

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, lawyer or other professional advisor.

The Share Offer (as defined below) was not approved or disapproved by any securities regulatory authority, nor did any securities regulatory authority pass upon the fairness or merits of the Share Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

December 23, 2009

NOTICE OF COMPULSORY ACQUISITION

by PAN AMERICAN SILVER CORP.

Dear shareholder of Aquiline Resources Inc.:

Pursuant to an offer dated October 30, 2009 (the “**Share Offer**”) and subsequently extended on December 7, 2009, Pan American Silver Corp. (“**Pan American**”), offered to purchase, among other things, all of the issued and outstanding common shares (the “**Aquiline Shares**”) of Aquiline Resources Inc. (“**Aquiline**”) not already owned by Pan American in exchange for 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**”) per Aquiline Share. Each whole Pan American Consideration Warrant entitles the holder thereof to purchase one Pan American Share at the price of Cdn.\$35.00 per Pan American Share up until 4:30 p.m. (Eastern time) on December 7, 2014. All other terms and conditions of the Pan American Consideration Warrants are governed by the warrant indenture dated December 7, 2009 (the “**Warrant Indenture**”) between Pan American and Computershare Trust Company of Canada (the “**Trustee**”), as trustee thereunder.

The Share Offer expired at 9:00 p.m. (Eastern time) on December 22, 2009.

At the commencement of the Share Offer, Pan American held 1,650,000 (approximately 2.16%) of the then outstanding Aquiline Shares. Holders of more than 90% of the Aquiline Shares have accepted the Share Offer. Pan American has taken up and is bound to pay for all Aquiline Shares validly deposited under the Share Offer. As a result, Pan American now owns approximately 92.4% of the outstanding Aquiline Shares.

Pan American is hereby exercising its right (the “**Compulsory Acquisition**”) under section 188 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) to acquire those Aquiline Shares not deposited under the Share Offer (the “**Remaining Shares**”). Pursuant to subsection 188(2)(c) of the OBCA, each holder of Remaining Shares and subsequent holder of such Remaining Shares (a “**Remaining Shareholder**” or “**you**”) is required to elect:

- (a) **to transfer your Remaining Shares to Pan American for the purchase price of 0.2495 of a Pan American Share and 0.1 of a Pan American Consideration Warrant per Remaining Share and otherwise on the same terms that Pan American acquired the Aquiline Shares from the holders of such Aquiline Shares 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 (21) inclusive of the OBCA by notifying Pan American, through its depositary for the Compulsory Acquisition, Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (the “Depositary”), by January 18, 2010.**

No fractional Pan American Shares will be issued pursuant to the Compulsory Acquisition or upon the exercise or conversion of any Pan American Consideration Warrants. Where a Remaining Shareholder is to receive Pan American Shares as consideration under the Compulsory Acquisition or upon the exercise or conversion of any Pan American Consideration Warrants and the aggregate number of Pan American Shares to be issued to such Remaining Shareholder would result in a fraction of a Pan American Share being issuable, the number of Pan American Shares to be received by such Remaining Shareholder will be rounded down to the nearest whole number.

If you are a Remaining Shareholder and you do not notify Pan American of your election in accordance with clause (b) above, you will be deemed to have elected to transfer your Remaining Shares to Pan American on the same terms that Pan American acquired the Aquiline Shares from the holders of such Aquiline Shares who accepted the Share Offer. Regardless of your election, Remaining Shareholders are required by subsection 188(4) of the OBCA to send in the certificate(s) representing your Remaining Shares to the Depositary, on behalf of Pan American, within 20 days of the deemed receipt of this Notice of Compulsory Acquisition, being January 18, 2010 (the “**Expiry Date**”). Such share certificate(s) will be cancelled pursuant to the OBCA, regardless of whether they are submitted as required.

NOTICE TO REMAINING SHAREHOLDERS IN THE UNITED STATES

The Compulsory Acquisition is being made by a Canadian issuer that is permitted, under the multi-jurisdictional disclosure system (“MJDS”), to prepare this Notice of Compulsory Acquisition in accordance with the disclosure requirements of Canada. Remaining Shareholders should be aware that such requirements are different from those of the United States.

The Compulsory Acquisition relates to the securities of a Canadian “foreign private issuer”, as such term is defined in Rule 3b-4 under the U.S. Securities Exchange Act of 1934, as amended (the “U.S. Exchange Act”), that does not have securities registered under Section 12 of the Exchange Act. The Compulsory Acquisition is made in the United States with respect to securities of a “foreign private issuer”, as such term is defined in Rule 3b-4 under the U.S. Exchange Act, in accordance with Canadian provincial and federal corporate rules.

Remaining Shareholders should be aware that the disposition of Remaining Shares and acquisition of the Pan American Shares and Pan American Consideration Warrants may have tax consequences both in the United States and in Canada. Such consequences may not be fully described herein and such Remaining Shareholders are encouraged to consult their own tax advisors.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Pan American is incorporated under the laws of the Province of British Columbia and Aquiline is incorporated under the laws of Ontario, that some or all of their officers and directors and experts may be residents of a foreign country, and that all or a substantial portion of the assets of Pan American and Aquiline and said persons may be located outside the United States.

Pan American has filed with the United States Securities and Exchange Commission (the “SEC”) a Registration Statement on Form F-80 and other documents and information, and has mailed the Offers and Circular (as defined below) to Remaining Shareholders concerning, among other things, the Share Offer and the proposed combination of Pan American and Aquiline. Remaining Shareholders are urged to read the Registration Statement, the Offers and Circular and this Notice of Compulsory Acquisition and any other relevant documents filed with the SEC, because they contain important information.

Investors and Remaining Shareholders will be able to obtain the documents free of charge at the SEC's website, www.sec.gov. In addition, documents filed with the SEC by Pan American will be available free of charge from Pan American. You should direct requests for documents to the Corporate Secretary, Pan American Silver Corp., Suite 1500 – 625 Howe Street, Vancouver, British Columbia, V7X 2T2, telephone: 604-684-1175. To obtain timely delivery, such documents should be requested not later than January 13, 2010, being five business days before the Expiry Date.

The Pan American Shares and Pan American Consideration Warrants offered pursuant to the Share Offer have not been approved or disapproved by the SEC or any other regulatory authority nor has the SEC or any other regulatory authority passed upon the accuracy or adequacy of the Offers and Circular or this Notice of Compulsory Acquisition. Any representation to the contrary is a criminal offence.

Pan American is subject to the information requirements of the U.S. Exchange Act and, in accordance with the U.S. Exchange Act, files reports and other information with the SEC. Under the MJDS adopted by the United States, some reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. In addition, Pan American is exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of proxy statements, and its respective officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the U.S. Exchange Act. Pan American's U.S. Exchange Act reports and other information filed with the SEC may be inspected and copied at the public reference facilities maintained by the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operations and location of the public reference facilities of the SEC. Copies of the material Pan American files with the SEC may be obtained at prescribed rates from the Public Reference Section of the

SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains a website (www.sec.gov) that makes available reports and other information that Pan American files or furnishes electronically.

HOW TO RESPOND TO THIS NOTICE OF COMPULSORY ACQUISITION

Enclosed with this Notice of Compulsory Acquisition is a letter of transmittal (the “**Letter of Transmittal**”), which, if completed and returned to the Depository at the address set forth below, so as to be received by the Depository by the Expiry Date, will constitute notice to Pan American of your election.

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:

Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

1. MAKE YOUR ELECTION

- (a) Election to Transfer your Remaining Shares for 0.2495 of a Pan American Share and 0.1 of a Pan American Consideration Warrant per Remaining Share and otherwise on the terms on which Pan American acquired the Aquiline Shares under the Share Offer**

If you elect to transfer the Remaining Shares held by you to Pan American under clause (a) above, you should deliver, by the Expiry Date, to the address of the Depository set forth above:

- (i) the enclosed Letter of Transmittal, duly completed to indicate your election to transfer the Remaining Shares held by you; and
- (ii) the certificate(s) representing the Remaining Shares held by you to the Depository, as depository for the Compulsory Acquisition.

If neither box is checked on the Letter of Transmittal, or if a completed Letter of Transmittal is not included with your share certificate(s), you will be deemed to have elected to transfer your Remaining Shares to Pan American on the basis referred to in clause (a) above. Certificates for the Pan American Shares and Pan American Consideration Warrants to which you are entitled in payment for your Remaining Shares will be mailed to you after receipt by the Depository from you of the certificate(s) representing your Remaining Shares.

(b) Election to Demand Payment of Fair Value

If you elect to demand payment of fair value of your Remaining Shares under clause (b) above, you should deliver, by the Expiry Date, to the address of the Depositary set forth above:

- (i) the enclosed Letter of Transmittal, duly completed to indicate such election; and
- (ii) the certificate(s) representing the Remaining Shares held by you to the Depositary, as depositary for the Compulsory Acquisition.

If you do not notify Pan American in accordance with clause (b) above by the Expiry Date, you will be deemed to have elected to transfer your Remaining Shares to Pan American on the basis referred to in clause (a) above. In this case, certificates for the Pan American Shares and Pan American Consideration Warrants to which you are entitled in payment for your Remaining Shares will be mailed to you after receipt by the Depositary from you of the certificate(s) representing your Remaining Shares.

An election to demand payment of fair value under clause (b) above involves an application to court. Such an election may only be made by the registered holder of the Remaining Shares. If you wish to elect to demand payment of fair value of your Remaining Shares, you should consult with a lawyer or other professional advisor, as the provisions of section 188 of the OBCA are technical and complex and failure to comply strictly with the provisions thereof may prejudice your rights.

2. RETURN YOUR SHARE CERTIFICATE(S)

Regardless of the election you make, you are required under the OBCA to send certificate(s) representing the Remaining Shares held by you to the Depositary, as depositary for the Compulsory Acquisition, by the Expiry Date. Such certificate(s) should be sent, together with a completed Letter of Transmittal indicating your election, as described above, to Pan American in care of the Depositary at the address of the Depositary set forth above.

The method used to deliver certificate(s) representing your Remaining Shares to the Depositary is at your option and risk. It is recommended that delivery be made by hand to the Depositary and that a receipt be obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is also recommended that any mailing be made sufficiently in advance to permit delivery to the Depositary so as to be received by the Expiry Date. Delivery will only be effective upon actual receipt by the Depositary. An envelope has been enclosed for your convenience.

If a share certificate has been lost, destroyed, mutilated or mislaid, you should contact the Depositary for information on how to obtain a replacement share certificate. If a certificate has been lost, destroyed, mutilated or mislaid, please ensure that you provide your telephone number so that the Depositary may contact you.

Pan American will deposit with the Depositary, as depositary for the Compulsory Acquisition, by January 12, 2010 and in trust for you in accordance with subsections 188(5) and 188(6) of the OBCA, that consideration which is required to acquire your Remaining Shares on the same terms as those on which Pan American acquired the Aquiline Shares of the offerees who accepted the Share Offer.

The foregoing is only a brief description of certain aspects of the right of Compulsory Acquisition and is qualified in its entirety by the provisions of section 188 of the OBCA and the disclosure provided in the take-over bid circular dated October 30, 2009 (the “**Offers and Circular**”), as amended by the notice of variation and extension dated December 9, 2009 under the heading “Circular – Acquisition of Aquiline Securities Not Deposited – Compulsory Acquisition”. The description is not intended to be complete. Section 188 of the OBCA is complex and may require strict adherence to notice and timing provisions, failing which your rights may be lost or altered. Remaining Shareholders who wish to be better informed about those provisions of the OBCA should consult with their legal advisors.

Questions and requests for assistance may be directed to the Depository at the above address and telephone number.

PAN AMERICAN SILVER CORP.

Per: *(Signed) Robert Pirooz*

Name: Robert Pirooz

Title: General Counsel and Corporate Secretary

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