Clerk of the Court

APPROVED AS TO THE ORDER MADE:



Gareth C. Howells,
Lawyer for the Petitioner
International Minerals Corporation

EXHIBIT "A"

NOTICE OF APPLICATION

FORM 52 (Rule 47(1))

Supreme Court No.: 13-A0098

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE *BUSINESS CORPORATIONS ACT* OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

INTERNATIONAL MINERALS CORPORATION

PETITIONER

NOTICE OF APPLICATION

TO all securityholders of International Minerals Corporation.

TAKE NOTICE that an application will be made by Gareth C. Howells and Grant Macdonald, Q.C., lawyers for the Petitioner, International Minerals Corporation ("**IMZ**"), to the presiding Judge at the Law Courts, 2134 Second Avenue, Whitehorse, Yukon Territory, on the 2nd day of December, 2013 at 2:00 p.m. (Pacific Standard Time) for an order that:

1. The terms and conditions of the issuance and exchange of securities, as set out in the Plan of Arrangement (the "**Plan of Arrangement**") under Section 195 of the *Business Corporations Act*, R.S.Y. 2002, c.20, as amended (the "**Act**"), attached as Schedule "A" to the arrangement agreement dated as of October 1, 2013 (the "**Arrangement Agreement**") among IMZ, Chaparral Gold Corp. (formerly known as 0980507 B.C. Ltd.) ("**Chaparral Gold**"), Hochschild Mining plc and HOC Holdings Canada Inc., which Arrangement Agreement is attached as Exhibit "H" to the Affidavit#1 of Gareth C. Howells sworn October 22, 2013, are procedurally and substantively fair to the holders of common shares of IMZ (the "**IMZ Shareholders**") and the holders of options of IMZ (the "**IMZ Optionholders**") (the IMZ Shareholders and IMZ Optionholders are collectively referred to herein as the "**IMZ Securityholders**"), and to the Petitioner and such terms and conditions are hereby approved.
2. The Plan of Arrangement be, and is hereby approved, and shall be implemented in the manner set forth in the Plan of Arrangement and be binding on the Petitioner and the IMZ Securityholders and on all other parties who have been served with notice of these proceedings, upon the acceptance of a certified copy of the final order of the Supreme Court of Yukon (the "**Final Order**") by the Yukon Registrar of Corporations.

3. The Articles of Arrangement attached to and forming part of the Final Order be approved as the form of Articles of Arrangement to be filed with the Yukon Registrar of Corporations pursuant to Section 195(10) of the Act.

AND NOTICE IS FURTHER GIVEN that the Court has given directions as to the calling of an annual meeting of IMZ Shareholders and special meeting of the IMZ Securityholders on November 26, 2013, as properly adjourned or postponed, for the purpose of voting to approve the Plan of Arrangement.

AND NOTICE IS FURTHER GIVEN that the Final Order approving the Arrangement will, if made, constitute the basis for 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 the securities of IMZ and Chaparral Gold to be issued, distributed and exchanged in connection with the Plan of Arrangement.

At the hearing, any IMZ Securityholder, director, or auditor of IMZ, or any other interested party with leave of the Court, desiring to support or oppose the application may appear for the purpose, either in person or by counsel. If you do not attend, either in person or by counsel, at that time, the Court may approve the Plan of Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice to you.

A copy of the Petition and other documents in the proceedings will be furnished to any IMZ Securityholder or other interested party having standing and requesting the same from IMZ.

AND TAKE FURTHER NOTICE that in support of this Application will be read the Affidavits of Gareth C. Howells and Stephen J. Kay, and all the pleadings and proceedings herein and such further and other material as Counsel may advise and this Honourable Court may permit.

This Application is brought pursuant to Section 195 of the *Business Corporations Act*, R.S.Y. 2002, c.20, as amended.

The applicant estimates that the application will take 30 minutes.

If you wish to receive notice of the time and date of the hearing or to respond to the application, you must, within the proper time for response,

- (a) deliver to the Petitioner at its Address for Delivery as set forth below:
 - i. 2 copies of a Response in Form 11, and
 - ii. 2 copies of each of the affidavits and other documents, not already in the court file, on which you intend to rely at the hearing, and
- (b) deliver to every other party of record:
 - i. one copy of a Response in Form 11, and

- ii. one copy of each of the affidavits and other documents, not already in the court file, on which you intend to rely at the hearing.

TIME FOR RESPONSE

The Response must be delivered on or before 11:00 a.m. (Pacific Standard time) on November 29, 2013.

PETITIONER'S ADDRESS FOR DELIVERY:

Macdonald & Company
Lawyers
Suite 200 - 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

DATED: October 25, 2013

Gareth C. Howells
Lawyer for the Petitioner,
International Minerals Corporation

FORM 52 (Rule 47(1))

Supreme Court No.: 13-A0098

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE *BUSINESS CORPORATIONS ACT* OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

INTERNATIONAL MINERALS CORPORATION

PETITIONER

NOTICE OF APPLICATION

Macdonald & Company
Lawyers
200 - 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

FORM 44 (Rule 43(3))

Supreme Court No.: 13-A0098

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE *BUSINESS CORPORATIONS ACT* OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

INTERNATIONAL MINERALS CORPORATION

PETITIONER

INTERIM ORDER

Gareth C. Howells
Macdonald & Company
Lawyers
200 - 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

APPENDIX “E”

SECTION 193 OF THE YBCA

193(1) Subject to sections 194 and 243, a holder of shares of any class of a corporation may dissent if the corporation resolves to (a) amend its articles under section 175 or 176 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class; (b) amend its articles under section 175 to add, change or remove any restrictions on the business or businesses that the corporation may carry on; (c) amalgamate with another corporation, otherwise than under section 186 or 189; (d) be continued under the laws of another jurisdiction under section 191; or (e) sell, lease or exchange all or substantially all its property under section 192.

(2) A holder of shares of any class or series of shares entitled to vote under section 178 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2) (a) at or before any meeting of shareholders at which the resolution is to be voted on; or (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder’s right to dissent, within a reasonable time after learning that the resolution was adopted and of the right to dissent.

(6) An application may be made to the Supreme Court after the adoption of a resolution referred to in subsection (1) or (2), (a) by the corporation; or (b) by a shareholder if an objection to the corporation under subsection (5) has been sent by the shareholder, to set the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section.

(7) If an application is made under subsection (6), the corporation shall, unless the Supreme Court otherwise orders, send to each dissenting shareholder a written offer to pay an amount considered by the directors to be the fair value of the shares to that shareholder.

(8) Unless the Supreme Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant; or (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall (a) be made on the same terms; and (b) contain or be accompanied by a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of that shareholder’s shares by the corporation, in the amount of the corporation’s offer under subsection (7) or otherwise, at any time before the Supreme Court pronounces an order setting the fair value of the shares.

(11) A dissenting shareholder (a) is not required to give security for costs in respect of an application under subsection (6); and (b) except in special circumstances shall not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Supreme Court may give directions for (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Supreme Court, are in need of representation; (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery; (c) the payment

to the shareholder of all or part of the sum offered by the corporation for the shares; (d) the deposit of the share certificates with the Supreme Court or with the corporation or its transfer agent; (e) the appointment and payment of independent appraisers, and the procedures to be followed by them; (f) the service of documents; and (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Supreme Court shall make an order (a) setting the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application; (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders; and (c) setting the time within which the corporation must pay that amount to a shareholder.

(14) On (a) the action approved by the resolution from which the shareholder dissents becoming effective; (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for that shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise; or (c) the pronouncement of an order under subsection (13), whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Paragraph (14)(a) does not apply to a shareholder referred to in paragraph (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs, (a) the shareholder may withdraw the dissent; or (b) the corporation may rescind the resolution, and in either event proceedings under this section shall be discontinued.

(17) The Supreme Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder because of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after (a) the pronouncement of an order under subsection (13); or (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shares, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Even though a judgment has been given in favour of a dissenting shareholder under paragraph (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to having full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S., c.15, s.193.

APPENDIX “F”

INFORMATION CONCERNING CHAPARRAL GOLD

Capitalized terms used in this Appendix “F” that are not defined herein shall have the meanings ascribed to such terms in the management information circular (the “Circular”) of IMZ to which this Appendix “F” is attached. **All references to dollar amounts in this Appendix “F” are to United States dollars unless expressly stated otherwise.**

TECHNICAL INFORMATION

The disclosure in this Appendix “F” of a scientific or technical nature for Chaparral Gold’s material properties, the Goldfield and the Converse Properties, is based on technical reports prepared for those properties in accordance with NI 43-101 and other information that has been prepared by or under the supervision of “qualified persons” under NI 43-101 and included in this Appendix “F” with the consent of such persons.

Technical information provided herein for the Goldfield Property is based upon information contained in: (i) the Goldfield Technical Report with an effective date of resource estimate and feasibility study of July 17, 2012 and a signature date of August 31, 2012 prepared for IMZ in compliance with NI 43-101 by Dayan Anderson, MMSA, QP, Richard Gowans, P.Eng., Christopher Jacobs, CEng, MIMMM and R. Mohan Srivastava, P.Geo, all “qualified persons” under NI 43-101; and (ii) the Updated Goldfield Technical Report with an effective date of resource estimate and update to feasibility study June 17, 2013 and a signature date of July 25, 2013 prepared for IMZ in compliance with NI 43-101 by Sam Shoemaker Jr., Reg. Mem. SME., Richard Gowans, P.Eng., Christopher Jacobs, CEng, MIMMM and R. Mohan Srivastava, P.Geo, all “qualified persons” under NI 43-101. The technical information contained in this Appendix “F” with respect to the Goldfield Property has been summarized from the Goldfield Technical Report and the Updated Goldfield Technical Report.

Technical information provided herein for the Converse Property is based upon information contained in the Converse Technical Report dated February 2, 2012 prepared for IMZ in compliance with NI 43-101 by R. Mohan Srivastava, P.Geo, Dayan Anderson, QP, MMSA, Richard Gowans, P.Eng. and Christopher Jacobs, CEng, MIMMM, all “qualified persons” under NI 43-101.

The foregoing technical reports have been filed on SEDAR under IMZ’s name and IMZ Securityholders are urged to read the reports in their entirety at www.sedar.com. Following completion of the Arrangement, the technical reports will be assumed by Chaparral Gold.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Appendix “F” to the extent that a statement contained herein or in any other subsequently filed document which is also, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Appendix “F”.

Technical Defined Terms

Except as otherwise defined, the following terms, used in this Appendix “F”, have the following meanings:

“alluvium” or “alluvial”: A general term for clay, silt, sand, gravel or similar unconsolidated detrital material deposited during comparatively recent geologic time by a stream or other body of running water.

“atomic absorption” or “AA”:	A spectroanalytical procedure for the quantitative determination of chemical elements employing the absorption of optical radiation (light) by free atoms in the gaseous state.
“breccia”:	A general term applied to rock formations consisting mostly of angular fragments hosted by fine-grained matrix.
“CIM”:	Canadian Institute of Mining, Metallurgy and Petroleum.
“Company”:	International Minerals Corporation, a corporation continued and subsisting under the corporate laws of the Yukon Territory, the common shares of which are currently listed and posted for trading on the Toronto Stock Exchange, the SIX Swiss Exchange and the Frankfurt Stock Exchange.
“deposit”:	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves of ore, until final legal, technical, and economic factors have been resolved.
“EIS” or “EA”:	Environmental Impact Study or Environmental Assessment
“epithermal”:	A hydrothermal mineral deposit formed within approximately 1,500 meters of the Earth’s surface and in the temperature range of 50° to 250° C, occurring mainly as veins, breccia pipes and stockworks.
“feasibility study”:	A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project.
“fire assay” or “FA”:	Analysis of a metal-bearing material, especially gold and silver, by heating a sample with a suitable flux and weighing the resulting metal beads.
“g”:	Grams
“g/tonne” or “g/t”:	Grams per metric tonne
“hydrothermal alteration”:	Alteration of rocks or minerals by the reaction with heated waters of magmatic origin.
“IFRS”:	International Financial Reporting Standards
“ICP”:	Inductively-Coupled Plasma: A plasma (a distinct phase of matter comprising a collection of charged particles) subjected to electric currents produced by electromagnetic induction in order to measure wavelengths of light and thereby identify abundance of major elements (e.g. Si, Ca, Mg, K, Fe) and trace elements (e.g. Zr, Sr, Ba).
“IP”:	An induced polarity geophysical prospecting technique which induces electrical currents into the ground to measure chargeability (or ability to absorb an electrical charge) and indicates presence or absence of metal content. Typically used when exploring for sulfide mineralization. Also measured is the reciprocal function of chargeability, which is resistivity (or the difficulty of passing an electrical current through a substance). Typically used when exploring for areas with expected high silica content e.g. quartz veins.

“indicated mineral resource”:	That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
“inferred mineral resource”:	That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
“IRR” or “Internal Rate of Return”:	The discount rate often used in capital budgeting that equates the net present value of all cash flows from a particular project equal to zero. IRR is generally the rate of return a project is expected to generate over its expected life.
“km” or “sq. km”:	Kilometer or square kilometer
“m”:	Meter
“measured mineral resource”:	That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
“mineralization”:	Mineral-bearing rock; the minerals may have been either a part of the original rock unit or injected at a later time.
“mineral reserve”:	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
“mineral resource”:	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
“Mt”:	Million metric tonnes
“NI 43-101”:	Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects prescribed by the Canadian Securities Administrators.
“NPV” or “Net Present Value”:	The difference between the present value of cash inflows and the present value of cash outflows. NPV is used in capital budgeting to analyze the profitability of an investment or project and compares the value of a dollar today to the value of that same dollar in the future, taking into account the desired risk adjust required rate of return.
“ore”:	A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit or from which some part may be profitably separated.

“ounces” or “oz”:	Troy ounces.
“oxidized zone”:	An area of a mineral deposit modified by surface waters, e.g. sulfides altered to oxides and carbonates.
“pH”:	A measure of acidity or alkalinity (< 7 being acidic and >7 being alkaline).
“porphyry deposit”:	A disseminated mineral deposit commonly associated with intrusive rocks.
“porphyritic”:	Rock texture in which one or more minerals have a larger grain size than the accompanying minerals.
“ppb” and “ppm”:	Parts per billion and parts per million.
“preliminary economic assessment”:	A preliminary assessment study to define the overall scope of a project, including an early-stage economic analysis of the potential viability of a mineral resource prior to completion of a prefeasibility or feasibility study. Commonly referred to as a “scoping study”.
“preliminary feasibility study” or “prefeasibility study” or “PFS”:	A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.
“probable mineral reserve”:	The economically mineable part of an indicated, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
“proven mineral reserve”:	The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
“Qualified Person”:	An individual who, in accordance with NI 43-101: <ul style="list-style-type: none"> (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (b) has at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) has experience relevant to the subject matter of the mineral project and the technical report; and (d) is in good standing with a professional association.
“scoping study”:	See “preliminary economic assessment”.
“stockwork”:	A network of small veins of mineralization that have so penetrated a rock mass that the whole rock mass can be considered mineralized.
“sulfide”:	A mineral compound characterized by the combination of sulfur with a metal or semi-metal, e.g. pyrite, iron sulfide.
“ton”:	Short ton or 2,000 pounds.

“tonne” or “t”: Metric tonne, 1,000 kilograms or 2,204 pounds.

“total cash costs”: Total cash costs per ounce, using the Gold Institute’s definition, comprise: mining and processing costs, inventory adjustments, mine G&A, smelting, refining, treatment and transportation costs, management fee, and government royalties, , net of any by-product credit. Total cash costs are non-IFRS financial measures, which the Company believes are useful in measuring operational performance.

“tpd”: Metric tonnes per day.

TABLE OF CONTENTS

INFORMATION CONCERNING CHAPARRAL GOLD.....	1
TECHNICAL INFORMATION	1
Technical Defined Terms	1
CHAPARRAL GOLD AND CORPORATE STRUCTURE	7
Name, Address and Incorporation	7
Comparison between the YBCA and the BCBCA.....	7
Intercorporate Relationships.....	7
DESCRIPTION OF THE BUSINESS.....	8
Business of Chaparral Gold.....	8
Business Objectives and Milestones	9
Available Funds and Principal Purposes	35
DIVIDENDS.....	36
SHARE CAPITAL.....	36
Description of Share Capital.....	36
Common Shares.....	36
Constraints	36
Ratings	36
SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS.....	36
Selected Consolidated Financial Information.....	36
Management Discussion and Analysis for Chaparral Gold for the Period from Incorporation to September 30, 2013.....	38
Management Discussion and Analysis for Chaparral Gold Business.....	39
MARKET FOR SECURITIES.....	44
CONSOLIDATED CAPITALIZATION.....	45
OPTIONS TO PURCHASE SECURITIES	45
Stock Options	45
PRIOR SALES.....	45
Prior Sales	45
Trading Price and Volume	46
PRINCIPAL SECURITYHOLDERS.....	46
DIRECTORS AND EXECUTIVE OFFICERS	46
Name, Occupation and Security Holding	46
Majority Voting Policy	47
Management of the Corporation.....	47
Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions	50
Conflicts of Interest	51
EXECUTIVE COMPENSATION	51
CORPORATE GOVERNANCE.....	51
AUDIT COMMITTEE.....	55
RISK FACTORS.....	56
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	61
MANAGEMENT CONTRACTS	61
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	61
MATERIAL CONTRACTS	61
INTERESTS OF EXPERTS	62
AUDITORS, TRANSFER AGENT AND REGISTRARS.....	63
LEGAL PROCEEDINGS.....	63
Legal Matters.....	63
Regulatory Actions	63
 SCHEDULE “A” – AUDIT COMMITTEE CHARTER	

CHAPARRAL GOLD AND CORPORATE STRUCTURE

Name, Address and Incorporation

Chaparral Gold was incorporated pursuant to the provisions of the British Columbia *Business Corporations Act* (the “BCBCA”) on September 16, 2013 under the name “0980507 B.C. Ltd.”. On October 11, 2013, 0980507 B.C. Ltd. changed its name to “Chaparral Gold Corp.” to better reflect the business of Chaparral Gold following completion of the Arrangement. The head office of Chaparral Gold is located at 7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona USA 85260 and the registered and records office of Chaparral Gold is located at Suite 3350, 1055 Dunsmuir Street, Vancouver, British Columbia V7X 1L2

Comparison between the YBCA and the BCBCA

Upon completion of the Arrangement, IMZ Shareholders will receive Chaparral Gold Shares. Chaparral Gold is a new corporation incorporated under the BCBCA. IMZ is of the view that the BCBCA provides IMZ Shareholders substantively the same rights as are available to shareholders under the YBCA, including rights of dissent and appraisal and rights to bring derivative and oppression actions in certain circumstances. Attached as Appendix “T” is a summary of a comparison of some of the principal provisions of the YBCA and the BCBCA that IMZ believes would be relevant to IMZ Shareholders. This summary is not intended to be exhaustive and IMZ Shareholders should consult their legal advisors with respect to the detailed provisions of the BCBCA and their rights under it. Reference should be made to the full text of both statutes for particulars of the differences.

Chaparral Gold was incorporated for the purpose of participating in the Arrangement and acquiring the Non-Peruvian Assets and Non-Peruvian Subsidiaries and has not carried on any active business other than in connection with the Arrangement and related matters and as discussed in the Circular and this Appendix “F”. Pursuant to the Arrangement Agreement, IMZ will transfer to Chaparral Gold (i) IMZ’s existing cash (held directly or indirectly) and related receivables (estimated at approximately \$58 million); (ii) all of the outstanding shares of EMC (US) and Ventura which are IMZ’s wholly-owned subsidiaries that own IMZ’s Non-Peruvian (primarily Nevada) assets (namely the Goldfield Property and the Converse Property); and Chaparral Gold will assume all liabilities related to IMZ’s Non-Peruvian Assets.

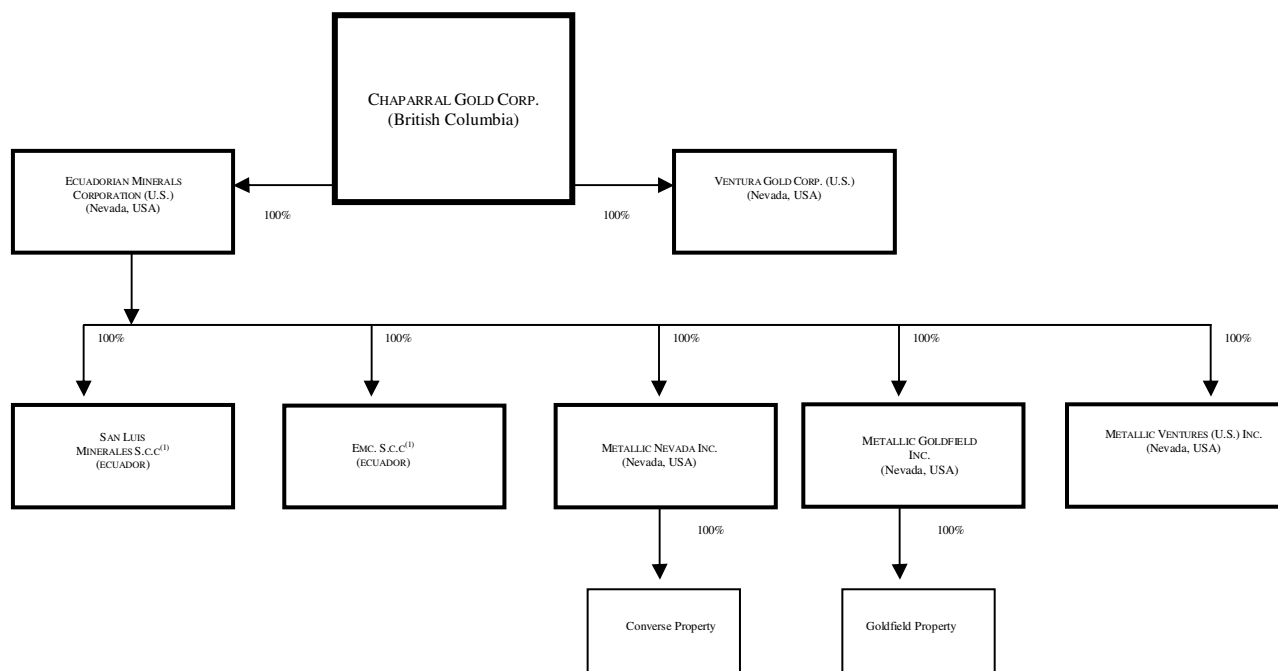
Chaparral Gold intends to apply to list the Chaparral Gold Shares issuable pursuant to the Arrangement on a Canadian stock exchange. Such listing will be subject to Chaparral Gold fulfilling all of the minimum listing requirements of such stock exchange. There can be no assurance that the Chaparral Gold Shares will be listed on a Canadian stock exchange. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Chaparral Gold Shares is expected to commence concurrently with the delisting of the IMZ Shares from the TSX. The completion of the Arrangement is subject to obtaining TSX conditional approval of the listing for trading of the Chaparral Gold Shares on the TSX.

Following completion of the Arrangement, Chaparral Gold is expected to be a reporting issuer in the Yukon Territory and each of the Provinces of Canada and will be subject to the continuous disclosure requirements prescribed by the securities laws in force in each of those jurisdictions.

Intercorporate Relationships

As of the date of the Circular, Chaparral Gold is a wholly-owned subsidiary of IMZ. After giving effect to the Arrangement, Chaparral Gold will be wholly-owned by the IMZ Shareholders who hold IMZ Shares immediately prior to the Effective Time, other than those IMZ Shareholders who exercise the Dissent Rights provided under the terms of the Arrangement.

Upon completion of the Arrangement, the subsidiaries of Chaparral Gold, the jurisdictions of incorporation of those subsidiaries and the percentage of voting securities held, directly or indirectly, by Chaparral Gold, will be as follows:



(1) An application has been made to the applicable Ecuadorian authority to dissolve these companies.

DESCRIPTION OF THE BUSINESS

Business of Chaparral Gold

Upon completion of the Arrangement, Chaparral Gold will be engaged, indirectly through its subsidiaries, in the exploration, development and exploitation of gold and silver deposits in Nevada, USA. The principal material mineral resource properties that will be held by Chaparral Gold following completion of the Arrangement will be IMZ’s 100% interest in the Goldfield gold project (the “**Goldfield Property**”) in south-central Nevada near the historic gold mining town of Goldfield, and IMZ’s 100% interest in the Converse gold project (the “**Converse Property**”) which lies in the Battle Mountain/Cortez mineralized trend of Nevada. Chaparral Gold will also have additional non-material mineral property interests in Nevada, USA.

Prior to the Effective Time of the Plan of Arrangement, Chaparral Gold will acquire from IMZ all of the Non-Peruvian Assets, Non-Peruvian Subsidiaries and will assume the Assumed Liabilities pursuant to the terms of the Master Re-Organization Agreement as follows:

- All cash and cash equivalents held directly or indirectly by IMZ (net of all pre-completion operating costs and employee severance costs) and all securities and short term investments listed in the Master Re-Organization Agreement. It is anticipated that Chaparral Gold will hold approximately \$58 million in cash and receivables at the Effective Time;
- All of the shares of EMC (US) and Ventura;
- All accounts receivable, notes receivable and other debts due or accruing to IMZ not directly related to the Peruvian Assets, including, but not limited to, certain intercorporate debt, and rights to future payments to be received from the purchasers of IMZ’s former Ecuadorian properties, and certain others listed in the Master Re-Organization Agreement;
- Any proceeds from the disposition of any assets of IMZ (other than the Peruvian Assets) before the Effective Time that become receivable after the date of the Master Re-Organization Agreement;

- All machinery, equipment, technology and communications hardware and infrastructure, furniture, furnishings and accessories, parts and supplies of all kinds owned by IMZ and not directly used in connection with the Peruvian Assets;
- All prepaid expenses of IMZ not directly related to the Peruvian Assets;
- The full benefit of all contracts, licenses, leases and instruments to which IMZ is a party (other than those directly related to the Peruvian Assets);
- All authorizations of IMZ (other than those directly related to the Peruvian Assets) to the extent that they are transferable;
- All right, title and interest of IMZ in and to any intellectual property owned by or licensed to IMZ (other than intellectual property directly related to the Peruvian Assets); and
- All Canadian income tax refunds, including GST refunds and other tax refunds receivable by IMZ and which relate to a taxation year or fiscal period, or portion thereof, ending on or before the transaction described in Section 3(e) of the Plan of Arrangement, as well as any FIRPTA-related refunds paid to IMZ after the Effective Time.

Business Objectives and Milestones

Chaparral Gold's primary business objective will be to complete an EIS and the permitting process at the 100%-owned Gemfield open pit, heap leach gold project at the Goldfield Property in Nevada, with a goal of commencing construction in 2015, subject to financing, with commercial production targeted for the second half of calendar 2016.

No formal work is currently planned for the Converse Property until general market conditions improve.

Exploration activities will be focused on identifying opportunities to acquire high quality gold or silver properties in Nevada either through grass roots exploration or a strategic acquisition.

Uses of Gold

Product fabrication and bullion investment are the two principal uses of gold. Within the fabrication category there are a wide variety of end uses, the largest of which is the manufacture of jewellery (approximately 75% of fabrication use). Other fabrication purposes include official coins, electronics, miscellaneous industrial and decorative uses, dentistry, medals and medallions. In addition, the world's Central Banks are also reported to hold approximately 25,000 to 30,000 tonnes of gold, partly to back their respective currencies.

Gold and Silver Sales

Gold and silver can be readily sold on numerous markets throughout the world and it is not difficult to ascertain its market price at any particular time. Since there are a large number of available gold and silver purchasers, Chaparral Gold will not be dependent upon the sale of gold and silver to any one customer when it commences gold production.

Specialized Skill and Knowledge

As all aspects of the mining business require specialized skills and knowledge, Chaparral Gold will employ personnel and consultants with relevant education and experience in exploration, development, construction, engineering, mining operations, metallurgical processing and other mining-related disciplines. In addition, Chaparral Gold will retain professionals with specialized skills, on a contract basis for specific work in each of these fields.

Competitive Conditions

Competition in the precious metals mineral exploration and production business is intense. Chaparral Gold will compete for quality properties and qualified personnel with other mining companies, many of which have greater technical and financial resources. Chaparral Gold will strive to offer competitive remuneration and compensation packages to attract and retain experienced, skilled personnel.

Changes to Contracts

It is not anticipated that Chaparral Gold's business will be affected in the current financial year by the renegotiation or termination of any contracts which it will acquire from IMZ upon the Effective Date.

Environmental Protection - Goldfield & Converse Properties, Nevada

As at June 30, 2013, IMZ, through its subsidiaries, held a total of \$252,789 in state-wide bonding that was acquired to cover reclamation of surface disturbances related to the exploration activities at the Goldfield and Converse Properties and three other exploration projects in Nevada. Since June 30, 2013, additional bonding in the amount of \$44,247 was obtained for the Gemfield deposit (part of the Goldfield Property), bringing the total bonding to \$297,036. The following table illustrates the amounts currently bonded for each project:

Goldfield	\$149,366
Converse	\$54,012
Del Oro	\$11,449
Rye	\$64,088
Stonewall	\$18,121
Total	\$297,036

Chaparral Gold will effectively assume this bonding following completion of the Arrangement by virtue of acquiring the subsidiaries holding the bonding.

Other Projects

Currently, IMZ's other projects, which will be acquired by Chaparral Gold upon the Effective Date, are at the exploration stage. Environmental and reclamation costs are insignificant until such time as the projects reach a more advanced development stage.

Employees

At the Effective Time, Chaparral Gold expects to have ten employees and officers located at its administrative office in Scottsdale, Arizona, ten employees at its Reno office in Nevada, and one of its employees will be based in Stamford, Connecticut.

Social and Environmental Policies

Chaparral Gold is committed to social and environmental responsibility in all of its exploration, development and mining activities. The focus of Chaparral Gold's community relations and environmental management efforts is to ensure smooth and uninterrupted operations at all of its properties by creating an overall positive impact on its neighboring communities, complying with the applicable laws and regulations, adopting generally accepted international standards and best practices for environmental management, and protecting the health and safety of employees and local communities.

Responsibility for community relations and environmental management and compliance for Chaparral Gold's Nevada projects will be under the scope of the Chief Executive Officer. In addition to these in-house staff members, Chaparral Gold will utilize the services of a network of highly experienced and qualified consultants to provide expertise in specialized aspects of environmental matters (including legal, permitting, technical, etc.), relating to its Nevada projects. Chaparral Gold will be pro-active in engaging the community through communication with and support of, local governments, community leaders and other stakeholders in the vicinity of its project areas.

Chaparral Gold intends to ensure that its activities are fully compliant with all applicable regulatory requirements and that such activities are conducted with sensitivity to the concerns and desires of the local communities.

Market Trends

Chaparral Gold's financial success will depend upon the extent to which it can discover mineralization and the economic viability of developing its properties. Such development may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The sales value of any mineralization discovered by Chaparral Gold is largely dependent upon factors beyond Chaparral Gold's control, such as the market value of the commodities produced.

There are significant uncertainties regarding the price of gold and other minerals and the availability of equity financing for the purposes of mineral exploration and development. Chaparral Gold's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Current financial markets are likely to be volatile in Canada, the USA and Europe well into 2014, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to sustained drops in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been affected negatively by these trends. As a result, Chaparral Gold may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting present shareholders of Chaparral Gold.

Apart from these and the risk factors noted under the heading "*Risk Factors*", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on Chaparral Gold's business, financial condition or results of operations.

General Business of Chaparral Gold

Upon the Effective Date, the principal material properties of Chaparral Gold will be the Goldfield Property and the Converse Property. A description of the Goldfield Property and the Converse Property is provided below. All references to "the Company" in this section entitled "*General Business of Chaparral Gold*" refer to IMZ, the owner of the Goldfield Property and the Converse Property and the work conducted on the properties by the IMZ prior to the Effective Time of the Arrangement.

Goldfield Property

Property Description and Location

The Goldfield Property is located near the historic gold mining town of Goldfield, approximately 290 km northwest of Las Vegas, Nevada, and 420 km southeast of Reno, Nevada, along Highway 95. The historical mining town of Tonopah is located approximately 48 km north of Goldfield.

The Goldfield project area comprises approximately 57 sq. km with three known gold deposits:

- Gemfield: Located approximately 2.4 km north of Goldfield
- Goldfield Main: Located adjacent to the east of Goldfield
- McMahon Ridge: Located approximately 4 km northeast of Goldfield

Acquisition of Concessions

In March 2001, Metallic Ventures Gold, Inc. ("**Metallic**") acquired its interest in the Goldfield Main and McMahon Ridge areas through the acquisition of all of the issued and outstanding shares of Romarco Nevada Goldfield Inc. (a wholly owned subsidiary of Romarco Minerals Inc.) for payments totalling \$250,000.

In August 2002, Metallic acquired the Gemfield project area from Newmont Mining for \$1,000,000 and a sliding-scale Net Smelter Return ("**NSR**") royalty payable on any commercial production. According to the terms of the purchase agreement with Newmont, the following NSR royalty rates apply: (a) if the monthly average gold price is less than \$300/oz, the NSR royalty is 3%; (b) if the monthly average gold price is greater than \$300/oz and less than

\$400/oz, the NSR royalty is 4%; and (c) if monthly average gold price is greater than \$400/oz, the NSR royalty is 5%.

In October 2007, Metallic paid \$500,000 to purchase 9.7 sq. km of patented mining claims, 22 sq. km of unpatented mining claims and a 5% NSR royalty, which were previously part of a lease agreement with Goldfield Resources Inc.

In February 2010, the Company acquired all of the issued and outstanding shares of Metallic, which owned the Goldfield Property and the Converse Property (see “Converse Property, Nevada (100% interest)” for details).

The Goldfield Property land holdings are large and complex in terms of location, ownership and spatial relationship of patented and unpatented mining claims. The claims for the Goldfield Property land holdings comprise a total of 568 patented lode mining claims and 586 unpatented mining claims (either owned or controlled by the Company) and cover approximately 5,700 hectares or 57 sq. km in Esmeralda and Nye Counties, Nevada, as summarized in the table below.

Claims	Owned	Leased	Total
Patented claims	464	104	568
Unpatented claims	574	12	586
Total	1,038	116	1,154

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Goldfield Property area is accessible by a well-maintained network of gravel roads from Highway 95 and the town of Goldfield, Nevada, which is located within the historic Goldfield Mining District, approximately 290 km northwest of Las Vegas.

Topography in the Goldfield district is mostly rolling hills with a mean base elevation of about 1,750 m. The maximum topographic relief in the district is approximately 468 m ranging from 1,785 m to 2,250 m. Vegetation in the area is sparse and consists predominantly of sagebrush, Joshua trees and various types of grasses.

The area is located in the high desert region of southern Nevada and precipitation averages approximately 15 cm per year. The majority of precipitation comes in the form of snow during the winter months or from infrequent summer thunderstorms. Access is year-round with warm summers and generally mild winters, although overnight freezing conditions are common during the winter months. The mean annual temperature is approximately 10°C.

The town of Goldfield has been the county seat of Esmeralda County since 1907. Esmeralda County is located in west-central Nevada and is one of the least populated counties in the United States, with a total population in 2010 of approximately 800. The nearest community of significant size is Tonopah, Nevada, located approximately 48 km north of Goldfield in Nye County. Tonopah is a full-service community where accommodations, medical facilities and most required commercial services are readily available.

The Company has a substantial land position in the Goldfield Property, comprising approximately 57 sq. km and controls sufficient property for any planned mining and processing operations. The Company holds water rights sufficient to operate the anticipated mine and process facility and power is available from the local electricity utility. Staff and mining personnel necessary for a mining operation could be obtained from the towns of Goldfield, Tonopah and various other mining-based communities in the region.

History and Historical Production

Gold was first discovered in the Goldfield District in 1902. The district rapidly grew into a major gold producer due to the high-grade nature of the veins being mined. Goldfield reached a population of over 20,000 in 1907, making it the largest town in Nevada at that time.

Historic records indicate the Goldfield district produced approximately 4.2 million ounces of gold (at a reported average grade of approximately 18 g/t) from 1903 to the 1940s, with most of the production being from 1905 to 1915. Minor production took place through 1926. Between 1927 and 1937 about 3.1 million tons of tailings from

the Goldfield Consolidated mill were reprocessed with recorded recovery of 160,800 ounces of gold at an average grade of 1.7 g/t.

Several mining companies worked and explored the area between 1935 and 1951; however, production was relatively minor. Newmont reportedly produced about 17,000 ounces of gold from about 30,000 tons of ore mined underground from the “Newmont Lode” between 1948 and 1951.

Between 1970 and 1989, a number of companies initiated small operations to recover gold from small pits and waste ore but were not economically successful. Gold production figures for the district during that time are incomplete. The Nevada Bureau of Mines reports only 28,400 ounces of gold were produced during the 1980s and 1990s. From 1988 to 1995, heap leach ore was extracted by a series of operators including Dexter Gold, Red Rock Mining, American Pacific Minerals and American Resources Corporation (“ARC”) from the Red Top, Combination and Jumbo open pits in the Goldfield Main area. American Pacific Minerals reported in 1995 that 532,379 tons grading 1.5 g/t gold were mined from ARC’s pits but no official figures are known.

North Mining leased the exploration rights for portions of the Goldfield property in 1996 and conducted exploration activities through 1998. Rea Gold Corporation acquired ARC but declared bankruptcy in 1998. Decommissioning Services LLC, (“DSL”) of Reno, Nevada, subsequently acquired the property interests and reclamation responsibilities of Rea Gold. Romarco Nevada Goldfield (“RNG”) obtained a mining sublease, lease, and option to purchase agreement for the DSL properties in 1999 and conducted exploration activities on the property until Metallic purchased RNG in April 2001. Metallic exercised its option to purchase the DSL properties in 2003 and continued to explore for gold throughout the Goldfield district, including drilling programs in the areas of the Goldfield Main, Gemfield and McMahan Ridge deposits.

Geological Setting

The oldest known rock unit found in the Goldfield Property is the Ordovician Palmetto Formation. The Palmetto Formation mainly consists of black siliceous shale and argillite, but also contains minor amounts of limestone. Jurassic granitic to granodioritic batholithic rocks intrude the Palmetto Formation. These rocks have been dated at 170 million years old (Ma).

During Oligocene to Early Miocene times, for a period of approximately 14 million years, the Goldfield Property became a centre of volcanic activity, hydrothermal alteration and gold deposition. By the Late Miocene, volcanic activity in the district had diminished, with volcanism in the Goldfield Property limited to minor amounts of tuff deposited in a subsiding, lacustrine environment. By the end of the Miocene, flood basalts were extruded over the region.

The pre-mineral volcanic rocks in the Goldfield Property were deposited during two eras, each characterized by distinct magmatic assemblages: Oligocene (33.6 Ma - 28.8 Ma), predominantly rhyodacitic; and Early Miocene (23.2 Ma - 19.8 Ma), predominantly andesitic/dacitic. Gold mineralization was emplaced during the waning stages of andesite/dacites deposition (20.0 Ma - 21.2 Ma).

A geological model for the formation of the Oligocene-Early Miocene volcanic rocks, which incorporates a caldera, has been proposed by Ashley (Ashley, R.P., 1974). He based his model mainly on the localization of the Goldfield Main and McMahan Ridge deposits (Gemfield had not, as yet, been discovered) along an annular, normal fault system (ring fracture) between the two deposits. His caldera model incorporated two compositionally-distinct source magmas (rhyodacitic and andesitic/dacitic), whose extrusion was separated by a period of at least 5 million years. As such, his model was at odds with the accepted models for caldera formation which require rapid extrusion and collapse followed by hydrothermal alteration and mineralization. Ashley did, however, point out evidence for an annular structural control (ring fracture) for the younger dacitic domes as a basis for including them in the formation of the caldera, but this could be the result of erosion of the centrally-uplifted portions of the caldera, giving an appearance of circular control; or, if real, it could be the result of re-activation of earlier caldera structures. The evidence for the formation of a caldera strictly during the Oligocene is presented as follows.

Different models for the origins of the structures in the Goldfield Property have been proposed. One of the earliest proposed a re-activated caldera model whereby caldera collapse during the Early Miocene resulted in the creation of a “ring structure”, followed by left-lateral movement along northeast trending faults (cross fault system), the latter movement resulted in the creation of low-angle faults, one of which is the main mineralized structures at the Goldfield Main deposit.

Deposit Type

The Gemfield, McMahon Ridge, and Goldfield Main Deposits are structurally controlled, volcanic-hosted, epithermal gold deposits of the high-sulfidation, quartz-alunite type. Other examples of the deposit type include Paradise Peak (Nevada, USA), Summitville (Colorado, USA), Pierina and Yanacocha (Peru), El Indio (Chile), Pueblo Viejo (Dominican Republic), Rodalquilar (Spain), Lepanto and Nalesbitan (Philippines).

Historically the important mineralization in the Goldfield mining district occurs predominantly within silicified, bonanza-grade hydrothermal alteration zones (locally referred to as ledges). The siliceous ledges were created during multiple hydrothermal alteration events that began with an early “acid” event (pH<2) resulting in the partial to pervasive dissolution of the host rock and creating a “vuggy” host. Progressively less acidic solutions later flooded the surrounding rock and deposited quartz and gold together with alunite, barite and pyrite. There is evidence that at Goldfield Main, the highest grades of gold were deposited during a late, low sulfidation event, in narrow, white chalcedonic veinlets.

Mineralization is widespread and, in the case of the Goldfield Main and McMahon Ridge ore bodies, appears to be partially controlled by pre-existing ring-fracture zones and areas with concentric structural doming. At Goldfield Main and McMahon Ridge, the high-sulfidation-style mineralization is genetically related to the emplacement of a large, dominantly andesitic igneous complex of early Miocene age. In the case of the Gemfield ore body, the mineralization appears to be controlled by Basin and Range-type, normal faulting, following the emplacement of a dominantly rhyolitic igneous complex of Late Oligocene age. The controls for mineralization in the district are mainly structural and to a lesser extent lithological.

Local Geology and Mineralization

Most of the precious metal production recorded from the Goldfield mining district has come from rich epithermal bonanza-grade ore bodies that generally are found within silicified hydrothermal alteration zones. Siliceous ore zones (“**ledges**”) are usually surrounded by intensely argillized wall rocks. The clay zones adjacent to siliceous ore commonly contain much lower gold concentrations, but some high-grade gold mineralization has been noted in both hanging wall and footwall clay zones. Mineralization in the argillized wall rock appears to occur predominantly as zones of sporadic leakage which have emanated from the principal silicified zones.

Porphyritic rhyodacite and/or dacite, the Milltown Andesite and the Sandstorm Rhyolite are the principal ore-bearing host rocks for gold (and/or copper) mineralization in the district. However, the older latitic volcanic rocks, the Morena rhyolite, the Ordovician Palmetto Formation and Jurassic quartz-monzonite intrusive rocks are documented ore hosts at several locations. Within the district, the higher-grade ore bodies occur as irregular sheets and pipes within the silicified zones or ledge systems. The gradation from ore-grade silicified rock to very low grade or barren silicified rock generally occurs over a distance as small as several feet, although some historic records indicate that there is no discernible contact between them. This observation is well supported by the results of numerous drill holes completed in recent years in both the Goldfield Main and McMahon Ridge areas.

Gemfield Deposit

The Gemfield deposit is hosted by the Sandstorm Rhyolite which is composed of strongly flow-banded, often glassy, but generally devitrified, porphyritic rhyolite. The lava flows of the Sandstorm Rhyolite are almost always hydrothermally altered to some degree, and alteration types generally range from propylitization to argillization to intense silicification. Widespread hydrothermal alteration is related to the highly permeable character of portions of the flow-banded stratigraphy. Where encountered in drilling, the formations both above and below the rhyolite are only weakly altered and are rarely found to be more than weakly anomalous in gold.

Gold mineralization in the Gemfield deposit occurs as low-grade, disseminated gold haloes which form around high-grade gold centers that are generally confined to structures or stratiform, tabular mineralized zones. The origin of the low-grade haloes is believed to be related to locally increased porosity and permeability within the flow-banded rhyolite. Gold mineralization commonly extends beyond structural boundaries and it appears that gold distribution was enhanced by a pre-gold acid-leach event that opened and connected fluid passageways along foliation planes related to primary flow-banded volcanic texture. Coarse-grained native gold has been locally observed in drill core.

Although a complete understanding of the intricate controls for the distribution of gold mineralization in the Gemfield deposit is not currently known, it appears that the mineralization, hydrothermal alteration and in particular

the silica ledges, are essentially stratabound in nature. The Gemfield deposit appears to be fault-bounded and although the source and direction of hydrothermal fluid flow has not been determined, the bulk of the gold mineralization in the Gemfield deposit was probably deposited along lateral conduits rather than coming from a source below the deposit.

The Gemfield deposit strikes approximately northeast and dips 30° to 50° southwest. It has a known strike length of 730 m is up to 365 m wide and has a true average thickness of approximately 30 m with areas up to 65 m in thickness. The depth from surface to the mineralization ranges from 3 m in the northeast part of the deposit to 215 m in the southwest part of the deposit.

McMahon Ridge Deposit

Gold mineralization in the McMahon Ridge area is mainly hosted in Milltown Andesite volcanic rocks, which include tuffs, flows and lahars. In addition, some deep mineralization has been encountered in the black shales and tuffaceous sandstones of the Diamondfield Formation. Mineralization comprises fine disseminations of pyrite, chalcopyrite, sphalerite, enargite-luzonite, famatinite, tetrahedrite-tennantite, bismuthinite, goldfieldite, hessite, argentite and electrum in various combinations. Hydrothermal alteration ranges from weak propylitization and argillization in unmineralized rocks to strong argillic alteration and intense silicification in the mineralized zones and irregular masses of intensely silicified, brecciated wall rocks or intrusive dikes that occupy pre-existing, structurally controlled, hydrothermal fluid conduits. With the exception of some local stratabound mineralization in the Diamondfield Formation, essentially all of the gold mineralization at McMahon Ridge is controlled by high-angle structures. Based on the distribution of gold grades with respect to silicification and ledge development, it appears likely that the main gold-mineralizing stage occurred during the late stages of development of the hydrothermal system.

The McMahon Ridge deposit has a strike length of approximately 1,525m, which includes about 1,100 m along the main east-west trend and 425 m along the northeast-trending Belmont extension. The mineralized zone, which consists of a number of steeply south-dipping and near-vertical sub-parallel structures, is up to 150 m wide with a vertical depth of up to 250 m. While somewhat curvilinear, the general trend of the main mineralization is approximately east-west. Gold mineralization in the McMahon Ridge deposit, while predominantly east-west oriented, is also hosted within northwest and northeast striking cross-structures.

Goldfield Main Deposit

At Goldfield Main, the majority of the gold mineralization occurs within a moderate to shallow, east-dipping, fault known as the Main Mineralized Horizon (“**MMH**”). The MMH is exposed in both the Red Top and Combination pits, where it consists of a series of parallel faults, forming a mineralized zone between 30 m and 65 m thick. In both pits, the MMH structure dips east at 35° to 55° east.

Gold mineralization occurs as siliceous ledges and as bonanza-grade mineralized bodies that form irregular sheets and pipes within or along the margins of the ledges. Where mineralized, the ledges are highly fractured and brecciated with late-stage silica and clay filling the open spaces. Gold mineralization is associated with this younger silica-clay event. Goldfield Main mineralization, though structurally controlled, is hosted primarily within a porphyritic dacite to rhyodacite flow-dome complex.

Hydrothermal alteration ranges from phyllic alteration, weak propylitization, argillization and quartz-alunite to very intense silicification. An advanced argillic assemblage of diaspore and pyrophyllite is found locally. The hydrothermal alteration/mineralization sequence in the Goldfield Main area is similar to that interpreted for the McMahon Ridge deposit. Goldfield Main mineralization occurs primarily as native gold associated with bismuth and copper-arsenic-antimony-bearing sulfides and tellurides including bismuthinite, famatinite, and goldfieldite. Native gold is often visible in the rich mineralization and also occurs as fine particles within sulfides.

The Goldfield Main mineralized zone strikes roughly north-northwest and is over 985 m in length. It can be followed down-dip to over 490 m in true depth. However, the majority of underground workings and past production were carried out within 150 m of surface. The mineralized veins average approximately 30m in width.

Exploration

Extensive exploration work has been carried out on the geology and distribution of gold and trace element geochemistry in the Goldfield mining district dating back as far as 1905. After the close of the Goldfield Consolidated Mines Company (“GCMC”) on December 31, 1918, some minor production continued during the 1920s, mainly by leaseholders. The Bradshaw Company’s work of reprocessing the GCMC mill tailings was the most significant activity in the Goldfield district during the 1930s. Newmont discovered and mined the Newmont lode in the Goldfield Main district during the late 1940s. Sporadic small-scale prospecting activity occurred during the 1950s and several companies explored the district for copper-molybdenum deposits during the 1960s. Since 1970, the Goldfield district has been the focus of numerous gold exploration programs. Detailed exploration programs conducted during the last 35 years have generally included detailed geologic mapping, geochemical sampling, geophysical surveys, remote sensing studies, and drilling. A partial list of companies that have explored in the district since 1970 includes Cordex, Noranda, Cyprus, Newmont, Crown Resources, Meridian, Echo Bay, AMAX, Santa Fe, Kennecott, Hasbrouck Joint Venture (Franco-Nevada), Cameco, North Mining, Romarco and Metallic.

District-wide exploration efforts in the past were limited by the extremely complex and fragmented land ownership situation. When Metallic acquired the property in 2001 from Romarco Nevada, they set about consolidating a large land position and thus gained unprecedented access to virtually all parts of the Goldfield mining district. Also, as a result of the consolidated land package, Metallic acquired a large volume of invaluable historic geological and mining data, including technical reports, drilling data and maps. Detailed review and computer compilation of these data by the Company have resulted in a more comprehensive understanding of the geology and exploration potential of the overall Goldfield mining district.

Metallic commenced exploration activities in May 2001. The focus of its exploration work during that year was drill-target definition in the southeastern part of the Goldfield Main area using a combination of geological mapping and soil geochemistry. The soil geochemical sampling program completed in September 2001 covered an area of about 6.5 sq. km. Soil samples were collected on a grid spacing of 60 m by 60 m, the results of this work defined two previously unrecognized drill targets located along a major ESE-trending structural zone east of the Goldfield Main district. In addition, Metallic completed a compilation district-scale geologic map which included historic mapping as well as Metallic’s mapping and geological interpretation.

From 2002-2006, Metallic conducted several phases of drilling which comprised the bulk of their exploration from 2002 through 2006. See “Metallic’s Drilling” below for a summary of this work.

After acquiring Metallic in 2010, the Company initiated a program of soil, rock chip sampling and detailed mapping. Drilling was carried out on the known deposits as well as specific reconnaissance targets. See “The Company’s Drilling” below for a summary of this work.

Drilling

It is estimated that a total of over 2,800 drill holes totaling approximately 401,250 m have been completed in the Goldfield district since 1970.

Drilling by the Company, using both RC and core drilling methods, started in May 2010 and continued until June 2013. A total of 541 RC rotary drill-holes totaling 102,305 m and 77 HQ core holes totaling 14,221 m have been completed. The table below shows the breakdown for the areas drilled at the Property by IMZ.

Summary of IMZ Drilling Completed in the Goldfield Mining District

Area	RC Holes	Meters (m)	Core Holes	Meters (m)	Total Holes	Total Meterage (m)
Goldfield Main	174	44,774	15	3,189	189	47,963
Gemfield	214	31,166	54	10,084	268	41,249
McMahon	26	4,191	8	949	34	5,140
Reconnaissance	105	18,506	0	0	105	18,506
Monitor Well	22	3,668	0	0	22	3,668
Total	541	102,305	77	14,221	618	116,526

Sampling, Assaying and Data Verification

Reverse Circulation Drilling

Procedures for chip handling and logging during the pre-Metallic RC drilling campaigns are not well documented. It is assumed that standard practices and procedures normal to the industry at that time were employed. Eklund Drilling of Elko, Nevada was the main drill contractor during that period. Eklund was, and still is, a well-established drilling contractor with over thirty years of experience drilling gold deposits in Nevada. Procedures used for chip handling and logging by Metallic have been reviewed by Company geologists and are in-line with best practices guidelines.

During the Company's drilling programs, the initial 7 m of each hole were generally drilled dry. Representative sample splits were collected by the Company every 1.5 m using a Jones sample splitter placed beneath the cyclone sample collector attached to the drill rig. The remainder of each drill hole was drilled wet, as per State of Nevada environmental regulations for dust suppression. The wet samples were split using a rotating splitter set to acquire a sample volume equivalent weight between 5 and 7 kg. Excess water was allowed to filter out of the cloth sample bag prior to shipment to the assay lab. The Company did not recover overflow of fines. Duplicate samples were taken at the rig by taking two 50/50 splits of the recovered sample cuttings. Duplicates were used for assay checks and/or for back-up samples in case of damage or loss to the primary sample.

Core Drilling

The Company's HQ-sized drill core was collected and placed in 3 m capacity waxed cardboard core boxes on site. Periodically, the core boxes were transported to the Merger Shaft sample storage facility on the Goldfield property and placed into locked storage containers. Boxed core was transported to the on-site project office for geologic logging and sampling. The whole core was photographed and then measured for core recovery and geotechnical purposes. A quarter split of the core was taken by one of two industry-standard splitting techniques: (a) in the case of competent core material, the core was cut with a diamond saw, with core positioned so as to cut a portion from the core representing approximately 25%; (b) if the core was broken, friable or clay rich, a barrier was placed down the length of the core box groove, (positioned to divide approximately 25% vs. 75%) and the side of the interval representing approximately one-quarter by volume was scooped-out and bagged. Bagged quarter splits were delivered to Inspectorate Labs ("**Inspectorate**") in Sparks, Nevada for preparation and analyses. The remaining split core has been stored on site in secure steel containers in a sample storage facility located at the historic Merger Shaft.

Sample Preparation and Assaying

Sample preparation and analytical work for the Company's drilling programs were carried out by Inspectorate in Sparks, Nevada as the primary laboratory and American Assay Labs in Reno as a check laboratory. Both are internationally recognized and certified to ISO 9002 or ISO/IEC 17025 standards.

For both RC and core samples, the prepared sample pulps were analyzed for gold by fire assay using 30 g of sub-sample and were analyzed by AA finish. Samples that assayed in excess of 5 g/t gold were re-analyzed with a gravimetric finish to ensure a more accurate result at the higher gold grades. In addition, selected samples were also analyzed by the multi-element ICP method. The pulps were digested using aqua regia and analyzed for 30 elements. The sample rejects were returned to the Company and stored in a secured warehouse in Reno for future reference.

As part of its QA/QC program, the Company uses a comprehensive protocol based on standards, blanks and duplicates for quality control for its drilling programs. The standards are used to monitor accuracy and the blanks are used to monitor contamination. The Company utilizes five standards with gold content ranging from 0.61 g/t to 6.42g/t. Assay results for the standards and blanks are monitored by the Company's geology staff for deviations from the accepted values. All anomalous results are reported to the Company's Exploration Manager (based in Reno) for resolution with the laboratory.

The samples from the Goldfield property are shipped to Inspectorate in Sparks, Nevada, where the standards and blanks are inserted. Either a standard or a blank is inserted every ten samples, with standards and blanks being used alternately. The position of the QA/QC samples is determined in the field during logging and sample tags are reserved for QA/QC purposes so that the sample numbering of the standards and blanks are seamlessly integrated with the samples.

Metallurgical Testing

As part of its July 2012 Gemfield project feasibility study, the Company conducted a four phase metallurgical test program under the guidance of metallurgical consultant, Tony Brown. Testing was carried out by McClelland Laboratories in Reno, Nevada.

Metallurgical samples were collected from core-holes that were considered to be well distributed throughout, and spatially representative of, the Gemfield deposit. Based on the testwork completed for the purposes of the feasibility study it was concluded that:

- Gemfield is amenable to heap leaching but mining should be limited to the oxidized rhyolite (i.e. from above the oxidation-reduction (“**redox**”) boundary established in geological modeling).
- Load permeability testing on column tails indicates that at 100% passing 12.7 mm the ore could be stacked on the leach pad up to 100 m compared to the 65 m considered for the feasibility study.
- The Gemfield mineralization is not particularly hard but becomes quite abrasive in zones of higher silicification.
- Unlike many gold deposits where recovery increases with head grade, the opposite appears to be the case at Gemfield, probably due to the fact that gold mineralization is closely associated with silicification. The highest gold grades are found in the highly silicified zones (“**ledges**”).
- Gold recovery at grades typically anticipated from the Gemfield pit (nominal cut off and average grades of 0.01 and 0.03 oz/T gold respectively) are relatively insensitive to crush sizes between 100% passing 12.7 mm and possibly as high as 100% passing 50.8 mm.
- Increased gold encapsulation in silica requires finer crushing to ensure adequate gold particle liberation at higher grades. Conversely, at a constant crush size, recovery declines with increased silicification (i.e. increased gold grade).
- 100% passing 12.7 mm leach feed represents a reasonable compromise upon which to base the feasibility study. At this crush size, ultimate gold recoveries at grades generally anticipated from the Gemfield pit ranged from the low 70%'s to the mid-90%.

Findings from additional post-feasibility metallurgical testwork were reported by the Company in November 2012. Results of column percolation tests from three composite drill-hole samples showed no significant decrease in gold recovery between a crush size of 100% passing 12.7 mm or 100% passing 25.4 mm. Gold recoveries at the 25.4 mm crush size ranged from 83% to 93%, while gold recoveries for the 12.7 mm crush size ranged from 82% to 91%. Current estimated mineral reserves are based on an assumed 25.4 mm crush size.

Technical Reports

In September 2002, a NI 43-101 compliant technical report on the Goldfield Property was completed by an independent consulting firm on behalf of Metallic. Mineral resource estimates were completed for each of the principal Goldfield project areas (Gemfield, McMahan Ridge and Goldfield Main). Revised mineral resource estimates for the Gemfield and McMahan Ridge deposits were completed in 2005 by Metallic and were audited by an independent consulting firm. The revised resource estimates superseded the 2002 resource estimates for those two deposits. The mineral resource estimate for the Goldfield Main deposit was not updated at that time.

On August 31, 2012, the Company SEDAR-filed the Goldfield Technical Report that was prepared by Micon International Limited (“Micon”). On July 25, 2013, the Company SEDAR-filed the Updated Goldfield Technical Report, which was also prepared by Micon. As at June 2013, basic engineering had substantially been completed on the process facilities and heap leach site and was the basis for the updated 2013 capital cost estimate reported in the Updated Study. See “Gemfield Deposit Feasibility Study and Updated Study Results” below for further details.

Reserve and Resource Estimates

Gemfield Deposit

On July 17, 2012, the Company announced results of an independent feasibility study with an updated resource estimate and the first mineral reserve estimate for the Gemfield deposit. Updated mineral reserve and resource estimates for the Gemfield deposit were subsequently reported by the Company on June 17, 2013. The updated mineral reserve estimate for the Gemfield deposit was calculated by Sam Shoemaker, Registered Member SME, an independent Qualified Person of Micon and has an effective date of June 17, 2013. The updated reserve estimate is summarized in the table below.

Gemfield Deposit, Goldfield Property - Estimated Mineral Reserves - June 17, 2013
(Cut-off grade 0.25 g/t gold)

Reserve Estimate Category	Tonnes	Gold Grade (g/t)	Contained Gold Ounces
Proven	13,751,000	1.1	493,000
Probable	3,509,000	0.7	74,000
Proven + Probable	17,260,000	1.0	567,000

- 1) The mineral reserves were estimated at \$1,450 per ounce of gold.
- 2) Numbers have been rounded to reflect the precision of a reserve estimate.
- 3) The contained metal estimates remain subject to factors such as process recovery losses.
- 4) The mineral reserves were classified using CIM Standards on Mineral Resources and Reserves.
- 5) The Company is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that materially affect the validity of these reserve estimates.

An updated mineral resource estimate for the Gemfield deposit was calculated by independent consultant and Qualified Person R. Mohan Srivastava and also has an effective date of June 17, 2013. The updated resource estimate is summarized in the table below.

Gemfield Deposit, Goldfield Property - Estimated Mineral Resources – June 17, 2013
(Cut-off grade 0.25g/t gold)

Resource Estimate Category	Tonnes	Gold Grade (g/t)	Contained Ounces Gold
Measured	15,500,000	1.0	524,000
Indicated	9,100,000	0.5	157,000
Measured + Indicated	24,590,000	0.9	681,000
Inferred	1,080,000	0.5	18,000

- 1) Gold price used for the estimate is \$1,450/oz.
- 2) Estimated mineral resources that are not mineral reserves do not have demonstrated economic viability.
- 3) The mineral resources were estimated using the “Ordinary Kriging” method.
- 4) Numbers are rounded to reflect the precision of a resource estimate.
- 5) The contained metal estimates remain subject to factors such as mining dilution and losses and process recovery losses.
- 6) Measured and indicated resources include proven and probable reserves.
- 7) Mineral resources were classified using the CIM Standards on Mineral Resources and Reserves.
- 8) The Company is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of the mineral resource estimate.
- 9) To limit the influence of individual samples, high-grade assays were capped at 40 g/t in the main mineralized zone, and at 3 g/t outside this zone.
- 10) Estimated dry bulk densities of 2.21 to 2.37 tonnes per cubic meter were used for mineralized material.

Resource Estimation Methodology

The resource estimation was conducted using all drill assay data available as of mid-January 2013, representing a total of 655 core and reverse circulation drill-holes totaling approximately 94,500 m.

The ordinary kriging method was used for grade interpolation with the search oriented parallel to the mineralized zone, following its undulations and with a radius of 53m in the N25°E direction, 30m in the N65°W direction and 6m in the vertical direction, equal to the ranges of the variogram. A parent block size of 6m×6m×6m was used for estimation, with sub-blocks as small as 1.5m×1.5m×1.5m used to capture the small undulations in the main mineralized zone. 6m×6m×6m blocks were used for inventorying and reporting the mineral resource. All classified mineral resources lie in the oxide zone.

Resource classification was based on the following criteria:

- Measured resources have blocks within 1/3 the variogram range of a drill-hole sample from at least four different drill holes in at least four octants.
- Indicated resources have blocks that are within 2/3 the variogram range of a drill-hole sample from at least two drill holes in at least four octants.
- Inferred resources have blocks that are within the variogram range of a drill-hole sample.

Goldfield Main Resource Estimate

On February 1, 2011 the Company reported an updated resource estimate for the Goldfield Main deposit. Drilling to date has defined an area of mineralization of over 450m by 1,200m, with an approximate 30 degree dip to the east. The resource estimate was prepared by independent consultant R. Mohan Srivastava (P. Geo.), a Qualified Person under NI 43-101 and has an effective date of February 1, 2011. Results of the updated estimated resource are shown below.

Goldfield Main Deposit, Goldfield Property - Mineral Resource Estimate – February 1, 2011 **(Cut-off grade of 0.4 g/t gold)**

Resource Estimate Category	Cut-Off (g/t gold)	Tonnes	Gold Grade (g/t)	Gold Ounces
Indicated	0.4	8,549,000	1.5	421,000
Inferred	0.4	6,591,000	1.7	360,000

- 1) Gold price used for the estimate is \$1,200/oz.
- 2) Estimated mineral resources that are not mineral reserves do not have demonstrated economic viability.
- 3) The mineral resources were estimated using the “Ordinary Kriging” method.
- 4) Numbers are rounded to reflect the precision of a resource estimate.
- 5) The contained metal estimates remain subject to factors such as mining dilution and losses and process recovery losses.
- 6) Mineral resources were classified using the CIM Standards on Mineral Resources and Reserves.
- 7) The Company is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of the mineral resource estimate.
- 8) Estimated dry bulk densities of 2.14 tonnes per cubic meter were used for in-situ rock and 1.53 tonnes per cubic meter were used for back-filled stopes.

Resource Estimation Methodology

The resource estimation was constrained using a wireframe model to outline an east-dipping alteration (“EDA”) mineralized zone. The wireframe was constructed from cross-sectional interpretation of the EDA at Goldfield Main by the Company’s geologists. A search ellipse with radii of 42.7m and 30.5m (in the plane of the EDA) and 6.1m perpendicular to the EDA sub-divided into octants, was then used to interpolate grades into the 6.1m by 6.1m by 3.0m blocks using the ordinary kriging capability of Micromine software. Length-weighting was used to adjust for unequal sample length intervals. Tonnage factors were assigned using block-by-block estimates of the proportion of in-situ rock (2.14 tonnes per cubic meter (“t/m³”), back-filled stopes (1.53 t/m³) and voids from historical mining.

Within the EDA, mineral resources were classified as Indicated for all blocks that met the following criteria: 1) at least one sample within half the range of the variogram; 2) at least four samples from two different drill holes in three octants. Blocks that did not meet these criteria were classified as Inferred.

McMahon Ridge Deposit

On July 17, 2012, the Company reported an updated resource estimate for the McMahon Ridge deposit as part of the feasibility study it completed on the Gemfield deposit. The resource estimate was prepared by independent consultant R. Mohan Srivastava (P. Geo.), a Qualified Person under NI 43-101, and has an effective date of July 17, 2012. Results of the updated estimated resource are shown below.

McMahon Ridge Deposit, Goldfield Property - Mineral Resource Estimate – July 17, 2012 **(cut-off grade of 0.4 g/t gold)**

Resource Estimate Category	Cut-Off (g/t gold)	Tonnes	Gold Grade (g/t)	Contained Gold Ounces
Indicated	0.4	5,514,000	1.3	238,000
Inferred	0.4	108,000	1.1	4,000

- 1) Gold price used for the estimate is \$1,350/oz.
- 2) Estimated mineral resources that are not mineral reserves do not have demonstrated economic viability.
- 3) The mineral resources were estimated using the “Ordinary Kriging” method.
- 4) Numbers are rounded to reflect the precision of a resource estimate.
- 5) The contained metal estimates remain subject to factors such as mining dilution and losses and process recovery losses.
- 6) Mineral resources were classified using the CIM Standards on Mineral Resources and Reserves.
- 7) The Company is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of the mineral resource estimate.
- 8) Estimated dry bulk densities of 2.03 to 2.37 tonnes per cubic meter were used for mineralized material.

Resource Estimation Methodology

The McMahon Ridge deposit does not form part of the Gemfield feasibility study. However the mineral resource estimate model for this deposit was updated to ensure consistent reporting between the known deposits on the property.

Ordinary kriging was used to estimate the proportions of two populations: one was the host of the continuous mineralization and the other is the host of erratic and discontinuous mineralization. For each population, the gold grade was estimated using nearby assays from the same population; average grade was then calculated by tonnage-weighting the grades of the two populations within each 3m×3m×3m block. The search ellipse was oriented parallel to the locally-varying direction of maximum continuity extracted from geological cross-sections. It had a radius of 40m in the strike and down-dip directions, and 5m perpendicular to the tabular mineralization; these were equal to the ranges of the variogram. An octant search was used to limit the effects of sample clustering; within each octant, only the closest four samples were retained for estimation. A block size of 3m×3m×3m was used for estimation; these were re-blocked to 6×6×6m for inventorying and reporting the mineral resource. Tonnage factors varied according to rock-type and alteration.

The estimation of grade used drill-hole assays, capped at 100 g/t in the population that hosts continuous mineralization and 10 g/t in the erratic and discontinuous mineralization; no compositing was performed. Once the ordinary kriging weights had been calculated, these weights were multiplied by the assay length and then re-normalized to sum to one. This technique ensured that variable sample length in drill core samples was correctly accounted for in grade estimation. Tonnage and metal content in historical shafts and production stopes were removed from the block model prior to calculating the mineral resource estimate.

Resource classification was based on three criteria: 1) distance to the nearest assay sample, 2) number of octants with data, and 3) number of different drill-holes. Below are the principal criteria for each resource category:

- Indicated resources have blocks that are within 2/3 the variogram range of a drill-hole sample from at least two drill holes in at least four octants.
- Inferred resources have blocks that are within the variogram range of a drill-hole sample.

Goldfield Property- Total Combined Resources

The Goldfield property currently hosts three separate gold deposits (Gemfield, Goldfield Main and McMahon Ridge). The total combined mineral resource estimates are shown below.

Goldfield Property – Total Combined Estimated Mineral Resources

Deposit (Cut-off Grade/Effective Date)	Resources Category	Tonnes	Gold Grade (g/t)	Contained Gold Ounces
Gemfield	Measured	15,500,000	1.0	524,000
(0.25 g/t; June 17, 2013)	Indicated	9,100,000	0.5	157,000
	M + I	24,590,000	0.9	681,000
	Inferred	1,080,000	0.5	18,000
McMahon Ridge	Measured	--	--	--
(0.4 g/t; July 17, 2012)	Indicated	5,514,000	1.3	238,000
	M + I	5,514,000	1.3	238,000
	Inferred	108,000	1.1	4,000
Goldfield Main	Measured	--	--	--
(0.4 g/t; February 1, 2011)	Indicated	8,549,000	1.5	421,000
	M + I	8,549,000	1.5	421,000
	Inferred	6,591,000	1.7	360,000
Total Goldfield Property	Measured	15,500,000	1.0	524,000
	Indicated	23,163,000	1.1	816,000
0.3 g/t (weighted average)	M + I	38,663,000	1.1	1,340,000
	Inferred	7,779,000	1.5	438,000

- 1) Only the Gemfield deposit was included in the July 2012 Goldfield feasibility study and the June 2013 Updated Study.
- 2) Estimated mineral resources that are not mineral reserves do not have demonstrated economic viability.
- 3) Numbers are rounded to reflect the precision of the estimates.
- 4) The contained metal estimates remain subject to factors such as mining dilution and losses and process recovery losses.
- 5) The mineral resources are inclusive of the Gemfield mineral reserves shown in the table entitled “Gemfield Deposit, Goldfield Project-Estimated Mineral Reserves”.
- 6) Mineral resources were classified using the CIM Standards on Mineral Resources and Reserves.
- 7) The Company is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of the mineral resource estimate.

Gemfield Deposit Feasibility Study and Update

On July 17, 2012, the Company announced positive results from an independent feasibility study on the Gemfield deposit, which was overseen by Micon and all technical information reported in the study was reviewed by the Company’s Qualified Person, VP Corporate Development, Nick Appleyard. On August 31, 2012, the Company SEDAR-filed a technical report titled “Feasibility Study on the Goldfield Property, Nevada, USA”. An updated independent technical report was completed by Micon based on an update of the July 2012 feasibility study (the “**Updated Study**”) and was SEDAR-filed on July 25, 2013.

The results of the Updated Study, at a base-case gold price of \$1,350 per oz and a projected 7,500 tpd heap leach processing throughput, indicated that an open-pit mine on the Gemfield deposit could return a pre-tax net present value (“**NPV**”) at a 5% discount rate of approximately \$114 million and an internal rate of return (“**IRR**”) of 23% based on initial estimated capital costs of \$151 million.

Proven and probable mineral reserves for Gemfield are estimated in the Updated Study at 17.3 Mt at an average grade of 1.0 g/t gold, containing 567,000 ounces of gold, resulting in an estimated mine-life of approximately 6.3 years.

Comparative details of the July 2012 feasibility study and the Updated Study are shown below in the table below.

Gemfield Deposit, Goldfield Property – July 2012 Feasibility Study and June 2013 Updated Study
Comparative Data (all in US Dollars)

Item	Units	July 2012 Feasibility Study	June 2013 Updated Study
Base Case gold price	\$ per ounce	\$1350	\$1350
Mine life	years	6.5	6.3
Average annual gold production	ounces/year	66,000	76,000
Life-of-mine gold production	ounces	430,000	483,000
Plant processing rate	tonnes/year	6,000 / 2,190,000	7 500 / 2,734,000
Average metallurgical recovery – gold	%	84%	85%
Initial capital cost ¹	\$ millions	\$133	\$151
Sustaining capital cost	\$ millions	\$16	\$13
Cash operating costs (with silver by-product credit) ^{2,5}	per ounce gold	\$526	\$524
Total cash costs (with silver by-product credit) ^{2,5}	per ounce gold	\$611	\$612
Payback period (non-discounted)	years	3.4	3.2
IRR pre-tax/post-tax ^{3,4}	%	22% / 18%	23% / 20%
Pre-tax /post-tax cash flow (non-discounted) ^{3,4}	\$ millions	\$168 / \$132	\$185 / \$156
Pre-tax/post-tax NPV, 5% discount rate ^{3,4}	\$ millions	\$102 / \$75	\$114 / \$92
Pre-tax/post-tax NPV, 7% discount rate ^{3,4}	\$ millions	\$83 / \$59	\$92 / \$73

- 1) Initial capital is based on Q1 2013 estimates and includes \$24 million for the realignment of US Highway 95, \$95 million for plant and infrastructure, \$23 million for the mine and \$9 million in Owners' costs. The initial capital estimate includes \$14 million in contingency allowance. No escalation factors have been applied. Company management estimates that a two-year escalation factor (assuming production in late 2015) could result in capital costs increasing by up to \$15 million.
- 2) Cash operating costs include mining (\$6.65), processing (\$5.75) and administrative (\$1.99) costs per tonne of ore, plus estimates of transport and refining charges. Total cash costs include cash operating costs plus a 5% NSR royalty and the Nevada Net Proceeds on Minerals tax. "Cash operating costs" and "total cash costs" follow guidelines set by the Gold Institute.
- 3) Cash flow and NPV estimates include a 5% NSR royalty payable to an arm's length third party.
- 4) After-tax estimates include federal income taxes.
- 5) By-product accounting was used in the July 2012 Feasibility Study. The Updated Study does not include any by-product silver credit. Silver was not modeled, as its content is not significant.

Gemfield Deposit – Pre-tax Sensitivity Analysis to Gold Price (base-case in bold)

Category	Gold Price (\$/oz)			
	\$1,100	\$1,350	\$1,600	\$1,850
IRR	10%	23%	34%	45%
Cash Flow (\$ millions)	76	185	294	403
NPV 5% (\$ millions)	31	114	196	279
NPV 7% (\$ millions)	18	92	167	241

Mining

Based on the Updated Study, development of the Gemfield deposit will utilize standard open pit mining technology to create an ultimate open pit having approximate dimensions of 900 m by 1,000 m and a maximum depth of 170 m. Ore and waste will be drilled and blasted on 6m high benches with loading and hauling accomplished using 6.5 cubic meter front-end loaders and 50 tonne capacity haul trucks. Waste material has largely been characterized as benign in terms of acid rock drainage and will be stored immediately adjacent to and east of the open pit. A stockpiling strategy will be employed to process higher value material ahead of lower value, in addition to

smoothing mine production and providing backup crusher feed. The average life-of-mine strip ratio is approximately 2.1:1 (waste:ore), with inter-ramp slope angles ranging from 40 to 45 degrees.

Processing

Based on the Updated Study, the process flowsheet includes 3-stage crushing to achieve 100% passing 25 mm and cyanide heap leaching followed by carbon adsorption/stripping, electrowinning and smelting to produce gold/silver doré bars for shipment to an off-site refinery. Metallurgical testwork by previous owners of the Goldfield property, combined with the Company's detailed testwork based on samples from the Company's recent drill programs, form the basis for the process design criteria.

Engineering, Environmental Studies and Permitting

The Mine Plan of Operations ("MPO") was submitted to the Bureau of Land Management ("BLM") on July 10, 2013 and on September 19, 2013, the Company announced that the BLM had accepted the MPO as administratively complete. The Environmental Impact Statement ("EIS") process will now begin and has an estimated timeline for approval of approximately 18 months. Permitting will also begin shortly and will run in parallel with the EIS process. Dependent on the preceding timelines and subject to financing requirements, production is targeted to commence in the second half of 2016.

On November 1, 2012, the Company announced the selection of M3 Engineering and Technology ("M3") of Tucson, Arizona as the Engineering, Procurement and Construction Management ("EPCM") contractor to develop the Gemfield mine. Basic engineering is now substantially complete.

Taxation

The Gemfield project will be subject to US federal income tax at graduated rates ranging from 0% to 35% or at an alternative minimum tax rate of 20%. It is typical for a mining operation in the US to have an effective tax rate below 30%.

A mining operation in Nevada is not subject to state income tax. However, Nevada imposes a tax on the net proceeds of mining operations (Nevada Net Proceeds of Minerals Tax), which is based on a sliding scale between 2% and 5%, depending on the ratio of net proceeds to gross proceeds achieved by the mining operation during the year.

Future Work

Chaparral Gold will be focused on the completion of an EIS and the permitting process at the 100%-owned Gemfield open pit, heap leach gold project at the Goldfield Property in Nevada, with a goal of commencing construction in 2015, subject to financing, with commercial production targeted for the second half of calendar 2016.

Converse Property

Property Description and Location

The Converse Property is located in Buffalo Valley, Humboldt County, in north-central Nevada, U.S.A., approximately 30 km northwest of Battle Mountain, Nevada and 48 km southeast of Winnemucca, Nevada. The Goldcorp/Barrick Marigold gold mine is located 8 km to the east of Converse.

The Converse Property is comprised of a total of twelve sections of land including five sections of private land (one leased to Newmont) and seven sections of unpatented lode mining claims. The property lies in the southeast corner of Humboldt County (near the convergence of Humboldt, Lander and Pershing Counties) and, at its westernmost fringe, extends partially into Pershing County.

Total land area covered by the Converse Property is approximately 31 square kilometers.

Acquisition of Concessions

In 1995, an Exploration Agreement was established between Romarco Minerals Inc. (“**Romarco**”) and UUS Inc. (“**UUS**”), formerly Uranerz, a subsidiary of Cameco Gold Inc. (“**Cameco**”), to explore the Nike claims, under lease to UUS by Nevada North. In 1996, Romarco completed its earn-in obligations under the agreement, leading to formation of the Nike Joint Venture (“**Nike JV**”), a 50/50 joint venture between Romarco and UUS. UUS was the operator of the joint venture. Subsequently, in 1996, the Nike JV entered into an exploration option agreement (the “**Converse Agreement**”) with Santa Fe Pacific Gold (“**SFPG**”). Under the terms of the Converse Agreement, the Nike JV could earn a 50% interest in 4 sections of fee lands located adjacent to the Nike Claims, in which SFPG possessed a leasehold interest. In 1997, SFPG was acquired by Newmont and thus Newmont became successor in interest to SFPG’s interest in the Converse Agreement.

In March 2001, Metallic acquired the issued and outstanding shares of Romarco and thus a 25% interest in the Converse Agreement. In November 2002, Metallic acquired the remaining 75% interest in Converse from UUS (25%) and Newmont (50%). Metallic acquired UUS’s interest for \$500,000 and Newmont’s 50% interest for \$1,000,000. In addition, Newmont retains a gold price-related sliding scale NSR royalty interest of 5% on gold mined from the four sections of fee land, which applies to approximately 50% of the current estimated resource.

In addition, according to the terms of the lease with Nevada North as amended and restated on March 29, 2013, Nevada North is entitled to annual advance royalty payments indexed to the price of gold and is further entitled to a 5% gold price-related sliding scale NSR royalty on production from its 250 claims. In the event that the federal government imposes a royalty on production from the property, the Company may, at its discretion, reduce the NSR royalty to 2% by payment of \$1,000,000. The advance royalty payment to Nevada North is currently at its maximum level of \$100,000 per year.

In addition to the leasehold interest purchased from Newmont, underlying ownership of the fee lands included in the Converse property were purchased from Nevada Land in November 2004.

In February 2010, the Company acquired the Converse Property as part of its acquisition of Metallic.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Converse Property can be accessed from U.S. Interstate 80 at the Valmy exit, approximately 30 km northwest of Battle Mountain. From Valmy, a county-maintained gravel road leads south to within 3 km of the project area. Unimproved dirt roads provide access to the project site from the county road.

The area is relatively flat, with elevations ranging from 1,500 m to 1,600 m above sea level. Vegetation on the project site consists of sagebrush and desert grasses interspersed with areas of desert hardpan without vegetation.

The climate of the area is arid and is characterized by warm, dry summers, and moderately cold, dry winters. Overnight freezing conditions are common during winter. The mean annual temperature is approximately 10.6°C. Precipitation averages 15 cm per annum, the majority coming in the form of winter snow or from infrequent summer thunderstorms. Prevailing winds in the region are from the south-southwest.

Converse lies near the regional population centers of Battle Mountain and Winnemucca where commercial services, educational and medical facilities are available. In addition, both of the aforementioned communities are proximal to numerous active mining operations and thus can provide trained labor, accommodations and mining industry-specific support services. The property has ready-access to grid electricity and natural gas supplies. Water required for exploration drilling is currently supplied by the nearby Marigold Mine owned by Goldcorp Inc. and Barrick Gold Corporation. It is anticipated that water for production purposes would be obtained from drilling on-site wells.

Exploration History

From 1989 to 1990, Chevron Resources Company carried out reconnaissance geology, geochemical sampling and geophysical surveys (gravity and IP) and also drilled three RC drill holes. None of the drill holes reached bedrock and no significant assay results were obtained in any of the drill holes.

Cyprus Mines Corporation held an option on the property from 1991 to 1992 and carried out limited additional mapping, reinterpreted the magnetic and IP data and drilled six RC holes. Four holes located north of the deposit encountered shallow bedrock and anomalous gold values up to 180 ppb.

Cyprus Mines Corporation held an option on the property from 1991 to 1992 and carried out limited additional mapping, reinterpreted the magnetic and IP data and drilled six RC holes. Four holes located north of the deposit encountered shallow bedrock and anomalous gold values up to 180 ppb.

Independence Mining Company leased the property from 1993 to early 1994. It completed a Bulk Leachable Extractable Gold (BLEG) geochemical sampling survey and drilled nine mud-rotary holes, targeting faults affecting the bedrock-alluvium contact as interpreted from the previous gravity survey. Two RC holes drilled 750 m apart intersected gold values in what subsequently became known as the North and South Redline deposits at the Converse project. Hole IN-1 (South Redline) intersected 0.4 g/t over a 14 m interval and IN-4A (North Redline) intersected 0.5 g/t over a 23 m interval. The North and South Redline deposits have since been shown to be part of one larger deposit (the "Converse deposit").

From late 1994 to early 1996, UUS, as operator of the Nike JV, carried out programs on the Nike portion of the present Converse Property, which at that time did not include the Nevada Land fee lands which host the bulk of the Converse deposit. Further geophysical (gravity) surveys and enzyme leach geochemical surveying were carried out and the Nike JV participated in a regional aeromagnetic survey of the Battle Mountain area. In 1995, seven mud-rotary holes were drilled, largely following up the anomalous rotary holes drilled by Independence Mining. Drill hole NKM-14 intersected 1.3 g/t gold over 18 m. In early 1996, 11 follow-up RC holes were drilled. Eight of them encountered significant mineralization, up to 1.1 g/t gold over 85 m.

In 1997, 24 RC holes and nine core drill holes tested the Converse deposit and one RC hole tested a target 2.5 km south of the deposit. Additional geochemical and geophysical surveys were carried out along with preliminary metallurgical testing and a variety of assaying techniques were examined, particularly to assess sample preparation procedures and a possible coarse-gold problem.

In 1998, Cameco took over UUS and became operator of the Nike JV. Forty-three (43) additional RC holes were drilled to further define the Converse deposit. Additional metallurgical test work and test assaying were also carried out.

The property was essentially shut-down from mid-1999 until Metallic began its first drilling program in 2003 (see "Drilling" below).

Historical Production

There has been no commercial production from the Converse Property and there are no historical waste dumps or tailings on the property.

Geological Setting

The Converse Property area is underlain by Paleozoic sedimentary rocks within the Roberts Mountain and Golconda transported structural blocks (allochthons). The principal unit in the area is the Havallah Sequence, which is situated in the upper plate of the Golconda thrust (Permo-Triassic). The structurally-complex Havallah Sequence is a regionally extensive unit, ranging from Mississippian to Permian in age, which underlies the surrounding Havallah Hills, Buffalo Mountain range, the Edna Mountains and the western portion of the Battle Mountain range.

The Havallah Sequence was originally subdivided into the Pumpnickel Formation (dominantly chert and argillite, with lesser basalt and trachyandesite) and the Havallah Formation. The Havallah Formation was further subdivided into the Jory Member (coarse-grained pebble conglomerate and calcareous sandstone), Trenton Canyon Member (chert and shale) and Mill Canyon Member (calcareous fine-grained sandstone and quartzite with interbeds of limestone and black chert). In recent years, the original stratigraphic nomenclature has been dropped in favor of tectono-stratigraphic divisions, consisting of various thrust plates further subdivided into the various lithologies.

Below the Havallah Sequence, the lower plate of the Golconda thrust consists of the Roberts Mountains allochthon, which is unconformably overlain by the Antler Sequence "overlap assemblage." This portion of the Antler

Sequence is considered to be the shallow water time-equivalent of the Havallah Sequence. Neither the Roberts Mountain allochthon nor Antler Sequence is exposed at Converse, but both are presumed to occur at depth below the Havallah Sequence and Golconda thrust.

Intrusive rocks (batholiths, stocks, dikes, and sills) of Jurassic, Cretaceous, and Tertiary age occur throughout the region. Some of these intrusions, particularly those of Tertiary age, are associated with gold mineralization.

Tertiary volcanic rocks in the region include the Oligocene Caetano quartz latite ashflow tuff, the Oligocene or Miocene Bates Mountain rhyolite ashflow tuff and Pliocene basalts.

Alluvium (gravel, sand, and mud), often exceeding hundreds of feet in thickness, fills Buffalo Valley and other basins in the region.

The major structural feature of the region is the Golconda thrust fault, which separates Havallah Sequence rocks (hanging wall) from Antler Sequence and older rocks (footwall). Several subsidiary thrust faults in the upper plate of the Golconda thrust juxtapose various Havallah Sequence units. North-to-northwest-striking folds within the Havallah Sequence are interpreted to have accompanied the thrust faulting. The Golconda thrust is exposed along the eastern side of the Havallah Hills.

There is a series of north-striking faults in the Havallah Hills and Battle Mountain range, which are believed to be Tertiary in age and frequently control the emplacement of Tertiary intrusive rocks. Most of these faults exhibit normal displacement, though some reverse faulting has been documented.

The Havallah Sequence is entirely covered by alluvial deposits on the Converse property, except for a very small area on the northern extremity of the property. The nature of the bedrock in the immediate property area is known only from drill data. Bedrock units generally trend north-south and dip approximately 20° to 35° to the west.

Deposit Type

The Converse deposit has been identified as a skarn deposit. Gold mineralization is associated with the precipitation of sulfides (pyrite-pyrrhotite-chalcopyrite-sphalerite-molybdenite) during one prograde (garnet-pyroxene-K-feldspar) and two retrograde (chlorite-epidote-actinolite-quartz-calcite and quartz-calcite) alteration events. The alteration events were subsequent to the emplacement of a dioritic, intrusive stock, and the development of a contact metamorphic halo (hornfels). The majority of the gold appears to have been introduced during the prograde event.

Alteration occurs mainly as replacements of carbonate minerals in the matrix of calcareous sandstones and also as cross-cutting veinlets. The porphyry is characterized by endoskarn calc-silicate alteration and by a secondary biotite (potassic) event.

The Buffalo Valley gold deposit (owned by Newmont), which is located about 13 km south-southeast of the Converse Property, is a similar skarn-related deposit hosted in the same rock type and exhibiting similar gold grade and alteration. The Goldcorp/Barrick Marigold Mine open pit mine is hosted in similar rocks located 8 km to the east of Converse. It has been in production for about 15 years, processing gold ores similar in grade to the Converse mineral resource both by heap leach and conventional milling. Marigold currently operates as a run-of-mine heap leach operation producing approximately 90,000 oz of gold per year.

Mineralization

The Converse deposit is crescent-shaped and occurs along the western contact between a diorite porphyry stock and west-dipping, Havallah sediments. The deposit extends over a 1,200 m by 640 m area, oriented roughly north-south.

While local concentrations of sulfide minerals can exceed 2%, the total sulfide content is estimated to be less than 0.5%. The principal sulfide minerals identified are pyrrhotite and chalcopyrite, with lesser amounts of pyrite, molybdenite, galena and sphalerite. Higher concentrations of chalcopyrite are commonly associated with higher gold values. Gold mineralization is disseminated and appears to be mainly associated with the early, prograde skarn event.

In general, the Converse deposit displays somewhat of a horizontally-telescoped geochemical zonation pattern. Concentrations of silver, zinc, lead, antimony, and arsenic occur progressively distal from the porphyry stock, though there is considerable overlap between the elements. Mineralization generally dips westerly at 20° to 35°, coincident with the dip of the stratigraphy.

Surface oxidation of the system occurs to variable depths, from 25 m to over 150 m below the present surface.

Drilling

Historic Drilling (1989-2007)

From 1989 to 2007, a total of 269 drill holes totalling 58,800 m was completed on the Converse Property by Metallic Nevada and various operators as described above in the “Exploration History” section.

The Company’s Drilling

In February 2011, the Company commenced a core drilling program and eight core holes were drilled through the month of October, 2011, totalling 4,252 m. During November 2011, a program of pre-collaring by RC drilling was implemented and an additional 10 holes were drilled, totalling 1,287 m. Six of the pre-collared holes were extended by core drilling an additional 1,340 m. One drill hole remained in progress at a depth of 413 m at year-end 2011. Total drilling for 2011 was 18 holes drilled totalling 7,043 m, combined RC and core.

Subsequent to the publication of the Converse Technical Report in 2012, the Company continued with its drilling program, including a combination of RC and Core drilling. Five of the holes pre-collared by RC drilling during 2011 were deepened by core drilling and 16 additional new holes were drilled (6 RC only; 4 core only; 6 RC/core), for a total of 7,221 m of drilling (of which 2,075 m was RC drilling).

Sampling, Assaying and Data Verification

Reverse Circulation (“RC”) Drill Sampling

RC drill samples were collected from a cyclone attached to the drill rig every 3 m when in alluvium and every 1.5 m for bedrock samples. A Jones riffle splitter was used to split dry samples down to a size of approximately 10 lbs. A rotary splitter was used to collect wet drill samples. RC samples were collected at the rig by a sampler supplied by the drilling contractor. Individual samples were placed in bags for shipment to sample preparation facilities. Sample preparation and assaying of drill samples from 2003 to 2005 were completed at American Assay Labs (“AAL”) in Sparks, Nevada. Sample preparation for the 2007 drill program was completed at one of ALS Chemex’s sample preparation facilities in Elko or Winnemucca, Nevada. The bags were picked up on-site by personnel of the respective laboratories and transported to their sample preparation and assaying facilities.

Core Drill Sampling

Drill core is usually sampled at 1.6 m intervals in bedrock unless significant zones need apparent special attention, in which case, the intervals are modified. Overburden material is sampled on 3 m intervals. Core sampling is carried out depending on the nature of the recovered material. Competent core is sampled by taking a half split (HQ or smaller sizes) and a quarter split (PQ size) of the original whole core. For NQ or smaller sized core, the core is cut through the center with a diamond saw and bagged. For PQ sized core, one half is re-sawn to give a quarter split which is then bagged. Broken core is sampled by hand. A representative selection of the larger pieces are combined with the finer material obtained using a modified dry-waller’s corner trowel. Some of the core, especially in the loose overburden sands and gravels, is sampled by hand with a pallet knife taking care to obtain a representative amount of all the material. The samples are placed in bags with bar-coded labels and marked with the drill hole number and footage interval. The bagged splits are delivered to ALS Chemex (ALS) lab in Reno, Nevada by the Company’s personnel. The remaining core split is returned to the original core box and stored in the Company’s secure warehouse building in Reno, Nevada.

Company geologists have reviewed the sample collection protocols of previous operators and have found them to be within best practice guidelines and acceptable for use.

Assaying, Quality Assurance and Quality Control

Sample preparation and analytical work for the Company's drilling program is carried out by ALS in Reno, Nevada. All samples are assayed using a 30g fire assay with an AA finish. Samples with gold assay values greater than 17 g/t are re-assayed using fire assay with a gravimetric finish. As part of the Company's QA/QC protocol, standard samples and blanks are inserted into the sample processing procedure at a rate of one per 10 samples. If there are anomalously high or low values for the standard or blank samples, the lab is instructed to re-analyze the sample batch containing the anomalous results. The Company uses five standards which are purchased from commercial providers of standard reference materials. The gold standards range from 0.61 g/t to 6.42 g/t. Duplicate samples (i.e. samples from the same pulverized material) and check samples re-assayed by a second independent laboratory also form part of this sampling protocol.

Historical Metallurgical Testing

Historical metallurgical testing by Metallic included a program of work initiated in 2004 at Kappes Cassiday and Associates ("**KCA**") and follow-up work at McClelland Laboratories Inc. ("**McClelland**") in 2009, both companies located in Reno, Nevada.

The KCA program was conducted in three parts as follows: (a) the initial test program included gravity concentration, fine grind cyanide leach bottle rolls and coarse grind cyanide leach bottle rolls (the samples used for the initial KCA tests comprised nine composites selected by grade and degree of oxidation from eight drill holes, with grades varying from 0.72 g/t to 1.51g/t); (b) the second test program completed a series of 750 bottle roll leach tests in assay reject (core and RC) samples from the exploration drilling program; and (c) the third test program used the same samples as the initial program and included column cyanide leaching and Bond comminution tests.

In 2009, McClelland completed a program including column and bottle roll testing on samples from 1,179 core drill hole intervals (each approximately 1.5 m long, for a total of 1,560 m) from five drill holes.

Bottle Roll Tests

The results from bottle roll variability testing by KCA at 100% minus 0.075 mm and by McClelland at P80 1.8 mm both suggested that at those sizes cyanidation response is not particularly sensitive to ore zone, depth, gold grade or oxidation with respect to gold recovery. The KCA minus 0.075 mm bottle roll leach tests using the nine composite samples yielded gold recoveries of 95% to 98%. All samples returned a gold tail grade of 0.03 g/t.

The P80 1.8mm McClelland bottle roll tests comprised standard testing of 39 composites prepared from five drill holes based on depth, gold head grade, oxidation state and rock type as interpreted by core logging records. The average gold recovery for all of these composites was 65% in seven days of leaching, notably lower than the minus 0.075 mm bottle roll recoveries reported by KCA.

Column Leach Tests

Initial column testing at KCA was carried out on sub-samples of the same composites crushed to 100% passing 38 mm and 9.5 mm. Sub-samples of residues from the 38mm columns were re-crushed to 100% passing 6.4mm and re-leached in an effort to evaluate the impact of crushing to minus 6.4mm initially. While this approach is adequate for project screening purposes, the Company considers the results to be qualitative, not absolute, indicators of performance due to factors including:

- Potential for surface oxidation of sample as the coarse column residues are dried prior to re-crushing.
- Degradation of coarse material in the column during the initial 62 days of leaching.
- Potential loss of leached fines in unloading, re-crushing and reloading.

The results clearly showed increased recoveries associated with finer crushing and the suggestion that the "sulfide" designated samples tended to produce lower gold recoveries compared to "oxide" samples.

Column leach tests undertaken by McClelland in Metallic's 2009 program utilized four low-grade gold grade composites at P80 9.5mm. The purpose of this test program was to evaluate the impact of changes in lime addition and cyanide concentration. Based on results from those tests a master composite was assembled and tested in leach

columns at feed sizes ranging between P80 25 mm to 1.7 mm to evaluate the impact of feed size at constant reagent strength. Results once again showed increased recoveries associated with finer crushing.

Testwork at KCA suggested that heap leaching at P80 6.3 mm produced average oxide, transition and sulfide recoveries of 62%. Similarly, testwork at McClelland on a “master composite” at P80 6.3 mm produced gold recovery of 60%.

The Company’s Metallurgical Testwork

Initial testwork undertaken by McClelland as part of the Company’s 2011-2012 metallurgical program included “Phase One” column and bottle roll leach tests using samples from two core drill holes located in the center of the south Converse deposit.

The bottle roll tests confirmed previous test findings. The results suggest there is a significant increase in recovery for both gold and silver when the 80% Passing (“P80”) size is reduced from 0.25 mm to 0.075 mm and marginal improvement by further reducing P80 0.045 mm and adding activated carbon to the leach slurry. With the exception of one composite, which returned gold recoveries in the mid 80%’s (and also gave poor results in column leaching), all samples showed gold recoveries in the 90%’s. Associated silver recoveries were in the mid 60%’s.

Three column tests (at a crush size of 100% passing 9.5 mm) produced metallurgical recoveries for gold of 79%, 80% and 50% respectively.

Subsequent to the publication of the Converse Technical Report in May, 2012, the Company submitted an additional 18 composite core samples to McClelland for “Phase Two” column and bottle roll testing from additional core holes to evaluate the variation in metallurgical recoveries throughout the north and south deposits and to assist in the definition of the operational parameters for a potential heap leach operation. The heap leach results (at a crush size of 100% passing 9.5 mm) were erratic, with gold recoveries ranging between 38% and 78% and no obvious correlation with factors such as location within the deposit(s), rock type, oxidation state or head grade. As with all prior testing bottle roll leaching showed that fine grinding (P80 0.75 mm) not only reduces variability between the samples, but also produces much higher gold recoveries, typically in the 90% range.

In August, 2012 additional bottle roll tests were conducted on residual samples from the Phase Two program to evaluate the impact of varying grind size (P80 0.074, 0.105, 0.210 and 0.420 mm) and reagent strength (1 and 0.5 gpl cyanide at P80 0.15 mm) on gold and silver recoveries. As expected, all bottle rolls produced improved gold recoveries compared to column testing with increased recoveries at finer grind sizes. Recoveries were relatively insensitive to reagent strength.

In November 2012 additional bottle roll tests were carried out on 25 drill core composites (ten from the north fifteen from the south deposits) to further investigate the effect of grind size (P80 0.074, 0.105, 0.150 and 0.210 mm) on gold and silver recoveries. As before these tests produced improved gold recoveries compared to column testing with increased recoveries at finer grind sizes.

Conclusions

The results from all current and prior metallurgical testing points to increasing amenability to cyanidation for gold recovery at finer particle sizes in either bottle roll or column testing. It also appears that below an as-yet-undefined critical size on the order of 0.075 mm metallurgical recoveries from bottle roll testing become relatively consistent regardless of location, host rock type, oxidation state or grade.

Column test results using the composites of various rock types crushed to 100% passing 9.5 mm are not consistent, which suggests a difference in metallurgical response associated with rock type and/or oxidation state (metallurgical “domains”).

The metallurgical testwork completed to date appears to have produced sufficient data to support the use of a gold recovery of 60% and silver recovery of 30% for preliminary economic evaluation of heap leaching. Bottle roll test results suggest that these recoveries would increase to on the order of 90% and 60% respectively for gold and silver in agitation leaching but with associated higher operating and capital costs. Current market conditions have not allowed for formal evaluation of comparative economics associated with coarse and fine grinding.

Historic Resource Estimates

In 1999, mineral resource estimates were calculated by the Nike JV using all drill hole data available at that time and using inverse-distance grade interpolation to build a computer block model. Based on those mineral resource estimates, a NI 43-101 compliant technical report for Converse was prepared in 2002 for Metallic by an independent consulting firm.

In 2004, Metallic completed an in-house resource estimation study using ordinary kriging to build a computer block model which incorporated drill holes that had been completed after the previous resource estimate had been calculated. This study was reviewed by an independent consulting firm and a NI 43-101 compliant report was filed on SEDAR by Metallic.

In August 2011, the Company completed an updated mineral resource estimation, which included assay data for all 207 drill holes available at that time. The estimation was verified in accordance with CIM guidelines by an independent consultant and Qualified Person under NI 43-101.

Converse Scoping Study - December, 2011

On December 19, 2011, the Company announced positive results of an independent preliminary economic assessment (“**Scoping Study**”) for the Converse Property, which included a further updated mineral resource estimate. Highlights of the Scoping Study (at base-case metal prices of \$1,300/oz gold and \$25/oz silver) are summarized below:

- Conceptual mine production: 217 million tonnes (“**Mt**”) at an average grade of 0.52 g/t gold and 3.9 g/t silver (or 0.58 g/t gold equivalent), containing 3.60 million ounces (“**ozs**”) gold and 27.6 million ozs silver.
- Recovered ozs: 2.17 million ozs gold and 8.47 million ozs silver (or approximately 2.33 million ozs of gold equivalent) using average expected metallurgical recoveries of 60% for gold and 31% for silver.
- Conceptual process throughput of 45,000 tpd (16.5 Mt per year) from an open-pit mine with a recovery process using cyanide heap leaching followed by carbon adsorption/stripping and electrowinning to produce gold/silver doré bars.
- Pre-tax cash flows: \$494 million non-discounted; \$185 million at a 5% discount rate and \$70 million at an 8% discount rate.
- Pre-tax Internal Rate of Return (“**IRR**”): 10.5%.
- Total cash operating cost per tonne of ore processed: \$8.35.
- Total cash operating cost per oz gold: \$745 per oz of gold (with silver as a by-product credit).
- Initial Capital: \$455 million (including \$60 million in contingency).

This Scoping Study is preliminary in nature, in that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the results of the Scoping Study will be realized and actual results may vary substantially.

Mineral Resource Estimate Details

Based on drill results received up to a cut-off date of November 4, 2011, an updated mineral resource estimate was calculated by R. Mohan Srivastava (P.Geol), an independent consultant. The new estimate was a minor update to the mineral resource estimate announced by the Company in August, 2011 and includes the silver content of the Converse Property, which has not been previously reported by the Company. The resource estimate is summarized in the table below.

Converse Property – Mineral Resource Estimate - December 19, 2011
(at a Cut-off grade of 0.27 g/t gold)

Resource Estimate Category	Tonnes	Gold Grade (g/t)	Silver Grade (g/t)	Contained Ounces		
				Gold	Silver	Gold Equivalent
Measured	221,172,000	0.51	3.91	3,590,000	27,828,000	3,868,000
Indicated	99,057,000	0.50	3.18	1,582,000	10,125,000	1,683,000
Measured + Indicated	320,229,000	0.50	3.69	5,172,000	37,953,000	5,551,000
Inferred	31,242,000	0.51	3.00	507,000	3,013,000	537,000

- 1) Gold equivalent ounces are estimated for mineral resources using 100:1 silver to gold ratio that assumes base case metal prices of \$1,300 and \$25 for gold and silver respectively and metallurgical recoveries of 60% for gold and 31% for silver.
- 2) Estimated mineral resources that are not mineral reserves do not have demonstrated economic viability.
- 3) The mineral resources were estimated using the “Ordinary Kriging” method.
- 4) Numbers are rounded to reflect the precision of a resource estimate.
- 5) The contained metal estimates remain subject to factors such as mining dilution and losses and process recovery losses.
- 6) Mineral resources were classified using the CIM Standards on Mineral Resources and Reserves.
- 7) The Company is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of the mineral resource estimate.
- 8) To limit the influence of individual high-grade samples, grade cutting was used. Gold assay grades were capped at 15 g/t and silver grades were capped at 100 g/t.
- 9) Estimated dry bulk densities of 2.72 tonnes per cubic meter were used for all mineralized rocks.

Resource Estimation Methodology

Mineral resources were estimated by the ordinary kriging estimation method using a search ellipse with a radius of 150 m by 150 m by 50 m. The two longer axes of the ellipse were oriented vertically and parallel to the contact with the central intrusive and the short axis was oriented perpendicular to the contact with the intrusive. Converse deposit wraps around this central intrusive.

The search ellipse was sub-divided into octants (eight sectors) and within each octant a maximum of four sample assay values were used. The variogram model used for ordinary kriging had ranges of correlation equal to the radiuses of the search ellipse and its orientation was aligned with the search ellipse, with the direction of maximum continuity parallel to the contact with the central intrusive. The estimation using a locally-varying direction of maximum continuity was performed using the consultant’s in-house software.

Resource classification was based on three criteria: 1) Distance to the nearest sample, 2) Number of octants with data, and 3) Number of different drill holes. Below are the principal criteria for each resource category:

- Measured resources have (a) a sample within one-third of the variogram range, (b) samples from at least four octants, and (c) samples from at least two drill holes.
- Indicated resources have (a) a sample within two-thirds of the variogram range, and (b) have samples that came from at least four octants, and (c) samples from at least two drill holes.
- Inferred resources have (a) a sample within two-thirds of the range of the variogram, (b) no restriction on the number on the minimum number of octants and (c) samples from at least two drill holes.

December 2011 Scoping Study Details

The independent Scoping Study was overseen by Micon, with SRK Consulting (U.S.) Inc. of Reno, Nevada (“SRK”) responsible for the heap leach pad design and R. Mohan Srivastava (P.Geo), responsible for the updated resource estimate. Detailed results of the Scoping Study are shown in the table below.

Converse Property Scoping Study (all in US Dollars) – December 2011

Item	Units	
Base Case Gold price	\$ per ounce	\$1300

Base Case Silver Price	\$ per ounce	\$25
Initial Mine life	years	13.5
Strip ratio	Waste rock : mineralized rock	2.3:1
Average annual gold production	ounces/year	160,000
Average annual silver production	ounces/year	638,000
Average annual Gold Eq. production ⁴	Gold Eq ounces/year	173,000
Life-of-mine gold production	ounces	2,165,000
Life-of-mine silver production	ounces	8,471,000
Life-of-mine Gold Eq. production ⁴	Gold Eq. ounces	2,328,000
Plant processing rate (~45,000 tpd)	tonnes/year	16,556,000
Metallurgical recovery – gold	%	60%
Metallurgical recovery – silver	%	31%
Initial capital ²	\$ millions	\$455
Total Cash operating cost ³	per tonne of processed ore	\$8.35
Total Cash operating cost ⁵	per ounce gold (with silver credit)	\$745
Pre-Tax IRR	%	10.5%
Pre-Tax Cash Flow (non-discounted) ⁶	\$ millions	\$494
Pre-Tax NPV, 5% discount rate ⁶	\$ millions	\$185
Pre-Tax NPV, 8% discount rate ⁶	\$ millions	\$70

- 1) The Scoping Study is preliminary in nature, in that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the results of the Scoping Study will be realized and actual results may vary substantially.
- 2) Initial Capital includes \$60 million in contingency allowance. Costs are based on Q3 2011 estimates and no escalation factors have been applied.
- 3) Total Cash Operating costs per tonne of processed ore include estimates of refining charges.
- 4) Gold equivalents (“Au Eq.”) for production are estimated using a silver-to-gold ratio of 52:1 and base case metal prices of \$1,300/oz gold and \$25.00/oz silver.
- 5) By-product accounting subtracts the revenue generated by silver from the total operating costs to determine the cost per ounce of gold.
- 6) Cash flow and NPVs are all shown pre-tax, but includes a 5% NSR royalty due to third parties and refining and transportation charges.
- 7) Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Sensitivities to gold and silver prices are shown in the table below.

Converse Property Sensitivity Analyses (base case in bold)

Category	Gold Price/Silver Price (\$/oz)						
	\$1,000/ \$19.00	\$1,200/ \$23.00	\$1,300/ \$25.00	\$1,400/ \$27.00	\$1,600/ \$31.00	\$1,800/ \$35.00	\$2,000/ \$39.00
IRR	-4.3%	6.0%	10.5%	14.7%	22.5%	29.8%	36.8%
Cash Flow (\$ millions)	-171	272	494	715	1,158	1,602	2,045
NPV 5% (\$ millions)	-269	33	185	336	639	941	1,244
NPV 8% (\$ millions)	-300	-54	70	193	440	687	934

Mining

Based on the Scoping Study, the conceptual mining method for Converse is open-pit with truck haulage delivering to a primary crusher. The average life-of-mine strip ratio is 2.3:1. Mining will be by drill and blast for the bedrock, with the overlying gravels not requiring blasting. 350 tonne-capacity haul trucks (approximately 17), loaded by hydraulic shovels will deliver mined material either to the primary crusher or to the waste dump. Bench height in the open-pit is projected to be 12 meters.

Processing

Based on the Scoping Study, the conceptual processing plan for the Converse Property envisages 3-stage crushing to 80% passing 9.5 mm and cyanide heap leaching followed by carbon adsorption/stripping, electrowinning and smelting to produce gold/silver doré bars for shipment to a refinery.

Initial metallurgical test results by the Company were published on November 29, 2011, showing metallurgical recoveries for gold of 79%, 80% and 50% for the three completed column tests. These initial results were used in combination with metallurgical testwork conducted by Metallic Ventures, the previous owner of the project, to estimate the gold recovery of 60% used in the Scoping Study. Silver recoveries are variable and are approximately 50% of the gold recoveries.

Taxation

The results presented above have been estimated on a pre-tax basis. However, the Converse Property will be subject to US federal income tax at graduated rates ranging from 0% to 35% or at an alternative minimum tax rate of 20%. It is typical for a mining operation in the US to have an effective tax rate below 30% and, for the base-case, the Company expects the project's effective tax rate to be closer to 20%.

A mining operation in Nevada is not subject to state income tax. However, Nevada imposes a tax on the net proceeds of mining operations (Nevada Net Proceeds of Minerals Tax), which is based on a sliding scale between 2% and 5%, depending on the ratio of net proceeds to gross proceeds achieved by the mining operation during the year.

Future Work

The Converse Property is currently on hold due to budgetary constraints and low metal prices. The results of the last phase of metallurgical test work will be analyzed in the future, subject to staff availability and budgetary considerations. At this time no technical activities are planned for the remainder of calendar 2013 and calendar year 2014.

Non-Principal Exploration Properties

Rye Property, Nevada, U.S.A. (option to acquire up to 100% interest)

The Rye property (the "**Property**") is located adjacent to the Del Oro property at the southern end of the Getchell Trend in north-central Nevada, approximately 48 km southwest of Winnemucca. It is comprised of 67 unpatented mining claims covering approximately 5.4 sq. km.

Terms of the Rye Earn-In Agreement

In January 2013, the Company signed an Earn-In Agreement (the "**Earn-In Agreement**") with Barrick Gold Exploration Inc. ("**Barrick**"), to earn up to 100% interest in the Property. Under the terms of the Earn-In Agreement, the Company has an option to earn a 100% interest in the Property by incurring the following exploration expenditures:

<u>Date</u>	<u>Work Expenditure</u>	<u>Cumulative Expenditure</u>
By May 23, 2014	\$400,000	\$400,000
By May 25, 2015	\$675,000	\$1,075,000
By May 23, 2016	\$675,000	\$1,750,000

At such time as the Company completes its work expenditure requirements of \$1,750,000 over the 3 year period referenced above, Barrick will have a one-time option to claw back and earn 60% interest in the Property after the Company provides notice to Barrick that its work expenditure requirements have been completed. To complete the claw back, Barrick is required to spend \$5,250,000 over 3 years on the Property. Once Barrick has completed the claw back expenditure, the Company may be carried (at its election) by Barrick until production commences on the Property, in which case Barrick will be credited with an additional 10% interest (for a total of 70%) by arranging project financing, including the Company's share. The Company's carried costs will be recovered by Barrick from

60% of the Company's share of production from the Property. If Barrick elects not to exercise the claw back option, Barrick will revert to an NSR royalty ranging from 1.5 to 2.5 % depending on the royalty encumbrance of the particular claims.

Exploration History

The Rye vein system was discovered by St. Joe American Corp. (“**St. Joe**”) in 1987. It was subsequently mapped and sampled by St. Joe, who were subsequently purchased by Bond Gold and a total of 72 shallow RC drill holes were completed. In 1990 Lac Minerals (USA) Inc. purchased Bond Gold and drilled five core holes. Barrick purchased Lac in 1994 and joint ventured the project to Pathfinder Mines Corporation (“**PMC**”), who sold their interest to DFH Co. of Nevada (“**DHF**”). Neither company did any additional work on the Rye vein. In 2002 Barrick granted a 0.5% NSR royalty with respect to DHF's 74% interest in the property, with PMC retaining a 2.0% NSR royalty. From 2003-2004, Barrick drilled another 17 RC holes to evaluate a portion of the Rye vein system. Drilling reportedly returned several significant gold intercepts with grades up to 141g/t. Much of the early drilling did not intersect the Rye vein, but rather targeted footwall mineralization with bulk tonnage potential. St. Joe reportedly defined a small open pit gold resource, but details are not available.

Geology

The Rye property is located in the north-northwest trending Western Nevada Lineament in the Goldbanks mining district. Notable low-sulfidation deposits along the Western Nevada Lineament include Goldbanks and Sleeper.

Basement rocks near the Rye project consist of Pennsylvanian-Permian Havallah Formation greenstone, siltstone and quartzite unconformably overlain by Triassic Koipato Formation greenstone. These pre-Tertiary rocks are locally folded into a broad south-southwest plunging anticline. The Rye vein follows the trace of the anticline just off the axis dipping approximately 65° northwest. Triassic leucogranite and Tertiary rhyolite porphyry intrude the basement rocks along north-trending structures.

Numerous low-sulfidation epithermal veins occur mainly along north-northeast trending structures, cutting basement rocks and extending into the overlying Tertiary volcanoclastic pile. The Rye vein is the largest vein in the district with mapped widths up to 30 m. Surface exposures of the Rye vein are dominantly banded calcite locally replaced by milky chalcedonic quartz. Textures observed on surface and in core are interpreted to be boiling related. Overall vein textures are indicative of a high-level epithermal system.

Current Exploration Program

The Company began a drilling program at Rye on June 2, 2013, which consisted of three RC holes totalling of 1,105m. The main drill target was the Rye vein, with drilling designed to test mineralization at the main boiling level. It was also designed to define the continuation of the vein to the south. Unfortunately, permitting restrictions prevented drilling in the area considered to have the most potential. The best intercept of the Rye vein itself comprised 3 m at 379 ppb gold in hole RYE-01. Stockwork veining was also intercepted in both the hanging wall and footwall sides of the vein, which contained 3 m at 725 ppb gold and 3 m at 1,336 ppb gold, respectively. No significant values were intercepted in any of the other drill holes.

Future Work

Although no further work is planned at this time due to budget constraints, Chaparral Gold anticipates that the initial work commitment of \$400,000 will be completed prior to the expiry of the initial work commitment period.

Available Funds and Principal Purposes

Pursuant to the terms of the Arrangement Agreement and assuming completion of the Arrangement and the transfer to Chaparral Gold of the Non-Peruvian Assets, Non-Peruvian Subsidiaries and the Assumed Liabilities by IMZ in the manner described above under “*The Arrangement – Arrangement Steps*” on the Effective Date, it is anticipated that Chaparral Gold will have available working capital of approximately \$58 million (representing approximately \$45 million cash and \$13 million in receivables). It is expected that these available funds will be used to carry out the business objectives of Chaparral Gold set out under the heading “*Description of the Business – Business Objectives and Milestones*”.

The focus of spending for 2014 is anticipated to be the completion of the EIS and permitting for the Gemfield mine on the Goldfield Property, followed by procurement and detailed engineering in preparation for a construction start in mid 2015, subject to required construction financing being available. Commercial production is targeted for the second half of 2016.

The Converse Property will be maintained in good standing, but no additional significant work is budgeted for calendar 2013 or 2014. Holding costs at Converse are minimal.

In order to preserve cash, exploration activities will be limited to prospect identification, with drill testing only being used at the highest priority targets.

DIVIDENDS

As Chaparral Gold was only recently incorporated (September 16, 2013) as part of the Arrangement, it has not declared or paid any dividends on the Chaparral Gold Shares since its incorporation. While there are no restrictions precluding Chaparral Gold from paying dividends, it has no source of cash flow and anticipates using all available cash resources towards its stated business objectives. At present, Chaparral Gold's policy is to retain earnings, if any, to finance business operations. The Chaparral Gold Board will determine if and when dividends should be declared and paid in the future based on Chaparral Gold's financial position at the relevant time.

SHARE CAPITAL

Description of Share Capital

The authorized share capital of Chaparral Gold consists of an unlimited number of Chaparral Gold Shares, of which, as of the date hereof, one Chaparral Gold Share is issued and outstanding. Upon completion of the Arrangement, it is expected that Chaparral Gold will have 117,636,376 common shares issued and outstanding, assuming that no IMZ Options are exercised prior to the Effective Date. The Chaparral Gold Board does not intend to grant any Chaparral Gold Options until such time following approval of the IMZ Shareholders to the Chaparral Gold Stock Option Plan and the completion of the Arrangement.

Common Shares

Chaparral Gold Shareholders are entitled to: (i) one vote per Chaparral Gold Share at all meetings of Chaparral Gold Shareholders; (ii) receive dividends if, as and when declared by the Chaparral Gold Board; and (iii) receive the remaining assets of Chaparral Gold in the event of any liquidation, dissolution or winding up of Chaparral Gold, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs.

Constraints

There is no constraint imposed on the ownership of securities of Chaparral Gold to ensure that Chaparral Gold has a required level of Canadian ownership.

Ratings

To the knowledge of Chaparral Gold, no rating, including provisional rating, has been received from any rating organization for securities of Chaparral Gold that is outstanding or continues in effect.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

Selected Consolidated Financial Information

Included as Appendix "G" are audited financial statements of Chaparral Gold for the period from the date of incorporation on September 16, 2013 to September 30, 2013, comprised of an audited statement of financial position, a statement of changes in equity and a statement of cash flows of Chaparral Gold, and notes to such statements.

Attached as Appendix “K” are the audited consolidated financial statements for the Non-Peruvian Assets, Non-Peruvian Subsidiaries and the Assumed Liabilities of IMZ which are to be acquired by Chaparral Gold under the Arrangement (the “**Chaparral Gold Business**”) for the years ended June 30, 2013 and 2012, comprised of consolidated statements of financial position as at June 30, 2013 and 2012; consolidated statements of comprehensive income (loss), consolidated statements of cashflows and consolidated statements of changes in equity for the years ended June 30, 2013, 2012 and 2011, and notes to such statements.

The Chaparral Gold Business financial statements reflect the purchase of the business of IMZ to be acquired by Chaparral Gold under the Arrangement and relate to the carve-out of Chaparral Gold Business’s historical business from IMZ as if it had been independent for the years reported. The Chaparral Gold Business financial statements have been derived from the accounting records of IMZ using the historical results of operations and the historical basis of assets and liabilities (predecessor value method). The Chaparral Gold Business Financial Statements do not necessarily reflect what the financial position, results of operations or cash flows would have been had the Chaparral Gold Business been a stand-alone business during the periods presented. In preparing these statements certain estimates and judgments were made regarding the carve-out of the operations of Chaparral Gold Business from IMZ for the years presented. These results may not reflect the actual future operations of Chaparral Gold after the effective date of the Arrangement.

Unaudited pro-forma consolidated financial statements of Chaparral Gold in respect of Chaparral Gold after giving effect to the Arrangement have not been prepared, as Chaparral Gold was only recently incorporated for the sole purpose of the participating in the Arrangement and acquiring from IMZ the Non-Peruvian Assets, Non-Peruvian Subsidiaries and Assumed Liabilities. It has not carried on any business other than in connection with the Arrangement and related matters as discussed in this Circular. Accordingly, the preparation of pro forma financial statements would not provide an IMZ Securityholder with any additional information which would be required in order for such IMZ Securityholder to be able to form a reasoned judgment concerning the Arrangement.

The following table sets out selected audited consolidated financial information for Chaparral Gold as at September 30, 2013, all of which is more qualified by the more detailed information contained in the Chaparral Gold audited financial statements for the period from incorporation on September 16, 2013 to September 30, 2013 attached as Appendix “G” to this Circular.

Selected Consolidated Financial Information of Chaparral Gold Corp.

	Period from Incorporation on September 16, 2013 to September 30, 2013
	\$
Total revenues	Nil
Loss for the period	Nil
Basic and diluted loss per share	Nil
At end of period:	
Total assets	1
Total long-term financial liabilities	Nil

Selected Financial Information of Chaparral Gold Business – Financial Years Ended June 30, 2013 and June 30, 2012

The following table sets out selected audited consolidated carve-out financial information for the Chaparral Gold Business as at June 30, 2013 and 2012, assuming the Arrangement occurred on June 30, 2013, all of which is qualified by the more detailed information contained in the Chaparral Gold Business financial statements for the years ended June 30, 2013 and 2012 attached as Appendix “K” to this Circular.

Chaparral Gold Business Carve-Out Consolidated Balance Sheet Data

Audited Carve Out Balance Sheet	June 30, 2013	June 30, 2012
	\$	\$
Assets		
Cash	58,199,104	81,243,474
Other current assets	13,733,717	42,858,394
Property, plant and equipment	34,209,262	359,724
Investment in resource properties	49,882,586	72,110,962
Other non-current assets	2,287,013	185,100
Total Assets	158,311,682	196,757,654
Liabilities		
Current	6,291,940	3,367,913
Non-current liabilities	8,160,000	8,160,000
Equity	143,859,742	185,229,741
Total Liabilities and Equity	158,311,682	196,757,654

Chaparral Gold Business Carve-Out Consolidated Statement of Comprehensive Income/(Loss) Data

Audited Carve Out Statement of Comprehensive Income/(Loss)	June 30, 2013	June 30, 2012
	\$	\$
Income	463,696	(1,178,435)
Expenses	(2,887,645)	(2,574,282)
Income (loss) from continuing operations before taxes	(2,423,949)	(3,752,717)
Deferred income taxes	-	(160,000)
Income (loss) from continuing operations after taxes	(2,423,949)	(3,912,717)
Income (loss) from discontinued operations	(23,716,490)	(23,196,244)
Net Income (loss) and comprehensive income (loss) after tax	(26,140,439)	(27,108,961)

Management Discussion and Analysis for Chaparral Gold for the Period from Incorporation to September 30, 2013

The following management discussion and analysis is a summary prepared in conjunction with the audited financial statements of Chaparral Gold for the period from incorporation on September 16, 2013 to September 30, 2013. It should be read in conjunction with the audited consolidated financial statements for Chaparral Gold at September 30, 2013 attached as Appendix "G".

Basis of Presentation

The audited financial statements of Chaparral Gold for the period from incorporation to September 30, 2013 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Description of Business

Chaparral Gold (formerly known as 0980507 B.C. Ltd.) was incorporated in British Columbia on September 16, 2013 for the sole purpose of participating in the Arrangement and has not carried on any business other than in connection with the Arrangement and related matters. On October 1, 2013, HOC, IMZ, HOC Canada and Chaparral Gold, entered into the Arrangement Agreement whereby HOC will acquire, subject to the terms of that agreement, all of the issued and outstanding common shares of IMZ, that it does not already own, for cash consideration of \$2.38 per share and each shareholder of IMZ will receive one common share of Chaparral Gold. Also, under the Arrangement, immediately prior to HOC acquiring IMZ, Chaparral Gold will acquire the Non-Peruvian Assets

(including approximately \$58 million in cash and receivables), Non-Peruvian Subsidiaries and will assume the Assumed Liabilities. See “*The Arrangement*”.

Results of Operations

Results of operations are presented for the period from incorporation of Chaparral Gold on September 16, 2013 to September 30, 2013. As Chaparral Gold has only been in existence since September 16, 2013, no comparative analysis has been presented. As of September 30, 2013, Chaparral Gold does not have any assets or liabilities and has not commenced any operating activities, and as a result there are no operating results to discuss.

Risk Factors

The business of Chaparral Gold will be subject to a number of risk factors. See “*Information Concerning Chaparral Gold – Risk Factors*” for details.

Additional Comments

Readers of this management discussion and analysis can obtain further information on the development and exploration properties that are to be acquired by Chaparral Gold in the sections entitled “*Information Concerning Chaparral Gold – Description of the Business – Business of Chaparral Gold*”.

Subsequent Events

Significant events subsequent to September 30, 2013 were:

- (a) On October 1, 2013, IMZ, HOC, HOC Canada and Chaparral Gold, entered into the Arrangement Agreement whereby HOC would acquire all of the issued and outstanding common shares of IMZ for cash consideration of \$2.38 per share and each shareholder of IMZ would receive one common share of Chaparral Gold. Also under the Arrangement, immediately prior to HOC acquiring IMZ, Chaparral Gold will acquire the Non-Peruvian Assets and the Non-Peruvian Subsidiaries and will assume the Assumed Liabilities.
- (b) The Arrangement has been approved by IMZ's board of directors and is also subject to the affirmative vote of two-thirds of the IMZ Securityholders who vote together as a single class in respect of the Arrangement Resolution. Additional regulatory and court approvals are also required. It is expected that the IMZ Securityholders will vote on this transaction at the Meeting to be held on November 26, 2013.

Management Discussion and Analysis for Chaparral Gold Business

The following management discussion and analysis of the Chaparral Gold Business should be read in conjunction with the audited consolidated financial statements for the Chaparral Gold Business for the years ended June 30, 2013 and 2012 attached as Appendix “K to this Circular.

Basis of Presentation

The audited financial statements of the Chaparral Gold Business for the years ended June 30, 2013 and 2012 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Plan of Arrangement and Transfer of Assets

Chaparral Gold (formerly known as 0980507 B.C. Ltd.) was incorporated in British Columbia on September 16, 2013, to acquire certain assets and liabilities from IMZ as part of a Plan of Arrangement transaction with HOC and HOC Canada. On October 1, 2013, HOC, IMZ, HOC Canada and Chaparral Gold entered into the Arrangement whereby HOC would acquire all of the issued and outstanding common shares of IMZ, that it already does not own, for cash consideration of \$2.38 per share and each shareholder of IMZ, including HOC, would receive one common share of Chaparral Gold. Also, under the Arrangement, immediately prior to HOC acquiring IMZ, Chaparral Gold will acquire the Non-Peruvian Assets, the Non-Peruvian Subsidiaries and will assume the Assumed Liabilities.

The Arrangement has been approved by the IMZ Board and is also subject to the affirmative vote of two-thirds of the IMZ Securityholders who vote together as a single class in respect of the Arrangement Resolution. In addition, the Arrangement Resolution must be approved by a majority of the votes cast by IMZ Shareholders, after excluding the votes cast by HOC and certain persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. Additional regulatory and court approvals are also required. It is expected that the IMZ Securityholders will vote on this transaction at the Meeting.

Allocation of General and Administrative Costs

General and administrative expenses reported through profit and loss for all the Nevada activities were allocated 100% to the Chaparral Gold Business. The allocation of IMZ's general and administrative costs not directly chargeable to the Chaparral Gold Business were allocated based on an estimate of the time spent by the staff of IMZ on each of IMZ's principal business activities in each year reported, and these allocations for the Chaparral Gold Business were 25% for the year ended June 30, 2011, 40% for the year ended June 30, 2012 and 40% for the year ended June 30, 2013. The allocation of assets and liabilities in the Statement of Financial Position were carved-out to the Chaparral Gold Business or remained in IMZ in accordance with the Arrangement.

The accounting policies of the Chaparral Gold Business are consistent with those of IMZ as described in its annual audited financial statements for the financial years ended June 30, 2013 and 2012.

Exploration and Evaluation Assets

In preparing the carve-out financial statements of the Chaparral Gold Business, it was assumed that the Chaparral Gold Business owns, directly or indirectly, all of IMZ's right, title and interest in the wholly owned subsidiaries EMC (US) and Ventura which carry out IMZ's non-Peruvian operations and indirectly hold a 100% interest in the Goldfield Property and a 100% interest in the Converse Property. Accordingly, for the purposes of these statements the Chaparral Gold Business is engaged in the exploration, development and mining of gold and silver deposits in the United States focused primarily in Nevada. Its principal resource properties are the Goldfield Property and the Converse Property in Nevada, USA. At the present time, proven and probable reserves exist only at the Gemfield project which is part of the Goldfield Property in Nevada. In July 2013, IMZ submitted the Mine Plan of Operations to the Bureau of Land Management. This important milestone marks the commencement of the permitting process for the Gemfield open pit, heap leach gold mine. The recoverability of the carrying values for the Gemfield and other resource properties of the Chaparral Gold Business are dependent upon the Chaparral Gold Business being able to finance the development of Gemfield and operate it profitably and for the Chaparral Gold Business's resource properties to either identify commercial ore bodies or sell such properties. See "*Information Concerning Chaparral Gold – Description of the Business – Business of Chaparral Gold*" for a more detailed discussion of technical information in relation to the mineral properties of the Chaparral Gold Business.

Overall Performance

Set forth below is a discussion of the Chaparral Gold Business's overall performance, results of operations and financial condition for the carved-out business. See "*The Arrangement*" and "*Information Concerning Chaparral Gold – Description of the Business – Business of Chaparral Gold*" for further details of the Arrangement and the business of Chaparral Gold.

Summary Consolidated Financial Information For the Years Ended June 30, 2013 and 2012

The table below summarizes key financial results for the Chaparral Gold Business for the most recent two fiscal years ended June 30, 2013 and 2012. Because the Chaparral Gold Business was consolidated with the financial results of IMZ, quarterly financial information for the business as a stand-alone business was not produced. Such quarterly financial information will be produced once the Arrangement is effective.

Amount	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Cash and equivalents (\$)	58,199,104	81,243,474
Working capital (\$)	65,640,881	120,733,955
Total assets (\$)	158,311,682	196,757,654

Amount	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Total long term liabilities (\$)	8,160,000	8,160,000
Total shareholders' equity (\$)	143,859,742	185,229,741
Other income (loss) (\$)	463,696	(1,178,435)
Total expenses (\$)	2,887,645	2,574,282
Net loss from continuing operations after tax (\$)	2,423,949	3,912,717
Loss from discontinued operations (\$)	23,716,490	23,196,244
Net and comprehensive loss after tax (\$)	26,140,439	27,108,961

The operations of the Chaparral Gold Business are not considered seasonal.

The following discussion is intended to identify general trends and factors which influenced the financial performance of the Chaparral Gold Business for the periods identified above.

- Other income and losses generally reflect the impact of foreign exchange gains and losses and any gains and losses on the investment of the Chaparral Gold Business in junior resource companies.
- Total expenses are typically administrative in nature and also included in this category are any write-downs of resource properties that are abandoned. The resource property write-downs generally account for the majority of any volatility for the periods presented.
- The loss from discontinued operations reflects the gain on the sale and income from the Ruby Hill mine royalty (sold in May 2012), offset by any impairment charges, and on-going maintenance and exit costs for the Ecuadorian resource properties.
- Changes in working capital are primarily influenced by any changes in spending on resource properties, spending on the Gemfield project which is classified as property, plant and equipment, and the estimated proceeds from the sale of the Ecuadorian discontinued operations. The estimated net recoverable amount from the sale of the Ecuadorian resource properties is included in working capital or if such proceeds are expected to be received in a period greater than twelve months from the reporting date, such proceeds are classified as long term.
- Changes in total liabilities reflect the decrease or increase in the deferred tax liability (the majority of which arose from the acquisition of Metallic Ventures in 2010), and the utilization of net operating loss carry forwards, which were used to offset the gain from the disposition of the Ruby Hill mine royalty.

Results of Operations for the For the Fiscal Year Ended June 30, 2013 Compared To Fiscal Year Ended June 30, 2012

The material changes are summarized as follows:

The Chaparral Gold Business reported a net loss from continuing operations after tax for the financial year ended June 30, 2013 (“**FY 2013**”) of \$2,423,949 compared to a net loss from continuing operations after tax of \$3,912,717 for the fiscal year ended June 30, 2012 (“**FY 2012**”). The reduction in the loss is primarily a result of a reduction of \$592,355 in the unrealized loss on investments and a \$362,419 foreign exchange gain in FY 2013 (in FY 2012 the Chaparral Gold Business incurred a \$435,226 foreign exchange loss). The foreign exchange gains or losses occur when the United States and Canadian dollar exchange rates fluctuate (impacting the translation of cash balances and the value of investments).

A net loss from discontinued operations after tax for FY 2013 of \$23,716,490 was reported compared to a loss from discontinued operations after tax of \$23,196,244 for FY 2012. The losses in both years were primarily a result of the write-downs and exit costs associated with the discontinued operations in Ecuador. The FY 2012 loss from discontinued operations of \$23,196,244 was significantly reduced by income of \$30,042,021 from the sale in May 2012 of the Ruby Hill Mine net smelter return royalty.

Net and comprehensive loss after tax of \$26,140,439 was reported in FY 2013 compared to a net and comprehensive loss after tax of \$27,108,961 for FY 2012. The primary reasons for the significant losses in each year were the net effect of the losses recognized on discontinued operations, primarily the on-going write-downs associated with the Ecuadorian resource properties.

Other income for FY 2013 was \$463,969 compared to an other income loss of \$1,178,435 in FY 2012, with the improved performance in FY 2013 arising from foreign exchange gains of \$362,419 (FY 2012 had a foreign exchange loss of \$435,226), a net loss on investments of \$234,303 (FY 2012 reported a loss of \$1,026,280), and net interest and other income of \$335,580 (FY 2012 \$283,071).

Total expenses in FY 2013 were \$2,887,645 compared to \$2,574,282. The increase was due to an increase of \$570,046 in property write-downs which was partially offset by lower administrative costs.

During FY 2013 cash balances of the Chaparral Gold Business declined by approximately \$22.0 million, which was a function of the cash returned to its parent, IMZ, the on-going investment in resource properties and the on-going spending on the Gemfield deposit which is classified as property, plant and equipment.

Results of Operations for the For the Fiscal Year Ended June 30, 2012 Compared To Fiscal Year Ended June 30, 2011

The Chaparral Gold Business reported a net loss from continuing operations after tax for FY 2012 of \$3,912,717, compared to net income from continuing operations after tax of \$1,380,486 for the fiscal year ended June 30, 2011 (“FY 2011”). The reduction in the income in FY 2012 compared to FY 2011 is primarily related to a FY 2012 loss of \$1,178,435 from other income items compared to a contribution to income from other items of \$2,265,032 in FY 2011 and a significant increase in total expenses from \$884,546 in FY 2011 to \$2,574,282 in FY 2012. Changes in other income and expense are further described below.

With respect to other income, in FY 2012 the Chaparral Gold Business reported a foreign exchange loss of \$435,226 (versus a gain of \$720,434 in FY 2011) and in FY 2012 investments increased the loss by \$1,026,280 (versus a contribution to income of \$1,259,424 in FY 2011). Interest income was virtually unchanged year over year. The foreign exchange effects were a results of the strengthening of the Canadian dollar versus the US dollar (impacting the translation of cash balances and the value of investments) and, during FY 2011, prices of almost all junior resource stocks rose dramatically only to fall again the following year.

A net loss from discontinued operations after tax for FY 2012 of \$23,196,244 was reported compared to net income after tax from discontinued operations of \$3,632,190 in FY 2011. In FY 2012, the Chaparral Gold Business wrote-down its resource properties in Ecuador (when they were re-classified to discontinued operations) by \$53,238,265 and this write-down was offset by a disposal gain of \$30,042,021 from the May 2012 sale of the Ruby Hill Mine royalty. In FY 2011, the Chaparral Gold Business reported royalty income from the Ruby Hill Mine royalty (subsequently sold in 2012) of \$3,632,190.

Net and comprehensive loss after tax of \$27,108,961 was reported in FY 2012 compared to a net and comprehensive income after tax of \$5,012,676 for FY 2011. The primary reasons for the change in earnings over the comparative periods was the significant loss recognized on discontinued operations in FY 2012, primarily the write-downs associated with the Ecuadorian resource properties.

Total expenses in FY 2012 were \$2,574,282 compared to \$884,546 in FY 2011 or an increase of \$1,689,736. The increase was due to an increase salaries and benefits of \$202,369 resulting from the addition of one person and small increases in base salaries for all employees; an increase in administrative costs of \$342,405 largely reflecting increased managerial time focused on disposing of the Ecuadorian resource properties and exiting the country and finally the write-down of resources properties in FY 2012 of \$686,557 (compared to income (recapture) of \$442,484 in FY 2011).

Liquidity and Capital Resources

The Chaparral Gold Business responded aggressively to the recent developments in the commodity and mining equity markets by significantly reducing spending and manpower in all areas. The Chaparral Gold Business expects to reduce remaining calendar 2013 cash outflows at its resource properties by approximately \$8.5 million to \$9.0

million (a 35% to 37% decrease) from calendar year budgeted amounts of approximately \$24.2 million to approximately \$15.2 million to \$15.7 million in the following categories:

- Nevada: a reduction of \$6.5 million to \$6.8 million or 39% to 41%; and
- Corporate and Investor Relations: a reduction of \$0.48 million to \$0.5 million or 11% to 12%.

The Chaparral Gold Business ended FY 2013 with \$58.2 million in cash and equivalents compared to cash and equivalents of \$81.2 million at the end of FY 2012. Working capital was \$65.6 million compared to working capital of \$120.7 million at the end of FY 2012. For the comparative periods, working capital included the expected net proceeds from the sale of the resource properties in Ecuador of \$40.0 million at June 30, 2012 compared to \$12.5 million at June 30, 2013. In FY 2013, the Chaparral Gold Business received gross proceeds of \$10.6 million from the sale of its resource properties in Ecuador and at June 30, 2013, there was a long term receivable of \$2.3 million related to its Ecuadorian properties. Until the Gemfield open pit, heap leach project is placed into production, the Chaparral Gold Business will have to utilize its existing working capital to fund operations or obtain additional financing. The Chaparral Gold Business anticipates that the development of the Gemfield Mine will be financed by a combination of debt and additional equity issuances.

The Chaparral Gold Business invests the majority of its funds in high-quality, short-term, mainly United States dollar denominated financial instruments with major Canadian chartered banks and major US banks.

The following paragraphs discuss the main areas of near and mid-term capital spending for the Chaparral Gold Business.

During FY 2013, the Chaparral Gold Business continued with the development of the Gemfield heap leach gold project in Nevada with total spending of approximately \$6.3 million. Chaparral Gold will have a financial year end of December 31 and during the fiscal year ending December 31, 2014, spending at the Gemfield project is forecast to be approximately \$3.7 million and will not increase materially until all permits are received to allow the commencement of construction. Gemfield's development costs for the next year to June 30, 2014 are expected to be financed from working capital and, as yet, no decision has been made as to how or when the Chaparral Gold Business will finance the development and construction costs at Gemfield. Current exploration and evaluation costs associated with Goldfield Main and McMahon Ridge totalled \$4.2 million in FY 2013 and are expected to decline to approximately \$0.4 million funded from working capital in the next year to December 31, 2014 as most activities will be focused on the Gemfield project. At the Converse Property, the Chaparral Gold Business spent \$1.6 million during the fiscal year ended June 30, 2013 and for the next year to December 31, 2014 spending at Converse is anticipated to be less than \$0.25 million, which should be funded from working capital. There is no other material spending planned at any other exploration projects in the upcoming year.

Management has estimated that the Chaparral Gold Business's working capital should be sufficient to meet exploration plans, property carrying costs, and the payment of corporate administrative requirements through at least December 31, 2014. Chaparral Gold may be required to raise financing during the next year if the development time frame at Gemfield were to be accelerated. Should other significant new project opportunities be identified, capital requirements may exceed working capital then on hand and thus require additional funding. Due to the cyclical nature of the industry, there is no guarantee that when Chaparral Gold needs to raise capital, it will be able to do so.

Financial and Other Instruments

The Chaparral Gold Business is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by management.

Off-Balance Sheet Arrangements

The Chaparral Gold Business has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities or derivative financial obligations.

Transactions with Related Parties

All transactions with related parties are in the normal course of business and are conducted at arm's length. Related party transactions are not considered material to financial performance of the Chaparral Gold Business.

Share Capital

The Chaparral Gold Business is a business unit of IMZ and therefore has no common stock, stock option or warrant information to report. See "*Information Concerning Chaparral Gold – Consolidated Capitalization*".

Risks and Uncertainties

See "*Risks Associated with the Arrangement*" and "*Information Concerning Chaparral Gold – Risk Factors*."

MARKET FOR SECURITIES

As at the date of this Circular, there is no market through which the Chaparral Gold Shares to be distributed pursuant to the Arrangement may be sold. The completion of the Arrangement is subject to obtaining TSX conditional approval of the listing for trading of the Chaparral Gold Shares on the TSX. Chaparral Gold intends to apply to list the Chaparral Gold Shares issuable pursuant to the Arrangement on a Canadian stock exchange. Such listing will be subject to Chaparral Gold fulfilling all of the minimum listing requirements of such Canadian stock exchange. There can be no assurance that the Chaparral Gold Shares will be listed on a Canadian stock exchange. If listing approval is ultimately obtained prior to the Effective Time (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the Chaparral Gold Shares is expected to commence concurrently with the delisting of the IMZ Shares from the TSX.

CONSOLIDATED CAPITALIZATION

The following table sets out the share capital of Chaparral Gold both before and after giving effect to the completion of the Arrangement. Such information should be read in conjunction with the audited financial statements of Chaparral Gold for the period from the date of incorporation on September 16, 2013 to September 30, 2013 attached as Appendix “G” to this Circular, and the audited consolidated Chaparral Gold Business Financial Statements for the years ended June 30, 2013 and, 2012 and 2011 including the assumptions set out therein attached as Appendix “K” to this Circular:

Capital	Authorized	Amount Outstanding as of September 30, 2013 ⁽¹⁾	Amount Outstanding as of the Date of the Circular ⁽¹⁾	Amount Outstanding Assuming Completion of the Arrangement ⁽²⁾
Chaparral Gold Shares	Unlimited	\$1 (1 Chaparral Gold Share)	\$1 (1 Chaparral Gold Share)	\$143,859,742 (117,636,376 Chaparral Gold Shares)

(1) See “Prior Sales” in this Appendix “F”.

(2) This dollar figure is extracted from the audited consolidated Chaparral Gold Business Financial Statements attached as “Appendix “K” to the Circular, which are presented on the basis that the Arrangement was completed as at June 30, 2013. See also in the Circular, “*The Arrangement – Arrangement Steps*” and “*The Arrangement – Procedure for the Exchange of Share Certificates by IMZ Shareholders*”.

(3) Assumes that no IMZ Options are exercised prior to the Effective Date.

OPTIONS TO PURCHASE SECURITIES

Stock Options

The Chaparral Gold Board intends to implement the Chaparral Gold Stock Option Plan, subject to IMZ Shareholder approval and regulatory approval. At the Meeting, IMZ Shareholders will be asked to consider, and if deemed appropriate, pass an ordinary resolution approving the Chaparral Gold Stock Option Plan. The Chaparral Gold Board does not intend to grant any stock options until following the completion of the Arrangement. For a description of the Chaparral Gold Stock Option Plan see “*Approval of Chaparral Gold Stock Option Plan*” in this Circular. A copy of the Chaparral Gold Stock Option Plan is attached as Appendix “H” to this Circular.

PRIOR SALES

Prior Sales

On September 16, 2013, Chaparral Gold issued one Chaparral Gold Share to Rod C. McKeen of Axiom Law Corporation, a director and the Corporate Secretary of IMZ, at a price of \$0.01 to facilitate the incorporation of Chaparral Gold. This Chaparral Gold Share was gifted back to Chaparral Gold pursuant to Section 75(b) of the BCBCA and such Chaparral Gold Share was cancelled and returned to the authorized but unissued share capital of Chaparral Gold on September 23, 2013.

Chaparral Gold entered into a subscription agreement (the “**Subscription Agreement**”) with IMZ dated September 23, 2013 and, pursuant to the terms of the Subscription Agreement, one Chaparral Gold Share was issued to IMZ at a price of \$0.01. Chaparral Gold has not issued any additional securities since its incorporation.

Upon completion of the Arrangement, in consideration for the acquisition of the Non-Peruvian Assets, Non-Peruvian Subsidiaries and the assumption of the Assumed Liabilities by Chaparral Gold from IMZ, Chaparral Gold will issue to IMZ one Chaparral Gold Share for each IMZ Share issued and outstanding upon the Effective Date. Upon completion of the Arrangement, as part of the Consideration payable to IMZ Shareholders, IMZ will distribute such Chaparral Gold Shares to the IMZ Shareholders (except for Dissenting Shareholders). See “*The Arrangement – Arrangement Steps – Procedure for the Exchange of Share Certificates by IMZ Shareholders*”.

Trading Price and Volume

The Chaparral Gold Shares are not currently listed or traded on any exchange. It is a condition to completion of the Arrangement that the Chaparral Gold Shares to be received by Chaparral Gold Shareholders in connection with the Arrangement be conditionally approved for listing on the TSX, subject to fulfillment of customary conditions. Chaparral Gold intends to apply to list the Chaparral Gold Shares on a Canadian stock exchange. See “*Market for Securities*”.

PRINCIPAL SECURITYHOLDERS

IMZ is as at the date of this Circular the sole shareholder of Chaparral Gold. To the knowledge of the directors and executive officers of Chaparral Gold as at the date of this Circular, there are no persons or companies who will, immediately following completion of the Arrangement, beneficially own, directly or indirectly or exercise control or direction over shares carrying 10% or more of the voting rights attached to the outstanding shares of Chaparral Gold.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The following table sets forth, for each of the directors and executive officers, the person’s name, province or state, and country of residence, position with Chaparral Gold, principal occupation during the five preceding years, the number of Chaparral Gold Shares beneficially owned, directly or indirectly or over which control or direction is exercised by each of them upon completion of the Arrangement, and the period during which the individual has served as a director or executive officer of Chaparral Gold:

<u>Name, Province or State and Country of Residence and Position with Chaparral Gold⁽¹⁾</u>	<u>Present and Principal Occupation During the Past Five Years⁽²⁾</u>	<u>Date of Appointment as a Director or Officer</u>	<u>Pro Forma Number of Chaparral Gold Shares Held Upon Completion of Arrangement</u>
STEPHEN J. KAY Arizona, U.S.A. Executive Chairman and Director	Executive Chairman of Chaparral Gold since October 22, 2013; President of Chaparral Gold from September 16, 2013 to October 22, 2013; President and CEO of IMZ from 1993 to present.	September 16, 2013 and October 22, 2013 re: appointment as Executive Chairman	1,332,516
NICK APLEYARD Arizona, U.S.A. CEO and Director	CEO of Chaparral Gold from October 22, 2013 to present; Vice President of Corporate Development of IMZ from January 2010 to present; Technical Manager of the Company from June 2002 to January 2010.	October 22, 2013	8,400
SCOTT BRUNSDON Arizona, U.S.A. Chief Financial Officer	CFO of Chaparral Gold from October 22, 2013 to present; CFO of IMZ from January 2011 to present; Independent financial consultant, January 2010 to December 2010; CFO/Corporate Secretary of Revett Minerals Inc., June 2004 to December 2009.	October 22, 2013	5,000
ROD C. McKEEN British Columbia, Canada Corporate Secretary and Director	Lawyer, Principal of law firm Axiom Law Corporation from July 2005 to present.	October 22, 2013	61,500
W. MICHAEL SMITH ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada Director	Retired Chartered Accountant. Partner with PricewaterhouseCoopers LLP, a public accounting firm, 1982 to 2004.	October 22, 2013	Nil
GABRIEL BIANCHI ⁽³⁾⁽⁴⁾⁽⁵⁾ Zurich, Switzerland	President of Bianchi & Partner, a private asset management company since 1997.	October 22, 2013	345,350

<u>Name, Province or State and Country of Residence and Position with Chaparral Gold⁽¹⁾</u>	<u>Present and Principal Occupation During the Past Five Years⁽²⁾</u>	<u>Date of Appointment as a Director or Officer</u>	<u>Pro Forma Number of Chaparral Gold Shares Held Upon Completion of Arrangement</u>
Director			
AXEL SCHWEITZER ⁽⁴⁾ Germany Director	CEO of the ALBA Group, a German company specialized in recycling and environmental services, 2008 to present.	October 22, 2013	788,000
JORGE PAZ DURINI ⁽³⁾⁽⁵⁾ Quito, Ecuador Director	Lawyer; Partner in the law firm of Paz and Horowitz from 1990 to present.	October 22, 2013	52,000

(1) The information as to country of residence and principal occupation, not being within the knowledge of Chaparral Gold, has been furnished by the respective directors individually.

(2) The information as to shares beneficially owned or over which a director, directly or indirectly, exercises control or direction, not being within the knowledge of Chaparral Gold, has been furnished by the respective directors individually.

(3) Denotes member of Audit Committee.

(4) Denotes member of Corporate Governance and Nominating Committee.

(5) Denotes member of the Compensation Committee.

Each director will hold office until Chaparral Gold's next annual general meeting or until their successor is elected or appointed, unless their office is earlier vacated under any of the relevant provisions of the Articles of Chaparral Gold or the BCBCA.

Upon completion of the Arrangement, the directors and executive officers of Chaparral Gold will beneficially own, directly or indirectly, an aggregate of 2,592,766 Chaparral Gold Shares representing approximately 2.2% of the 117,636,376 issued and outstanding Chaparral Gold Shares (assuming that no IMZ Options are exercised prior to the Effective Date).

Majority Voting Policy

It is anticipated that the Chaparral Gold Board will draft a Majority Voting Policy (the "**Policy**") for the election of directors in uncontested elections which will provide that any nominee for director who receives, from the Chaparral Gold Shares voted at any annual or special meeting of the Chaparral Gold Shareholders in person or by proxy, a greater number of Chaparral Gold Shares withheld than Chaparral Gold Shares voted in favor of his or her election must promptly tender his or her resignation to the Chairman of Chaparral Gold's proposed Corporate Governance Committee, to take effect on the acceptance of the Chaparral Gold Board, with such resignation expected to be accepted except in situations where extenuating circumstances would warrant the director to continue to serve on the Chaparral Gold Board. Chaparral Gold intends to meet with significant shareholders to discuss the rationale for the adoption of the Policy. Such meetings are being planned for 2014. Accordingly, Chaparral Gold does not currently have in effect a Majority Voting Policy.

Management of the Corporation

The following is a brief description of the background and experience of each member of the Chaparral Gold management team and Chaparral Gold Board.

Stephen J. Kay – Executive Chairman and Director (Age: 62)

Stephen Kay was appointed Executive Chairman of Chaparral Gold on October 22, 2013. Mr. Kay's responsibilities will include leadership of the Board and support of the CEO in the development and implementation of corporate strategy aimed at enhancing shareholder value whilst maintaining the ethics and philosophy of the Board. Mr. Kay is the President, Chief Executive Officer and executive director of IMZ and has held these roles since inception of IMZ in 1993. He is a geologist with over 40 years of gold exploration experience in Europe, South Africa, South America and the United States. From 1985 to 1993, he was founder and President of GD Resources Inc., a

successful smelter of precious metal by-products from U.S. gold mines. From 1983 to 1985, Mr. Kay worked with Amselco Exploration (BP Minerals) where he was involved in the discoveries of the Colosseum and Yellow Aster gold mines, both in California. During his 10 years (1973-1983) with Gold Fields Mining Corporation, he was Project Geologist at the time of the discovery of the Mesquite gold mine in California. Mr. Kay is a director of New Dimension Resources. He graduated with a Bachelor of Science degree in geology from Swansea University in Wales.

Mr. Kay will devote approximately 65% of his time to the affairs of Chaparral Gold. Mr. Kay has not entered into a non-competition or non-disclosure agreement with Chaparral Gold.

Nick Appleyard - Chief Executive Officer and Director (Age: 46)

Nick Appleyard was appointed Chief Executive Officer of Chaparral Gold on October 22, 2013. Mr. Appleyard's responsibilities will include the day to day operating of Chaparral Gold and the development and implementation of corporate strategy together with the Executive Chairman. Mr. Appleyard is the Vice President of Corporate Development of IMZ. Except for a short period, he has worked with IMZ since 1995. Prior to his appointment as Vice President of Corporate Development on January 1, 2010, he was responsible for the technical management of all IMZ's exploration and development projects in Ecuador, Peru and Nevada, together with playing a key role in identifying and evaluating potential new corporate acquisitions for IMZ. Mr. Appleyard has worked predominantly in gold exploration, development and mining projects in Australia, South America and East Africa. With his involvement in various precious metal projects ranging from exploration through to development, construction and operation, he has developed specialized skills in marrying resource and reserve estimation techniques with project management and economic evaluation requirements. He graduated from Curtin University in Perth, Australia with a Bachelor of Science degree in geology in 1991.

Mr. Appleyard works on a full time basis for Chaparral Gold. Mr. Appleyard has not entered into a non-competition or non-disclosure agreement with Chaparral Gold.

Scott Brunsdon - Chief Financial Officer (Age:56)

Scott Brunsdon was appointed Chief Financial Officer of Chaparral Gold on October 22, 2013. Mr. Brunsdon's responsibilities will include the financial planning, tax planning and record keeping for Chaparral Gold as well as financial reporting to the Board and assisting the CEO on strategic issues as they relate to budget management, cost analysis and forecasting needs. Mr. Brunsdon has been the Chief Financial Officer of IMZ since January 3, 2011 and has over 28 years of financial and management experience in the mining sector with both junior and major companies, including 17 years with Placer Dome in the US and Canada. Mr. Brunsdon has also held senior management positions with Dayton Mining, Hillsborough Resources and Revett Minerals. Prior to joining IMZ in January 2011, he was a financial advisor to the CFO for Timmins Gold, assisting the company to enhance its internal and public reporting functions as it transitioned to an operating company from a pure exploration company. His extensive experience ranges from directing all financial aspects of mining and exploration activities to corporate development, corporate administration and mergers-and-acquisitions ("M&A") activities. Mr. Brunsdon serves as a director on the Boards of Hunt Mining Corporation and Global Minerals Ltd. He holds a Bachelor's degree in Commerce (Economics) from the University of Saskatchewan, Saskatoon, Canada and an MBA from the University of British Columbia, Vancouver, Canada.

Mr. Brunsdon works on a full time basis for Chaparral Gold. Mr. Brunsdon has not entered into a non-competition or non-disclosure agreement with Chaparral Gold.

Rod C. McKeen - Corporate Secretary and Director (Age: 57)

Rod McKeen was appointed the Corporate Secretary and a director of Chaparral Gold on October 22, 2013. Mr. McKeen's responsibilities will include corporate law compliance including documenting the actions of the Chaparral Gold Board and ensuring the corporate records of Chaparral Gold are complete. Mr. McKeen has been a non-executive director and the Corporate Secretary of IMZ since December 8, 1994. Mr. McKeen is a lawyer, and a founder and principal of Axiom Law Corporation, a law firm in Vancouver, Canada, since January 2004. Mr. McKeen has more than 30 years of experience in all facets of securities and corporate law pertaining to the mining and mineral exploration industry. Prior to forming Axiom Law Corporation, Mr. McKeen was a partner in the law firm of Gowlings Lafleur Henderson LLP from April 2000 to December 2003 and a partner with the law firm Montpellier McKeen Varabioff Talbot and Guiffre from July 1996 to March 2000. Mr. McKeen's practice

encompasses emerging to mid-size mineral resource companies with projects and operations around the world and involves dealing with stock exchanges and mergers, acquisitions and financing transactions on a similarly global basis. Mr. McKeen earned a Bachelor of Laws degree from the University of British Columbia, Vancouver, Canada and a Bachelor of Arts degree from the University of Alberta, Edmonton, Canada. He is also a director of Medallion Resources Ltd. and Santa Barbara Resources Ltd. Mr. McKeen is also a member of IMZ's Corporate Governance/Nominating Committee.

Mr. McKeen works on a part-time basis for Chaparral Gold and will devote approximately 10% of his time to the affairs of Chaparral Gold. Mr. McKeen has not entered into a non-competition or non-disclosure agreement with Chaparral Gold.

Michael Smith - Director (Age: 67)

Michael Smith was appointed a non-executive director and a member and Chairman of the Audit, Corporate Governance and Nominating and the Compensation Committees of Chaparral Gold on October 22, 2013. Mr. Smith has been a non-executive director of IMZ since November 28, 2013. Mr. Smith has been a Chartered Accountant since 1971 and retired as partner with PricewaterhouseCoopers in 2004 after 37 years of service, where he was principally involved in the precious and base metal mining industry. Based in British Columbia, Canada, Mr. Smith holds a Bachelor of Arts in economics and mathematics from Queen's University, Kingston, Ontario, Canada. Mr. Smith is also a member and Chairman of IMZ's Audit Committee and a member of IMZ's Compensation Committees.

Gabriel Bianchi - Director (Age: 49)

Gabriel Bianchi was appointed a non-executive director and a member of the Audit, Corporate Governance and Nominating and the Compensation Committees of Chaparral Gold on October 22, 2013. Mr. Bianchi has been a non-executive director of IMZ since March 24, 2003. Mr. Bianchi is the Founding Partner of Bianchi & Partner AG, a private Swiss asset management company based in Zurich since 1997. He previously worked in private banking with BSI-Banca della Svizzera Italiana in Switzerland and England. Prior to that, Mr. Bianchi worked as a Manager with UBS in Zurich for over 12 years. He is a graduate of the Business and Economic School, AKAD, as well as the Swiss Banking School, both in Zurich. Mr. Bianchi is also a member of IMZ's Audit and Corporate Governance/Nominating Committees.

Axel Schweitzer - Director (Age: 44)

Axel Schweitzer was appointed a non-executive director and a member of the Corporate Governance and Nominating Committee of Chaparral Gold on October 22, 2013. Dr. Schweitzer has been a non-executive director of IMZ since August 23, 2013. Dr. Schweitzer is the CEO of ALBA Group of companies headquartered in Berlin, Germany. The ALBA Group has equity holdings within Germany and other European countries, as well as in the USA and Asia. With a total of approximately 9,000 employees, the ALBA Group is one of the leading waste management/recycling, environmental services and raw materials providers worldwide. Dr. Schweitzer has 25 years of experience in all aspects of marketing and technical services related to the recycling, raw material trading and environmental services industries. In 1993 he earned a degree in industrial engineering from the Technical University of Berlin and completed a doctoral degree in 1999 from the same institution.

Jorge Paz Durini - Director (Age:55)

Jorge Paz Durini was appointed a non-executive director and a member of the Audit and the Compensation Committees of Chaparral Gold on October 22, 2013. Dr. Paz has been a non-executive director of IMZ since April 7, 1994. Dr. Paz is a partner with Paz and Horowitz Cia. (attorneys) and has practiced in the mineral law field since 1983. Dr. Paz has been extensively involved in advising companies on mineral exploration and development in Ecuador and was the Subsecretary of Mines of Ecuador from 1992 to 1993 and legal attorney of the Ecuadorian Chamber of Mines. He also helped draft the mining law of Ecuador from 1989 to 1990 and is currently a consultant to the World Bank, with responsibilities that included drafting the new mining law for Argentina. He is also a consultant to the Interamerican Development Bank (IDB) with respect to legal aspects of the mining sector. Dr. Paz earned a doctoral degree in law from Catholic University of Ecuador and received an LL.M degree (Fulbright Scholar) from Temple University, Philadelphia, U.S.A.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, no proposed director of Chaparral Gold is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any corporation (including Chaparral Gold), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director 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.

Other than as set out below, no proposed director of Chaparral Gold:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any corporation (including Chaparral Gold) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director;
- (c) Mr. Stephen Kay was a director of Ventura Gold Corp. (“**Ventura**”), then called “EPICentrix Technologies Inc.”, when a cease trade order was issued against Ventura by the British Columbia Securities Commission (“**BCSC**”) on September 11, 2003 and by the Alberta Securities Commission (the “**ASC**”) on October 23, 2003 for failure to file certain financial statements required pursuant to the *Securities Act* (British Columbia). The cease trade order was revoked by both the BCSC and ASC on June 22, 2004. On September 12, 2003, the TSX Venture Exchange (the “**TSXV**”) suspended trading of Ventura as a result of the September 11, 2003 cease trade order by the BCSC. On January 6, 2004, Ventura’s listing was transferred from Tier 2 of the TSXV to the NEX board of the TSXV for failure to maintain the minimum listing requirements for a TSXV Tier 2 issuer. On February 1, 2005, following a name change (from EPICentrix Technologies Inc. to Ventura), a change of business from the technology sector to the mineral resource sector, and a private placement financing, Ventura’s common shares were reinstated for trading as a Tier 2 issuer on the TSXV.

No director of Chaparral Gold has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

During the ten years preceding the date of this Circular, no director has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Directors of Chaparral Gold are or may become directors of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which Chaparral Gold may participate, the directors of Chaparral Gold may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Chaparral Gold and its directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of Chaparral Gold, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases Chaparral Gold will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. In accordance with the laws of the Province of British Columbia, the directors of Chaparral Gold are required to act honestly, in good faith and in the best interests of Chaparral Gold. In determining whether or not Chaparral Gold will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to Chaparral Gold, the degree of risk to which Chaparral Gold may be exposed and its financial position at that time. Other than as indicated, Chaparral Gold has no other procedures or mechanisms to deal with conflicts of interest.

EXECUTIVE COMPENSATION

As of the date of this Circular, Chaparral Gold has not carried on any active business (except in respect of the Arrangement) and has not completed a fiscal year of operations. No compensation has been paid by Chaparral Gold to its executive officers or directors and none is expected to be paid until after the Arrangement is completed.

Following the completion of the Arrangement, it is anticipated that the proposed executive officers of Chaparral Gold will be paid salaries established by the Chaparral Gold Board and commensurate with the size and complexity of the business of Chaparral Gold. As of the date of this Circular, there are no employment contracts in place between Chaparral Gold and any of the proposed executive officers of Chaparral Gold and there are no provisions for compensation for the proposed executive officers of Chaparral Gold in the event of termination of employment or a change in responsibilities following a change of control. The Chaparral Gold Board will consider whether employment contracts should be entered into with the proposed executive officers of Chaparral Gold following completion of the Arrangement. Chaparral Gold has not established an annual retainer fee or attendance fee for directors. However, Chaparral Gold may determine to pay directors' fees in the future and may reimburse directors for all reasonable expenses incurred in order to attend meetings. It is also anticipated that directors will be compensated for their time and effort through the grant of options to acquire Chaparral Gold Shares pursuant to the Chaparral Gold Stock Option Plan.

CORPORATE GOVERNANCE

Chaparral Gold has established an Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. All of these committees operate under written mandates as described herein.

The following sets out information in respect of Chaparral Gold's proposed corporate governance practices in accordance with the requirements of NI 58-101 *Corporate Governance Disclosure*.

Board of Directors

The Chaparral Gold Board is currently composed of a majority of four independent, as well as three non-independent directors. The four independent directors are Michael Smith, Gabriel Bianchi, Jorge Paz Durini and Axel Schweitzer. The three non-independent directors are Stephen J. Kay, Nick Appleyard and Rod C. McKeen. Messrs. Kay and Appleyard are considered non-independent as they hold executive positions with Chaparral Gold. It is anticipated that Mr. McKeen will provide, directly or indirectly, significant ongoing legal services to Chaparral Gold on a fee for service basis, and therefore is not considered independent.

In order to facilitate the exercise of independent judgment, it is expected that members of the Chaparral Gold Board will recuse themselves from the discussion of and voting on any matters of Chaparral Gold which may be perceived to place them in a conflict of interest. In addition, it is anticipated that the independent directors of Chaparral Gold will hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, typically in conjunction with each regularly scheduled meeting of the of Chaparral Gold Board. Further, the Chaparral Gold Board is expected to facilitate its independent supervision over management by reviewing and

approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. The Chaparral Gold Board will examine the effectiveness of Chaparral Gold's internal control processes and information systems through its audit committee.

Directorships

The following directors and officers of Chaparral Gold are also directors and/or officers of other reporting issuers as set out below:

<u>Name of Director/Officer</u>	<u>Name of Reporting Issuer</u>
Stephen J. Kay	New Dimension Resources Ltd. International Minerals Corporation
Nick Appleyard	International Minerals Corporation
Rod C. McKeen	Santa Barbara Resources Ltd. Medallion Resources Ltd. International Minerals Corporation
Axel Schweitzer	ALBA Group plc & Co. KG International Minerals Corporation
Scott M. Brunson	Hunt Mining Corporation Global Minerals Ltd. International Minerals Corporation
Michael Smith	International Minerals Corporation
Gabriel Bianchi	International Minerals Corporation
Jorge Paz Durini	International Minerals Corporation

It is anticipated that the independent directors of the Chaparral Gold Board will hold meetings at which non-independent directors and members of management will not be in attendance and do so at their discretion as deemed necessary. The Corporation will hold meetings as required to review and discuss Chaparral Gold's business activities, consider and approve matters presented to the Chaparral Gold Board for approval and to provide guidance to management. The opinions of the independent directors will be sought and duly acted upon for all material matters related to Chaparral Gold. In addition, management will informally provide updates to and consult with the Chaparral Gold Board between formal Chaparral Gold Board meetings. In general, management will consult with the Chaparral Gold Board when deemed appropriate to keep the Chaparral Gold Board fully informed regarding Chaparral Gold's affairs.

The Chaparral Gold Board will also review and approve for hiring all senior officers of Chaparral Gold. This ensures that the Chaparral Gold Board has knowledge of each potential officer's education, training and experience prior to an employment offer being made.

The Chaparral Gold Board has the responsibility to ensure that the Chaparral Gold Board functions independently of management. The Chaparral Gold Board has an Executive Chairman, who is not independent but acts as a liaison between management and the independent directors to optimize the effectiveness of the Chaparral Gold Board and its committees.

In the absence of the appointment of an independent chairman, Chaparral Gold's Executive Chairman, Stephen Kay, will chair the meetings of the Chaparral Gold Board.

Board Mandate

As of the date of this Circular, the Chaparral Gold Board has not implemented a board mandate. It is anticipated that the Chaparral Gold Board will implement a written mandate following completion of the Arrangement.

Position Descriptions

As the committees of the Chaparral Gold Board have not been constituted as of the date of the Circular, the Chaparral Gold Board has not developed written position descriptions for the CEO and the chair of each proposed committee. It is expected that the foregoing position descriptions will be developed following completion of the Arrangement.

The Executive Chairman of the Chaparral Gold Board is separate from the CEO, Mr. Appleyard, but is not independent. Chaparral Gold's CEO does not have a formal written position description, but has a clear mandate from the Chaparral Gold Board to carry out his responsibilities.

The directors will be kept fully informed of all decisions that have a material impact on the operation and performance of Chaparral Gold. All major contracts and transactions will be put before the directors for approval or ratification. The executive officers and senior management of Chaparral Gold are responsible for day-to-day running of Chaparral Gold, which includes proposing strategic direction, policies and financial goals of Chaparral Gold and submission of an annual budget for the review, consideration and approval by the Chaparral Gold Board.

Orientation and Continuing Education

The Corporation has not yet developed a formal orientation and education program for new directors. It is anticipated that new directors, however, will be provided with relevant materials with respect to Chaparral Gold, as well as being informed in detail of relevant corporate issues by the CEO. All directors will be fully apprised of the status of projects, budgets and corporate issues during Chaparral Gold Board meetings and meetings anticipated to be held during the week of Chaparral Gold's annual shareholder meeting.

The Chaparral Gold Board intends to discuss corporate governance practices annually and review any relevant policies from time to time. The Chaparral Gold Board currently does not provide formal continuing education for its directors. However, all proposed members of the Audit Committee will be encouraged to take continuing education programs and may be compensated by Chaparral Gold should they do so.

By using a board composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, Chaparral Gold has confidence that the Chaparral Gold Board operates effectively and efficiently.

Ethical Business Conduct

Following completion of the Arrangement, it is anticipated that the Chaparral Gold Board will adopt a written code of ethics and conduct for directors, officers and employees of Chaparral Gold.

The Code will be developed to communicate to directors, officers and employees standards for business conduct in the use of Chaparral Gold time, resources and assets and, to identify and clarify proper conduct in areas of potential conflict of interest. Each director, officer and employee will be provided with a copy of the Code, and if requested by Chaparral Gold, asked to sign an acknowledgement that the standards and principles of the Code will be maintained at all times on Chaparral Gold's business. The Code will be designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under "Whistleblower" situations, will be reported to the Chairman of the Audit Committee and can be reported anonymously. The Chairman of the Audit Committee will report to the Chaparral Gold Board any reported violations at least quarterly or, more frequently depending on the specifics of the reported violation.

The Chaparral Gold Board will ensure the exercise of independent judgment in considering transactions and agreements in respect of which a director has a material interest. Directors with an interest in a material transaction will be required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to material transactions will be provided for review by the Chaparral Gold Board, particularly by independent directors.

The Chaparral Gold Board comprises directors who have solid track records in spheres ranging from legal and financial to exploration and mining expertise in order to ensure a culture of ethical business conduct.

Nomination of Directors

It is anticipated that the nomination of new directors will be the responsibility of the Corporate Governance and Nominating Committee (“**CG/N Committee**”), which is anticipated to be established following completion of the Arrangement. It is proposed that the CG/N Committee will be comprised of Michael Smith, Gabriel Bianchi and Axel Schweitzer, with Mr. Smith acting as Chairman of the committee. The CG/N Committee will annually distribute a confidential performance review survey to each member of the Chaparral Gold Board, whereby each director will evaluate the contributions of the other directors and the overall effectiveness of the Chaparral Gold Board. When the Chaparral Gold Board finds it necessary to add or replace a director, candidates will be put forth by the CG/N Committee for consideration by the Chaparral Gold Board. In general, the Chaparral Gold Board also solicits input from Chaparral Gold’s management. If a candidate appears qualified, the Chaparral Gold Board and management will conduct due diligence and if the results are satisfactory, the candidate will be invited to join the Chaparral Gold Board.

Compensation Committee

The Compensation Committee is responsible for ensuring that Chaparral Gold has an appropriate plan for executive compensation and for making recommendations to the Chaparral Gold Board with respect to the compensation of Chaparral Gold’s executive officers. More specifically, the responsibilities of the Compensation Committee include (i) evaluating the performance of and recommending salaries for the Named Executive Officers of Chaparral Gold on an annual basis (ii) determining the appropriate annual remuneration for directors; (iii) making recommendations to the Chaparral Gold Board respecting the granting of annual salary adjustments, bonuses and stock option awards; and (iv) considering other matters affecting Chaparral Gold’s employee compensation matters, for example retirement or health care considerations. The Compensation Committee ensures that total compensation paid to all Named Executive Officers is fair, reasonable and competitive with the mining industry and is consistent with Chaparral Gold’s compensation philosophy. In carrying out these responsibilities, the Compensation Committee is allowed to engage such third party advice as it deems appropriate.

The Compensation Committee consists of Michael Smith, Gabriel Bianchi and Jorge Paz Durini, with Mr. Smith acting as Chairman of the committee, all of whom are considered independent for the purposes of National Instrument 58-101, Disclosure of Corporate Governance Practices (“**NI 58-101**”). The current Compensation Committee members have significant experience with public companies and ongoing resource sector involvement, as well as managerial skills that enable them to make decisions on the suitability of the Corporation’s compensation policies and practices. A brief summary is listed below for the current members of the committee.

Michael Smith

Mr. Smith retired in 2004 as a partner with PricewaterhouseCoopers (“**PwC**”) after 37 years of service, where he was principally involved in the precious and base metal mining industry. During his tenure with PwC, he was responsible for Human Resources for all the firm’s offices in British Columbia as well as assuming those responsibilities for 4 years in their Phoenix office. In addition he was a member of PwC-Canada’s National Human Resource Committee for several years. As such, he is very familiar with the responsibilities of both fixed and incentive based compensation practices as well as personnel evaluation practices and methodologies. He also serves as Chairman of IMZ’s Audit Committee and is a member of IMZ’s Compensation Committee.

Gabriel Bianchi

Mr. Bianchi is the Founding Partner of Bianchi & Partner AG, a private Swiss asset management company based in Zurich since 1997. He previously worked in private banking with BSI-Banca della Svizzera Italiana in Switzerland and England. Prior to that, Mr. Bianchi worked as a Manager with UBS in Zurich for over 12 years. He is a graduate of the Business and Economic School, AKAD, as well as the Swiss Banking School, both in Zurich. Mr. Bianchi is also a member of IMZ’s Audit and Corporate Governance/Nominating Committees.

Jorge Paz Durini

Dr. Paz is a partner with Paz and Horowitz Cia. (attorneys) and has practiced in the mineral law field since 1983. Dr. Paz has been extensively involved in advising companies on mineral exploration and development in Ecuador and was the Subsecretary of Mines of Ecuador from 1992 to 1993 and legal attorney of the Ecuadorian Chamber of

Mines. He also helped draft the mining law of Ecuador from 1989 to 1990 and is currently a consultant to the World Bank, with responsibilities that included drafting the new mining law for Argentina. He is also a consultant to the Interamerican Development Bank (IDB) with respect to legal aspects of the mining sector. Dr. Paz earned a doctoral degree in law from Catholic University of Ecuador and received an LL.M degree (Fulbright Scholar) from Temple University, Philadelphia, U.S.A. Mr. Paz has been on the IMZ Board since 1994 and is familiar with most aspects of the international mining industry, including human resources management and executive remuneration.

Other Board Committees

It is anticipated that Chaparral Gold will not have any standing committees other than the proposed Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

Assessments

The CG/N Committee will annually distribute a confidential survey to each member of the Chaparral Gold Board whereby each director will evaluate the contributions of the other directors and the overall effectiveness of the Chaparral Gold Board, as well as noting any shortcomings or problems that may have been observed. The survey will be developed with the goal of obtaining objective and subjective comments in key areas from each director on an annual basis. The survey will be designed to help assess the skills, effectiveness and competencies that each existing director possesses and the contributions made by individual directors at meetings. Review of the questionnaires allows each director's qualifications, skills, experience and competencies to be evaluated. A summary report of the review will be compiled by Michael Smith, Chairman of the CG/N Committee, and presented to the Chaparral Gold Board for discussion regarding performance and effectiveness of the Chaparral Gold Board as a whole to determine whether changes in size, personnel or responsibilities are warranted.

AUDIT COMMITTEE

Audit Committee's Charter

The text of Chaparral Gold's proposed Audit Committee Charter is attached as Schedule "A" to this Appendix "F".

Composition of the Audit Committee

The proposed members of the Audit Committee are Michael Smith, Gabriel Bianchi and Jorge Paz Durini, with Mr. Smith acting as Chairman of the committee, all of whom are considered "independent" and "financially literate" within the meaning of NI 52-110. For the purposes of NI 52-110, a member of an audit committee is independent if the member has no direct or indirect material relationship with a company. A material relationship means a relationship which could, in the view of a company's board of directors, reasonably interfere with the exercise of a member's independent judgment as a member of the Audit Committee. For the purposes of NI 52-110, a member of an audit committee is considered financially literate if such member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by a company. The members of the Audit Committee are elected by the board of directors at its first meeting following an annual shareholders' meeting.

Relevant Education and Experience

The following sets forth the relevant education and experience of each proposed member of the Audit Committee:

Michael Smith

Mr. Smith retired in 2004 as a partner with PricewaterhouseCoopers ("PwC") after 37 years of service, where he was principally involved in the precious and base metal mining industry. During his tenure with PwC, he was responsible for Human Resources for all the firm's offices in British Columbia as well as assuming those responsibilities for 4 years in their Phoenix office. In addition he was a member of PwC-Canada's National Human Resource Committee for several years. As such, he is very familiar with the responsibilities of both fixed and incentive based compensation practices as well as personnel evaluation practices and methodologies. In his 22 years as a partner in PwC, he was principally involved with the mining industry, including junior exploration

companies, mid-tier producers and international corporations listed on Canadian, US and other stock exchanges. Mr. Smith also serves as Chairman of IMZ's Audit Committee.

Gabriel Bianchi

Mr. Bianchi is the founder and a partner of Bianchi and Partners, a private Swiss asset management company, since 1997. Mr. Bianchi previously worked in the private banking sector with UBS and BSI-Banca della Svizzera in Switzerland and England. Mr. Bianchi is a current member of the IMZ audit committee.

Jorge Paz Durini

Dr. Paz is a partner with Paz and Horowitz Cia. (attorneys) and has practiced in the mineral law field since 1983. Dr. Paz has been extensively involved in advising companies on mineral exploration and development in Ecuador and was the Subsecretary of Mines of Ecuador from 1992 to 1993 and legal attorney of the Ecuadorian Chamber of Mines. He also helped draft the mining law of Ecuador from 1989 to 1990 and is currently a consultant to the World Bank, with responsibilities that included drafting the new mining law for Argentina. He is also a consultant to the Interamerican Development Bank (IDB) with respect to legal aspects of the mining sector. Dr. Paz earned a doctoral degree in law from Catholic University of Ecuador and received an LL.M degree (Fulbright Scholar) from Temple University, Philadelphia, U.S.A. Mr. Paz has past experience as an audit committee member for IMZ.

Pre-Approval Policies and Procedures

The Chaparral Gold Board may adopt specific policies and procedures for the engagement of non-audit services.

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Chaparral Gold and could cause Chaparral Gold's operating and financial performance to differ materially from the estimates described in forward-looking statements related to IMZ and Chaparral Gold. These include widespread risks associated with any form of business and specific risks associated with Chaparral Gold's proposed business and its involvement in the gold and silver exploration and development industry. An investment in Chaparral Gold Shares, as well as Chaparral Gold's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its operations. Shareholders of Chaparral Gold may lose their entire investment. The risks described below are not the only ones facing Chaparral Gold. Additional risks not currently known to Chaparral Gold, or that Chaparral Gold currently deems immaterial, may also impair Chaparral Gold's business or operations. If any of the following risks actually occur, Chaparral Gold's business, financial condition, operating results and prospects could be adversely affected.

IMZ Securityholders should consult with their professional advisors to assess the Arrangement and their resulting investment in Chaparral Gold. In evaluating Chaparral Gold and its business and whether to vote in favour of the Arrangement, IMZ Securityholders should carefully consider, in addition to the other information contained in the Circular and this Appendix "F", the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular "*Risks Associated with the Arrangement*"). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in Chaparral Gold or in connection with Chaparral Gold's business or operations.

Exploration and Mining Risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, only one of Chaparral Gold's two principal properties (Gemfield) has proven and probable reserves, while Chaparral Gold's proposed exploration program at its other mineral properties is primarily an exploratory search for ore. Volatility of commodity prices, fires, power issues, labor disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in the operation of mines and the conduct of exploration programs.

Chaparral Gold will rely upon, consultants and other entities for construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling and/or underground development, to develop

metallurgical processes to extract the metal(s) from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The economics of developing gold, silver and other mineral properties are affected by many factors including the cost of operations, variations in the metal content (or grade) of ore mined, metallurgical recovery levels for saleable metals, fluctuations in metal markets, costs of mining and processing equipment and such other factors such as government regulations, including regulations relating to royalties, taxation, production levels, importing and exporting of minerals and metals and environmental protection. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results and related technical studies.

Market events approximately five years ago and the associated deterioration of general economic indicators led to a general loss of confidence in global credit and financial markets, restricted access to capital and credit (especially in the mining industry) and increased counterparty risk. Access to financing has been negatively impacted by many factors as a result of that global financial crisis. Continuing financial markets issues with respect to the mining industry may impact Chaparral Gold's ability to obtain equity and/or debt financing in the future on favorable terms, especially with respect to the Inmaculada and Gemfield projects in Peru and Nevada, respectively. The assets located outside of North America are also subject to a higher degree of political risk.

Short-term factors relating to mineral resources or mineral reserves, such as the need for the re-structured development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that metal recoveries from small-scale metallurgical laboratory test work will be duplicated in large-scale tests under on-site conditions or in production-scale processing facilities. Material changes in mineral resources or mineral reserves, grades, waste/ore stripping ratios or metal recovery rates may affect the economic viability of any project.

Depending on the prices of gold and silver or the impact of tax issues in certain countries, Chaparral Gold may determine that it is impractical to commence or continue commercial production. The validity of mining claims, which constitute most of Chaparral Gold's property holdings, can be uncertain and may be contested and, although Chaparral Gold has attempted to ensure satisfactory title to its properties, risk exists that some titles may be defective.

Risks Relating to Statutory and Regulatory Compliance, Permitting and Changes in Mining Laws

The current and future operations of Chaparral Gold, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable and changing laws, regulations and permits (as evidenced in the U.S.).

Upon completion of the Arrangement, Chaparral Gold will operate in the State of Nevada, USA. Federal and State governments have the ability to change or modify mining laws, taxes, concessions, employment and environmental laws and other laws, which could thereby adversely impact Chaparral Gold's exploration, development and mining activities.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. Chaparral Gold may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Chaparral Gold's ability to obtain permits and approvals and to successfully operate in particular communities may be adversely impacted by real or perceived detrimental events associated with Chaparral Gold's activities or those of

other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect Chaparral Gold's operations, including its ability to explore or develop properties, commence production or continue operations. Failure to comply with applicable environmental and health and safety laws and regulations may result in injunctions, fines, suspension or revocation of permits and other penalties. The costs and delays associated with compliance with these laws, regulations and permits could prevent Chaparral Gold from proceeding with the development of a project or the operation or further development of a mine or increase the costs of development or production and may materially adversely affect Chaparral Gold's business, results of operations or financial condition.

Chaparral Gold is not currently covered by any form of environmental liability insurance.

Mineral Reserves and Resources

Chaparral Gold has known bodies of commercial ore (mineral reserves) only at its Gemfield deposit in Nevada. The exploration programs at Chaparral Gold's other properties are an exploratory search for ore.

Chaparral Gold's mineral reserves and mineral resources are estimates and no assurance can be given that the indicated level of gold and silver will be able to be mined and processed. Fluctuations in the price of gold and silver may render mineral reserves uneconomic. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades, may cause mineral reserves to be reduced or Chaparral Gold to be unprofitable in any particular accounting period.

Estimated reserves may have to be recalculated based on actual production experience. Market price fluctuations of gold and silver, as well as increased production costs or reduced recovery rates, may render the present proven and probable reserves unprofitable to develop at a mine or mines. This could cause Chaparral Gold to reduce its reserves, which could have a negative impact on its operations and financial results.

Failure to obtain necessary permits or government approvals could also cause Chaparral Gold to reduce its reserves.

Replacement of Reserves

Chaparral Gold must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. The mineral base of Chaparral Gold may decline if reserves are mined without adequate replacement. The life-of-mine estimates for each of the material properties of Chaparral Gold are based on a number of factors and assumptions and may prove to be incorrect. In addition, mine life could be shortened if production is expanded without growth of reserves. The mineral base of Chaparral Gold may decline if reserves are mined without adequate replacement and Chaparral Gold may not be able to sustain production beyond the current mine lives, based on current production rates.

Production and Cost Estimates

Chaparral Gold prepares estimates of future production based on current estimated operating and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. The failure by Chaparral Gold to achieve production or cost estimates could have an adverse impact on any or all of Chaparral Gold's future cash flows, results of operations and financial condition.

Chaparral Gold's actual production may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, floods, and earthquakes; and unexpected labor shortages, work stoppages and social issues (e.g. local communities disrupting or delaying production).

Cash costs of production may be affected by a variety of factors, including: ore grade, metallurgy, increases in labor costs and profit sharing, increases in community support payments, increases in the cost of commodities consumed or otherwise used in operations and increases in the costs of supplies and services. Such occurrences could result in

the need for re-estimation of reserves for mineral properties, interruptions in production, injury or death to persons, damage to property of Chaparral Gold or others, monetary losses and legal liabilities. These factors may cause a mineral deposit to become unprofitable, forcing Chaparral Gold to cease production.

Deferred Disposition Proceeds

Upon the completion of the Arrangement pursuant to the terms of the Master Re-Organization Agreement, IMZ will transfer and assign to Chaparral Gold certain receivables including future payments to be received from the purchasers of IMZ's former Ecuadorian properties in accordance with the terms of such purchase and sale agreements (the "**Ecuadorian Sale Agreements**").

Subject to the satisfaction of certain conditions, pursuant to the terms of the Ecuadorian Sale Agreements, Chaparral Gold may receive up to an additional \$18 million in installment payments linked to production from such properties over the next two to three years. The current estimated fair value of such Ecuadorian discontinued receivables after impairment and other asset changes is \$14,810,422. There can be no assurance that all or any of such amount will be received by Chaparral Gold, particularly in light of current uncertainties in Ecuador.

Financing Risks

The Company has limited financial resources. There can be no assurance that additional funding will be available to the Company for further exploration and development of its other projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional equity and/or debt financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Global Financial Market Condition

Recent market events both in North America and Europe and the continuing deterioration of general economic indicators have led to a continuing loss of confidence in global credit and financial markets, restricted access to capital and credit (particularly for junior mining companies) and increased counterparty risk. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain equity and/or debt financing in the future on favorable terms.

Metal Prices

Factors beyond the control of Chaparral Gold may affect the price or marketability of any gold, silver or other minerals discovered. Metal prices have fluctuated widely, particularly in the past year when precious metal prices have dropped significantly. The effect of these factors cannot accurately be predicted.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock-bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and Chaparral Gold may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Chaparral Gold.

Competition

Chaparral Gold competes with other mining companies with greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

Employee and Contract Labor Relations

Chaparral Gold's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees and with contract workers. Relations between Chaparral Gold and its employees and contract workers may be affected by changes in the scheme of labor relations that may be introduced by the relevant government authorities in those jurisdictions where Chaparral Gold carries on business. Changes in such legislation or in the relationship between Chaparral Gold and its employees may have a material adverse effect on Chaparral Gold's business, results of operations and financial condition. Disputes with employees or contract workers that escalate into unexpected work stoppages or other type of disruptive events may cause delays or interruption in the ability of Chaparral Gold to conduct its business, and in certain cases, may have significant financial impact.

The market for skilled employees experienced in mining is competitive. Mining companies are introducing pay and benefits improvements in order to attract these types of skilled employees. The ability of Chaparral Gold to attract and retain a skilled workforce is critical to the successful execution of Chaparral Gold's business plan. Retaining key employees requires competitive compensation, benefits, a commitment to safety and a good working environment. External or internal factors may prevent Chaparral Gold from fulfilling its manpower staffing needs.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and delays in obtaining permits could cause additional expense, capital expenditures and restrictions in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals and there is no assurance that such approvals will be obtained or will be obtained on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Acquisition of Mineral Concessions

Chaparral Gold currently, indirectly through its subsidiaries, holds, or has applied for, or has the right to acquire title to each of the mineral resource properties in which it has an interest. The third party agreements pursuant to which Chaparral Gold acquired or is acquiring an interest in and title to such properties provide that, in most cases, Chaparral Gold must make a series of cash payments over certain time periods, and in certain cases, expend certain minimum amounts on the exploration of the properties. Failure by Chaparral Gold to make such payments or make such expenditures in a timely fashion may result in Chaparral Gold losing its interest in such properties.

Title Matters

The acquisition of title to mineral concessions in Nevada is a detailed and time-consuming process. Title to and the area of mining concessions may be disputed. While Chaparral Gold has diligently investigated title to all mineral concessions and, to the best of its knowledge, titles to all landholdings are in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undetected defects.

Dependence on Management

The success of the operations and activities of Chaparral Gold is dependent to a significant extent on the efforts and abilities of its management, a small group of individuals. Investors must be willing to rely to a significant extent on management's discretion and judgment. Chaparral Gold does not have formal programs in place for the succession of management. Accordingly, the loss of any one member of the senior management group could have a material adverse effect on Chaparral Gold's business.

Conflicts of Interest

Chaparral Gold's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which Chaparral Gold may participate, the directors of Chaparral Gold may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of Chaparral Gold's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of Chaparral Gold making the assignment.

In accordance with the laws of the Province of British Columbia the directors of Chaparral Gold are required to act honestly, in good faith and in the best interests of Chaparral Gold. In determining whether or not Chaparral Gold will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Chaparral Gold may be exposed and its financial position at that time.

Enforcement of Civil Liabilities

As substantially all of the assets of Chaparral Gold and its subsidiaries are located outside of Canada, and certain of the directors and officers of Chaparral Gold are residents outside of Canada, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of Chaparral Gold and its subsidiaries or the directors and officers of Chaparral Gold residing outside of Canada.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or officer of Chaparral Gold (or a person who will be a director, executive officer or senior officer), or each associate or affiliate of any such director, executive officer or officer is or has been indebted to Chaparral Gold or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Chaparral Gold or any of its subsidiaries, other than routine indebtedness.

MANAGEMENT CONTRACTS

It is intended that the management functions of Chaparral Gold will be substantially performed by the directors or executive officers of Chaparral Gold and not, to any substantial degree, by any other person with whom Chaparral Gold has a management contract.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth elsewhere in this Appendix "F" and other than transactions carried out in the ordinary course of business of Chaparral Gold, or any of its subsidiaries, none of the directors or officers of Chaparral Gold, any shareholder beneficially owning shares carrying more than 10% of the voting rights attached to the Chaparral Gold Shares, nor an associate or affiliate of any of the foregoing persons, had since its incorporation any material interest, direct or indirect, in any transactions which materially affected or would materially affect Chaparral Gold or any of its subsidiaries, other than the Arrangement. See "*The Arrangement - Interest of Certain Persons in the Arrangement.*"

MATERIAL CONTRACTS

The only contract entered into by Chaparral Gold which is still in effect, other than contracts entered into in the ordinary course of business, since the date of incorporation of Chaparral Gold or to be entered into in connection with the Arrangement are as follows:

1. the Arrangement Agreement. See "*The Arrangement - The Arrangement Agreement*".
2. the Master Re-Organization Agreement. See "*The Arrangement - Arrangement Steps*".

INTERESTS OF EXPERTS

Names of Experts

The following prepared or certified a statement, report or valuation described or included or incorporated by reference in this Appendix “F”:

Name	Qualified Person with Respect to	# of Securities Held
Davidson & Company LLP	<p>The audit report dated October 23, 2013, relating to the consolidated financial statements of Chaparral Gold for the period from the date of incorporation on September 16, 2013 to September 30, 2013.</p> <p>The audit report dated October 23, 2013, relating to consolidated financial statements for the Chaparral Gold Business for the years ended June 30, 2013 and 2012</p>	0
Paradigm Capital Inc.	The formal valuation of the IMZ Shares dated September 17, 2013, that was prepared by Paradigm, in accordance with MI 61-101, and the opinion of Paradigm to the effect that, as of the date of such opinion, the Consideration to be received by the IMZ Shareholders is fair, from a financial point of view, to the IMZ Shareholders other than HOC and its affiliates.	0
Sam Shoemaker, SME	Qualified Person with respect to the disclosure of the Mineral Reserve Estimates for the Update to Feasibility Study on the Goldfield Property, Nevada, USA (July 25, 2013).	0
R. Mohan Srivastava M Sc., P. Geol	Qualified Person with respect to the disclosure of the Mineral Resource Estimates for the Converse Project, Nevada – Preliminary Economic Assessment Technical Report (February 2, 2012); the Mineral Resource and Reserve Estimates for the Goldfield Project, Nevada Feasibility Study Technical Report (August 31, 2012); and for the Update to Feasibility Study on the Goldfield Property, Nevada, USA (July 25, 2013).	0
Dayan Anderson MMSA	Qualified Person with respect to the disclosure for the Converse Project, Nevada - Preliminary Economic Assessment Technical Report (February 2, 2012); and for the Goldfield project Feasibility Study Technical Report (August 31, 2012).	0
Richard Gowans, P.Eng.	Qualified Person with respect to the disclosure of the Mineral Resource Estimates for the Converse Project, Nevada – Preliminary Economic Assessment Technical Report (February 2, 2012); the Mineral Resource and Reserve Estimates for the Goldfield Project, Nevada Feasibility Study Technical Report (August 31, 2012); and for the Update to Feasibility Study on the Goldfield Property, Nevada, USA (July 25, 2013).	0
Christopher Jacobs C.Eng, MIMMM	Qualified Person with respect to the disclosure of the Mineral Resource Estimates for the Converse Project, Nevada – Preliminary Economic Assessment Technical Report (February 2, 2012); the Mineral Resource and Reserve Estimates for the Goldfield Project, Nevada Feasibility Study Technical Report (August 31, 2012); and for the Update to Feasibility Study on the Goldfield Property, Nevada, USA (July 25, 2013).	0

Interest of Experts

To the best of the Chaparral Gold's knowledge, the experts named above did not have or receive any registered or beneficial interest, direct or indirect, in any securities or other property of Chaparral Gold or of one of Chaparral Gold's associates or affiliates, when that expert prepared their respective reports, nor will such persons receive any registered or beneficial interest, direct or indirect, in any securities or other property of Chaparral Gold in connection with the preparation of their respective reports.

AUDITORS, TRANSFER AGENT AND REGISTRARS

Davidson & Company, LLP, Chartered Accountants, of Suite 1200, 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1G6, are the auditors of Chaparral Gold.

It is anticipated that Computershare Investor Services Inc. of 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9 will be the transfer agent and registrar for the common shares of Chaparral Gold.

LEGAL PROCEEDINGS

Legal Matters

There are no legal proceedings material to Chaparral Gold to which Chaparral Gold is a party, or to which any of its properties are subject, nor are there any such proceedings known to Chaparral Gold to be contemplated, that are of a material nature.

Regulatory Actions

There have been no penalties or sanctions imposed by a court or regulatory body against Chaparral Gold, nor has Chaparral Gold entered into any settlement agreement with a court or securities regulatory authority, as of the date hereof, which would be material to a purchaser of securities of Chaparral Gold.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER OF CHAPARRAL GOLD

CHAPARRAL GOLD CORP.

(the “Corporation”)

AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on October 23, 2013)

A. PURPOSE/OBJECTIVES

The overall purpose of the Audit Committee (the “Committee”) is to ensure that the Corporation’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and related financial information, and to review the Corporation’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the committee will maintain effective working relationships with the Board of Directors (the “Board”), management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation’s business, its operations and related risks.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board, each of which shall be an independent¹ director.
2. All of the members of the Committee shall be “financially literate”².
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

¹ “Independent” member of an audit committee means a member who has no direct or indirect material relationship with the issuer. A “material relationship” means a relationship which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgment.

² “Financially literate” individual is an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

6. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
 - (c) management representatives may be invited to attend all meetings, except executive sessions and private sessions with the external auditors; and
 - (d) the proceedings of all meetings will be minuted.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

C. ROLES AND RESPONSIBILITIES

The overall duties and responsibilities of the Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
9. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
 - (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;

- (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) approve in advance provision by the external auditors of services other than auditing;
 - (e) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Corporation's financial and auditing personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (f) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;
 - (g) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
 - (h) review any significant disagreements between management and the external auditor regarding financial reporting.
10. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
 - (b) review and approve the internal audit plan; and
 - (c) review significant internal audit findings and recommendations, and management's response thereto.

11. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
 - (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
 - (c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

12. The Committee is also charged with the responsibility to:
 - (a) review the Corporation's quarterly financial statements, management discussion and analysis and related financial disclosure, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) prospectuses;
 - (iv) news releases discussing financial results of the Corporation; and
 - (v) other public financial reports requiring approval by the Board, and
 - (vi) report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements and management discussion and analysis;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Corporation's consolidated financial statements; (0 establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (f) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (i) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- (h) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders;
- (i) review and recommend updates to the charter and receive approval of changes from the Board; and
- (j) perform other functions as requested by the full Board.

APPENDIX "G"

FINANCIAL STATEMENTS OF CHAPARRAL GOLD

CHAPARRAL GOLD CORP.
(A Newly Incorporated Business)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(Expressed in United States dollars)

INDEPENDENT AUDITORS' REPORT

To the Directors of
Chaparral Gold Corp.

We have audited the accompanying financial statements of Chaparral Gold Corp., which comprise the statement of financial position as at September 30, 2013, and the statements of changes in equity and cash flows for the period from incorporation on September 16, 2013 to September 30, 2013, and 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.

Auditors' 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Chaparral Gold Corp. as at September 30, 2013 and its financial performance and cash flows for the period from incorporation on September 16, 2013 to September 30, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Chaparral Gold Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

October 23, 2013

CHAPARRAL GOLD CORP.

(A newly incorporated business)

STATEMENT OF CHANGES IN EQUITY

(Expressed in United States dollars)

PERIOD FROM INCORPORATION ON SEPTEMBER 16, 2013 TO SEPTEMBER 30, 2013

	Share Capital	
	Number of Common shares	Amount
Upon incorporation on September 16, 2013	1	\$ 1

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

CHAPARRAL GOLD CORP.

(A newly incorporated business)

STATEMENT OF CASH FLOWS

(Expressed in United States dollars)

PERIOD FROM INCORPORATION ON SEPTEMBER 16, 2013 TO SEPTEMBER 30, 2013

CASH PROVIDED BY FINANCING ACTIVITIES

Issue of share at incorporation	\$ <u>1</u>
Net increase in cash	1
Cash, beginning of period	<u>-</u>
Cash, end of period	\$ 1

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

CHAPARRAL GOLD CORP.

(A newly incorporated business)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars)

PERIOD FROM INCORPORATION ON SEPTEMBER 16, 2013 TO SEPTEMBER 30, 2013

1. NATURE OF OPERATIONS AND GOING CONCERN

0980507 B.C. LTD, subsequently renamed Chaparral Gold Corp. (“the Company”) was originally incorporated in British Columbia on September 16, 2013, to acquire certain assets and liabilities from International Minerals Corporation (“IMZ”) as part of a Plan of Arrangement transaction (the “Arrangement”) with Hochschild Mining plc. and HOC Holdings Canada Inc. (collectively “Hochschild”). The Company’s registered and records office is 3350 - 1055 Dunsmuir Street, Vancouver, British Columbia, Canada, V7X 1L2.

IMZ is in the process of completing the Arrangement as described in Note 4 that will result in Chaparral Gold Corp. indirectly owning certain mineral development and exploration properties located in Nevada, USA.

These financial statements reflect the financial position, changes in equity and cash flows of the Company as at September 30, 2013 and for the period from incorporation on September 16, 2013 to September 30, 2013. The Company has not commenced any operating activities.

While these financial statements have been prepared on a going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business, there are conditions that cast significant doubt on the validity of this assumption. The Company has no sources of funding and its business and the Arrangement disclosed in Note 4 are dependent on approvals by the shareholders of both Hochschild and IMZ, applicable regulatory authorities and the Supreme Court of the Yukon Territory.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

3. SHARE CAPITAL

The Company’s authorized share capital consist of an unlimited number of common shares without par value.

Upon incorporation on September 16, 2013, the Company issued one common share at a total value of \$1.

4. SUBSEQUENT EVENT

On October 1, 2013, IMZ, Hochschild and the Company, entered into the Arrangement agreement whereby Hochschild would acquire all of the issued outstanding common shares of IMZ for cash consideration of \$2.38 per share, except for those shares of IMZ that it already owns, and each shareholder of IMZ would receive one common share of Chaparral Gold Corp. Also, under the Arrangement, immediately prior to Hochschild acquiring IMZ, Chaparral Gold Corp. will acquire the Nevada mineral properties, the cash, the investments and the Ecuador receivables of IMZ and assume certain liabilities of IMZ relating to such assets.

The Arrangement has been approved by IMZ’s board of directors and is also subject to the affirmative vote of two-thirds of the security holders who are eligible to vote. Additional regulatory and court approvals are also required. It is expected that the security holders will vote on this transaction at an Annual and General Meeting of Shareholders of IMZ to be held on November 26, 2013.

APPENDIX "H"

CHAPARRAL GOLD STOCK OPTION PLAN

CHAPARRAL GOLD CORP.
INCENTIVE SHARE OPTION PLAN

(Effective Date: ●, 2013)

Approved by the Board of Directors on October ●, 2013

Approved by the Shareholders on November [26], 2013

INCENTIVE SHARE OPTION PLAN

ARTICLE 1 GENERAL PROVISIONS

1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Associate" has the meaning ascribed to that term under Section 1 of the Securities Act (Ontario);
- (b) "Associated Companies", "Affiliated Companies", "Controlled Companies" and "Subsidiary Companies" have the meanings ascribed to those terms under Section 1 of the Securities Act (Ontario);
- (c) "Board" means the Board of Directors of the Corporation;
- (d) "Change of Control" means an occurrence when either:
 - (i) a Person or Entity, other than the current "control person" of the Corporation (as that term is defined in the *Securities Act* (Ontario)), becomes a "control person" of the Corporation; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Corporation are not individuals nominated by the Corporation's then-incumbent Board;
- (e) "Code" means the United States Internal Revenue Code of 1986, as amended;
- (f) "Common Shares" means the common shares without par value of the Corporation as currently constituted;
- (g) "Corporation" means Chaparral Gold Corp.;
- (h) "Consultant" means an individual (including an individual whose services are contracted through a personal holding corporation) with whom the Corporation or a subsidiary has a contract for substantial consulting services;
- (i) "Eligible Person" means, subject to all applicable laws, any director, officer, or full or part-time employee or Consultant of the Corporation or any of its Associated, Affiliated, Controlled and Subsidiary Companies;
- (j) "Fair Market Value" means, with respect to a Common Share subject to Option, the closing price of the Common Shares on The Toronto Stock Exchange ("TSX"), or other principal stock exchange on which the Common Shares are listed, on the trading day immediately preceding the date of grant or, if the Common Shares are not listed on such exchange, on such other exchange or exchanges on which the Common Shares are listed. If no Common Shares have been traded on any such day, the Fair Market Value shall be established on the same basis on the last previous day for which a trade was reported by such exchange. If the Common Shares are not listed and posted for trading on such exchange, on such days, the Fair Market Value shall be such price per Common Share as the Board, acting in good faith, may determine.

- (k) “Insider” means:
- (i) an insider as defined under Section 1(1) of the Securities Act (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and
 - (ii) an associate as defined under Section 1(1) of the Securities Act (Ontario) of any person who is an insider by virtue of (i) above;
- (l) “Option” means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- (m) “Outstanding Issue” is determined on the basis of the number of Common Shares that are outstanding immediately prior to the share issuance or grant of Option in question, excluding Common Shares issued pursuant to Share Compensation Arrangements over the preceding one-year period;
- (n) “Participant” means Eligible Persons to whom Options have been granted;
- (o) “Person or Entity” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity;
- (p) “Plan” means this Incentive Share Option Plan of the Corporation;
- (q) “Share Compensation Arrangement” means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- (r) “Termination Date” means the date on which a Participant ceases to be an Eligible Person;
- (s) “Triggering Event” means:
- (i) the proposed dissolution, liquidation or wind-up of the Corporation;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Corporation with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Corporation by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Corporation;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Corporation; or
 - (vi) a proposed material alteration of the capital structure of the Corporation which, in the opinion of the Board, is of such a nature that it is not practical or feasible to make

adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect;

- (t) “Triggering Event Termination Time” means in respect of any Triggering Event, the time immediately prior to the consummation of the proposed transaction or event which constitutes the Triggering Event;
- (u) “Triggering Event Vesting Date” means, in respect of any Triggering Event, the date which is ten business days before the consummation of the proposed transaction or event which constitutes the Triggering Event; and
- (v) “U.S. Participant” means a Participant who is a citizen of the United States or a resident of the United States, in each case as defined in section 7701(a)(30)(A) and section 7701(b)(1) of the Code.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.2 Purpose

The purpose of the Plan is to advance the interests of the Corporation by (i) providing Eligible Persons with additional incentive to develop and promote the growth and success of the Corporation, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation, (iv) encouraging the Eligible Person to remain with the Corporation or its Associated Companies, and (v) attracting and retaining persons of outstanding competence whose efforts will dictate, to a large extent, the future growth and success of the Corporation.

1.3 Administration

- (a) This Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three directors. If a committee is appointed for this purpose, all references to the Board will be deemed to be references to such committee.
- (b) Subject to the limitations of the Plan, the Board shall have the authority
 - (i) to grant options to purchase Common Shares to Eligible Persons;
 - (ii) to determine the terms, limitations, restrictions and conditions respecting such grants, including, the number of Common Shares for which any Option may be granted to an Eligible Person and the exercise price at which Common Shares may be purchased under any Option to be granted to an Eligible Person;
 - (iii) to interpret the Plan and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and
 - (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of the Plan including, without limitation, for the purpose of ensuring compliance with Section 1.8 hereof, as it may deem necessary or advisable. The Boards’ guideline, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Corporation and all other persons, subject to regulatory approval.

1.4 Shares Reserved

- (a) Subject to adjustment as provided for herein, the maximum number of Common Shares which may be issuable for the purposes under the Plan shall not exceed 11,763,637 Common Shares, or such greater number as may be approved from time to time by the shareholders of the Corporation. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan. The maximum number of Common Shares which may be reserved for issuance under Options to any one person at any time under the Plan shall be 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to such person under any other option to purchase Common Shares from treasury granted as a compensation or incentive mechanism.

Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised (whether by expiry, ineligibility or resignation), shall again be available for grant under the Plan. No fractional shares shall be issued. Please refer to Section 1.9(d) for the manner in which a fractional share value shall be treated.

- (b) If there is a change in the outstanding Common Shares by reason of any stock dividend or any recapitalization, amalgamation, subdivision, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the relevant stock exchanges, appropriate substitution or adjustment in
- (i) the number or kind of shares or other securities reserved for issuance pursuant to the Plan, and
 - (ii) the number and kind of shares subject to unexercised Options theretofore granted and in the option price of such shares;

provided however, that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. Any adjustment with respect to the exercise price and number of Common Shares subject to an Option granted to a U.S. Participant pursuant to this section 1.4 will be made so as to comply with, and not create any adverse consequences under, Section 409A of the Code. If the Corporation is reorganized, amalgamated or otherwise merged with another corporation, becomes subject to a takeover bid or consolidates or subdivides its share capital, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

1.5 Limits with respect to Insiders

Upon the approval by the shareholders of the Corporation given by the affirmative vote of a majority of the votes cast at a meeting of the shareholders of the Corporation, excluding the votes of Insiders, the Corporation may cause:

- (a) the number of Common Shares issuable under Share Compensation Arrangements granted to Insiders to exceed 10% of the Outstanding Issue;
- (b) the issuance to Insiders, within a one-year period, of Common Shares under Share Compensation Arrangements which exceed 10% of the Outstanding Issue; and
- (c) subject to section 1.4(a) hereof, the issuance to any one Insider and such Insider's Associates, within a one-year period, of Common Shares under Share Compensation Arrangements which exceed 5% of the Outstanding Issue.

Any entitlement granted prior to the Participant becoming an Insider of the Corporation shall be excluded in determining the number of Common Shares issuable to Insiders.

1.6 Amendment and Termination

- (a) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any Participant without the consent of such Participant. If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
- (b) The Board may, at any time, without further approval by the shareholders, amend the Plan or any Option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
 - (i) amend typographical, clerical and grammatical errors;
 - (ii) reflect changes to applicable securities laws or to comply with the policies of the TSX, or any other principal stock exchange on which the Common Shares are listed;
 - (iii) change the termination provisions of an Option or the Plan which do not entail an extension beyond the original expiry date;
 - (iv) include the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve;
 - (v) ensure that the Options granted under the Plan will comply with any provisions respecting the income tax and other laws in force in any country or jurisdiction of which a Participant to whom an Option has been granted may from time to time be resident or a citizen; and
 - (vi) reduce the exercise price of an Option for a Participant who is not an Insider.
- (c) With the consent of the affected participants, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to the prior approval of the relevant stock exchanges.
- (d) Notwithstanding any provision in this Section 1.6 or any Option agreement granted under the Plan, no amendment or modification of any Option granted to a U.S. Participant or any reduction of the exercise price of an Option granted to a U.S. Participant may be made if such action would not comply with or would cause adverse tax consequences under Section 409A of the Code.

1.7 Compliance with Legislation

The Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. Notwithstanding any other provision of the Plan or any Option agreement granted under the Plan, the Corporation shall not be obliged by any provision of

the Plan or the grant of any Option hereunder to issue, sell or deliver Common Shares in violation of such laws, rules and regulations or any condition of such approvals. The Corporation shall not be required to register or qualify grants and exercises of Options and the issuance of Common Shares under the securities laws of any jurisdiction and, therefore, if applicable securities laws require such registration or qualification, the holder of an Option may not be entitled to receive any Common Shares. In addition, the Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

1.8 Effective Date

The Plan shall be effective upon the approval of the Plan by:

- (a) the Board;
- (b) the TSX or any other principal stock exchange upon which the Common Shares of the Corporation may be posted and listed for trading; and
- (c) the shareholders of the Corporation, given by the affirmative vote of a majority of the votes attached to the Common Shares of the Corporation entitled to vote and represented and voted at an annual or special meeting of the holders of such Common Shares.

1.9 Miscellaneous

- (a) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required regulatory approval.
- (b) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.
- (c) The Plan does not give any Participant or any employee of the Corporation or any of its Associated, Affiliated, Subsidiary or Controlled Companies the right or obligation to or to continue to serve as a director, officer or employee, as the case may be, of the Corporation or any of its associated, affiliated, subsidiary or controlled companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation or any of its subsidiaries other than as specifically provided for in the Plan.
- (d) No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, such Participant shall only have the right to purchase the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

ARTICLE 2 OPTIONS

2.1 Grants

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 2.3 hereof, applicable to the

exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon exercise of an Option may be forfeited. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

2.2 Option Price

The Board shall establish the option price at the time each Option is granted, which shall in all cases be not less than the Fair Market Value. The option price shall be subject to adjustment in accordance with the provisions of Section 1.4 (b) hereof.

2.3 Exercise of Options

- (a) Options granted must be exercised no later than 10 years after the date of grant or such lesser period as may be determined by the Board.
- (b) The Board may determine when any Option will become exercisable and may determine that the Option shall be exercisable in installments.
- (c) Options shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.
- (d) Subject to Section 2.3(a) and except as otherwise determined by the Board:
 - (i) if a Participant ceases to be an Eligible Person for any reason whatsoever other than death, each Option held by the Participant will cease to be exercisable 30 days after the Termination Date. If any portion of an Option is not vested by the Termination Date, that portion of the Option may not under any circumstances be exercised by the Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or is entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant;
 - (ii) if a Participant dies, the legal representative of the Participant may exercise the Participant's Options within the earlier of (a) one year after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death or (b) the expiry date of the Options.
 - (iii) the retirement of any Participant who is a director of the Corporation or any Associated Companies at any annual general meeting of the Corporation or such Associated Company as required by the constating documents of the Corporation or Associated Company, as the case may be, shall not result in the termination of the Option granted to such Participant provided that such Participant is re-elected at such annual general meeting as a director of the Corporation or such Associated Company, as the case may be;
 - (iv) the change in the duties or position of a Participant or the transfer of such Participant from a position with the Corporation to a position with an Associated Company, or vice-versa, shall not trigger the termination of such Participant's Option provided such Participant remains a director, officer, employee or Consultant of the Corporation or Associated Company.

- (e) Each Option shall be confirmed by an option agreement executed on behalf of the Corporation by any one director or officer of the Corporation and by the Participant and each option agreement shall incorporate such terms and conditions as the Board in its discretion deems consistent with the terms of the Plan.
- (f) The exercise price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, in lawful money of Canada, and upon receipt of payment in full, but subject to the terms of the Plan, the number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.
- (g) Subject to the terms and conditions of this Plan, an Option may be exercised by written notice signed by the Participant and dated the date of exercise, and not post-dated, stating that the Participant elects to exercise his rights to purchase Common Shares under such Option and the number of Common Shares in respect of which such Option is being exercised, accompanied by full payment for the Common Shares being purchased under such Option delivered to the Corporation and, unless waived by the Corporation, any amounts necessary to satisfy applicable withholding tax requirements at its principal office at 7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona U.S.A. 85260 (or such other address of the principal office of the Corporation at the time of exercise) addressed to the attention of the Chief Financial Officer or the Chief Executive Officer of the Corporation.
- (h) Delivery of any notice of exercise accompanied by the payment may be made by personal delivery, by courier service or by agent.
- (i) Upon exercise of an Option, a certificate or certificates evidencing the Common Shares in respect of which the Option is exercised shall forthwith be delivered to the Optionee.

2.4 Withholding Tax Requirements

Upon the exercise of Options, the Participant shall pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make arrangements satisfactory to the Corporation for such requirements. At its discretion, the Corporation may require a Participant receiving Common Shares to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Participant in whole or in part until the Corporation is so reimbursed.

2.5 Triggering Events

Subject to the Corporation complying with section 2.6 and any necessary regulatory approvals and notwithstanding any other provisions of this Plan or any Option agreement granted under the Plan, without the consent of the Participant or Participants in question, following the occurrence of a Triggering Event, all unvested Options shall immediately vest on the Triggering Event Vesting Date, notwithstanding any contingent vesting provision to which such Options are subject, and the Board, in its sole discretion, shall determine that one of the following events shall occur:

either,

- (a) all outstanding Options granted under the Plan will terminate at the Triggering Event Termination Time; or
- (b) all outstanding Options granted under the Plan will be exchanged for convertible securities of another corporation on or before the Triggering Event Termination Time, in such ratio and at such exercise price as the Board deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Participant's consent for the purpose of sections 1.6(c) or 1.6(d) of the Plan.

Any such actions shall be undertaken in a manner that will not create adverse tax consequences under Section 409A of the Code.

2.6 Notice of Termination by Triggering Event

In the event that the Board wishes to cause all of the Options granted under this Plan to terminate in connection with the occurrence of a Triggering Event, it must give written notice to the Participants in question on or before the Triggering Event Vesting Date, so as to permit the Participants the opportunity to exercise the vested portion of the Options prior to such termination.

2.7 Extension of Expiry Date of Stock Options Expiring During a Blackout Period

The expiry date of outstanding Options held by a Participant which may expire during a restricted trading period imposed by the Corporation in accordance with applicable securities laws (a "Blackout Period"), will be extended for a period of 10 business days commencing on the first business day after the expiry date of the Blackout Period to provide such Participant with an extension to the right to exercise such Options.

2.8 Representation by Optionees

Each option agreement shall provide that upon each exercise of an Option, the Participant (including for the purposes of this Section 2.8 each other person who, pursuant to subsection 2.3(d) hereof, may purchase Common Shares under an Option granted to an Eligible Person) shall, if so requested by the Corporation, represent and agree in writing that:

- (a) the person is, or the Participant was, a director, officer, employee or Consultant of the Corporation or a director, officer, employee or Consultant of any Associated Corporation and has not been induced to purchase the Common Shares by expectation of employment or continued employment;
- (b) the person is purchasing the Common Shares pursuant to the exercise of such Option as principal for the Participant's own account (or if such Participant is deceased, for the account of the estate of such deceased Participant);
- (c) the person will, prior to and upon any Sale or disposition of any of the Common Shares purchased pursuant to the exercise of such Option, comply with all applicable securities laws and any other federal, provincial or state laws or regulations to the extent that such laws or regulations are applicable to such Sale or disposition; and
- (d) such Participant (or such other person) will not offer, sell or deliver any of the Common Shares purchased pursuant to the exercise of such Option, directly or indirectly, in the United States or to any citizen or resident of, or any corporation, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with United States federal and state securities laws. The Participant will acknowledge that the Corporation has the right to place any restriction or legend on any securities issued pursuant to this Plan including, but in no way limited to placing a legend required by the TSX, or any other principal stock exchange on which the Common Shares are listed, or a legend to the effect that the securities have not been registered under the United States *Securities Act of 1933*, as amended, and may not be offered or sold in the United States unless registration or an exemption from registration is available.

The Corporation may employ other procedures and require further documentation from a Participant to ensure compliance with all applicable laws.

The issue and sale of Common Shares pursuant to any Option granted under the Plan is specially conditioned on such issue and sale being made in compliance with applicable securities laws, and the Corporation shall have no obligation to issue or sell any Common Shares pursuant to the exercise of any Option unless the Board determines in its sole discretion that such issue and sale will be made in compliance with applicable securities laws. The Corporation will be entitled to take such action as it deems necessary to restrict the transferability in the United States of any Common Shares acquired on exercise of any Option.

2.9 Notice to Commissions and Exchanges

The Corporation will give notice to all applicable securities commissions and other regulatory bodies in Canada and the United States and all applicable stock exchanges and other trading facilities upon which the Common Shares are listed or traded, as may be required, of its adoption of this Plan and of its entering into option agreements with Eligible Persons and the terms and conditions for the purchase of Common Shares under such option agreements, and will use all reasonable efforts to obtain any requisite approvals as may be required from such bodies, exchanges and trading facilities.

APPENDIX “I”

COMPARISON OF YBCA TO BCBCA

Upon completion of the Arrangement, IMZ Shareholders will receive common shares of Chaparral Gold, a corporation incorporated under the BCBCA. IMZ is of the view that the BCBCA provides to IMZ Shareholders substantively the same rights as are available to shareholders under the YBCA, including rights of dissent and appraisal and rights to bring derivative and oppression actions. The following is a comparison of some of the principal provisions of the YBCA and the BCBCA that IMZ believes would be relevant to IMZ Shareholders. This summary is not intended to be exhaustive and IMZ Shareholders should consult their legal advisors with respect to the detailed provisions of the BCBCA and their rights under it. Reference should be made to the full text of both statutes for particulars of the differences.

Note: Within this summary, the term “articles” when referring to the BCBCA is the equivalent to the “by-laws” under the YBCA. The term “notice of articles” when referring to the BCBCA is the equivalent of the “articles” under the YBCA.

Sale of Company’s Undertaking. Under the BCBCA, a sale or lease of all or substantially all the property of a corporation other than in the ordinary course of business of the corporation requires approval by a majority of not less than two-thirds of the votes cast by shareholders who voted in respect of the proposed sale. The provisions of the YBCA are substantially the same. Under the YBCA, separate class or series votes are mandated if a class or series of shares is affected by the sale or lease in a manner different from shares of another class or series.

Alteration to Notice of Articles of the Company. Under the BCBCA, any substantive change to the notice of articles of a corporation, such as a change in the name of the corporation and certain changes to the share capital of a corporation, require approval by a majority of not less than two-thirds of the votes cast by shareholders who voted at a meeting in respect of the change. The provisions of the YBCA are substantially the same. Under the YBCA, separate class or series votes are mandated if a class or series of shares is affected by an amendment in a manner different from shares of another class or series.

Article Amendments. The BCBCA provides that unless the articles or a unanimous shareholder agreement otherwise provide, the directors may, by resolution, make, amend, or repeal any articles that regulate the business or affairs of a corporation. However, the directors must submit an article, or an amendment or a repeal of an article, to the shareholders of the corporation, and the shareholders may, with approval of a simple majority, confirm, reject or amend the article, amendment or repeal. The provisions of the YBCA are substantially the same in connection with amendments to the by-laws.

Authorization of Unlimited Number of Shares. The BCBCA permits a corporation to have an unlimited number of Shares without par value. The provisions of the YBCA are substantially the same.

Rights of Dissent and Appraisal. The BCBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where the corporation proposes to (a) amend the articles to add, change or remove provisions restricting or constraining the issue, transfer or ownership of Shares of that class, (b) amend its articles to add, change or remove any restriction on the business that the corporation may carry on, (c) enter into a amalgamation agreements, (d) in respect of a resolution approving an arrangement, the terms of which arrangement permits dissent, (e) continue out of the jurisdiction, or (f) sell, lease or other disposition of all or substantially all its undertaking. The dissenting shareholder is required to strictly comply with the provisions of the BCBCA in order to exercise this remedy. The YBCA provides similar rights to shareholders. See “*Dissenting Shareholder Rights*” in this Circular.

Oppression Remedies. Under the BCBCA, a shareholder of a corporation has the right to apply to a court for an order where the business or affairs are being or have been conducted, or the exercise of the directors' of the corporation's or any of its affiliates powers, in a manner oppressive or unfairly prejudicial to or would unfairly disregard the interests of any security holder of the corporation. On such an application, the court may make any interim or final order it considers appropriate, including regulating the conduct of the corporation's affairs. Under the YBCA, the oppression remedy is substantially the same as that contained in the BCBCA, although under the YBCA the class of complainants is broader.

Shareholder Derivative Actions. Pursuant to the BCBCA, a complainant, which includes a shareholder, may apply to the court for leave to bring an action in the name of and on behalf of a corporation or any subsidiary, or to intervene in an existing action to which the corporation is a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation. On such an application, the court may make any order it thinks fit, including an order authorizing the complainant or any other person to control the conduct of the action. Pursuant to the YBCA, derivative actions are dealt with in substantially the same manner as the BCBCA, although under the YBCA the class of complainants is broader.

Financial Assistance. The BCBCA does not restrict a corporation from giving financial assistance to shareholders or directors of the corporation or an affiliated corporation. The provisions of the YBCA are substantially the same, provided that in certain cases a solvency test must be met.

Record Date for Voting. The BCBCA provides for the setting of a fixed record date for voting purposes. Transfers of Shares after the record date are not recognized for voting entitlement purposes. The YBCA also provides for the setting of a fixed record date for voting purposes but a subsequent transferee of Shares requesting to have its name included in the relevant shareholder list at least ten days (or such shorter time as is provided in the by-laws) prior to the meeting is still entitled to vote, provided that the transferee can establish that the transferee owns the Shares.

Requisition of Meetings. The BCBCA provides that holders of not less than five per cent of the issued shares of a corporation that carry the right to vote at a shareholders meeting may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition. The provisions of the YBCA are substantially the same.

Shareholder Communication. The BCBCA contains exemptions from the restrictions on proxy solicitation that permit a shareholder to make a public announcement concerning the shareholder's voting intentions (whether by way of a speech in a public forum or the issuance of a press release, opinion, statement or advertisement). In addition, the BCBCA enables shareholders to communicate with each other, (i) for the purpose of obtaining support for shareholder proposals, (ii) if such communications relate to the business and affairs of the corporation, (iii) to organize a dissident's proxy solicitation, (iv) if 15 or fewer shareholders are solicited, (v) as clients, by a person engaged in the business of providing Proxy voting advice, and (vi) other communications as may be prescribed from time to time. The YBCA does not contain such broad exemptions to the proxy solicitation rules and accordingly shareholder communication is more limited.

Form of Proxy and Management Information Circular. The BCBCA requires that management of a distributing corporation (public company), concurrently with giving notice of a meeting of shareholders, send a form of proxy in prescribed form to each shareholder who is entitled to receive notice of the meeting. Where management of a corporation solicits proxies, a management information circular in prescribed form must also accompany the notice of the meeting. There is no prescribed form of information circular under the YBCA. The minimum disclosure required for an information circular is set out in the Regulations to the YBCA.

Place of Meetings. The BCBCA provides that meetings of shareholders of a corporation must be held at the place within the Province of British Columbia provided in the articles. A meeting of shareholders of a corporation may, however, be held at a place outside of Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place. Under the YBCA, meetings of shareholders of a corporation must be held at a location in the Yukon Territory or, if the articles so provide at one or more places specified in the articles or at such place or places as all of the shareholders agree.

Quorum of Shareholders. The BCBCA states that the quorum of shareholders of the corporation at a meeting of shareholders is established in the articles of the corporation. If no quorum is established by the articles, the quorum is two shareholders entitled to vote at the meeting whether present in person or by proxy. Under the YBCA, unless the articles of a corporation otherwise provide, a quorum of shareholders is present at a meeting of shareholders (irrespective of the number of persons actually present at the meeting) if holders of a majority of the Shares entitled to vote at the meeting are present in person or represented by proxy.

Shareholder Proposals. The BCBCA contains eligibility requirements for shareholders that wish to submit proposals for inclusion in a corporation's Proxy materials. The YBCA imposes similar requirements.

Duties of Directors. The BCBCA provides that subject to any unanimous shareholder agreement, the directors manage, or supervise the management of, the business and affairs of the company. The YBCA contains substantially the same provisions.

Removal of Directors. The BCBCA permits the removal of directors by holders of a majority of the shares being voted. Unless otherwise provided in the articles of a corporation, a quorum of directors may fill a vacancy among the directors, except for a vacancy resulting from an increase in the number or the minimum or maximum number of directors or the failure to elect the number or minimum number of directors provided for in the articles. The YBCA contains substantially the same provisions.

APPENDIX “J”
NOTICE OF APPLICATION

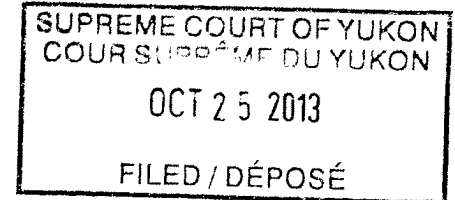
FORM 52 (Rule 47(1))

Supreme Court No.: 13-A0098

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE *BUSINESS CORPORATIONS ACT* OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

INTERNATIONAL MINERALS CORPORATION



PETITIONER

NOTICE OF APPLICATION

TO all securityholders of International Minerals Corporation.

TAKE NOTICE that an application will be made by Gareth C. Howells and Grant Macdonald, Q.C., lawyers for the Petitioner, International Minerals Corporation ("**IMZ**"), to the presiding Judge at the Law Courts, 2134 Second Avenue, Whitehorse, Yukon Territory, on the 2nd day of December, 2013 at 2:00 p.m. (Pacific Standard Time) for an order that:

1. The terms and conditions of the issuance and exchange of securities, as set out in the Plan of Arrangement (the "**Plan of Arrangement**") under Section 195 of the *Business Corporations Act*, R.S.Y. 2002, c.20, as amended (the "**Act**"), attached as Schedule "A" to the arrangement agreement dated as of October 1, 2013 (the "**Arrangement Agreement**") among IMZ, Chaparral Gold Corp. (formerly known as 0980507 B.C. Ltd.) ("**Chaparral Gold**"), Hochschild Mining plc and HOC Holdings Canada Inc., which Arrangement Agreement is attached as Exhibit "H" to the Affidavit#1 of Gareth C. Howells sworn October 22, 2013, are procedurally and substantively fair to the holders of common shares of IMZ (the "**IMZ Shareholders**") and the holders of options of IMZ (the "**IMZ Optionholders**") (the IMZ Shareholders and IMZ Optionholders are collectively referred to herein as the "**IMZ Securityholders**"), and to the Petitioner and such terms and conditions are hereby approved.
2. The Plan of Arrangement be, and is hereby approved, and shall be implemented in the manner set forth in the Plan of Arrangement and be binding on the Petitioner and the IMZ Securityholders and on all other parties who have been served with notice of these proceedings, upon the acceptance of a certified copy of the final order of the Supreme Court of Yukon (the "**Final Order**") by the Yukon Registrar of Corporations.

3. The Articles of Arrangement attached to and forming part of the Final Order be approved as the form of Articles of Arrangement to be filed with the Yukon Registrar of Corporations pursuant to Section 195(10) of the Act.

AND NOTICE IS FURTHER GIVEN that the Court has given directions as to the calling of an annual meeting of IMZ Shareholders and special meeting of the IMZ Securityholders on November 26, 2013, as properly adjourned or postponed, for the purpose of voting to approve the Plan of Arrangement.

AND NOTICE IS FURTHER GIVEN that the Final Order approving the Arrangement will, if made, constitute the basis for 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 the securities of IMZ and Chaparral Gold to be issued, distributed and exchanged in connection with the Plan of Arrangement.

At the hearing, any IMZ Securityholder, director, or auditor of IMZ, or any other interested party with leave of the Court, desiring to support or oppose the application may appear for the purpose, either in person or by counsel. If you do not attend, either in person or by counsel, at that time, the Court may approve the Plan of Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice to you.

A copy of the Petition and other documents in the proceedings will be furnished to any IMZ Securityholder or other interested party having standing and requesting the same from IMZ.

AND TAKE FURTHER NOTICE that in support of this Application will be read the Affidavits of Gareth C. Howells and Stephen J. Kay, and all the pleadings and proceedings herein and such further and other material as Counsel may advise and this Honourable Court may permit.

This Application is brought pursuant to Section 195 of the *Business Corporations Act*, R.S.Y. 2002, c.20, as amended.

The applicant estimates that the application will take 30 minutes.

If you wish to receive notice of the time and date of the hearing or to respond to the application, you must, within the proper time for response,

- (a) deliver to the Petitioner at its Address for Delivery as set forth below:
 - i. 2 copies of a Response in Form 11, and
 - ii. 2 copies of each of the affidavits and other documents, not already in the court file, on which you intend to rely at the hearing, and
- (b) deliver to every other party of record:
 - i. one copy of a Response in Form 11, and

- ii. one copy of each of the affidavits and other documents, not already in the court file, on which you intend to rely at the hearing.

TIME FOR RESPONSE

The Response must be delivered on or before 11:00 a.m. (Pacific Standard time) on November 29, 2013.

PETITIONER'S ADDRESS FOR DELIVERY:

Macdonald & Company
Lawyers
Suite 200 - 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

DATED: October 25, 2013



Gareth C. Howells
Lawyer for the Petitioner,
International Minerals Corporation

FORM 52 (Rule 47(1))

Supreme Court No.: 13-A0098

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE *BUSINESS CORPORATIONS ACT* OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

INTERNATIONAL MINERALS CORPORATION

PETITIONER

NOTICE OF APPLICATION

Macdonald & Company
Lawyers
200 - 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

APPENDIX “K”

CARVE-OUT FINANCIAL STATEMENTS OF THE CHAPARRAL GOLD BUSINESS

CHAPARRAL GOLD BUSINESS
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

YEARS ENDED

JUNE 30, 2013

AND

JUNE 30, 2012

INDEPENDENT AUDITORS' REPORT

To the Directors of
International Minerals Corporation

We have audited the accompanying consolidated financial statements of Chaparral Gold Business, as described in Note 1, which comprise the consolidated statements of financial position as at June 30, 2013 and 2012, and the consolidated statements of comprehensive income / (loss), cash flows and changes in equity for the years ended June 30, 2013, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, these consolidated financial statements present fairly, in all material respects, the financial position of Chaparral Gold Business as at June 30, 2013 and 2012 and its financial performance and its cash flows for the years ended June 30, 2013, 2012, and 2011 in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

October 23, 2013



CHAPARRAL GOLD BUSINESS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)

	June 30, 2013	June 30, 2012
ASSETS		
Current		
Cash and equivalents (Note 6)	\$ 58,199,104	\$ 81,243,474
Receivables	79,314	289,482
Prepaid expenses and deposits	90,316	35,373
Investments (Note 7)	1,040,678	2,557,195
Discontinued operations – Ecuador resource properties (Note 8)	-	39,976,344
Discontinued operations – receivables (Note 8)	<u>12,523,409</u>	<u>-</u>
Current assets	71,932,821	124,101,868
Non-current		
Property, plant and equipment (Note 9)	34,209,262	359,724
Investment in resource properties (Note 10)	49,882,586	72,110,962
Discontinued operations – receivables (Note 8)	2,287,013	-
Other	<u>-</u>	<u>185,100</u>
Non-current assets	<u>86,378,861</u>	<u>72,655,786</u>
Total assets	\$ 158,311,682	\$ 196,757,654
LIABILITIES AND EQUITY		
Current		
Accounts payable and accruals	\$ 1,565,261	\$ 2,133,962
Due to related parties (Note 11)	5,813	17,649
Discontinued operations – mine royalty (Note 8)	-	113,152
Discontinued operations – Ecuador resource properties (Note 8)	<u>4,720,866</u>	<u>1,103,150</u>
Current liabilities	6,291,940	3,367,913
Non-current		
Deferred income tax liability (Note 16)	<u>8,160,000</u>	<u>8,160,000</u>
Non-current liabilities	<u>8,160,000</u>	<u>8,160,000</u>
Equity		
Contributions from parent (Note 12)	192,096,466	207,326,026
Retained earnings (deficit)	<u>(48,236,724)</u>	<u>(22,096,285)</u>
Equity	<u>143,859,742</u>	<u>185,229,741</u>
Total liabilities and equity	\$ 158,311,682	\$ 196,757,654

Transfer of assets and basis of presentation (Note 1)

Commitments (Note 17)

Subsequent events (Note 18)

Approved on October 23, 2013 by the Board of Directors of International Minerals Corporation:

“Stephen J. Kay” Director
Stephen J. Kay

“W. Michael Smith” Director
W. Michael Smith

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

CHAPARRAL GOLD BUSINESS
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Expressed in United States dollars)
YEAR ENDED JUNE 30

	2013	2012	2011
Other income (loss) (Note 5)	\$ 463,696	\$ (1,178,435)	\$ 2,265,032
Expenses			
Amortization and depreciation	60,755	55,517	39,596
Salaries and employee benefits	867,446	727,258	524,889
Administrative costs	702,841	1,104,950	762,545
Write-downs (recoveries)	<u>1,256,603</u>	<u>686,557</u>	<u>(442,484)</u>
Total expenses	<u>(2,887,645)</u>	<u>(2,574,282)</u>	<u>(884,546)</u>
Income (loss) from continuing operations before taxes	(2,423,949)	(3,752,717)	1,380,486
Deferred income taxes (Note 16)	<u>-</u>	<u>(160,000)</u>	<u>-</u>
Income (loss) from continuing operations after taxes	(2,423,949)	(3,912,717)	1,380,486
Discontinued operations, net of taxes (Note 8)			
Disposal gain from mine royalty	113,152	30,042,021	3,632,190
Costs and write down – Ecuador resource properties	<u>(23,829,642)</u>	<u>(53,238,265)</u>	<u>-</u>
Income (loss) from discontinued operations	<u>(23,716,490)</u>	<u>(23,196,244)</u>	<u>3,632,190</u>
Net income (loss) and comprehensive income (loss) after taxes	<u>\$ (26,140,439)</u>	<u>\$ (27,108,961)</u>	<u>\$ 5,012,676</u>

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

CHAPARRAL GOLD BUSINESS
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
YEAR ENDED JUNE 30

	2013	2012	2011
CASH FLOW FROM CONTINUING OPERATIONS			
Net income (loss) for the year from continuing operations	\$ (2,423,949)	\$ (3,912,717)	\$ 1,380,486
Adjustments to net income (loss):			
Amortization and depreciation	60,755	55,517	39,596
Unrealized foreign exchange loss (gain)	2,753	155,072	(446,407)
Realized gain on sale of investments	(255,333)	(55,711)	-
Unrealized loss (gain) on investments	489,636	1,081,991	(1,259,424)
Write-downs (recoveries)	1,256,603	686,557	(442,484)
Interest income	(331,180)	(283,071)	(285,174)
Deferred income tax expense	-	160,000	-
Changes in non-cash working capital items:			
Decrease in receivables	49,778	183,220	3,558,747
(Increase) decrease in prepaid expenses and deposits	(54,943)	45,984	34,967
Increase (decrease) in accounts payable	(144,880)	514,333	(981,346)
Decrease (increase) in due from related party	169,715	(210,377)	50,260
(Decrease) in due to related party	(11,836)	(44,430)	-
Net cash flow (used in) provided by continuing operations	<u>(1,192,881)</u>	<u>(1,623,632)</u>	<u>1,649,221</u>
Discontinued operations – mine royalty (Note 8)	-	5,307,588	3,777,470
Discontinued operations – Ecuador resource properties (Note 8)	<u>(5,646,004)</u>	<u>(2,367)</u>	<u>41,422</u>
Net cash flow (used in) provided by discontinued operations	<u>(5,646,004)</u>	<u>5,305,221</u>	<u>3,818,892</u>
Net cash flow (used in) provided by operating activities	<u>(6,838,885)</u>	<u>3,681,589</u>	<u>5,468,113</u>
CASH FLOW (USED IN) PROVIDED BY FINANCING ACTIVITIES			
Contribution from parent	<u>(15,229,560)</u>	<u>(23,421,599)</u>	<u>65,624,842</u>
Net cash flow (used in) provided by financing activities	<u>(15,229,560)</u>	<u>(23,421,599)</u>	<u>65,624,842</u>
CASH FLOW (USED IN) PROVIDED BY INVESTING ACTIVITIES			
Resource property expenditures	(6,369,302)	(15,920,585)	(9,715,571)
Purchase of investments	-	(648,162)	(148,054)
Sale of investments	1,279,461	1,295,517	-
Interest received	321,855	218,413	211,464
Property, plant and equipment expenditures	(6,993,039)	(221,934)	(80,736)
Reclamation bond deposit	185,100	(50,000)	2,900
Discontinued operations – mine royalty sales proceeds (Note 8)	-	38,000,000	-
Discontinued operations - Ecuador resource properties sales proceeds (expenses) (Note 8)	<u>10,600,000</u>	<u>(7,529,001)</u>	<u>(4,555,157)</u>
Net cash flow (used in) provided by investing activities	<u>(975,925)</u>	<u>15,144,248</u>	<u>(14,285,154)</u>
Change in cash and equivalents for the year	(23,044,370)	(4,595,762)	56,807,801
Cash and equivalents, beginning of year	<u>81,243,474</u>	<u>85,839,236</u>	<u>29,031,435</u>
Cash and equivalents, end of year	\$ 58,199,104	\$ 81,243,474	\$ 85,839,236

Supplemental disclosure with respect to cash flows (Note 15)

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

CHAPARRAL GOLD BUSINESS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in United States dollars.)
JUNE 30, 2013, 2012 and 2011

	Contributions from parent	Retained earnings (deficit)	Total equity
Year Ended June 30, 2011			
Balance July 1, 2010	\$ 165,122,783	\$ -	\$ 165,122,783
Contributions from parent	65,624,842	-	65,624,842
Net income for the year	-	5,012,676	5,012,676
Balance June 30, 2011	\$ 230,747,625	\$ 5,012,676	\$ 235,760,301
Year Ended June 30, 2012			
Balance June 30, 2011	\$ 230,747,625	\$ 5,012,676	\$ 235,760,301
Contributions from parent	(23,421,599)	-	(23,421,599)
Net loss for the year	-	(27,108,961)	(27,108,961)
Balance June 30, 2012	\$ 207,326,026	\$ (22,096,285)	\$ 185,229,741
Year Ended June 30, 2013			
Balance June 30, 2012	\$ 207,326,026	\$(22,096,285)	\$ 185,229,741
Contributions from parent	(15,229,560)	-	(15,229,560)
Net loss for the year	-	(26,140,439)	(26,140,439)
Balance June 30, 2013	\$ 192,096,466	\$ (48,236,724)	\$ 143,859,742

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

1. TRANSFER OF ASSETS AND BASIS OF PRESENTATION

0980507 B.C. Ltd. (subsequently renamed Chaparral Gold Corp.) was incorporated in British Columbia on September 16, 2013, to acquire certain assets and assume certain related liabilities from International Minerals Corporation (“IMZ”) as part of a Plan of Arrangement transaction (the “Arrangement”) with Hochschild Mining plc. and HOC Holdings Canada Inc. (collectively “Hochschild”). On October 1, 2013, Hochschild Mining plc., International Minerals Corporation (“IMZ”), HOC Holdings Canada Inc. and 0980507 B.C. Ltd., entered into the Arrangement agreement whereby Hochschild would acquire all of the issued outstanding common shares of IMZ, that it does not already own, for cash consideration of \$2.38 per share and each shareholder of IMZ would receive one common share of Chaparral Gold Corp. Also, under the Arrangement, immediately prior to Hochschild acquiring IMZ, Chaparral Gold Corp. would acquire IMZ’s Nevada mineral properties, as well as the cash and receivables, the investments, and assume certain liabilities of IMZ associated with these assets.

The Arrangement has been approved by IMZ’s board of directors and is also subject to the affirmative vote of two-thirds of the security holders who vote at the security holders meeting. Additional regulatory and court approvals are also required. It is expected that the security holders will vote on this transaction at an Annual and Special Meeting of Security Holders to be held on November 26, 2013.

These audited carve-out consolidated financial statements of the Chaparral Gold Business (“Business”) reflect the Statement of Financial Position, Statements of Comprehensive Income /(Loss), Statements of Cash Flows and Statements of Changes in Equity of the businesses of IMZ to be acquired under the Arrangement relating to the carve-out of IMZ’s historical business activities as if the Business had been independent for the years reported. These audited carve-out consolidated financial statements have been derived from the accounting records of IMZ using the historical results of operations and the historical basis of assets and liabilities (the predecessor value method). These audited carve-out consolidated financial statements do not necessarily reflect what the financial position, results of operations or cash flows would have been had the Business been a stand-alone company during the periods presented.

General and administrative expenses reported through profit and loss for all the Nevada subsidiaries of IMZ were allocated 100% to the Business. The allocation of IMZ’s general and administrative costs not directly attributable to the Business were allocated based on an estimate of the time spent by the staff of IMZ on each of IMZ’s principle business activities in each year reported. The resulting allocations were 25% for the year ended June 30, 2011, 40% for the year ended June 30, 2012 and 40% for the year ended June 30, 2013. The allocation of assets and liabilities in the Statement of Financial position were carved out or remained in IMZ in accordance with the Arrangement.

The accounting policies of the Business are consistent with those of IMZ as described in its Annual Audited Consolidated Financial Statements for the years ended June 30, 2013 and 2012. The significant policies are described below.

2. NATURE AND CONTINUANCE OF OPERATIONS

Chaparral Gold Business is an exploration and development business with mineral properties in Nevada. At the present time, proven and probable reserves exist only at the Gemfield project which is part of the Goldfield property in Nevada. The recoverability of the carrying values for the Gemfield and other resource properties of the Business are dependent upon the Business being able to finance the development of Gemfield and operate it profitably and for the Business’s other resource properties, to either identify commercial ore bodies or sell such properties.

These audited carve-out consolidated financial statements have been presented on the assumption that the Business was a going concern and would have been able to obtain sufficient financing to continue operations in the normal course of business.

3. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

a) Statement of Compliance

These consolidated financial statements for the year ended June 30, 2013 and 2012, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors of IMZ on October 23, 2013.

b) Basis of Measurement

These consolidated financial statements have been prepared using the historical cost basis specified by IFRS for each type of asset, liability, income and expense as set out in the accounting policies below, except for certain financial assets and liabilities which are measured at fair value. In addition, these consolidated financial statements have been prepared using the predecessor value basis of accounting.

c) Functional Currency

These consolidated financial statements are presented in United States (“US”) dollars, except as otherwise noted, which is the functional currency of the Business and each of the Business’s subsidiaries.

d) Critical Judgments

A critical judgment that the Business’s management has made in the application of the accounting policies presented in Note 4, apart from the estimation presented in Note 3e) below, that has the most significant effect on the amounts recognized in these consolidated financial statements is the functional currency. The functional currency for each of the Business’s subsidiaries is the currency of the primary economic environment in which the respective entity operates; the Business has determined the functional currency of each entity to be the US dollar. Such determination involves certain judgments to identify the primary economic environment. The Business reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Another critical judgment impacting the consolidated financial statements is the decision to move forward with the Gemfield project towards construction of the mine site. This decision assumes the gold price will continue at the current market level or higher and the project will be economically viable.

As discussed in Note 1, management of the Business made certain estimates and judgments regarding the carve-out of the Business’s operations from IMZ for the years presented. These may not reflect the actual future operations of the Business following the Arrangement.

e) Significant estimates and assumptions

The preparation of the Business’s consolidated financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

3. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION (cont'd...)

e) Significant estimates and assumptions (cont'd...)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

i) Impairments

The Business assesses its discontinued operations, plant and equipment assets and resource exploration properties annually or when circumstances are required to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

ii) Mineral reserves

Proven and probable mineral reserves are the economically mineable portion of the Business's measured and indicated mineral resources demonstrated by, at least, a preliminary feasibility study.

The Business estimates its proven and probable reserves and measured and indicated and inferred mineral resources based on information compiled by Qualified Persons.

The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The estimation of future cash flows related to proven and probable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, together with geological assumptions and judgments made in estimating the recovery rate, size and grade of the ore body.

Changes in the proven and probable reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of resource properties, exploration and evaluation properties, plant and equipment, site reclamation and closure provisions, recognition of deferred tax amounts and depreciation and depletion.

iii) Investments

The fair value of the Business's publicly traded investments is determined by reference to their quoted closing trading price at the reporting date. Shares of privately held companies are recorded at historical cost unless the impairment review determines that an adjustment to the carrying value is necessary.

iv) Deferred taxes

The Business's provision for income taxes is estimated based on the expected annual effective tax rate. The current and deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Business's provision for income taxes in the period changes are made and/or differences are identified.

3. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION (cont'd...)

e) Significant estimates and assumptions (cont'd...)

iv) Deferred taxes (cont'd...)

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax law in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Business's control, and are feasible and implementable without significant obstacles.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Business reassesses unrecognized and recognized income tax assets.

v) Discontinued Operations

The carrying value of the assets and liabilities of the discontinued operations in Ecuador are at fair value, after determining net present value of expected proceeds and costs related to the sale of these assets and the Business's exit from the country.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the carve-out accounts of Chaparral Gold Business and its wholly-owned subsidiaries including:

Ecuadorian Minerals Corporation (US):	Nevada (principally administration)
Metallic Goldfield Inc.:	Nevada (the Goldfield property)
Metallic Nevada Inc.:	Nevada (the Converse property)
Metallic Ventures Inc:	Nevada (other US exploration)

Cash and equivalents

Cash is comprised of cash on hand, demand deposits, and money market funds, all of which are held in high-quality financial institutions. Cash equivalents include short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to cash and which are subject to an insignificant risk of change in value. The Business invests in guaranteed investment certificates and certificates of deposit which may have maturity dates greater than three months, but can be liquidated without penalty at the Business's option after thirty days. Because of the ability of the Business to liquidate these securities without interest or principal penalty, they are included in Bank notes as equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Property, plant and equipment

Property, plant and equipment (“PPE”) is stated at cost less accumulated depreciation, amortization and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Upon sale or abandonment of any plant and equipment, the cost and related accumulated depreciation and impairment losses are written-off and any gains or losses thereon are recognized in profit or loss for the period. When the parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The cost of replacing or overhauling a component of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Business and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. Maintenance and repairs of a routine nature are charged to profit or loss as incurred.

An item of PPE is reclassified when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset (determined as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized through profit or loss.

Depreciation and amortization

All PPE assets are currently being depreciated using the straight-line method over the estimated useful lives of the individual assets at the following annual rates.

Automobiles and mining equipment	10% to 33%
Furniture and equipment	10% to 20%
Computer/communication equipment	20%
Computer software	33%
Leasehold improvements	20%

Depreciation commences on the date the asset is available for use.

Investment in resource properties, exploration and evaluation assets

Exploration costs incurred on resource properties prior to the Business obtaining the legal right to explore a resource property are expensed in the period in which they are incurred.

Once the legal right to explore a resource property has been acquired, all costs related to the acquisition, exploration and evaluation of the resource property are capitalized on a property by property basis. These direct expenditures include such costs as analytical costs, surveying costs, geological studies, drilling costs, payments made to contractors, applicable administration costs and depreciation of plant and equipment used during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including an allocation of general administrative overhead costs, are expensed in the period in which they occur.

Exploration and evaluation expenditures for the Business’s investments in a resource property are carried forward as an asset provided that one of the following conditions are met: (i) such costs are expected to be recouped in full

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Investment in resource properties, exploration and evaluation assets (cont'd...)

through successful development and exploration of the resource property, or alternatively by sale; or (ii) although exploration and evaluation activities in the resource property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, active field work and other activities in relation to the resource property are continuing, or planned for the foreseeable future.

The carrying values of capitalized amounts are reviewed annually or whenever indicators of impairment are present. In the case of undeveloped resource properties, there may only be inferred resources to allow management to form a basis for the impairment review. The review is based on the Business's intentions for the development of such a property. If a resource property does not prove viable, all unrecoverable costs associated with the property are charged through profit or loss at the time that determination is made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mining assets" in PPE. Investment in resource property expenditures accumulated to that date is tested for impairment before the resource property costs are transferred to PPE.

The amounts shown for investments in resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Business to obtain the necessary financing and permitting to complete the development of the properties, and the future profitable production from the disposition of the metals produced from the properties.

Reclamation and decommissioning liabilities

The Business recognizes a liability for legal and constructive obligations relating to the reclamation of investments in resource properties and PPE when those obligations arise from the acquisition, construction, development, or normal operation of those assets. Such reclamation and decommissioning costs must be recognized at fair value, when a reliable estimate of fair value can be made in the period in which it is incurred. The fair value is added to the carrying value of the asset and amortized through profit or loss on a systematic basis over its estimated useful life. Fair value is measured based on the Business's best estimate of the asset's cash outflows. Present value must be used where the effect of the time value of money is material. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation.

Assets related to discontinued operations

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as assets related to discontinued operations. Immediately before classification as discontinued operations, the assets are re-measured in accordance with the Business's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell and included in current assets when the sale is expected within the next 12 months. If a contract exists and sales proceeds are expected to be received in a period which is more than 12 months, the related receivable is classified as long-term. Comparative figures for the discontinued assets and liabilities are reported as both current and non-current assets and liabilities in single line items on the statement of financial position for the prior year.

A discontinued operation is a component of the Business's business that represents a separate major line of business that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Assets related to discontinued operations (cont'd...)

the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income / (Loss) is restated as if the operation had been discontinued from the start of the comparative period. Income (loss) from discontinued operations is reported in the statement after net income (loss) after taxes from continuing operations.

In the Consolidated Statement of Cash Flows, net cash flow provided by/(used in) discontinued operations is presented separately after net cash flows provided by/(used in) continuing operations. Actual cash received from the sale of assets, resource property expenditures and related operations are presented as discontinued operations within investing activities.

Financial assets

Financial assets, other than derivatives, are classified as held to maturity, available-for-sale, loans and receivables or fair value through profit or loss ("FVTPL").

Financial assets classified as available-for-sale are measured initially at fair value plus transaction costs and subsequently at fair value with unrealized gains and losses recognized in other comprehensive income except for financial assets that are considered to be impaired, in which case the impairment loss is recognized in profit or loss. The Business has not classified assets as available-for-sale for any period presented.

Financial assets classified as loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortized cost. The Business's receivables, including receivables from discontinued operations and related parties, are classified as loans and receivables.

Financial assets classified as FVTPL are measured on initial recognition and subsequently at fair value with unrealized gains and losses recognized in profit and loss. Transaction costs are expensed for assets classified as FVTPL. The Business has classified its cash and equivalents, and investments as FVTPL.

Financial liabilities

Financial liabilities, which are accounts payable and accruals, due to related parties and liabilities related to discontinued operations, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Business has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligations are obligations that derive from the Business's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the Business has indicated to other parties that it will accept certain responsibilities; and
- as a result, the Business has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provisions (cont'd...)

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The accretion of the discount is charged to profit or loss as finance expense.

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are translated at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. Exchange gains and losses are recognized on a net basis in profit or loss for the period.

Impairment

i. Impairment of financial assets

At each reporting date, or when circumstances require, the Business assesses whether there is any objective evidence that a financial asset or a group of financial assets, other than financial assets classified as FVTPL, is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence that the estimated future cash flows of the financial asset or the group of financial assets have been negatively impacted, and the impact can be reliably measured. In respect to investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

ii. Impairment of non-financial assets

At each reporting date, or when circumstances require, the Business reviews the carrying amounts of its non-financial assets to determine whether there are any indications of impairment. If any such indication exists, such as decreases in metal prices, an increase in operating costs, a decrease in mineable reserves or a change in foreign exchange rate, or the recoverable amount, the Business also considers the net carrying amount of the asset, the ongoing costs required to maintain and operate the asset, and the use, value and condition of the asset.

Where the asset does not generate cash inflows that are independent of other assets, the Business estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. This generally results in the Business evaluating its non-financial assets on a property by property basis.

The recoverable amount is determined as the higher of fair value less costs to sell and the asset's value in use. Fair value is determined with reference to discounted estimated future cash flow analysis or to recent transactions involving dispositions of similar properties. In assessing value in use, the estimated future cash flows are discontinued to their

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

ii. Impairment of non-financial assets (cont'd...)

present value. Estimated future cash flows are calculated using estimated future production, recoverability of reserves, estimated future commodity prices and the expected future operating and capital costs.

The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss. Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed.

Where the impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depletion and depreciation) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in profit or loss.

Comprehensive income

Comprehensive income is the change in the Business's equity that results from transactions and other events arising from anything other than the Business's normal operations. It includes items that would not normally be included in net earnings, such as unrealized gains and losses on available for sale investments. Comprehensive income accounting recommendations require certain gains or losses that would otherwise be recorded as part of net earnings to be presented in other comprehensive income until it is considered appropriate to recognize such gains or losses in net earnings.

Accumulated other comprehensive income ("OCI") is presented as a separate component within equity. The presentation of accumulated OCI in the equity section of the consolidated statement of financial position is not required because the Business has not reported OCI for the years presented.

Taxes

i. Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year.

Current tax for each taxable entity in the Business is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date, and includes adjustments to tax payable or recoverable in respect of previous years.

ii. Deferred tax

Deferred tax is accounted by providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Taxes (cont'd...)

ii. Deferred tax (cont'd...)

Deferred tax assets are recognized for all deductible temporary differences, carry forwards of unused tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized, except where the deferred tax asset related to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantially enacted at the reporting date. Current and deferred tax relating to items recognized directly in equity is recognized in equity and not in profit and loss.

iii. Mining taxes and government imposed royalties

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences.

5. COMPONENTS OF OTHER INCOME / (LOSS)

The information below provides details of the components of the Other income/(loss) category on the Consolidated Statement of Comprehensive Income/(Loss).

Other income (loss) includes gains (losses) from investments, foreign exchange changes, gains from sale of resource properties (when applicable) and interest income:

Year Ended	2013	2012	2011
Foreign exchange gain (loss)	\$ 362,419	\$ (435,226)	\$ 720,434
Unrealized (loss) gain on investments	(489,636)	(1,081,991)	1,259,424
Realized gain on sale of investment	255,333	55,711	-
Interest income	331,180	283,071	285,174
Other income	4,400	-	-
Total other income (loss)	\$ 463,696	\$(1,178,435)	\$ 2,265,032

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

6. CASH AND EQUIVALENTS

Cash and equivalents include:

Year Ended	June 30, 2013	June 30, 2012
Corporate bank accounts	\$ 21,095,846	\$ 23,439,267
Investment savings account (interest rates of 0.20% - 1.32%, various maturities)	14,999,785	34,020,910
Bank notes and other (interest rates of 0.17% - 1.45%, various maturities)	<u>22,103,473</u>	<u>23,783,297</u>
	<u>\$ 58,199,104</u>	<u>\$ 81,243,474</u>

7. INVESTMENTS

Company Name	Number of Shares	Carrying Value June 30, 2013	Carrying Value June 30, 2012
<i>Publicly traded</i>			
Galena International Resources Limited	208,333	\$ 8,916	\$ 22,362
Afferro Mining	-	-	65,110
Aureus Mining	98,125	35,461	84,260
Newstrike Capital	283,509	188,736	479,029
Colombian Mines Corp.	333,300	101,432	97,570
Continental Gold Limited	-	-	871,085
Sumatra Copper and Gold Limited	710,000	106,686	51,158
Santa Barbara Resources Limited (Note 11)	1,400,000	-	-
HMZ Metals Inc.	4,000,000	-	-
International Northair Mines	1,786,000	203,823	490,997
<i>Privately held</i>			
Oryx Mining and Exploration Limited	500,000	238,459	238,459
BuenaVista Gold plc	1,250,000	157,165	157,165
Caribbean Copper and Gold Corporation	1,200,000	-	-
		<u>\$ 1,040,678</u>	<u>\$ 2,557,195</u>

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

7. INVESTMENTS (cont'd...)

Year Ended	June 30, 2013	June 30, 2012
Beginning balance	\$ 2,557,195	\$ 4,437,839
Acquisition of shares	-	648,162
Sale of shares	(1,037,607)	(1,246,745)
Unrealized gain (loss)	(489,636)	(1,081,991)
Write downs	-	(51,230)
Foreign exchange changes	10,726	(148,840)
Ending balance	\$ 1,040,678	\$ 2,557,195

During the year ended June 30, 2013, the Business sold the remaining 135,461 common shares of Continental Gold Limited (FY 2012 – 170,400 shares) for total cash proceeds of \$1,039,282 (FY 2012 - \$1,295,517) and paid \$10,348 (FY 2012 - \$6,940) in commissions. In addition, the Business sold 57,400 common shares of Newstrike Capital (FY 2012 – Nil) for total cash proceeds of \$119,726 (FY 2012 - \$Nil) and paid \$1,281 (FY 2012 - \$Nil) in commissions. In February 2013, the Business sold 100,000 common shares of Santa Barbara, previously written-off, for total cash proceeds of \$12,198 and paid \$200 in commissions. In June 2013, the Business sold 98,125 common shares of Afferro Mining (FY 2012 – Nil) for total cash proceeds of \$113,109 (FY 2012 - \$Nil) and paid \$1,674 (FY 2012 - \$Nil) in commissions.

For the year ended June 30, 2013, shares totalling \$1,292,940 (FY 2012 - \$1,295,517) were sold for a realized gain of \$255,333 (FY 2012 - \$1,135,855) and the investments value has been reduced by \$1,037,607 (carrying value of the shares sold). In 2012, the carrying value of shares sold was \$1,246,745. The unrealized loss in share value over the year was \$489,636 (FY 2012 – \$1,081,991 loss) and reflected the decline in the value of the shares of the public companies. During FY 2012, the Business purchased 1,786,000 common shares and 893,000 warrants of International Northair Mines for a cost of \$490,997. Each warrant is exercisable to purchase an additional common share of International Northair Mines at Cdn\$0.40 until December 28, 2013, and as at June 30, 2013, the warrants had a value of \$Nil.

Oryx Mining and Exploration Limited and BuenaVista Gold plc. are private companies and the carrying values are estimated at cost.

8. DISCONTINUED OPERATIONS

During the previous fiscal year ended June 30, 2012, the Chaparral Gold Business designated two groups of assets or operations to be transferred into discontinued operations. The first was the Ruby Hill Mine royalty interest (the “mine royalty”) and the second included all property interests, other assets and its operations in Ecuador.

The mine royalty was a 3% net smelter royalty (“NSR”) on the value of precious metals produced from certain mining claims comprising the Ruby Hill mine, located in Nevada, USA and it was sold in May 2012 for \$38 million. The Business reclassified all royalty revenue and the recognized gain on the sale to discontinued operations for the periods presented.

The Ecuadorian assets in discontinued operations consisted of the Rio Blanco property (“Rio Blanco”) and the Gaby exploration property (“Gaby”). Chaparral Gold Business owned a 100% interest in Rio Blanco and variable interests between 50% and 100% in Gaby. Gaby was sold to a local Ecuadorian company in December 2012 and the Business received \$600,000 in fiscal 2013. No additional future payments related to the Gaby sale are expected.

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

8. DISCONTINUED OPERATIONS (cont'd...)

The sale of Rio Blanco to a private international company was closed in June 2013 with the Business receiving \$10 million in June 2013. The timing of future payments is based upon governmental approvals to extend the developmental timeframe for the project with \$5 million to be received no later than December 2014 and an additional \$9 million to be received no later than June 2015. These amounts may be payable earlier if certain governmental approvals are granted and because management expects such approvals to be granted within the next twelve months, the amounts have been classified as a current item. A final payment of \$4 million is due upon commencement of commercial production at Rio Blanco, which is expected to occur within the next 4 years.

When the Business ceased funding further exploration activities on the Ecuadorian assets, the values of these properties were reclassified as discontinued operations and an impairment charge of \$53,238,265 was recognized at June 30, 2012. The remaining carrying value of \$39,976,344 at that time represented the Business's best estimate of the aggregate recoverable value, less selling costs. During the fiscal year 2013, IMZ closed agreements to sell both properties. Additional impairments and costs were booked during the fiscal year ending June 30, 2013 totalling \$23,829,642. The current estimated fair value of the Ecuador receivable is \$14,810,422.

The receivable related to Rio Blanco is classified as loans and receivables and is fair valued at the net present value ("NPV") of the expected proceeds. The short-term receivable for the Rio Blanco instalment sale has been discounted by 7% and the long-term payment receivable has been discounted at 15% to reflect additional liquidity considerations and risks inherent in this receivable.

For the fiscal year ended June 30, 2012, the fair market value for each property was determined separately by the Business. Fair market value for Rio Blanco at June 30, 2012 was determined using variable metal price NPV techniques with a discount applied to the NPV representing the increased political and social risk of doing business in Ecuador. Gaby, being at an earlier stage of exploration did not lend itself to cash flow valuation techniques and therefore it was fair valued using the "comparative market approach". This method identified what similar properties in other high political risk jurisdictions, including Ecuador, were valued at, or recently sold at, on a per ounce of contained gold basis. A per ounce value was then applied to Gaby and the resultant value was reduced further to account for the Ecuadorian political and other risk factors.

The table below illustrates the components included in discontinued operations:

Year Ended	June 30, 2013	June 30, 2012
<u>Ecuador</u>		
<i>Assets</i>		
Cash and equivalents	\$ -	\$ 194,564
Receivables – short-term	12,523,409	15,365
Prepaid expenses and deposits	-	12,346
PPE - other	-	245,355
Receivables – long-term	2,287,013	-
Other investments	-	1,535
Resource properties	-	39,323,453
Reclamation bond	-	183,726
Total assets transferred to discontinued operations	<u>\$ 14,810,422</u>	<u>\$ 39,976,344</u>

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

8. DISCONTINUED OPERATIONS (cont'd...)

Year Ended	June 30, 2013	June 30, 2012	June 30, 2011
<i>Liabilities</i>			
Accounts payable / accrued liabilities	\$ 4,393,834	\$ 79,468	
Accrued severance and payroll costs	<u>327,032</u>	<u>1,023,682</u>	
Total liabilities transferred to discontinued operations	<u>\$ 4,720,866</u>	<u>\$ 1,103,150</u>	
<i>Expenses and write-downs</i>			
Ecuador operations	<u>\$ (23,829,642)</u>	<u>\$ (53,238,265)</u>	\$ -
<hr/>			
<hr/>			
Year Ended	June 30, 2013	June 30, 2012	June 30, 2011
<u>Mine Royalty</u>			
Assets	\$ -	\$ -	
<i>Liabilities</i>			
Accounts payable – net proceeds tax	<u>\$ -</u>	<u>\$ 113,152</u>	
Total liabilities transferred to discontinued operations	<u>\$ -</u>	<u>\$ 113,152</u>	
<i>Income and (Expenses)</i>			
Disposal gain	\$ 113,152	\$ 27,856,118	\$ -
Revenue from royalty	-	3,660,281	5,303,592
Depletion of royalty income	-	(1,291,364)	(2,006,222)
Net proceeds tax	<u>-</u>	<u>(183,014)</u>	<u>(265,180)</u>
Total disposal gain and net royalty income	<u>\$ 113,152</u>	<u>\$ 30,042,021</u>	<u>\$ 3,032,190</u>

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

9. PROPERTY, PLANT AND EQUIPMENT (“PPE”)

	Office equipment and furniture	Computer hardware and software	Vehicles	Leasehold improvements	Mine under development (Gemfield)	Total PPE
Cost						
Balance at June 30, 2011	\$ 74,872	\$ 672,351	\$ 246,134	\$ 24,021	\$ -	\$ 1,017,378
Additions	-	156,660	65,272	-	-	221,932
Disposals	-	-	-	-	-	-
Balance at June 30, 2012	\$ 74,872	\$ 829,011	\$ 311,406	\$ 24,021	\$ -	\$ 1,239,310
Transfers	-	-	-	-	27,661,888	27,661,888
Additions	14,942	-	64,327	-	6,260,261	6,339,530
Disposals	-	-	-	-	-	-
Balance at June 30, 2013	\$ 89,814	\$ 829,011	\$ 375,733	\$ 24,021	\$ 33,922,149	\$ 35,240,728
Accumulated depreciation						
Balance at June 30, 2011	\$ 59,454	\$ 604,282	\$ 97,256	\$ 5,597	\$ -	\$ 766,589
Depreciation for the year	5,598	63,911	39,608	3,880	-	112,997
Disposals	-	-	-	-	-	-
Balance at June 30, 2012	\$ 65,052	\$ 668,193	\$ 136,864	\$ 9,477	\$ -	\$ 879,586
Depreciation for the year	9,166	79,648	59,186	3,880	-	151,880
Disposals	-	-	-	-	-	-
Balance at June 30, 2013	\$ 74,218	\$ 747,841	\$ 196,050	\$ 13,357	\$ -	\$ 1,031,466
Carrying amounts						
At June 30, 2012	\$ 9,820	\$ 160,818	\$ 174,542	\$ 14,544	\$ -	\$ 359,724
At June 30, 2013	\$ 15,596	\$ 81,170	\$ 179,683	\$ 10,664	\$ 33,922,149	\$ 34,209,262

Costs associated with the Gemfield project, located at the Goldfield property in Nevada, were initially transferred to PPE on September 30, 2012. Included in the transferred amount at September 30, 2012, was a portion of purchase price valuation allocated to Goldfield at the time Metallic Ventures Gold (“Metallic”) was acquired by IMZ. These amounts totaled \$19,806,455. Actual expenditures incurred from acquisition through the date of transfer, September 30, 2012, of \$7,855,433 have been added, for a total transferred value of \$27,661,888. For the fiscal year ended June 30, 2013, \$6,260,261 was spent on the Gemfield project.

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

10. INVESTMENT IN RESOURCE PROPERTIES, EXPLORATION AND EVALUATION ASSETS

2013	Balance, Beginning of Year	Additions	Transfer to PPE and Write-off	Balance, End of Year
Goldfield Property, USA	\$ 51,506,942	\$ 4,169,248	\$ (27,661,888)	\$ 28,014,302
Converse Property, USA	20,166,114	1,622,124	-	21,788,238
Other Resource Properties	<u>437,906</u>	<u>898,743</u>	<u>(1,256,603)</u>	<u>80,046</u>
Total Resource Properties	\$ 72,110,962	\$ 6,690,115	\$ (28,918,491)	\$ 49,882,586

2012	Balance, Beginning of Year	Additions	Write-off	Balance, End of Year
Goldfield Property, USA	\$ 41,269,848	\$ 10,237,094	\$ -	\$ 51,506,942
Converse Property, USA	14,500,960	5,665,154	-	20,166,114
Other Resource Properties	<u>731,555</u>	<u>341,678</u>	<u>(635,327)</u>	<u>437,906</u>
Total Resource Properties	\$ 56,502,363	\$ 16,243,926	\$ (635,327)	\$ 72,110,962

Title to resource properties

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of title to certain claims. Management has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. Concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Goldfield Project, Nevada, USA

With the acquisition of Metallic by IMZ, the Business acquired a 100% interest in the Goldfield property. Certain resource deposits on the property are subject to NSR royalties ranging from zero to 5.0%, with certain buy-down provisions. The Business has estimated annual lease payments of \$142,000 to maintain the right to explore a portion of the property, pursuant to certain lease agreements. Costs associated with the Gemfield project at the Goldfield property were transferred to PPE at September 30, 2012, with management's decision to move the Gemfield project into the development phase (see Note 9).

Converse Project, Nevada, USA

With the acquisition of Metallic by IMZ, the Business acquired a 100% interest in the Converse gold property also located in Nevada. The property is subject to NSR royalties ranging from zero to 5.0%, with certain buy-down provisions. The Business has estimated annual lease payments of \$100,000 to maintain the right to explore a portion of the property, pursuant to certain lease agreements.

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

10. INVESTMENT IN RESOURCE PROPERTIES, EXPLORATION AND EVALUATION ASSETS (cont'd...)

Other Resource Properties

The Business's other two resource properties, Del Oro and Stonewall Spring, were written off during the year ended June 30, 2013, for a total write-down of \$1,256,603 (2012 - \$635,327).

11. RELATED PARTY TRANSACTIONS

The Business's related parties with whom it had transactions with during the year, are as follows:

Related Parties	Relation with the Company	Nature of Transaction
Jorge Paz - Paz Horowitz Inc.	Director	Legal consulting
Rod McKeen - Axiom Law Corp.	Director	Legal consulting

During the fiscal year ended June 30, 2013, the Business entered into the following transactions with related parties:

- a) Paid or accrued legal fees of \$538,851 (2012 - \$238,069; 2011 - \$308,146) for services provided by firms in which two directors of IMZ are partners or principals. The Business expensed \$531,792 (2012 - \$150,948; 2011 - \$156,118) of these fees and the remainder was capitalized. As at June 30, 2013, the accounts payable to these firms totalled \$124,553 (June 30, 2012 - \$23,190), of which \$118,741 (June 30, 2012 - \$5,541) has been transferred to discontinued operations (Note 8).
- b) At June 30, 2013, the Business held 1,400,000 (2012 - 1,500,000) common shares of Santa Barbara Resources Limited, which has a director, Rod McKeen, in common with IMZ (Note 7).

The summary of amounts payable to and from related parties is as follows:

Year Ended	June 30, 2013	June 30, 2012
Accounts payable to related parties for fees	(5,813)	(17,649)
Accounts payable to related parties for fees included in discontinued operations	(118,741)	(5,541)

12. CAPITAL RISK MANAGEMENT

The objective when managing capital is to safeguard the Business's ability to continue as a going concern, so that it can continue to provide adequate returns to its owner, benefits to other stakeholders, and to have sufficient funds on hand to meet the Business's exploration and development plans.

12. CAPITAL RISK MANAGEMENT (cont'd...)

The Business considers its equity to be its capital. The Business manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets of the Business. In order to maintain or adjust its capital structure, the Business may in the future issue new shares through private or public placements, repurchase shares, sell assets, incur debt, or pay dividends to shareholders.

Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, and the formative stage of the Business, there is no guarantee that when the Business needs to raise capital funds will be available.

Between June 30, 2012 and June 30, 2013, the Business returned cash to its parent, for the parent's own use and therefore reduced cumulative contributions from the parent.

13. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

The Business is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the management of the Business.

Liquidity risk

Liquidity risk is managed by the Business by maintaining sufficient cash balances to meet current working capital requirements and other expenditures in the ordinary course of business. The Business may require additional funding in order to continue other exploration and development programs as they arise, for example construction funding at the Gemfield project in Nevada. As a formative stage company no assurance may be given that future funding will be available should the need arise. The Business's cash and equivalents are invested in business accounts with quality financial institutions primarily in Canada and the United States and are available on demand for the Business's programs. The Business believes it has sufficient capital resources to meet its planned operational and administrative expenses for the next fiscal year.

Credit risk

The Business's credit risk is primarily attributable to its liquid financial assets including the accounts receivable pertaining to the sale of the Rio Blanco discontinued operation. Timing of the receipt of the Rio Blanco receivable is contingent upon certain governmental approvals and the ability to move Rio Blanco into production. Risk has been factored in to value the receivable by discounting instalments by 7% for the short-term receivable and by 15% for the long-term receivable.

The Business strives to limit its exposure to credit risk on liquid assets by maintaining its cash and equivalents with high-credit quality financial institutions. Investments currently include a number of junior exploration companies and these securities remain subject to market fluctuations, market liquidity, changing market values and illiquidity issues for the private companies.

Currency risk

The Business's funds are held in United and Canadian dollars. Its operations are in the United States. Foreign exchange or currency risk result from expenses incurred in Canadian dollars and there may be instances where financings are also done in Canadian dollars. The Business does not currently use derivative instruments to reduce its currency risk.

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

13. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (cont'd...)

Sensitivity analysis

The Business is exposed to foreign currency risk on fluctuations related to cash and equivalents, investments and accounts payable which are denominated in Canadian dollars. As at June 30, 2013, net financial assets totaling \$3,451,204 were held in Canadian dollars.

Based on the above net exposure as at June 30, 2013, and assuming all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of approximately \$341,246 in the Business's net income.

Interest rate risk

The Business's exposure to interest rate risk arises from the interest rate impact on its cash and equivalents. Cash and equivalents have been invested in short-term investments to maintain liquidity and preserve capital. There is minimal risk that the Business would recognize any loss as a result of the decrease in the fair value of any banker's acceptance notes, guaranteed investment certificates, money market funds or term deposits included in cash equivalents as they are held with large high-quality credit financial institutions, primarily in Canada and the United States.

Price risk

The Business is exposed to price risk with respect to equity prices reported as Investments. Equity price risk for investments is defined as the potential adverse impact on the Business's earnings due to movements in individual equity prices or general movements in the level of the stock market. The volatility in the prices of precious metals may also affect the value of and development plans for the Business's mineral resource properties. The Business closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Business.

Financial assets

The fair value of cash and equivalents and investments are based on Level 1 (quoted prices readily and regularly available) inputs of the fair value hierarchy, except for privately held investments (Oryx Mining and Exploration Ltd. and BuenaVista Gold plc), which are based on Level 3 and carried at historical cost.

The estimated fair values of related party receivables are equal to their carrying values due to their short-term nature. The receivables related to Ecuador are carried at their net present value. The exposure of the Business's financial assets to interest rate and currency risk at June 30, 2013 is as follows:

Stated in US Dollars	Level	Canadian Dollar	US Dollar	Other	Total
<i>Cash and equivalents</i>					
Floating rate financial assets	1	\$ 114,975	\$ 35,980,656	\$ -	\$ 36,095,631
Fixed rate financial assets	1	<u>2,760,298</u>	<u>19,343,175</u>	<u>-</u>	<u>22,103,473</u>
Subtotal		<u>2,875,273</u>	<u>55,323,831</u>	<u>-</u>	<u>58,199,104</u>

-continued-

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

13. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (cont'd...)

Financial assets (cont'd...)

Stated in US Dollars	Level	Canadian Dollar	US Dollar	Other	Total
<i>Other financial assets</i>					
Investments – tradeable	1	538,369	-	106,685	645,054
Investments – private	3	238,459	-	157,165	395,624
Receivables		6,735	72,579	-	79,314
Discontinued operations		-	14,810,422	-	14,810,422
Total		\$ 3,658,836	\$ 70,206,832	\$ 263,850	\$ 74,129,518

Financial liabilities

The estimated fair value of all of the Business's financial liabilities is equal to their carrying values due to their short-term nature. The exposure of the Business's financial liabilities to interest rate and currency risk at June 30, 2013, is as follows:

Stated in US Dollars	Canadian Dollar	US Dollar	Total
Accounts payable and accruals	\$ 201,819	\$ 1,363,442	\$ 1,565,261
Due to related parties	5,813	-	5,813
Total	\$ 207,632	\$ 1,363,442	\$ 1,571,074

14. SEGMENTED INFORMATION

The Business primarily operates in one reportable operating segment, being the acquisition, exploration and development of resource properties in the United States.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the Business for the year ended June 30, 2013, were as follows:

- a) Included in investment in resource properties are the following amounts: \$49,573 that relates to amortization of other PPE and \$21,164 that relates to accounts payable and accrued severance and payroll costs. Included in PPE are the following amounts: \$41,811 that relates to amortization of other PPE and \$465,062 that relates to accounts payable and accrued payroll costs.

During the year ended June 30, 2013, the Business paid income taxes of \$Nil (2012 - \$Nil).

Significant non-cash transactions for the Business for the year ended June 30, 2012, were as follows:

- a) Included in investment in resource properties are the following amounts: \$57,192 which relates to amortization of other PPE and \$1,450,154, which relates to accounts payable and accrued severance and payroll costs.

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2013	2012	2011
Income (loss) from continuing operations for the year	\$ (2,423,949)	\$ (3,752,717)	\$ 1,380,486
Expected income tax (recovery)	\$ (611,000)	\$ (1,008,000)	\$ 110,000
Change in statutory, foreign tax, foreign exchange rates and other	(307,000)	(312,000)	101,000
Permanent differences	(105,000)	6,399,000	(878,000)
Impact of discontinued operations	1,776,000	-	-
Adjustment to prior years provision versus statutory tax returns and expiry of losses	3,122,000	(1,312,000)	-
Change in deductible temporary differences and other	<u>(3,875,000)</u>	<u>(3,607,000)</u>	<u>67,000</u>
Total deferred income tax expense (recovery)	\$ -	\$ 160,000	\$ (600,000)
Deferred income tax expense (recovery) in continuing operations	\$ -	\$ 160,000	\$ -
Deferred tax expense (recovery) in discontinued operations	\$ -	\$ -	\$ (600,000)

The significant components of the Business's deferred tax assets and liabilities are as follows:

	2013	2012
Deferred tax assets (liabilities)		
Investment in resource properties	\$ (14,708,000)	\$ (13,978,000)
Investments	-	(7,000)
Non-capital losses available for future periods	<u>6,548,000</u>	<u>5,825,000</u>
Net deferred tax liability	\$ (8,160,000)	\$ (8,160,000)

The significant components of the Business's unrecognized temporary differences and unused tax losses are as follows:

	Expiry Date Range	2013	2012
Investment in resource properties	No expiry date	\$ 0	\$ 8,616,000
Property, plant and equipment	No expiry date	23,000	26,000
Non-capital losses available for future periods	2015 - 2033	7,323,000	15,667,000
Investments	No expiry date	<u>1,095,000</u>	-

17. COMMITMENTS

CHAPARRAL GOLD BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
JUNE 30, 2013

The Business has operating lease agreements for office and warehouse space. These agreements require the Business to make the following lease payments on a fiscal year basis:

Office/ Warehouse Lease Commitments	2013	2012
2013	\$ -	\$ 206,899
2014	167,826	98,898
2015	156,091	80,964
2016	135,104	57,723
2017	79,702	-
2018	<u>68,071</u>	<u>-</u>
Total	\$ 606,794	\$ 444,484

18. SUBSEQUENT EVENTS

The Business's significant event subsequent to June 30, 2013, was:

- In July 2013, the Business made payments of \$4.0 million reflecting certain selling expenses related to the Rio Blanco and Gaby properties in Ecuador.