

*The instructions accompanying this Letter of Transmittal should be read carefully before this Letter of Transmittal is completed. The Offers to Purchase and Circular accompanying this Letter of Transmittal should be read prior to completing this Letter of Transmittal. The Depository, or your broker or other financial advisor can assist you in completing this Letter of Transmittal (see back page of this document for addresses and telephone numbers).*

**LETTER OF TRANSMITTAL**  
**for the Convertible Debenture of**  
**Aquiline Resources Inc.**

pursuant to the Offers to Purchase dated October 30, 2009 of

**Pan American Silver Corp.**

THE DEBENTURE OFFER IS OPEN FOR ACCEPTANCE UNTIL 9:00 P.M. (EASTERN TIME) ON DECEMBER 7, 2009 (THE “ <b>EXPIRY TIME</b> ”), UNLESS EXTENDED OR WITHDRAWN
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This Letter of Transmittal has been prepared in connection with offers to purchase contained in the offers to purchase and circular dated October 30, 2009 (the “**Offers to Purchase**”) made by Pan American Silver Corp. (“**Pan American**”) to purchase, among other Aquiline Securities, the convertible debenture (the “**Debenture Offer**”) in favour of Silverstone Resources (Barbados) Corp. and its successors and permitted assigns, which may be converted into (i) 1,458,333 Aquiline Shares, upon conversion thereof at a conversion price of \$12.00 per Aquiline Share, or (ii) a contract granting Silverstone Resources (Barbados) Corp. and its successors and permitted assigns the right to purchase 12.5% of the life of mined payable silver from the Loma de La Plata zone of the Navidad Project, (the “**Convertible Debenture**”).

The terms and conditions of the Debenture Offer is incorporated by reference into this Letter of Transmittal. Capitalized terms used but not defined in this Letter of Transmittal have the meanings given to them in the Offers to Purchase.

This Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with: (i) the certificate representing the Convertible Debenture (the “**Convertible Debenture Certificate**”) to be deposited pursuant to the Debenture Offer, and (ii) any other required documentation, should be delivered in person or by courier or sent by registered mail to the Depository (as defined below) at the address set forth on the back page of this Letter of Transmittal. If you have lost your Convertible Debenture Certificate, or if it has been destroyed or stolen, see Instruction 9.

The Holder of the Convertible Debenture (the “**Debentureholder**”) wishes to deposit the Convertible Debenture, but the Convertible Debenture Certificate is not immediately available, or if all other required documents cannot be delivered to the Depository no later than the Expiry Time, then the Debentureholder must deposit the Convertible Debenture according to the guaranteed delivery procedure set forth in Section 3 of the Offers to Purchase in the Offer to Purchase and Circular, “Manner of Acceptance - Procedure for Guaranteed Delivery”. See Instruction 2 below.

**TO: Pan American Silver Corp.**

**AND TO: Kingsdale Shareholder Services Inc. (THE “DEPOSITARY”), AT ITS OFFICES SET OUT HEREIN**

The undersigned hereby delivers with this Letter of Transmittal the Convertible Debenture Certificate(s) in respect of the Convertible Debenture described below, and, subject only to the provisions of the Offers to Purchase and Circular, irrevocably accepts the Debenture Offer for the Convertible Debenture represented by the Convertible Debenture Certificate, upon the terms and conditions contained in the Offers to Purchase and Circular. The following are the details of the enclosed Convertible Debenture Certificate:

**CONVERTIBLE DEBENTURE**

Convertible Debenture Certificate Number*	Name(s) in which Registered	Principle Amount of Convertible Debenture Represented by Certificate
<b>TOTAL:</b>		

*(If space is insufficient, please attach a list to this Letter of Transmittal in the above form.)*

\* Unless otherwise indicated, the Convertible Debenture evidenced by any Convertible Debenture Certificate submitted to the Depositary will be deemed to have been deposited under the Debenture Offer. See Instruction 6 below, “Partial Deposits”.

The undersigned acknowledges receipt of the Offers to Purchase and Circular and represents and warrants that the undersigned (i) has full power and authority to deposit, sell, assign and transfer the Convertible Debenture represented by the enclosed Convertible Debenture Certificate for cancellation (the “**Deposited Convertible Debenture**”) and any and all dividends, distributions, payments, securities, property or other interests which may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Convertible Debenture (collectively, “**Distributions**”), (ii) the Deposited Convertible Debenture and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Convertible Debenture and Distributions, to any other person, (iii) the deposit of the Deposited Convertible Debenture and Distributions complies with applicable laws, and (iv) when the Deposited Convertible Debenture and Distributions are taken up and paid for by Pan American, Pan American will acquire good title thereto, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others and in accordance with the following: IN CONSIDERATION OF THE DEBENTURE OFFER AND FOR THE VALUE TO BE RECEIVED pursuant thereto the undersigned hereby deposits, sells, assigns and transfers to Pan American all of the right, title and interest in and to the Deposited Convertible Debenture and in and to all rights and benefits arising from the Deposited Convertible Debenture on or after the date of the Debenture Offer, including any and all Distributions. If, notwithstanding such assignment, any Distributions are received by or made payable to or to the order of the undersigned on or after the date of the Debenture Offer, then without prejudice to Pan American’s rights under Section 4 of the Offers to Purchase in the Offers to Purchase and Circular, “Conditions of the Offers”, the whole of any such Distribution will be received and held by the undersigned for the account of and for the benefit of Pan American and will be promptly remitted and transferred by the undersigned to the Depositary for the account of Pan American, accompanied by appropriate documentation of transfer. Pending such remittance, Pan American will be entitled to all rights and privileges as owner of any such Distribution and may deduct from the purchase price payable by Pan American pursuant to the Debenture Offer the amount or value of the Distribution, as determined by Pan American in its sole discretion.

Effective on and after the time (the “**Effective Time**”) that Pan American takes up and pays for the Deposited Convertible Debenture covered by the Letter of Transmittal (which Convertible Debenture upon being taken up is, together with any Distributions thereon, hereinafter referred to as the “**Purchased Convertible Debenture**”), the undersigned irrevocably constitutes and appoints certain officers of Pan American and any other person designated by Pan American in writing (each an “**Appointee**”) as the true and lawful agents, attorneys and attorneys-in-fact and proxies of the depositing Debentureholder with respect to the Purchased Convertible Debenture, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest):

- (a) to register or record the transfer and/or cancellation of the Purchased Convertible Debenture (to the extent consisting of securities) on the appropriate register maintained by Aquiline or its transfer agent;

- (b) for so long as the Purchased Convertible Debenture is registered or recorded in the name of the Debentureholder, to exercise any and all rights of the Debentureholder, including, without limitation, the right to vote, to execute and deliver any and all instruments of proxy, authorizations or consents in form and on terms satisfactory to Pan American in respect of the Purchased Convertible Debenture and any other property, to revoke any such instrument, authorization or consent given prior to or after the Effective Time, to designate in such instrument, authorization or consent any person or persons as the proxy of the Debentureholder in respect of the Purchased Debentureholder for all purposes including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournment thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Aquiline;
- (c) to execute, endorse and negotiate, for and in the name of and on behalf of the Debentureholder, any and all cheques or other instruments, representing any Distributions payable to or to the order of, or endorsed in favour of, the Debentureholder; and
- (d) to exercise any other rights of a holder of the Convertible Debenture.

The undersigned revokes any and all authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Deposited Convertible Debenture or any Distributions. No subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, will be granted with respect to the Deposited Convertible Debenture or any Distributions by or on behalf of the undersigned, unless the Deposited Convertible Debenture is not taken up and paid for under the Debenture Offer.

Unless the undersigned withdraws the Deposited Convertible Debenture as provided in the Offers to Purchase and Circular, the undersigned agrees not to vote at any meeting (whether annual, special or otherwise, or any adjournments thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of securities of Aquiline and not to exercise any of the other rights or privileges attached to the Convertible Debenture, and agrees to execute and deliver to Pan American any and all instruments of proxy, authorizations or consents in respect of the Purchased Convertible Debenture, and to appoint in any such instruments of proxy, authorizations or consents, the person or persons specified by Pan American as the proxy of the holder of the Purchased Convertible Debenture. **Upon such appointment, and provided the undersigned has not withdrawn any Deposited Convertible Debenture as provided in the Offers to Purchase and Circular, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney in fact) or consents given by the holder of the Purchased Convertible Debenture with respect thereto will be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.**

The undersigned covenants to execute, upon the request of Pan American, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Convertible Debenture to Pan American and acknowledges that all authority therein conferred or agreed to be conferred is, to the extent permitted by law, irrevocable and may be exercised during any subsequent legal incapacity of such holder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the holder and all obligations of the holder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such holder.

The undersigned instructs Pan American and the Depositary, upon Pan American taking up the Deposited Convertible Debenture, to mail the certificate(s) representing the Pan American Replacement Debenture by first class mail, postage prepaid, or to hold such certificate(s) for pick-up, in accordance with the instructions given below. Should the Deposited Convertible Debenture not be purchased, the deposited Convertible Debenture Certificate and other relevant documents shall be returned in accordance with the instructions in the preceding sentence.

The obligations of the undersigned hereunder shall terminate and cease to be of force and effect if the undersigned withdraws any Deposited Aquiline Debenture as provided in the Offers to Purchase and Circular.

<b>BLOCK A</b> ISSUE CERTIFICATE IN THE NAME OF: (please print or type)
(Name)
(Street Address and Number)
(City and Province or State)
(Country and Postal (or Zip) Code)
(Telephone - Business Hours)
(Tax Identification, Social Insurance or Social Security Number)

<b>BLOCK B</b> SEND CERTIFICATE (unless Block C is checked) TO: (please print or type)
(Name)
(Street Address and Number)
(City and Province or State)
(Country and Postal (or Zip) Code)

<b>BLOCK C</b> <input type="checkbox"/> HOLD CERTIFICATE FOR PICK-UP AT THE OFFICES OF THE DEPOSITARY WHERE THIS LETTER OF TRANSMITTAL IS DEPOSITED. (Check box)
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Signature guaranteed by (if required under Instruction 4):

\_\_\_\_\_

Dated: \_\_\_\_\_, 200\_\_

\_\_\_\_\_  
Authorized Signature of Guarantor

\_\_\_\_\_  
Signature of Debentureholder or Authorized Representative  
- See Instructions 3 and 5

\_\_\_\_\_  
Name of Guarantor (please print or type)

\_\_\_\_\_  
Name of Debentureholder (please print or type)

\_\_\_\_\_  
Address of Guarantor (please print or type)

\_\_\_\_\_  
Name of Authorized Representative, if applicable  
(please print or type)

\_\_\_\_\_  
Daytime telephone number of Debentureholder  
or Authorized Representative

\_\_\_\_\_  
Daytime facsimile number of Debentureholder  
or Authorized Representative

\_\_\_\_\_  
Tax Identification, Social Insurance  
or Social Security Number of Debentureholder

#### BLOCK D

- CHECK HERE IF THE CONVERTIBLE DEBENTURE IS BEING DEPOSITED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING: (please print or type)

Name of Registered Holder: \_\_\_\_\_

Date of Execution of Notice of Guaranteed Delivery: \_\_\_\_\_

Window Ticket Number (if any):  
\_\_\_\_\_

Name of Institution which Guaranteed Delivery:  
\_\_\_\_\_

#### INSTRUCTIONS

##### 1. Use of Letter of Transmittal

- (a) This Letter of Transmittal (or a manually signed facsimile thereof) together with the Convertible Debenture Certificate representing the Deposited Convertible Debenture and all other documents required by the terms of the Offers to Purchase and Circular must be received by the Depositary at any of the offices specified on the back cover page no later than 9:00 p.m. (Eastern time) on December 7, 2009, unless the Debenture Offer is extended or unless the procedure for guaranteed delivery set out in Instruction 2 below is used.
- (b) The method of delivery of the Convertible Debenture Certificate, the Letter of Transmittal and all other required documents is at the option and risk of the person depositing those documents. Pan American recommends that those documents be delivered by hand to the Depositary and a receipt obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary before the Expiry Time. Delivery will only be effective upon actual receipt by the Depositary.

##### 2. Procedure for Guaranteed Delivery

If the Debentureholder wishes to deposit the Convertible Debenture pursuant to the Debenture Offer and either (i) the Debenture Certificate(s) is not immediately available; or (ii) the Debenture Certificate(s) and all other required documents cannot be delivered to the Depositary at or prior to the Expiry Time, the Convertible Debenture may nevertheless be deposited validly under the Debenture Offer, provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution (as defined below);
- (b) a Notice of Guaranteed Delivery (printed on green paper) in the form accompanying the Debenture Offer or a manually signed facsimile thereof, properly completed and signed, is received by the Depositary at its Toronto office at or prior to the Expiry Time as set forth in the accompanying Notice of Guaranteed Delivery; and
- (c) the Convertible Debenture Certificate representing the deposited Convertible Debenture in proper form for transfer, together with a Letter of Transmittal or a manually executed facsimile thereof, properly completed and signed (with signatures guaranteed if so required) in accordance with the Letter of Transmittal and all other documents required thereby, are received by the Depositary at its Toronto office at or prior to 9:00 p.m. (Eastern time) on the third trading day on the Toronto Stock Exchange after the Expiry Time.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile transmission or mailed to the Depository at its Toronto office as specified in the Notice of Guaranteed Delivery and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery. **Delivery of the Notice of Guaranteed Delivery to any office other than the Toronto office of the Depository specified in the Notice of Guaranteed Delivery does not constitute delivery for purposes of making a guaranteed delivery.**

An “**Eligible Institution**” means a Canadian Schedule I chartered bank, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority in the United States, or banks or trust companies in the United States.

### **3. Signatures**

This Letter of Transmittal must be completed and signed by the registered holder of the Deposited Convertible Debenture accepting the Debenture Offer described above or by such holder’s duly authorized representative (in accordance with Instruction 5).

- (a) If this Letter of Transmittal is signed by the registered owner of the Convertible Debenture Certificate, such signature on this Letter of Transmittal must correspond with the name as registered or as written on the face of such Convertible Debenture Certificate without any change whatsoever, and the Convertible Debenture Certificate need not be endorsed. If the transmitted Convertible Debenture Certificate is owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.
- (b) If this Letter of Transmittal is signed by a person other than the registered owner of the Convertible Debenture Certificate, or if certificate(s) representing the Pan American Replacement Debenture are to be issued to a person other than the registered owner(s):
  - (i) the deposited Convertible Debenture Certificate must be endorsed or accompanied by an appropriate transfer power of attorney duly and properly completed by the registered owner; and
  - (ii) the signature on such endorsement or power of attorney must correspond exactly to the name of the registered owner as registered or as appearing on the Convertible Debenture Certificate and must be guaranteed as noted in Instruction 4 below.

### **4. Guarantee of Signatures**

If this Letter of Transmittal is signed by a person other than the registered owner of the Deposited Convertible Debenture, or if the Deposited Convertible Debenture purchased is to be returned to a person other than such registered owner or sent to an address other than the address of the registered owner as shown on the relevant security holder registers of Aquiline or if payment is to be issued in the name of a person other than the registered owner of the Deposited Convertible Debenture, such signature must be guaranteed by an Eligible Institution (except that no guarantee is required if the signature is that of an Eligible Institution). See Instruction 2 for the definition of Eligible Institution.

### **5. Fiduciaries, Representatives and Authorizations**

Where this Letter of Transmittal is executed by a person acting as an executor, administrator, trustee or guardian, or on behalf of a corporation, partnership, or association, or is executed by any other person acting in a representative capacity, such person should so indicate when signing and this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. The Offeror or the Depository, at their discretion, may require additional evidence of authority or additional documentation.

### **6. Partial Deposits**

If less than the principal amount of the Convertible Debenture evidenced by any Convertible Debenture Certificate submitted is to be deposited, fill in the principal amount of the Convertible Debenture to be deposited in the appropriate space on this Letter of Transmittal. In such case, new Securities Certificate(s) for the number of Securities not deposited

will be sent to the registered holder as soon as practicable after the Expiry Time. The total number of Securities evidenced by all Security Certificates delivered will be deemed to have been deposited unless otherwise indicated.

#### **7. Stock Transfer Tax**

Except as otherwise provided in this Instruction 7, Pan American will pay all stock transfer tax with respect to the transfer and sale of the Convertible Debenture to it or its order pursuant to the Debenture Offer. If, however, payment of the purchase price is to be made to, or if a Convertible Debenture Certificate for the Convertible Debenture is not deposited or not accepted for payment or are to be registered in the name of any person other than the registered holder(s), or if deposited Convertible Debenture Certificates for the Convertible Debenture is registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer tax (whether imposed on the registered holder(s) or such other person) payable on account of the transfer to such other person will be deducted from the purchase price of the Convertible Debenture purchased unless evidence satisfactory to Pan American, in its sole discretion, of the payment of such tax, or exemption therefrom, is submitted.

#### **8. Miscellaneous**

- (a) If the space on this Letter of Transmittal is insufficient to list the Convertible Debenture Certificate for the Deposited Convertible Debenture, additional information may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If the Deposited Convertible Debenture is registered in different forms (e.g., “John Doe” and “J. Doe”), a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be acceptable. The Depositing Debentureholder by execution of this Letter of Transmittal (or a facsimile hereof) waives any right to receive any notice of the acceptance of Deposited Securities for payment, except as required by applicable law.
- (d) The Debenture Offer and any agreement resulting from the acceptance of the Debenture Offer will be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party to any agreement resulting from the acceptance of the Debenture Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario.
- (e) Pan American will not pay any fees or commissions to any stockbroker or investment dealer or any other person for soliciting the deposit of the Convertible Debenture pursuant to the Debenture Offer except as otherwise set forth in the Offers to Purchase and Circular (other than to dealer managers, soliciting dealers and the Depositary).
- (f) Additional copies of the Offers to Purchase and Circular, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depositary at the addresses set forth on the back page of this Letter of Transmittal.

#### **9. Lost Certificates**

If the Convertible Debenture Certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depositary. The Depositary will forward such letter to Aquiline’s registrar and transfer agent so that the transfer agent may provide replacement instructions. If the Convertible Debenture Certificate has been lost or destroyed, please ensure that you provide your telephone number so that the Depositary or Aquiline’s transfer agent may contact you.

**THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE (TOGETHER WITH THE CONVERTIBLE DEBENTURE CERTIFICATE AND ALL OTHER REQUIRED DOCUMENTS) OR THE NOTICE OF GUARANTEED DELIVERY OR A MANUALLY SIGNED FACSIMILE THEREOF MUST BE RECEIVED BY THE DEPOSITARY NO LATER THAN THE EXPIRY TIME.**

*The Depositary for the Debenture Offer is:*

**The Depositary and Information Agent for the Offers is:**



**By Mail**

The Exchange Tower  
130 King Street West, Suite 2950,  
P.O. Box 361  
Toronto, Ontario  
M5X 1E2

**By Registered, by Hand or by  
Courier**

The Exchange Tower  
130 King Street West, Suite  
2950,  
Toronto, Ontario  
M5X 1E2

**North American Toll Free Phone:**

**1-888-518-6824**

E-mail: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

**Any questions and requests for assistance may be directed by the Aquiline Debentureholder to the Depositary at its telephone number and locations set out above. The Aquiline Debentureholder may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Debenture Offer.**