

Azucar Minerals Ltd. (formerly known as Almadex Minerals Limited)

Attachment to Form 8937-Part II

Report of Organization Actions Affecting Basis of Securities (Recapitalization)

Consult your tax advisor: The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Recapitalization (as defined below) on the tax basis of stock in Azucar Minerals Ltd., a British Columbia Limited Company (“Azucar”) (formerly known as Almadex Minerals Limited). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. All U.S. taxpayers that owned Azucar shares at the time of the Recapitalization (“U.S. Shareholders”) should consult their own tax advisors regarding the particular consequences of the Recapitalization to them, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws. Please read the Management Information Circular, dated April 6, 2018, mailed to Azucar stockholders, noting especially the discussion therein under the heading “Certain United States Federal Income Tax Consequences”. You may access the Management Information Circular at www.sedar.com (in the Issuer Profile for Azucar Minerals Ltd. and identified therein as a Management information circular filed April 6, 2018).

Part II Item 14. Description of the organization action

Pursuant to a certain Plan of Arrangement (the “Plan of Arrangement”), on May 18, 2018, Azucar changed the name of its issued and unissued stock from “Common shares” (referred to herein as “Azucar Shares”) to “Class A Common shares”. Azucar also created a new class of shares with the name “Class B Common shares”.

Under the Plan of Arrangement, each Azucar shareholder owning “Class A Common shares” then exchanged each Class A Common share for (i) one Class B Common share of Azucar, and (ii) one common share of Almadex Minerals Ltd. (“Spinco”) (formerly known as 1154229 B.C. Ltd.). Class B Common shares were then renamed “Common shares”. No cash consideration was paid in the exchange.

The renaming of Azucar Shares as Class A Common shares, together with the exchange of each such share for a Class B Common share (determined without regard to the receipt of Spinco shares), and the renaming of Class B Common shares as Common shares (the “Azucar New Shares”), will be referred to collectively as the “Recapitalization”.

This Form 8937 addresses the Recapitalization.

Another Form 8937 addresses the receipt of Common shares of Spinco under the Plan of Arrangement.

Part II Item 15. Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. Shareholder

The tax basis of each Azucar New Share received by an Azucar shareholder who is a U.S. Shareholder in the Recapitalization should equal the tax basis of the Azucar Share treated as transferred in exchange therefor. U.S. Shareholders that acquired Azucar Shares at different times or different prices will need to determine their tax basis in each block of Azucar New Shares.

Part II Item 16. Description of the calculation of the change in basis

Because the Recapitalization is intended to qualify as a tax-deferred exchange under

Code Section 368(a)(1)(E) and/or Code Section 1036, and all Azucar Shares were converted to Azucar New Shares, U.S. Shareholders did not recognize any gain or loss on the receipt of Azucar New Shares in the Recapitalization. Accordingly, pursuant to Code Section 358, U.S. Shareholders should have a tax basis in the Azucar New Shares equal to their adjusted tax basis in Azucar Shares surrendered.

Part II Item 17. (list of applicable Code sections)

Code Sections 354, 358, 368(a)(1)(E), 1036

Part II Item 18. (recognition of loss)

No loss will be recognized on the Recapitalization.

Part II Item 19. (other information)

The Recapitalization occurred in the calendar year of 2018.