

The instructions accompanying this Letter of Transmittal should be read carefully before this Letter of Transmittal is completed. The Notice of Compulsory Acquisition accompanying this Letter of Transmittal should be read prior to completing this Letter of Transmittal. The Depositary, 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 Common Shares of

Aquiline Resources Inc.

pursuant to the Compulsory Acquisition made by

Pan American Silver Corp.

Under Section 188 of the *Business Corporations Act* (Ontario)

USE THIS LETTER OF TRANSMITTAL TO SUBMIT A SHARE CERTIFICATE
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Pursuant to the offers to purchase and circular dated October 30, 2009, as amended by the notice of variation and extension dated December 9, 2009 (the “**Offers to Purchase and Circular**”), Pan American Silver Corp. (“**Pan American**”) made an offer dated October 30, 2009 to purchase, among other Aquiline Securities, all of the outstanding common shares (the “**Aquiline Shares**”) of Aquiline Resources Inc. (“**Aquiline**”), for consideration consisting of 0.2495 of a common share of Pan American (a “**Pan American Share**”) and 0.1 of a common share purchase warrant of Pan American (a “**Pan American Consideration Warrant**”) for each Aquiline Share (the “**Share Offer**”). The Share Offer expired at 9:00 pm (Eastern time) on December 22, 2009.

Pursuant to a notice of compulsory acquisition (the “**Notice of Compulsory Acquisition**”) dated December 23, 2009, Pan American exercised its right under Section 188 of the *Business Corporations Act* (Ontario) to acquire all of the outstanding Aquiline Shares that Pan American did not acquire under the Share Offer (the “**Remaining Shares**”) on the terms and for the consideration contained in the Share Offer.

Capitalized terms used but not defined in this Letter of Transmittal have the meanings given to them in the Offers to Purchase and Circular.

Pursuant to Clause 188(2)(c) of the *Business Corporations Act* (Ontario), you are required to elect:

- (a) to transfer your Remaining Shares to Pan American on the terms on which Pan American acquired the Aquiline Shares of the shareholders of Aquiline who accepted the Share Offer; or
- (b) to demand payment of the fair value of your Remaining Shares in accordance with subsections 188(13) to 188(21) of the *Business Corporations Act* (Ontario) by notifying the Depositary (as defined below) within 20 days after the receipt of this Letter of Transmittal.

If you do not notify the Depositary (as defined below), as agent for Pan American, in accordance with (b) above, you will be deemed to have elected to transfer your Remaining Shares to Pan American on the basis referred to in (a) above. You must, in all events and regardless of which alternative of (a) and (b) above you elect, within 20 days after receipt of this Letter of Transmittal send all certificate(s) representing your Remaining Shares (the “**Share Certificates**”) to the Depositary (as defined below), as agent for Pan American, in person, by courier or by registered mail, at the address set forth on the back page of this Letter of Transmittal. If you have lost your Share Certificate(s), or if they have been destroyed or stolen, see Instruction 7 below.

TO: PAN AMERICAN SILVER CORP.

AND TO: COMPUTERSHARE INVESTOR SERVICES INC. (THE “DEPOSITARY”), AT ITS OFFICES SET OUT HEREIN

Pursuant to Clause 188(2)(c) of the OBCA, the undersigned holder of Remaining Shares hereby elects (check appropriate Box):

(a) To transfer his/her or its Remaining Shares to Pan American on the terms on which Pan American acquired the Aquiline Shares of the shareholders of Aquiline who accepted the Share Offer. (If this box is checked, please refer to and complete the Section of this Letter of Transmittal entitled, “Transfer of Remaining Shares on the Terms of the Share Offer”.)

OR

(b) To demand payment of the fair value of his/her or its Remaining Shares in accordance with subsections 188(13) to 188(21) of the *Business Corporations Act* (Ontario), and hereby notifies Pan American of such election.¹

The following are the details of the Share Certificate(s) enclosed by the undersigned holder of Remaining Shares:

Share Certificate Number(s)	Name(s) in which Registered	Number of Remaining Shares Represented by Share Certificate	Number of Remaining Shares Submitted
TOTAL:			

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

TRANSFER OF REMAINING SHARES ON THE TERMS OF THE SHARE OFFER

The undersigned hereby represents and warrants to Pan American and the Depositary that the undersigned: (i) has full power and authority to deposit, sell, assign and transfer the Remaining Shares represented by the enclosed Share Certificate(s) for cancellation (the “**Deposited Remaining Shares**”) 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 Remaining Shares (collectively, “**Distributions**”); (ii) the Deposited Remaining Shares 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 Remaining Shares and Distributions, to any other person; (iii) the deposit of the Deposited Remaining Shares and Distributions complies with applicable laws; and (iv) when the Deposited Remaining Shares and Distributions are acquired and paid for by Pan American pursuant to applicable laws under the terms of the Compulsory Acquisition, Pan American will acquire good title thereto, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

IN CONSIDERATION OF THE COMPULSORY ACQUISITION AND FOR THE VALUE TO BE RECEIVED, upon the terms and subject to the conditions set forth in the Notice of Compulsory Acquisition and in this Letter of Transmittal, the undersigned irrevocably accepts the Compulsory Acquisition for and in respect of the Deposited Remaining Shares and delivers to Pan American the enclosed Share Certificate(s) representing the Deposited Remaining Shares and, on and subject to the terms and conditions of the Compulsory Acquisition,

¹ This or other written notice on election of (b) above must be given to Pan American by delivery to the Depositary at its address set out at the back page of this Letter of Transmittal, within 20 days after receiving this Letter of Transmittal, failing which the holder will be deemed to have elected (a) above. You must then apply to a court having jurisdiction for a determination of the fair value of your Remaining Shares by no later than 30 days of receiving this Letter of Transmittal.

deposits, sells, assigns and transfers to Pan American all right, title and interest in and to all rights and benefits arising from the Deposited Remaining Shares and any and all Distributions. The undersigned acknowledges that he/she or it will receive 0.2495 of a Pan American Share and 0.1 of a Pan American Consideration Warrant for each Deposited Remaining Share submitted to the Compulsory Acquisition.

Settlement with each holder of Remaining Shares will be made by the Depository, on behalf of Pan American, by forwarding certificates representing Pan American Shares and Pan American Consideration Warrants to the registered holder of the Remaining Shares by regular mail, unless otherwise instructed in this Letter of Transmittal.

The undersigned acknowledges and agrees that no Pan American Consideration Warrant may be exercised by any U.S. Person (or by any person within the United States or for the account or benefit of any U.S. Person or person within the United States) unless and until a Registration Statement has been filed by Pan American and has become or has been declared effective under the U.S. Securities Act.

BLOCK A 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)

BLOCK 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)

BLOCK C <input type="checkbox"/> HOLD PAN AMERICAN SHARE CERTIFICATE AND PAN AMERICAN CONSIDERATION WARRANT CERTIFICATE FOR PICK-UP AT THE OFFICES OF THE DEPOSITARY WHERE THIS LETTER OF TRANSMITTAL IS DEPOSITED. (Check box)

BLOCK D

TAX DEFERRAL ELECTION

As described under the heading “Canadian Federal Income Tax Considerations” in Section 20 of the Circular in the Offers to Purchase and Circular, certain Aquiline Shareholders (each an “**Eligible Holder**”) are entitled to require Pan American to make a joint election (a “**Tax Election**”) pursuant to §85 of the *Income Tax Act* (Canada) and, if applicable, the corresponding provisions of any provincial tax legislation in the form prescribed for federal, and if applicable provincial, tax purposes (collectively, a “**Tax Election Form**”) in order to achieve a tax-deferred exchange of Remaining Shares pursuant to the Compulsory Acquisition.

An Eligible Holder means an Aquiline Shareholder who is (a) a resident of Canada for the purposes of the Tax Act and who is not exempt from tax on income under Part I of the Tax Act, or (b) a partnership any member of which is a person described in (a).

Each Eligible Holder who wishes to make a Tax Election must so indicate by checking the box provided for that purpose at the bottom of this box and Pan American shall, by January 21, 2010, send a tax election information package (the “**Tax Election Package**”) containing an instruction letter providing detailed instructions on how to make the Tax Election to each Eligible Holder who checks the box and returns this Letter of Transmittal to the Depository at the addresses set forth on the back page of this Letter of Transmittal, on or before 5:00 pm (Eastern Time) on January 14, 2010. It shall be the Eligible Holder’s responsibility to obtain the Tax Election Form from the Canada Revenue Agency (the “**CRA**”), and with provincial tax authorities if applicable, within the time prescribed for those purposes. Pan American will not have any obligation to make a joint Tax Election with any Eligible Holder who does not so check the box and return this Letter of Transmittal.

Subject to the more detailed instructions that will be included in the Tax Package, each Eligible Holder to whom a Tax Package is sent must obtain, fully complete and sign one copy of the relevant Tax Election Form, and send the Tax Election Form, so completed and signed, to Pan American, Attention: Aquiline Election Process, 625 Howe Street, Suite 1500, Vancouver, BC, Canada, V6C 2T6, in time to be received by Pan American on or before March 22, 2010. Pan American will, within 30 days after such receipt, sign and return each Tax Election Form that it so receives to the relevant Eligible Holder. The Eligible Holder shall be solely responsible for filing the completed and jointly signed Tax Election Form with the CRA, and with provincial tax authorities if applicable, within the time prescribed for those purposes. A summary of those prescribed time limits are set forth in Section 20 of the Circular. **Eligible Holders should consult their own tax advisers for assistance with respect to making a valid Tax Election.**

Pan American’s only obligation with respect to Tax Election Forms is to sign those Tax Election Forms that it receives at its address set out above, duly completed and signed by an Eligible Holder, and return them on or before April 21, 2010. Pan American will have no obligation to sign any other Tax Election Form, or to file any Tax Election Form with the CRA or provincial tax authorities.

Compliance with the requirements to ensure a valid Tax Election is filed under Section 85 of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation) is the sole responsibility of the Eligible Holder making the election. Accordingly, neither Pan American nor the Depository will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to complete or sign any election form properly or to file it properly within the time prescribed and in the form prescribed under the Tax Act (and the corresponding provisions of any applicable provincial tax legislation).

Tax Election Package Required.

SIGNATURE

Signature guaranteed by (if required under Instruction 4):

_____ Dated: _____

Authorized Signature of Guarantor

Signature of Aquiline Shareholder or Authorized Representative
- See instructions 3 and 5

Name of Guarantor (please print or type)

Name of Aquiline Shareholder (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 Aquiline Shareholder
or Authorized Representative

Daytime facsimile number of Aquiline Shareholder
or Authorized Representative

Tax Identification, Social Insurance
or Social Security Number of Aquiline Shareholder

INSTRUCTIONS

1. Use of Letter of Transmittal

- (a) This Letter of Transmittal (or a manually signed facsimile thereof) together with Share Certificate(s) representing the Remaining Shares and all other documents required pursuant to the Compulsory Acquisition, with the signatures guaranteed if required in Instruction 3 below, should be sent to the Depository at any of the offices specified on the back of this Letter of Transmittal.
- (b) The method of delivery of the Share Certificate(s), 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 Depository and a receipt obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained.

2. Signatures

This Letter of Transmittal must be completed and signed by the registered holder of the Remaining Shares or by such holder's duly authorized representative (in accordance with Instruction 4).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the Share Certificate(s), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such Share Certificate(s) without any change whatsoever, and the Share

Certificate(s) need not be endorsed. If such transmitted Share Certificate(s) are 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(s) of the Share Certificate(s), or if certificate(s) representing Pan American Shares or Pan American Consideration Warrants are to be issued to a person other than the registered owner(s):
 - (i) such deposited Share Certificate(s) must be endorsed or accompanied by an appropriate transfer power of attorney duly and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the Share Certificate(s) and must be guaranteed as noted in Instruction 4 below.

3. Guarantee of Signatures

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Remaining Shares, or if payment is to be issued in the name of a person other than the registered owner(s) of the Deposited Remaining Shares, such signature must be guaranteed by an Eligible Institution (except that no guarantee is required if the signature is that of an Eligible Institution). 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.

4. 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. Either Pan American or the Depository, at its sole discretion, may require additional evidence of authority or additional documentation.

5. Stock Transfer Tax

Except as otherwise provided in this Instruction 5, Pan American will pay all stock transfer tax with respect to the transfer and sale of any Remaining Shares to it or its order pursuant to the Compulsory Acquisition. If, however, payment of the purchase price is to be made to, or if Share Certificates for Remaining Shares not deposited or not accepted for payment are to be registered in the name of, any person other than the registered holder(s), or if deposited Share Certificates for Remaining Shares are 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 such Remaining Shares purchased unless evidence satisfactory to Pan American, in its sole discretion, of the payment of such tax, or exemption therefrom, is submitted.

6. Miscellaneous

- (a) If the space on this Letter of Transmittal is insufficient to list all Share Certificates for Remaining Shares, additional certificate numbers may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Remaining Shares are 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. All depositing Aquiline Shareholders by execution of this Letter of Transmittal (or a facsimile hereof) waive any right to

receive any notice of the acceptance of Deposited Remaining Shares for payment, except as required by applicable law.

- (d) Before completing this Letter of Transmittal, you are urged to read the accompanying Notice of Compulsory Acquisition.
- (e) Pan American will not pay any fees or commissions to any stockbroker or investment dealer or any other person for soliciting deposits of Remaining Shares pursuant to the Compulsory Acquisition.
- (f) Additional copies of the Offers to Purchase and Circular, this Letter of Transmittal and the Notice of Compulsory Acquisition may be obtained from the Depositary at the addresses set forth on the back page of this Letter of Transmittal.

7. Lost Certificates

If a Share 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 a Share 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.

8. Failure to Submit Properly Completed Letter of Transmittal

If an Aquiline Shareholder submits a Share Certificate but fails to submit a properly completed Letter of Transmittal or does not submit a Letter of Transmittal, then the Pan American Share certificate and Pan American Consideration Warrant certificate representing payment for such Remaining Shares will be issued to the Aquiline Shareholder, in each case as it appears on the securities registers maintained by or on behalf of Aquiline.

9. Assistance

THE DEPOSITARY (SEE BACK COVER PAGE FOR ITS ADDRESSES AND TELEPHONE NUMBERS) OR YOUR INVESTMENT DEALER, STOCKBROKER, TRUST COMPANY MANAGER, BANK MANAGER, LAWYER OR OTHER PROFESSIONAL ADVISOR WILL BE ABLE TO ASSIST YOU IN COMPLETING THIS LETTER OF TRANSMITTAL.

The Depository for the Compulsory Acquisition is:

COMPUTERSHARE INVESTOR SERVICES INC.

Toll Free (North America): 1-800-564-6253

International Direct Dial: 1-514-982-7555

E-Mail: corporateactions@computershare.com

Website: www.computershare.com

By Mail:

Computershare Investor Services Inc.

P.O. Box 7021, 31 Adelaide St E

Toronto, ON M5C 3H2

Attention: Corporate Actions

By Hand, by Courier or by Registered Mail:

Toronto

Computershare Investor Services Inc.

9th Floor, 100 University Avenue

Toronto, Ontario M5J 2Y1

Attention: Corporate Actions

Privacy Notice: Computershare is committed to protecting your personal information. In the course of providing services to you and our corporate clients, we receive non-public personal information about you – from transactions we perform for you, forms you send us, other communications we have with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. We use this to administer your account, to better serve your and our clients' needs and for other lawful purposes relating to our services. We have prepared a *Privacy Code* to tell you more about our information practices and how your privacy is protected. It is available at our website, computershare.com, or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1. Computershare will use the information you are providing on this form in order to process your request and will treat your signature(s) on this form as your consent to the above.

Any questions and requests for assistance may be directed by Shareholders to the Depository at the telephone number and locations set out above.