

# **BEAR CREEK MINING CORPORATION**

**DISCLOSURE, CONFIDENTIALITY**

**&**

**INSIDER TRADING POLICY**

## **BEAR CREEK MINING CORPORATION**

### **DISCLOSURE, CONFIDENTIALITY & INSIDER TRADING POLICY**

#### **The Policy**

This Policy establishes procedures that are designed to (i) permit the disclosure of information about Bear Creek Mining Corporation (the "**Company**") to the public in an informative, timely and broadly disseminated manner, (ii) ensure that non-publicly disclosed information remains confidential, and (iii) ensure that trading of the Company's securities by directors, officers and employees of the Company remains in compliance with applicable securities laws. The implementation of such policies and procedures is important in developing sound disclosure practices and maintaining investor confidence, as well as complying with securities laws and the Exchange's rules on disclosure and trading.

It is the responsibility of all Employees (defined below) to comply with applicable laws and this Policy. The Company may, among other things, take disciplinary actions in response to violations of this Policy, which may include termination of employment.

The directors of the Company have approved this Policy.

#### **Definitions Used in this Policy**

Certain defined terms used in this Policy are set out in **Schedule "A"**.

#### **Terms of this Policy; Disclosure Officers**

If there is any question or concern with respect to the application of this Policy to any Employee or to any particular circumstance, a Disclosure Officer should be contacted for guidance. For purposes of this Policy, the Chief Executive Officer of the Company (primary) and the Chief Financial Officer of the Company (backup) have been designated as the Disclosure Officers.

#### **Policy Communications and Memorandum for Employees**

All Employees of the Company will be advised of this Policy and its importance prior to working with the Company. A summary memorandum to be provided to Employees entitled Disclosure of Company Information and Insider Trading is attached as **Appendix "A"**.

## **PART I DISCLOSURE**

### **1. Timely Disclosure**

The Company will publicly disclose Material Information immediately upon it becoming apparent that the information is material except in restricted circumstances where immediate release of the information would be unduly detrimental to the interests of the Company (and where the Company complies with any confidential filing obligations and maintains confidentiality of the information). In addition to being illegal if conducted in breach of applicable laws, unusual trading marked by significant changes in the price or trading volumes of the Company's securities prior to the announcement of Material Information may embarrass the Company, damage its reputation with the investing public and lead to investigations by regulatory authorities.

The Disclosure Officers, as well as corporate legal counsel, must continue to be fully apprised of Company developments in order that they are in a position to evaluate and discuss those events that may impact on the disclosure process (e.g., the status of any merger activities, material operational developments, extraordinary transactions, management changes, etc.). The directors must also be kept aware of all material developments and significant information disseminated to the public.

### **2. What Constitutes Material Information?**

Information is material if it would reasonably be expected to result in a significant change in the market price or value of any of the Company's securities. Materiality judgements involve taking into account a number of factors, including the nature of the information itself, the volatility of the Company's securities and prevailing market conditions. The Company should avoid taking an overly technical approach to determining materiality. The Company should attempt to monitor the market's reaction to information that is publicly disclosed by the Company and from time to time other issuers in the Company's business sector. Ongoing monitoring and assessment of market reaction will be helpful when making materiality judgements in the future.

A good rule of thumb is that if the information would influence an Employee's decision to buy or sell securities of the Company, the information is probably material. If an Employee is unsure whether or not information is material, the Employee should immediately contact a Disclosure Officer before disclosing such information to anyone. Employees should err on the side of caution in such matters. If the Disclosure Officer is unable to determine whether or not the information is material, he may convene a meeting of senior management and, if necessary, the directors, to determine if the information is material, whether or not it should be disclosed or remain confidential, and if the information needs to be disclosed, the method for disseminating the information.

Developments, whether actual or proposed, which are likely to give rise to Material Information and thus to require prompt disclosure may include, but are not limited to, those events listed in **Schedule "B"**.

The policies of the Exchange may deem certain events to be material and therefore requiring immediate disclosure.

### **3. Communications with Shareholders and Other Outside Parties**

Generally, the Disclosure Officers, and employees/consultants specifically engaged in investor relations activities are the only individuals authorized to communicate with analysts and investors about information concerning the Company.

Employees who are not Disclosure Officers should refer all calls or other communications from shareholders and holders of other securities of the Company, the financial community and media which relate to the Company to the Disclosure Officers. Employees should not respond to these enquiries other than to refer the communication to the Disclosure Officers.

If it is appropriate for an Employee to discuss information about the Company, the Employee should, if possible, first advise a Disclosure Officer of the nature of the information to be discussed and, afterwards, advise the Disclosure Officer of what actually was discussed. Employees may not communicate Undisclosed Material Information unless they have prior permission from a Disclosure Officer, which permission will not be given unless the provisions of Part II of this Policy are complied with.

Stakeholders in the Company shall be encouraged to contact the Disclosure Officers in order to provide feedback on the operations and management of the Company, and such stakeholders shall be permitted to directly contact any independent director if appropriate.

### **4. Basic Disclosure Rules**

All public disclosure of Material Information pursuant to this Policy must be made by way of press release disseminated through a widely circulated newswire service company.

In order to maintain consistent and accurate disclosure about the Company, the following principles should generally be followed:

- (a) disclosure should be factual and balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. Disclosure must include any information without which the rest of the disclosure would be misleading;
- (b) unfavourable information must be disclosed as promptly and completely as favourable information;
- (c) avoid unnecessary detail, exaggerated reports or promotional commentary;
- (d) avoid selective disclosure. Previously undisclosed information may not be disclosed to selected persons; if there is disclosure it must be made widely (i.e. by way of a press release);
- (e) disclosure must be updated if earlier disclosure has become misleading as a result of intervening events; and
- (f) if Material Information is to be announced at an analyst or securityholders' meeting, or a press conference or other forum, any such announcement must be co-ordinated with an advance general public announcement by a press release containing the relevant information.

The Company has developed and intends to maintain a routine procedure for all corporate communications. The procedure consists of drafting a press release, circulating it for review to the Disclosure Officers and directors, other officers as appropriate, and corporate legal counsel, alerting regulation services provider of the Exchange if required by the policies of the Exchange, and disseminating the release through a national wire service and other distribution channels so as to effect broad dissemination to the public.

The following general guidelines should be considered for the preparation and dissemination of press releases: (a) be clear and specific with assumptions and numbers; (b) do not hide negative facts and do not exaggerate or overly promote positive information; and (c) with the exception of Material Changes requiring immediate disclosure, press releases should be released prior to the market opening whenever possible.

Any press release containing financial information based on the Company's financial statements (prior to the release of such financial statements) must be approved by the Audit Committee of the Company prior to dissemination.

Any press release disclosing Material Information or information regarding historical or prospective results of operations or financial condition for a financial year or interim period of the Company must be filed on SEDAR.

## **5. Forward-Looking Information**

Subject to the approval and disclosure procedures provided elsewhere in this Policy, the Company may provide limited Forward-Looking Information to enable securityholders and the investment community to better evaluate the Company and its prospects, provided the Company has a reasonable basis for the Forward-Looking Information. The Company will include with such information:

- (a) a statement identifying such information as forward-looking;
- (b) meaningful cautionary statements identifying the specific factors that could cause actual results to differ materially from those projected in the Forward-Looking Information; and
- (c) a description of the specific factors or assumptions that were used in making the Forward-Looking Information.

Any disclosure containing a Financial Outlook or FOFI must be approved by the audit committee of the Company prior to such disclosure being made.

The Company will seek the assistance of its legal counsel as appropriate to ensure compliance with securities laws that relate to disclosure of Forward-Looking Information.

The Company, to the extent practicable in the circumstances, will update Forward-Looking Information that continues to be material and that changes materially.

## **6. Conference Calls; Industry Conferences**

Conference calls may be held to discuss quarterly and annual results, drill results and major corporate developments, where discussion of key aspects is accessible simultaneously to all interested parties. Such calls will be preceded by a press release containing all relevant Material Information. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language with respect to any Forward-Looking Information (see "Forward-Looking Information" above) and direct participants to publicly available documents.

The Company will provide advance public notice of the conference call by issuing a press release announcing the date and time, the subject matter of the call and providing information on how interested parties may access the call. In addition, the Company may send invitations to analysts, institutional investors, the media and others to participate. A recording of the conference call and/or an archived audio webcast or transcript will be made available on the Company's website following the call for a reasonable period of time (generally a minimum of 30 days), for anyone interested in listening to a replay.

In advance of an analyst conference call or industry conference, to the extent practicable, the Company will endeavour to script comments and responses to anticipated questions in order to identify Undisclosed Material Information that should be publicly disclosed and will limit comments and responses to non-material information and Material Information that has previously been publicly disclosed. After the call or presentation, a debriefing should be conducted to review what was said and a record of the same should be maintained by the Company. If there was any unintentional selective disclosure, immediate steps should be taken to make a full public announcement.

## **7. Correction of Selective Disclosure**

Selective disclosure occurs when previously Undisclosed Material Information is inadvertently disclosed to a shareholder, an analyst or any other person. Selective disclosure most often occurs in one-on-one discussions, in industry conferences, and other types of private meetings and at meetings of the shareholders of the Company, but it can occur elsewhere. Company personnel should be aware of the risk of selective disclosure and guard against it at all times.

If selective disclosure occurs, the inadvertently disclosed Material Information must be publicly disclosed immediately by way of press release. The Exchange should be contacted and a halt in trading in the Company's securities may be requested pending the issuance of the press release. Pending the public release of any Material Information, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

## **8. Rumours**

Rumours can cause unusual market activity. The Company will respond consistently to market rumours in the following manner: "It is our policy not to comment on market rumours or speculation". If market activity indicates that trading is being unduly influenced by rumours, the Exchange may request, or the Company may determine, that a clarifying statement be made through a press release. A trading halt may be instituted or requested pending an announcement by the Company. If the rumour is true, either in whole or in part, immediate disclosure will be required. The determination of whether to make disclosure will be made by the Disclosure Officers.

## **9. Contact with Analysts and Others; Analyst Reports**

The Company recognizes that meetings with analysts and significant investors are an important element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or small group basis (including participating in industry conferences) as needed and will initiate contacts or respond to calls in a timely, consistent and accurate fashion in accordance with the requirements of this Policy. The Company recognizes, however, that private meetings with analysts and other small group meetings carry with them the risk of inadvertent selective disclosure, which should be avoided.

The Disclosure Officers should avoid getting involved in the contents of an analyst's report, except to correct factual errors with reference to publicly available information. Confirmation of or attempting to influence an analyst's opinions or conclusions may be considered to be selective disclosure. "No comment" is an acceptable answer to questions that cannot be answered without violating the rule against selective disclosure. With regard to responding to financial models or drafts of analysts' reports, it is the Company's policy to review, on request, the model or report for publicly disclosed factual content only and to give guidance only when assumptions have been made on the basis of incorrect public data that render unrealistic conclusions. Control of this process is to be centralized through the primary Disclosure Officer. The Company should confirm in writing that its review has been limited to publicly available factual information and detail what information (if any) has been provided. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with an analyst's model. Meetings with analysts may include general discussions regarding the Company's prospects, business environment, management philosophy and long-term strategy, but must avoid discussions regarding Undisclosed Material Information.

The Company will generally not redistribute analyst reports to persons outside of the Company (including by posting such reports on its website). The Company will consider including in its regular periodic disclosures (such as its quarterly and annual management's discussion and analysis) details about topics of interest to analysts, investors and other market participants as a means of providing more information to the marketplace generally and limiting its "selective disclosure" risks.

## **10. Quiet Periods**

In order to limit the potential for selective disclosure (and the perception or appearance of selective disclosure), the Company will observe a "quiet period" during which time there will be no comment on analysts' estimates or any other comments with respect to the current financial period's operations or expected results. The quiet period will normally commence on the last day of an interim or annual financial period and end on the trading day following the issuance of a press release disclosing the results for the period. A quiet period might also commence at the end of a drill program and end on the trading day following the issuance of a press release disclosing the drill results. Quiet Periods may mirror "Blackout Periods" under Part III of this Policy.

## **11. Notification of Market Surveillance**

When the Exchange is open for trading, advance notice of a press release announcing Material Information must be provided to market surveillance to determine if a halt in trading is necessary to provide time for the market to digest the news. When a press release announcing Material

Information is issued outside of trading hours, market surveillance should be notified before the market opens. Copies of all press releases should be supplied to market surveillance and to the relevant securities regulators immediately.

## **12. Disclosure Record**

The Company will maintain files containing all public information about the Company. This includes press releases, brokerage research reports, reports in the press and notes from meetings with analysts, securityholders and other market participants.

## **13. Electronic Communications; Company Website**

This Policy also applies to electronic communications, including the Company's website. Accordingly, officers and personnel responsible for written and oral public disclosures will also be responsible for electronic communications.

The Chief Executive Officer, with the assistance of the Director of Investor Relations, is responsible for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws. Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered Undisclosed Material Information. Any disclosure of Material Information on the website will be preceded by the issuance of a press release. The Company will, however, endeavour to concurrently post to its website (or provide a link to) all documents filed on SEDAR in an effort to improve investor access to its information. Where practicable, the Company will also endeavour to post on its website all supplemental information that is given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor presentations or other relevant materials.

The Director of Investor Relations is principally responsible for responses to electronic inquiries. Only public information or information which could otherwise be provided in accordance with this Policy will be utilized in responding to electronic inquiries.

In order to ensure that no Undisclosed Material Information is inadvertently disclosed, Employees may not participate in Internet chat rooms or news group discussions on matters pertaining to the Company's activities or its securities. Employees who encounter or hear of such a discussion pertaining to the Company should advise one of the Disclosure Officers promptly, so that the discussion may be monitored, if the Disclosure Officer determines this would be appropriate.

The Company will not host or link to chat rooms, bulletin boards or news groups and will not link to or post analyst's reports on its website.

## **PART II CONFIDENTIALITY**

### **1. Confidential Information; When Disclosure of Material Information May Be Kept Confidential**

Confidential information about the Company is subject to strict confidentiality restrictions and care must be taken to ensure that it is provided only to those who require access to such information to further the business purposes of the Company and only on the basis that confidentiality is maintained.

Proprietary information developed or acquired by the Company includes trade secrets such as records, reports, papers, processes, plans and methods as well as other technical, financial and business information. Information belonging to a third party which is disclosed to the Company on a confidential basis must be used for authorized purposes only. All such information must be kept confidential and must not be used for personal gain.

Undisclosed Material Information may be a type of confidential information. Access to Undisclosed Material Information should be restricted to persons who are informed of the disclosure requirements and practices concerning such information and the prohibition on trading in securities that arise from having knowledge of any such Undisclosed Material Information (see Part III of this Policy).

Where the immediate disclosure of Material Information would be unduly detrimental to the interests of the Company, securities laws may permit its disclosure to be delayed and kept confidential temporarily. Keeping Material Information confidential can only be justified in circumstances where the potential harm to the Company or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure and where confidentiality of the information is maintained.

Examples of circumstances in which disclosure might be unduly detrimental to the interests of the Company include: (a) where the release of the information would prejudice the ability of the Company to pursue specific and limited objectives or to complete a transaction or series of transactions that are underway; (b) where the disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them; and (c) where the disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations.

All decisions to keep Material Information confidential must be made by the Disclosure Officers in the first instance and thereafter by the Board of Directors. In such circumstances, the Company will comply with any obligation to make a confidential filing with applicable securities regulators and to notify the Exchange and market surveillance. The Company should also maintain confidentiality of the information, and market activity in the Company's securities should be carefully monitored to assess whether any of the confidential information may have been leaked.

Upon the Company becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling the Company's securities with knowledge of the Undisclosed Material Information, the Company will be required under applicable securities law to promptly generally disclose the Material Information.

## **2. Protecting Against Disclosure of Confidential Information**

Employees will be given access to confidential information on an "as needed" basis only and must not disclose that information to anyone except with the prior approval of a Disclosure Officer and where such disclosure is in the "necessary course of business" (e.g., discussions with the Company's bankers or advisers where the disclosure of the confidential information is necessary and the persons receiving it understand that it is to be kept confidential). Other circumstances where disclosure may be considered in the "necessary course of business" may include communications with: (a) vendors, suppliers or strategic partners; (b) Employees; (c) lenders, legal counsel, auditors, underwriters and financial and other professional advisors to the Company; (d) parties to negotiations (e.g., in connection with a private placement or acquisition); (e) labour unions and industry associations; (f) government agencies in non-governmental regulators; and (g) credit rating agencies. Selective disclosure of Material Information to analysts, institutional investors or other market professionals is not generally considered in the "necessary course of business". Employees must not discuss confidential information in situations where they may be overheard nor participate in discussions regarding decisions by others about investments in the Company.

Before Undisclosed Material Information of the Company may be discussed with outside parties in compliance with this Policy, such other parties should be told that they must not divulge that information to anyone else, other than in the necessary course of business, and that they may not trade in the Company's securities until after the information is publicly disclosed and a reasonable period of time for its dissemination has passed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with the Company should be considered.

In the event that confidential information that is Undisclosed Material Information is divulged in any manner (other than in the necessary course of business), the Company will be required to make an immediate announcement on the matter. See "Selective Disclosure" in Part I, above.

## **PART III INSIDER TRADING**

### **1. General Prohibition**

No Employees or Restricted Persons may Trade in the securities of the Company when they are aware of Undisclosed Material Information until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, "a reasonable period of time" will be one (1) trading day; however, it may be shorter or longer depending on the market following of the Company. A Disclosure Officer should be consulted to determine what would be a "reasonable period of time" in the circumstances.

In addition, Employees or Restricted Persons are prohibited from informing, or "tipping", anyone else about that Undisclosed Material Information unless it is necessary in the course of the Company's business (as discussed in Part II, section 2 above). It is also illegal for Employees or Restricted Persons with knowledge of Undisclosed Material Information to recommend or encourage another person to Trade securities of the Company. These prohibitions extend to securities of other public companies where the price or value of such securities may reasonably be expected to be affected by changes in the price of the Company's securities, and includes the granting or exercise of options or convertible securities such as warrants. In addition, rapid buying

and selling by Employees and Restricted Persons of the Company's securities is strongly discouraged because of the possible perception of trading on Undisclosed Material Information.

## **2. Requirement to Obtain Permission to Trade**

Employees or Restricted Persons must contact a Disclosure Officer to obtain permission before Trading any securities of the Company (which includes exercise of options or other convertible securities such as warrants).

## **3. Undisclosed Material Information of Other Companies**

Where Employees or Restricted Persons become aware of Undisclosed Material Information concerning another public company, they may not Trade the securities of that company until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, a "reasonable period of time" will be one (1) trading day; however, it may be shorter or longer depending upon the particular market following of that other company. An Information Officer should be consulted to determine what would be a "reasonable period of time" in the circumstances.

## **4. Pending Material Developments**

Restricted Persons are prohibited from Trading whenever there are Pending Material Developments, even if they are unaware of the details of the same. In the circumstances where there is a Pending Material Development with respect to the Company, a confidential memo will be sent to all Restricted Persons, as well as to other Employees if it is determined appropriate, informing them of the Blackout Period with respect to such Pending Material Development at which time they shall cease Trading until further notice. No reason for the Trading restriction will be provided.

As an alternative to a total prohibition on trading during a Blackout Period, the Board of Directors of the Company may make the determination that trades may occur during the Blackout Period but only with the express prior approval by a Disclosure Officer of each such trade. This alternative will only be available during a Blackout Period if the written notice of such Blackout Period so states.

The Board of Directors is responsible for making the determination as to when a pending transaction would constitute a Pending Material Development. As guidance, a Blackout Period must at least commence once negotiations on a proposed transaction have progressed to a point where it reasonably could be expected that the market price of the Company's securities would be significantly affected if the status of the transaction were publicly disclosed.

## **5. Blackout Periods**

The Disclosure Officers, in consultation with senior management, may prescribe Blackout Periods from time to time during which all Employees and Restricted Persons will be generally restricted from Trading the Company's securities. The purpose of such Blackout Periods is to prevent Employees and Restricted Persons who may be aware of Undisclosed Material Information from Trading the Company's securities until such information has been disclosed and for a reasonable period of time following the disclosure of that information. Generally, a "reasonable period of time" will be one (1) trading day; however, it may be shorter or longer. The Disclosure Officers, in consultation with senior management, will be responsible for setting the length of Blackout Periods

and notifying, typically via e-mail, Employees and Restricted Persons of Blackout Periods in effect. Employees and Restricted Persons who are not aware of Undisclosed Material Information may apply to the Information Officers for approval to Trade during a Blackout Period.

A Blackout Period may commence on the last day of an interim or annual financial period and end on the trading day following the SEDAR-filing of the relevant financial statements/issuance of a press release disclosing the results for the period. A Blackout Period may also surround the release of drill results from an exploration program. Blackout Periods may mirror "quiet periods" imposed under Part I of this Policy.

## **6. Insider Trading Reports**

Under Canadian securities law, "reporting insiders" of the Company are required to file insider trading reports within five (5) days of a change in their ownership position in any securities of the Company (this includes the grant of options or other convertible securities to such persons or the exercise by them of such options or convertible securities). Reporting insiders are also required to file an "initial" insider report within ten (10) days of the date on which the person or the company became a reporting insider (an initial report is not required, however, when a person becomes a reporting insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of the Company). These reports are to be filed electronically using SEDI (the System for Electronic Disclosure by Insiders).

**Schedule "C"** sets out the definition of persons who are "reporting insiders" under Canadian securities law.

## **7. Insider Trading and Other Penalties**

When Employees or Restricted Persons violate this Policy it causes embarrassment to the Company. As a result, the Company may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period. The Company is also entitled to pursue legal remedies through the courts. If appropriate, the Company will also report the matter to the appropriate regulatory authorities.

The prohibition against Trading while in possession of, or informing others with respect to, Undisclosed Material Information as set forth in Canadian securities legislation can be enforced through a wide range of penalties, including: (a) fines and penal sanctions; (b) civil actions for damages; (c) an accounting to the Company for any benefit or advantage received; and (d) administrative sanctions by securities commissions, such as cease trade orders and removal of exemptions.

An investor can sue the Company and the Company's directors, officers and insiders for failure to make timely disclosure of information if the investor bought or sold a security of the Company during the time between the failure to disclose such information and the time when it was corrected. An investor need not establish that he or she relied upon – or was even aware of – the failure to disclose such information. The limit on liability, in the case of the Company, is limited to the greater of 5% of the Company's market capitalization and \$1 million. For directors, officers and insiders of the Company, it is the greater of \$25,000 and 50% of the aggregate of the compensation received by such person from the Company and its affiliates. However, these limits do not apply if such person knowingly participated in the failure to disclose.

In addition, a contravention of the insider trading rules can result in penalties including possible civil damages to sellers or purchasers of shares, imprisonment for up to three years and fines equal to an amount that is: (a) not less than any profit made by all persons because of the contravention; and (b) not more than the greater of \$3 million and an amount equal to triple any profit made by all persons because of the contravention. In addition, a cease trade order may be issued against the offending person and late filing fees of \$50 per day can be imposed. Insiders, affiliates or associates of the Company who contravene the insider trading rules may also be liable to pay to the Company an amount equal to: (a) the benefit that the person received as a result of the contravention; and (b) the benefit that all persons received as a result of the contravention.

A defence may be available if the person can show that, at the time of the purchase, sale or "tipping", as the case may be, the person reasonably believed that the inside information had been generally disclosed.

## **8. Additional Prohibited Transactions**

Officers and directors are prohibited from purchasing financial instruments, including for greater certainty prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of the Company's securities.

## **PART IV POLICY REVIEW AND OVERSIGHT**

The Board of Directors of the Company will review and revise this Policy as required from time to time to ensure that it is achieving its purpose. Based on the results of the review, the Policy may be revised accordingly. The Chief Executive Officer shall be responsible for initiating any such review.

The Chief Executive Officer, subject to the approval of the directors of the Company, shall have overall responsibility for developing and implementing this Policy, educating the Company's Employees about this Policy, and monitoring the effectiveness of and compliance with this Policy.

### **EFFECTIVE DATE**

Approved and adopted by the Board on April 22, 2013

## SCHEDULE "A"

### DEFINITIONS

**"Blackout Period"** means a period during which Employees and Restricted Persons are restricted by the Company from Trading the Company's securities;

**"Company"** means Bear Creek Mining Corporation and its subsidiaries;

**"Disclosure Officers"** means the individuals who are responsible under this Policy for, among other things, communicating with analysts, the news media and investors and safeguarding the communication of confidential information about the Company, as well as serving as the individuals whom Employees or Restricted Persons may contact to determine whether or not they may Trade the Company's securities or reveal Undisclosed Material Information in the necessary course of business. For purposes of this Policy, the Chief Executive Officer of the Company (primary) and the Chief Financial Officer of the Company (backup), have been designated as the Disclosure Officers;

**"Employees"** means all directors, officers, and other individuals currently employed or engaged as a consultant by the Company who may become aware of Undisclosed Material Information;

**"Exchange"** means the TSX Venture Exchange and any other stock exchange on which securities of the Company are listed from time to time;

**"Financial Outlook"** means Forward-Looking Information about prospective results of operations, financial position or cash flows that is based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical balance sheet, income statement or cash flow statement;

**"Forward-Looking Information"** means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action, and includes Future Oriented Financial Information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection;

**"Future-Oriented Financial Information"** or **"FOFI"** means Forward-Looking Information about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical balance sheet, income statement or cash flow statement;

**"insider"** means:

- a) a director or an officer of an issuer,
- b) director or an officer of a person that is itself an insider or a subsidiary of an issuer,
- c) a person that has

- (i) beneficial ownership of, or control or direction over, directly or indirectly, or,
  - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution,
- d) an issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security,

**"market surveillance"** means the Investment Industry Regulatory Organization of Canada (IIROC, formerly known as Market Regulation Services) and, if applicable, the relevant entity serving an equivalent function in any jurisdiction in which the Company is listed for trading,

**"Material Change"** means a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company and includes a decision by the directors or senior management of the Company to implement a change, when confirmation of the decision by the directors or senior management, as applicable, is probable;

**"Material Fact"** means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Company's securities;

**"Material Information"** means any information (Material Fact or Material Change) relating to the business and affairs of the Company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Company's securities;

**"Pending Material Development"** means a proposed transaction of the Company that would constitute Material Information; however, a decision to proceed with the transaction has not been made by the directors or by senior management, although there is an expectation of concurrence from the directors;

**"Policy"** means this disclosure, confidentiality and insider trading policy, as may be amended from time to time;

**"Restricted Persons"** means:

- (a) directors, officers and senior management of the Company; and
- (b) Employees who are routinely in possession of Undisclosed Material Information;

**"Trade"** (and variants of such term) means entering into a transaction involving, including buying or selling, a security, and includes any act, conduct or negotiation directly or indirectly in furtherance of such activity; and

**"Undisclosed Material Information"** means Material Information pertaining to the Company or its subsidiaries that has not been publicly disclosed or information that has been publicly disclosed, but a reasonable period of time for its dissemination has not passed.

## **SCHEDULE "B"**

### **EXAMPLES OF POTENTIALLY MATERIAL INFORMATION**

The following are examples of the types of events or information, whether in each case actual or proposed, that may be material. This list is not exhaustive.

#### **Changes in Company Structure**

- changes in security ownership that may affect control of the Company
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

#### **Changes in Capital Structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of securities or offerings of warrants or rights to buy securities
- any security consolidation, security exchange, or security dividend or distribution
- changes in the Company's dividend payments (if any) or policies
- the possible initiation of a proxy fight
- material modifications to rights of securityholders

#### **Changes in Financial Results**

- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Company's assets
- any material change in the Company's accounting policy

#### **Changes in Business and Operations**

- significant results of mineral exploration activities
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts or losses of significant contracts
- changes to the Board of Directors or senior management, including the departure of the CEO, CFO, COO or President (or persons in equivalent positions)

- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for directors, officers and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company's securities or their movement from one exchange or quotation system to another
- any oral or written agreement to enter into any management contract, investor relations agreement, service agreement not in the normal course of business, or related party transaction

### **Acquisitions and Dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

### **Changes in Credit Arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

### **Other**

- any other developments relating to the business and affairs of the Company, including drill results, that would reasonably be expected to significantly affect the market price or value of any of the Company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

## SCHEDULE "C"

Under National Instrument 55-104 (Insider Reporting Requirements and Exemptions), an insider of a reporting issuer will be a "reporting insider" if the insider is:

- a) the CEO, CFO or COO of the reporting issuer, of a "significant shareholder" of the reporting issuer or of a "major subsidiary" of the reporting issuer (as such terms are defined below);
- b) a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- c) a person or company responsible for a principal business unit, division or function of the reporting issuer;
- d) a significant shareholder of the reporting issuer;
- e) a management company that provides significant management or administrative services to the reporting issuer or a "major subsidiary" of the reporting issuer, and the CEO, CFO, COO and every director of the management company, and every significant shareholder of the management company;
- f) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (e);
- g) the reporting issuer itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
- h) any other insider that
  - i. in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and
  - ii. directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer.

A "significant shareholder" means a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all the issuer's outstanding voting securities.

In determining whether an insider satisfies the "significant influence" criterion, the insider should consider whether he or she exercises, or has the ability to exercise, significant influence over the business, operations, capital or development of the issuer that is reasonably comparable to that exercised by one or more of the enumerated positions in the definition of "reporting insider".

For the purposes of the definition of a reporting issuer, a subsidiary of an issuer will be considered a "major subsidiary" of a reporting issuer if the assets or revenues of the subsidiary represent 30% or more of the consolidated assets or revenues of the reporting issuer on its most recent financial statements.

## APPENDIX A

### BEAR CREEK MINING CORPORATION

#### Policy Statement

#### Disclosure of Company Information and Insider Trading

##### Purpose

The purpose of this policy statement is to summarize the policies of Bear Creek Mining Corporation (the "**Company**") and certain legal obligations of employees, consultants and other advisors of the Company and its subsidiaries regarding the disclosure of material information about the Company and its subsidiaries, and the trading in securities of the Company held by such employees, consultants and other advisors as outlined in the Company's Disclosure, Confidentiality and Insider Trading Policy (the "**Policy**"). The Company may, among other things, take disciplinary actions in response to violations of the Policy, which may include termination of employment or consulting agreements for cause.

In this policy statement the term "**Employee**" means all individuals employed or engaged as a consultant by the Company or providing advisory services to the Company.

Employees are encouraged to read the full Policy. In the event of a discrepancy between this policy statement and the Policy, the Policy shall prevail.

##### Disclosure Officers

If there is any question or concern with respect to the application of the Policy to any Employee or to any particular circumstance, a **Disclosure Officer** should be contacted for guidance. For purposes of the Policy, the Chief Executive Officer of the Company (primary) and the Chief Financial Officer of the Company (backup) have been designated as the Disclosure Officers.

##### Overview

Securities laws contain very strict provisions regarding the trading in securities of public companies by people who have the benefit of material information about such companies. It is illegal for anyone with knowledge of material information affecting a public company, which has not been publicly disclosed, to purchase or sell securities of that company. It is also illegal for anyone to inform any other person of material non-public information, except in the necessary course of business. Therefore, insiders and employees with knowledge of confidential or material information about the Company and subsidiaries are prohibited from trading in securities of the Company until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

##### Material Non-public Information

Information is "material" if it would reasonably be expected to have a significant effect on the market price or value of the Company's securities. In general, information is material if its

disclosure to the public would affect an investor's decision to purchase or sell the Company's securities. This principle applies to both corporate operational information (e.g. exploration results, financial information, corporate objectives, developments with respect to significant contracts, changes in management) and to market information (e.g. involvement in a take-over bid, amalgamations, major acquisitions or dispositions).

A good rule of thumb is that if the information would influence an Employee's decision to buy or sell securities of the Company, the information is probably material. If an Employee has any doubt as to whether or not information is material, the Employee should immediately contact a Disclosure Officer before disclosing it to anyone. Employees should err on the side of caution.

### **Communications with Shareholders and Other Outside Parties**

The Disclosure Officers and employees/consultants specifically engaged in investor relations activities are the only individuals authorized to communicate with securityholders, analysts and potential investors about information concerning the Company. Employees should refer all calls or other communications from shareholders and holders of other securities of the Company, potential investors and the financial community and media which relate to the Company to the Disclosure Officers. Employees must not respond to these enquiries other than to refer the communication to the Disclosure Officers.

### **No "Tipping" of Material, Non-public Information**

It is illegal to privately disclose or "tip" material non-public information to another person who subsequently uses that information to trade in the Company's securities or otherwise profit. To reduce the chances of inadvertent tipping, and to protect the Company's interests, any non-public information that might be considered material should not be discussed with any person outside the Company.

Any inadvertent disclosure of confidential information should be reported to a Disclosure Officer immediately so that appropriate corrective action can be taken.

### **Internet Chat Rooms and Other Internet Discussion**

In order to ensure that no undisclosed material information is inadvertently disclosed, Employees should not participate in Internet chat rooms or newsgroup discussions on matters pertaining to the Company's activities or its securities.

### **Requirement to Obtain Permission to Trade**

Employees must contact a Disclosure Officer to obtain permission before trading any securities of the Company (which includes exercise of options or other convertible securities such as warrants).

### **Insider Trading**

No Employee may, directly or indirectly, trade in any security of the Company, including shares, options and other convertible securities and rights, when they are aware of undisclosed material

information until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, "a reasonable period of time" will be one (1) trading day; however, it may be shorter or longer. A Disclosure Officer should be consulted to determine what would be a "reasonable period of time" in the circumstances.

An insider who wants to buy or sell shares or other securities of the Company should be careful about when he or she buys or sells. An insider who trades in securities of the Company while the insider is aware of material undisclosed information is putting both the Company and the insider at risk for civil and criminal liability.

### **Blackout Periods**

A "Blackout Period" is a period during which Employees and others are restricted by the Company from trading the Company's securities. Blackout Periods will be implemented when material information has not been disclosed and for a reasonable period of time following the disclosure of that information. For example, a Blackout Period may surround the release of drill results from an exploration program or the release of financial results. Generally, no Employee or restricted person shall trade in the Company's securities during a Blackout Period. The Disclosure Officers will be responsible for setting the length of the Blackout Period and notifying Employees and others as appropriate.

In order to limit the potential for selective disclosure (and the perception or appearance of selective disclosure), the Company will observe a "quiet period" during which time there will be no comment on analysts' estimates or any other comments with respect to the current financial period's operations or expected results. The quiet period will normally commence on the last day of an interim or annual financial period and end on the trading day following the issuance of a press release disclosing the results for the period. A quiet period might also commence at the end of a drill program and end on the trading day following the issuance of a press release disclosing the drill results.

### **Insider Reporting**

Under Canadian securities law, "reporting insiders" of the Company are required to file insider trading reports within five (5) days of a change in their ownership position in any securities of the Company (this includes the grant of options or other convertible securities to such persons or the exercise by them of such options or convertible securities). Reporting insiders are also required to file an "initial" insider report within ten (10) days of the date on which the person or the Company became a reporting insider (an initial report is not required, however, when a person becomes a reporting insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of the Company). These reports are to be filed electronically using the SEDI system.

The definition of "reporting insider" is set out in **Schedule 1** to this policy statement. It is the reporting insider's responsibility to ensure that reports are filed on a timely basis. The Chief Financial Officer of the Company can assist with this process if requested.

## Schedule 1

An insider of a reporting issuer will be a "reporting insider" if the insider is:

- a) the CEO, CFO or COO of the reporting issuer, of a "significant shareholder" of the reporting issuer or of a "major subsidiary" of the reporting issuer (as such terms are defined below);
- b) a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- c) a person or company responsible for a principal business unit, division or function of the reporting issuer;
- d) a significant shareholder of the reporting issuer;
- e) a management company that provides significant management or administrative services to the reporting issuer or a "major subsidiary" of the reporting issuer, and the CEO, CFO, COO and every director of the management company, and every significant shareholder of the management company;
- f) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (e);
- g) the reporting issuer itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
- h) any other insider that
  - (i) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and
  - (ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer.

A "significant shareholder" means a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all the issuer's outstanding voting securities.

In determining whether an insider satisfies the "significant influence" criterion, the insider should consider whether he or she exercises, or has the ability to exercise, significant influence over the business, operations, capital or development of the issuer that is reasonably comparable to that exercised by one or more of the enumerated positions in the definition of "reporting insider".

For the purposes of the definition of a reporting issuer, a subsidiary of an issuer will be considered a "major subsidiary" of a reporting issuer if the assets or revenues of the subsidiary represent 30% or more of the consolidated assets or revenues of the reporting issuer on its most recent financial statements.