

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

Attachment to Form 8937-Part II

Report of Organization Actions Affecting Basis of Securities (Distribution)

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 Distribution (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), in the hands of Azucar shareholders who are U.S. taxpayers (“U.S. Shareholders”). This discussion 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. Shareholders that received Common shares (“Spinco Shares”) of Almadex Minerals Ltd. (“Spinco”) (formerly known as 1154229 B.C. Ltd.) in the Distribution should consult their own tax advisors regarding the particular consequences of the Distribution 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 as of 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 on April 6, 2018).

Part II Item 14. Description of organizational 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”.

Each Azucar shareholder owning “Class A Common shares” then exchanged each such share for (i) one Class B Common share, and (ii) one Spinco Share (CUSIP 02028L107). (Such exchange is referred to herein as the “Exchange”.) Class B Common shares were then renamed “Common shares” (and will be referred to below as “Azucar New Shares”). No cash consideration was paid in the Exchange.

This Form 8937 addresses the receipt by shareholders of one Spinco Share for each Class A Common share in the Exchange.

Another Form 8937 addresses the exchange of each Class A Common share for a Class B Common share (determined without regard to the receipt of Spinco Shares).

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. taxpayer

The receipt by an Azucar stockholder of a Spinco Share in return for a Class A Common share in the Exchange should be treated for U.S. federal income tax purposes as a distribution to the Azucar stockholder in the amount of the fair market value of the distributed Spinco Share (the “Distribution”).

Azucar estimates that the fair market value of each Spinco Share was (US)\$0.28 when distributed. Azucar further estimates that 100% of the Distribution to a U.S. Shareholder will be treated as a nontaxable return of capital to the extent of the U.S. Shareholder’s tax basis.

U.S. Shareholders that purchased Azucar Shares at different time or at different prices will need to determine their tax basis in each block of Azucar New Shares before undertaking the calculations described in this paragraph.

The basis of each Spinco share received by a U.S. Shareholder is equal to the fair market value of a Spinco share at the time of the Distribution, which Azucar estimates to be (US)\$0.28 per share.

Part II Item 16. Description of the calculation of the change in basis and the data that supports the calculation, such as the market value of securities and valuation dates

Under Code Section 301, to the extent that the Distribution is paid out of Azucar's accumulated earnings and profits or out of its current earnings and profits, as computed for U.S. federal income tax purposes, the Distribution is treated as a dividend and has no effect on the basis of any of the Azucar New Shares in the hands of a U.S. Shareholder. For this purpose, every distribution is generally made out of earnings and profits to the extent thereof. To the extent that the Distribution is not paid out of Azucar's accumulated or current earnings and profits, the Distribution will reduce a U.S. Shareholder's tax basis in each of its Azucar New Shares under Code Section 301(c)(2) (but not below zero).

Under Code Section 301(d), the basis of property received in a distribution from a corporation with respect to its stock is the fair market value of such property.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. The fair market value of the Spinco Shares transferred in the Distribution was based upon an independent valuation of Spinco immediately before the Distribution.

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

Code Sections 301, 312, 316

Part II Item 18. (recognition of loss)

No loss will be recognized on the Distribution.

Part II Item 19. (other information)

The Distribution occurred in the calendar year of 2018.