

PAN AMERICAN SILVER CORP
Form 6-K
March 28, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of, March 2012

Commission File Number 000-13727

Pan American Silver Corp

(Translation of registrant's name into English)

1500-625 Howe Street, Vancouver BC Canada V6C 2T6

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Document

- 1 Amendment Agreement, dated February 14, 2012
- 2 Second Amendment Agreement, dated March 22, 2012

AMENDMENT AGREEMENT

February 14, 2012

WHEREAS:

- A. Pan American Silver Corp. (**Pan American**) and Minefinders Corporation Ltd. (**Minefinders**) entered into an arrangement agreement dated January 22, 2012 (the **Original Agreement**); and
- B. Pan American and Minefinders wish to amend certain terms and conditions of the Original Agreement.

Now therefore in consideration of the premises, mutual covenants and agreements contained in this Amendment Agreement, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

1. The Original Agreement, as amended hereby, shall continue in full force and effect and this Amendment Agreement shall have effect so far as practicable as if all the provisions of the Original Agreement and of this Amendment Agreement were contained in the one instrument.
2. Except as otherwise specified herein, all capitalized terms defined in the Original Agreement shall have the same meaning when used herein.
3. The words February 17, 2012 in the definition of the term **Mailing Deadline** set out in Section 1.1 of the Original Agreement are deleted in their entirety and replaced with March 2, 2012 .
4. The definition of the term **Meeting Deadline** set out in Section 1.1 of the Original Agreement is deleted in its entirety and replaced with the following:

Meeting Deadline means March 26, 2012;

5. The definition of the term **Conditional Exercise Notice** set out in Section 1.1 of the Plan of Arrangement attached as Schedule A to the Original Agreement is deleted in its entirety and replaced with the following:

Conditional Exercise Notice means a notice of exercise that is conditional upon completion of the Arrangement and that is validly given by a Minefinders Optionholder under the Minefinders 2003 Option Plan or the Minefinders 2011 Option Plan with respect to the exercise of Minefinders Options that are currently vested or vest upon a change of control pursuant to section 3.4(f) of the Minefinders 2003 Option Plan or section 6 of the Minefinders 2011 Option Plan;

6. The definition of the term **Director** set out in Section 1.1 of the Plan of Arrangement attached as Schedule A to the Original Agreement is deleted in its entirety and replaced with the following:

Director means the director appointed under section 278 of the OBCA;

7. Section 1.1 of the Plan of Arrangement attached as Schedule A to the Original Agreement is amended by adding the following definition after Section 85 Tax Election Form :

Section 85 Tax Election Information has the meaning ascribed thereto in Subsection 3.4(c);

8. The first sentence of Subsection 3.1(d) of the Plan of Arrangement attached as Schedule A to the Original Agreement is deleted in its entirety and replaced with the following:

each outstanding Minefinders Option in respect of which Minefinders Shares are not issued in accordance with Subsection 3.1(a) of this Plan of Arrangement shall be exchanged for an option (each, a **Replacement Option**) to purchase from Pan American the number of Pan American Shares equal to: (i) the Option Exchange Ratio multiplied by (ii) the number of Minefinders Shares subject to such Minefinders Option immediately prior to the Effective Time.

9. Section 3.4 of the Plan of Arrangement attached as Schedule A to the Original Agreement is deleted in its entirety and replaced with the following:

3.4 Post-Effective Time Procedures

(a) For greater certainty, no Minefinders Optionholder to whom Minefinders Shares are issuable pursuant to Subsection 3.1(a) of this Plan of Arrangement shall be required to deliver share certificates representing the Minefinders Shares issued to such former Minefinders Optionholder pursuant to Subsection 3.1(a) of this Plan of Arrangement in order to receive the Consideration to which it is entitled for such Minefinders Shares in accordance with Subsection 3.1(c) of this Plan of Arrangement and no other Minefinders Optionholder who exercises Minefinders Options prior to or at the Effective Time shall be required to deliver share certificates representing Minefinders Shares to the extent that such certificates were not issued prior to the Election Deadline and provided such other Minefinders Optionholder otherwise provides satisfactory documentation evidencing due exercise of each Minefinders Option.

(b) Following the receipt of the Final Order and prior to the Effective Date, Pan American shall deliver or arrange to be delivered to the Depositary sufficient cash and certificates representing the Pan American Shares required to be issued to Former Minefinders Shareholders in accordance with the provisions of Subsection 3.1(c) hereof, to be held by the Depositary as agent and nominee for such Former Minefinders Shareholders for distribution to such Former Minefinders Shareholders in accordance with the provisions of Article 5 hereof.

(c) An Eligible Holder whose Minefinders Shares are exchanged for Consideration that includes Pan American Shares pursuant to the Arrangement shall be entitled to make an income tax election, pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law) (a **Section 85 Election**) with respect to the exchange by providing the necessary information prescribed by the Tax Act (and, if applicable, any provincial tax statute) (the **Section 85 Tax Election Information**) in accordance with the procedures set out in the tax instruction letter on or before 90 days after the Effective Date (the **Section 85 Election Period**). Provided such information is correct and complete and in

compliance with requirements imposed under the Tax Act (and any applicable provincial income tax law), Pan American shall, within 90 days after the end of the Section 85 Election Period, deliver a signed Section 85 Election in the form prescribed by the Tax Act (and, if applicable, by any provincial statute) (collectively, the **Section 85 Tax Election Form**) to the Eligible Holder for filing by such Eligible Holder with the applicable Governmental Entities. Notwithstanding the previous sentence, but provided that Pan American signs and delivers a Section 85 Tax Election Form to an Eligible Holder who provided the Section 85 Tax Election Information before the end of the Section 85 Election Period, neither Minefinders, Pan American nor any successor corporation shall be responsible for ensuring the proper completion of any Section 85 Tax Election Form, or for any taxes, interest or penalties resulting from the failure of an Eligible Holder to complete or file such election form properly in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Pan American or any successor corporation may choose to execute and deliver a Section 85 Tax Election Form to an Eligible Holder who does not provide the necessary information within the Section 85 Election Period, but will have no obligation to do so.

(d) Pan American will post a tax instruction letter on its website (www.panamericansilver.com) on or before the first Business Day after the Effective Date. The tax instruction letter will provide general instructions on how to make a Section 85 Election with Pan American in respect of the sale of the Eligible Holder's Minefinders Shares to Pan American.

10. As a result of the amendments set out in Sections 5, 6, 7, 8 and 9 above, the Plan of Arrangement attached as Schedule A to the Original Agreement shall be amended and restated in the form attached as Schedule A to this Amendment Agreement.

11. This Amendment Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Ontario in respect of all matters arising under and in relation to this Amendment Agreement and waives any defences to the maintenance of an action in the Courts of the Province of Ontario.

12. This Amendment Agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF the parties hereto have duly executed this Amendment Agreement as of the date first above written.

PAN AMERICAN SILVER CORP.

By: *Signed Geoffrey A. Burns*
President and Chief Executive Officer

MINEFINDERS CORPORATION LTD.

By: *Signed Mark H. Bailey*
President and Chief Executive Officer

SCHEDULE A
Amended and Restated Plan of Arrangement

(see attached)

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PLAN OF ARRANGEMENT

**UNDER SECTION 182 OF THE
ONTARIO BUSINESS CORPORATIONS ACT**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them in the Arrangement Agreement and the terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below (and grammatical variations of such terms shall have corresponding meanings):

Acquireco means 2313983 Ontario Inc., a corporation existing under the OBCA;

Affiliate has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

Amalco has the meaning ascribed thereto in Subsection 3.1(g) of this Plan of Arrangement;

Amalgamation has the meaning ascribed thereto in Subsection 3.1(g) of this Plan of Arrangement;

Arrangement means the arrangement of Minefinders under section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with section 8.4 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order (provided, however, that any such amendment or variation is acceptable to both Minefinders and Pan American, each acting reasonably);

Arrangement Agreement means the arrangement agreement dated as of January 22, 2012 between Pan American and Minefinders, as amended, amended and restated or supplemented prior to the Effective Date;

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Arrangement Resolution means the special resolution of the Minefinders Securityholders approving the Plan of Arrangement which is to be considered at the Minefinders Meeting;

Articles of Arrangement means the articles of arrangement to be filed in accordance with the OBCA after the Final Order is made, which shall be in form and content satisfactory to Minefinders and Pan American, each acting reasonably;

Available Cash Amount means the product obtained by multiplying the number of Minefinders Shares issued and outstanding immediately prior to the time at which the events contemplated in subsection 3.1(c) of this Plan of Arrangement occur and are deemed to occur (other than Minefinders Shares held by Pan American and its Affiliates and (without duplication) Dissenting Shares) by \$1.84;

Available Share Amount means the product obtained by multiplying the number of Minefinders Shares issued and outstanding immediately prior to the time at which the events contemplated in subsection 3.1(c) of this Plan of Arrangement occur and are deemed to occur (other than Minefinders Shares held by Pan American and its Affiliates and (without duplication) Dissenting Shares) by 0.55;

Business Day means any day other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or Vancouver, British Columbia;

Cash Option means \$15.60;

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

Code means the U.S. Internal Revenue Code of 1986, as amended;

Conditional Exercise Notice means a notice of exercise that is conditional upon completion of the Arrangement and that is validly given by a Minefinders Optionholder under the Minefinders 2003 Option Plan or the Minefinders 2011 Option Plan with respect to the exercise of Minefinders Options that are currently vested or vest upon a change of control pursuant to section 3.4(f) of the Minefinders 2003 Option Plan or section 6 of the Minefinders 2011 Option Plan;

Consideration means, in respect of each Minefinders Share held by a Minefinders Shareholder, the cash or fully-paid and non-assessable Pan American Shares, or combination thereof, receivable therefor by the Minefinders Shareholder pursuant to this Plan of Arrangement;

Court means the Superior Court of Justice of Ontario;

Depository means Kingsdale Shareholder Services Inc.;

Director means the director appointed under section 278 of the OBCA;

Dissent Rights shall have the meaning ascribed thereto in Subsection 4.1(a) of this Plan of Arrangement;

Dissenting Shareholder means a registered Minefinders Shareholder who validly exercises Dissent Rights and is entitled to be paid fair value of such Minefinders Shareholder's Minefinders Shares in accordance with Subsection 4.1(a)(i) of this Plan of Arrangement;

Dissenting Shares means the Minefinders Shares held by Dissenting Shareholders;

Effective Date means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

Effective Time means 12:01 a.m. on the Effective Date;

Elected Cash Amount means the sum of (A) the product of (i) the Cash Option, and (ii) the aggregate number of Minefinders Shares in respect of which holders elect the Cash Option, plus (B) the product of (a) \$1.84, and (b) the aggregate number of Minefinders Shares in respect of which holders elected or are deemed to have elected the Full Proration Option;

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Elected Share Amount means the sum of (A) the product of (i) 0.6235 and (ii) the aggregate number of Minefinders Shares in respect of which holders elect the Pan American Share Option, plus (B) the product of (a) 0.55, and (b) the aggregate number of Minefinders Shares in respect of which holders elected or are deemed to have elected the Full Proration Option;

Election Deadline means 5:00 p.m. (Vancouver time) on the day that is two (2) Business Days before the Minefinders Meeting;

Eligible Holder means a beneficial holder of Minefinders Shares that is: (i) a resident of Canada for the purposes of the Tax Act and not exempt from tax under Part I of the Tax Act; or (ii) a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a partnership all members of which that are residents of Canada are exempt from tax under Part I of the Tax Act);

Encumbrance means, with respect to any property or asset, any mortgage, pledge, assignment, hypothec, charge, lien, security interest, adverse right or claim, other third party 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;

Final Order means the final order of the Court pursuant to section 182(5)(f) of the OBCA, in a form acceptable to Minefinders and Pan American, each acting reasonably, approving the Arrangement as such order may be amended by the Court (with the consent of both Minefinders and Pan American, 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, however, that any such amendment is acceptable to both Minefinders and Pan American, each acting reasonably) on appeal;

Final Proscription Date shall have the meaning ascribed thereto in Section 5.5;

Former Minefinders Shareholder means, at and following the Effective Time, a person who, immediately prior to the Effective Time, was: (i) a registered holder of Minefinders Shares; (ii) a Minefinders Optionholder who validly tendered a Conditional Exercise Notice, together with the applicable exercise price, for Minefinders Options that are vested at or prior to the Effective Time; or (iii) any person who surrenders to the Depository certificates representing Minefinders Shares, duly endorsed for transfer to such person in accordance with the Letter of Transmittal;

Full Proration Option means 0.55 of a Pan American Share and \$1.84 in cash;

Interim Order means the interim order of the Court made pursuant to section 182(5)(a) and 182(5)(b) of the OBCA, in a form acceptable to Minefinders and Pan American, each acting reasonably, providing for, among other things, the calling and holding of the Minefinders Meeting, as the same may be amended by the Court with the consent of Minefinders and Pan American, each acting reasonably;

In the Money Amount means in respect of a stock option at any time, the amount, if any, by which the aggregate fair market value, at that time, of the securities subject to the option exceeds the aggregate exercise price under the option;

Letter of Transmittal means the letter of transmittal to be forwarded by Minefinders to Minefinders Shareholders together with the Minefinders Circular or such other equivalent form of letter of transmittal acceptable to Pan American acting reasonably;

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Minefinders means Minefinders Corporation Ltd., a corporation existing under the OBCA;

Minefinders 2003 Option Plan means the incentive stock option plan of Minefinders, dated April 16, 2003 (as amended);

Minefinders 2011 Option Plan means the incentive stock option plan of Minefinders, dated February 15, 2011 (as amended);

Minefinders 2011 Options means the outstanding options to acquire Minefinders Shares granted under the Minefinders 2011 Option Plan;

Minefinders Circular means the notice of the Minefinders Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Minefinders Securityholders in connection with the Minefinders Meeting, as amended, supplemented or otherwise modified from time to time;

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

Minefinders Optionholders means, at any particular time, the holders of Minefinders Options at that time;

Minefinders Options means the outstanding options to acquire Minefinders Shares granted under the Minefinders 2003 Option Plan and the Minefinders 2011 Options;

Minefinders Securityholders means the Minefinders Shareholders and the Minefinders Optionholders;

Minefinders Shareholders means, at any particular time, the holders of Minefinders Shares;

Minefinders Shares means the common shares without par value in the authorized share capital of Minefinders;

OBCA means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

Option Exchange Ratio means 0.6235;

Pan American means Pan American Silver Corp., a corporation existing under the *Business Corporations Act* (British Columbia);

Pan American Share Closing Price means \$25.02;

Pan American Share Option means 0.6235 of a Pan American Share and \$0.0001 in cash;

Pan American Shares means the common shares without par value in the authorized capital of Pan American;

Parties means Minefinders and Pan American, and **Party** means any of them;

Replacement Option has the meaning ascribed thereto in Subsection 3.1(d);

Section 85 Election has the meaning ascribed thereto in Subsection 3.4(c);

Section 85 Election Period has the meaning ascribed thereto in Subsection 3.4(c);

Section 85 Tax Election Form has the meaning ascribed thereto in Subsection 3.4(c);

Section 85 Tax Election Information has the meaning ascribed thereto in Subsection 3.4(c);

Tax Act means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time; and

Withholding Obligation has the meaning ascribed thereto in Section 5.4 of this Plan of Arrangement.

In addition, words and phrases used herein and defined in the OBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the OBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

For the purposes of this Agreement, except as otherwise expressly provided:

(a) **this Plan of Arrangement** means this Plan of Arrangement, including the recitals and Appendices hereto, and not any particular Article, Section, Subsection or other subdivision, recital or Appendix hereof;

(b) the words **hereof**, **herein**, **hereto** and **hereunder** and other word of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, or other subdivision, recital or Appendix hereof;

(c) all references in this Plan of Arrangement to a designated **Article**, **Section**, **Subsection** or other subdivision, recital or **Appendix** hereof are references to the designated Article, Section, Subsections or other subdivision, recital or Appendix to, this Plan of Arrangement;

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(d) the division of this Plan of Arrangement into Article, Sections, Subsections and other subdivisions, recitals or Appendix, the inclusion of a table of contents and the insertion of headings and captions are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Plan of Arrangement or any provision hereof;

(e) a reference to a statute in this Plan of Arrangement includes all regulations, rules, policies or instruments made thereunder, all amendments to the statute, regulations, rules, policies or instruments in force from time to time, and any statutes, regulations, rules, policies or instruments that supplement or supersede such statute, regulations, rules, policies or instruments;

(f) the word including is not limiting, whether or not non-limiting language (such as **without limitation** or **but not limited to** or words of similar import) is used with reference thereto; and

(g) all references to **approval** , **authorization** or **consent** in this Plan of Arrangement means written approval, authorization or consent.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

1.4 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.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and \$ refers to Canadian dollars.

1.6 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in Vancouver, British Columbia unless otherwise stipulated herein.

1.7 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein unless otherwise stated. If there is any conflict or inconsistency between the provisions of this Plan of Arrangement and the provisions of the Arrangement Agreement, the provisions of this Plan of Arrangement shall govern.

2.2 Binding Effect

At the Effective Time, this Plan of Arrangement shall be binding on:

- (a) Pan American;

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- (b) Minefinders (including, for clarity, Amalco);
- (c) Acquireco;
- (d) all Minefinders Shareholders, including Dissenting Shareholders;
- (e) all Minefinders Optionholders;
- (f) the registrar and transfer agent in respect of the Minefinders Shares and the Pan American Shares; and
- (g) the Depositary.

**ARTICLE 3
ARRANGEMENT**

3.1 Arrangement

Commencing at the Effective Time, except as otherwise noted herein, the following shall occur and shall be deemed to occur in one minute intervals, in the following order, without any further act or formality required on the part of any person:

- (a) all Minefinders Shares to be issued to Minefinders Optionholders who have tendered Conditional Exercise Notices, together with the applicable exercise price, for any Minefinders Options that are vested at or prior to the Effective Time (including any unvested Minefinders Options whose vesting was accelerated pursuant to section 3.4(f) of the Minefinders 2003 Option Plan or section 6 of the Minefinders 2011 Option Plan), will be deemed to be issued to such Minefinders Optionholders, as fully paid and non-assessable common shares in the capital of Minefinders, such Minefinders Optionholders will be entered in the share register of Minefinders as the registered holder thereof and no share certificates in respect of such Minefinders Shares shall be issued;
- (b) each Dissenting Share held by a Dissenting Shareholder shall be deemed to have been transferred to Pan American, and

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(i) the Dissenting Shareholder shall cease to be the registered holder of such Dissenting Shares and shall cease to have any rights as a Minefinders Shareholder in respect of such Dissenting Shares other than the right to be paid fair value by Pan American for such Dissenting Shares as set out in Article 4 of this Plan of Arrangement;

(ii) the Dissenting Shareholder's name shall be removed as the holder of such Dissenting Shares from the register of Minefinders Shareholders; and

(iii) Pan American will be the holder of all of the Dissenting Shareholder's Dissenting Shares and the register of Minefinders Shareholders shall be revised accordingly;

(c) subject to Sections 3.2, 3.3 and 3.5 of this Plan of Arrangement, each Minefinders Share held by a Minefinders Shareholder (other than Minefinders Shares held by Pan American and its Affiliates and (without duplication) Dissenting Shares but, for greater certainty, including Minefinders Shares acquired by former Minefinders Optionholders pursuant to

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Subsection 3.1(a) of this Plan of Arrangement) shall be transferred by the holder thereof to Pan American in exchange for (as elected or deemed to be elected by the holder in accordance with the Minefinders Shareholder's Letter of Transmittal or (in respect of Minefinders Shares issued to former Minefinders Optionholders in accordance with subsection 3.1(a) of this Plan of Arrangement) Conditional Exercise Notice:

- (i) the Cash Option;
- (ii) the Pan American Share Option; or
- (iii) the Full Proration Option,

and (1) the Former Minefinders Shareholder shall cease to be the registered holder of each Minefinders Share so transferred and shall be the holder of the Pan American Shares received by it pursuant to Subsection 3.1(c) of this Plan of Arrangement (if any), and the name of such Former Minefinders Shareholder shall be removed from the register of Minefinders Shareholders and shall be entered into the register of holders of Pan American Shares as the holder of the Pan American Shares received by it pursuant to Subsection 3.1(c) (if any); (2) the Former Minefinders Shareholder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Minefinders Share hereunder; (3) Pan American will be the holder of all of the outstanding Minefinders Shares and the register of Minefinders Shareholders shall be revised accordingly; and (4) unless the Minefinders Shareholder receives only cash for Minefinders Shares owned by such Minefinders Shareholder, a pro rata portion of the total amount of cash and the total number of Pan American Shares received by such Minefinders Shareholder pursuant to this Subsection 3.1(c) as adjusted by Sections 3.2 and 3.5 of this Plan of Arrangement, if applicable, will be allocated to every Minefinders Share transferred by such Minefinders Shareholder hereunder, so that such Minefinders Shareholder will receive for each such Minefinders Share the same combination of Pan American Shares and cash as it receives for each other Minefinders Share held by it and neither Pan American Shares nor cash will be considered to have been received for any specific portion or fraction of such Minefinders Share;

(d) each outstanding Minefinders Option in respect of which Minefinders Shares are not issued in accordance with Subsection 3.1(a) of this Plan of Arrangement shall be exchanged for an option (each, a **Replacement Option**) to purchase from Pan American the number of Pan American Shares equal to: (i) the Option Exchange Ratio multiplied by (ii) the number of Minefinders Shares subject to such Minefinders Option immediately prior to the Effective Time. Such Replacement Option shall provide for an exercise price per Pan American Share (rounded up to the nearest whole cent) equal to: (x) the exercise price per Minefinders Share otherwise purchasable pursuant to such Minefinders Option; divided by (y) the Option Exchange Ratio. If the foregoing calculation results in the total Replacement Options of a particular holder being exercisable for a number of Pan American Shares that includes a fractional Pan American Share, the total number of Pan American Shares subject to such holder's total Replacement Options shall be rounded down to the nearest whole number of Pan American Shares. All terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercise, will be the same as the Minefinders Option for which it was exchanged, except that the expiry date for all Replacement

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Options for which Minefinders 2011 Options are exchanged and which are held by employees, officers, directors or consultants of Minefinders or its Affiliates:

(i) who cease to be employees, officers, directors or consultants of Minefinders of any of its Affiliates on the Effective Date will be extended to the earlier of (a) 12 months from the Effective Date, and (b) the original expiry date (absent such cessation) of any such Minefinders 2011 Option; and

(ii) whose service with Minefinders, Pan American or any Affiliate thereof is terminated other than for cause after the Effective Date will be extended to the earlier of (a) the later of (1) 12 months from the Effective Date, and (2) 90 days from the date of such termination, and (b) the original expiry date (absent such termination) of any such Minefinders 2011 Option.

Notwithstanding the foregoing, if required, the exercise price of each Replacement Option of any particular holder shall be, and shall be deemed to be, adjusted by the amount, and only to the extent, necessary to ensure that the In the Money Amount of the Replacement Option does not exceed the In the Money Amount of the original Minefinders Option immediately before the exchange;

(e) each outstanding Minefinders Share (including any Minefinders Share held by Pan American or any Affiliate thereof) shall be transferred without any further act or formality by the holder thereof to Acquireco in exchange for one common share of Acquireco;

(f) the stated capital in respect of the Minefinders Shares shall be reduced to \$1.00 without any repayment of capital in respect thereof;

(g) Minefinders and Acquireco will merge (the **Amalgamation**) to form one corporate entity with the same effect as if they were amalgamated under sections 174 through 179 (other than section 177) of Part XIV of the OBCA, except that the separate legal existence of Minefinders will not cease and Minefinders will survive the Amalgamation (Minefinders, as such surviving entity, **Amalco**) and, for the avoidance of doubt, the Plan of Arrangement is intended to qualify as a reorganization within the meaning of sections 368(a)(1)(A) and 368(a)(2)(E) of the Code for all United States federal income tax purposes and as an amalgamation as defined in subsection 87(1) of the Tax Act;

(h) without limiting the generality of the foregoing or Subsection 3.1(i) of this Plan of Arrangement,

(i) at the time of the Amalgamation the separate legal existence of Acquireco will cease without Acquireco being liquidated or wound-up, and Minefinders and Acquireco will continue as one company; and

(ii) the Amalg