



## **BEAR CREEK MINING CORPORATION**

#1400 – 400 Burrard Street  
Vancouver, British Columbia V6C 3A6

### **INFORMATION CIRCULAR**

(As at April 20, 2016, except as otherwise indicated)

Bear Creek Mining Corporation (the “**Company**” or “**Bear Creek**”) is providing this management information circular (the “**Information Circular**”) and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the “**Meeting**”) of the Company to be held on Thursday, June 2, 2016 at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournments or postponements thereof. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

In this Information Circular references to “C\$” or “\$” are to amounts in Canadian dollars and references to “US\$” are to amounts in United States dollars.

### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the “**Management Proxyholders**”).

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### **VOTING BY PROXY**

**Only registered shareholders as of April 18, 2016 (the “Record Date”) or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the**

**matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**"), 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia V6C 3B9, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise her discretion to accept proxies received subsequently.

### **NOTICE-AND-ACCESS**

In February 2013, the Canadian Securities Administrators implemented regulatory amendments to securities laws, including National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to deliver proxy-related materials to their shareholders using the "notice-and-access" mechanism (as defined under NI 54-101, and sometimes referred to herein as the "**notice-and-access provisions**") by posting such materials both on SEDAR and a non-SEDAR website, rather than delivering the materials by mail. The use of the notice-and-access reduces paper waste and mailing costs to the Company. In order for the Company to employ notice-and-access, the Company must send a notice to shareholders indicating that the proxy-related materials have been posted electronically and explaining how a shareholder can access them or obtain from the Company a paper copy of those materials. The required elements of such notice have been built into the accompanying Notice of Meeting.

The Company is sending this Information Circular to registered and non-registered (beneficial) shareholders using notice-and-access as permitted by NI 54-101 and NI 51-102. The Meeting materials, including this Information Circular, are available on the Company's website at <http://www.bearcreekmining.com/s/agm-materials.asp> and will remain on the website for at least one full year from the date that the Meeting materials are posted on SEDAR. The Meeting materials are also available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company will not use procedures known as "stratification" in relation to its use of the notice-and-access provisions in relation to the Meeting. Stratification occurs when a reporting issuer using notice-and-access provides a paper copy of the relevant information circular to some, but not all, shareholders with the notice package in relation to the relevant meeting. In relation to the Meeting, registered shareholders will receive a paper copy of each of the Notice of the Meeting and a form of proxy, whereas non-registered shareholders (see "Non-Registered Holders" below) will receive a paper copy of the Notice of the Meeting and a voting instruction form.

Any shareholder who wishes to receive a printed paper copy of the Information Circular prior to the date of the Meeting may request a copy from the Company by calling 1-866-962-0498 (toll-free within North America) or 514-982-8716 (if calling from outside North America) and entering your control number as indicated on your Proxy or Voting Instruction Form, or request by email at [info@bearcreekmining.com](mailto:info@bearcreekmining.com). The Company will send paper copies of the Information Circular to requesting shareholders at no cost to

them within three business days of their request, if such requests are made before the Meeting. To obtain a paper copy of the Information Circular after the date of the Meeting, please contact Barbara Henderson at 604-685-6269. The Company will send paper copies of the Information Circular to requesting shareholders at no cost to them within ten calendar days of their request, if such requests are made after the date of the Meeting. To obtain additional information about the notice-and-access provisions, a shareholder may contact the Company's transfer agent, Computershare, at the following toll-free number: 1-866-964-0492.

### **NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a: brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (each a "Nominee"). If you purchased your shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the relevant Meeting materials to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you, as a non-registered holder, wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

### **NON-OBJECTING BENEFICIAL HOLDERS**

These securityholder materials are being sent to both registered and non-registered owners of the common shares in the capital of the Company (the "Common Shares"). The Company is sending the proxy-related materials for the Meeting directly to "non-objecting beneficial owners" ("NOBOs") as defined under NI 54-101. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your NOBO holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee(s) holding your shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee(s) holding your shares on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### **OBJECTING BENEFICIAL HOLDERS**

The Company does not intend to pay for Nominees to deliver the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to "objecting beneficial owners" ("OBOs"), as defined under NI 54-101. As a result, OBOs will not receive the Meeting materials unless their respective Nominee assumes the costs of delivery.

## REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a registered shareholder, his or her attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. Only registered shareholders have the right to revoke a proxy. Non-registered shareholders who wish to change their vote should contact their respective Nominees well in advance of the Meeting to revoke the proxy on their behalf.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at the Record Date and as of the date of this Information Circular there are 93,107,139 Common Shares issued and outstanding. The Company has only one class of shares.

Persons who are registered shareholders at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company, except the following:

<i>Name</i>	<i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></i>	<i>Percentage of Outstanding Shares</i>
Silver Wheaton Corp.	13,264,305	14.3%
Tocqueville Asset Management, L.P.	10,818,066	11.6%
Sun Valley Gold LLC	9,933,088	10.7%

(1) Beneficial ownership of these shares is not known by the Company.

## STATEMENT OF EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

The Company's process for determining executive compensation, which is designed to attract and retain highly qualified individuals, relies on recommendations from the Compensation Committee for approval by the Company's board of directors (the "**Board**"). In evaluating the performance of the Company's executives for the award of bonuses or long term incentive compensation, the Compensation Committee reviews the achievement of project specific goals included in the Company's plans such as prospect identification, drill programs, progress on scoping, prefeasibility or feasibility studies on projects and the advancement of projects to development. In addition, the Committee considers management's performance in unplanned situations and their ability to manage projects through complex political and social situations. Finally, corporate objectives such as successful capital raising (if applicable), peer benchmarking (as further discussed below) and market performance are considered. The Company's compensation of executives consists of any or all of a base salary, cash bonuses and long term incentive compensation.

### Base Salary

The Compensation Committee is responsible for reviewing the salary levels for the Company's Named Executive Officers (or "NEOs" as defined below) and other senior executives on a regular basis. The Compensation Committee considers independent salary surveys, as well as informal surveys prepared by the Company which are specific to mining and exploration companies. The Compensation Committee reviews the performance of senior executive officers with the Chief Executive Officer ("CEO") and, in an executive session without the CEO present, reviews the performance of the CEO.

When making compensation decisions in relation to its executives, the Compensation Committee looks at the compensation of the Company's CEO and executives relative to the compensation paid to similarly situated executives at companies that the Compensation Committee considers to be peers of the Company. For the financial years ended December 31, 2013 and 2014, the Company utilized the Bedford Compensation Report on executive compensation (the "Survey"), a broad mining industry survey, comprised of 165 companies in the mineral development and exploration sector, to compare salary, annual incentive bonus and long term incentive equity grants for the Company's executives to the similar sized mining and exploration companies included in the Survey.

For the Company's CEO, the Compensation Committee targets total compensation, including base salary, annual cash incentive compensation and long term incentive compensation of between the 50<sup>th</sup> and the 75<sup>th</sup> percentile of the competitive market. For the NEOs other than the CEO, the Compensation Committee's policy is to target compensation relative to the CEO and to use the Survey information on similarly situated executives at companies in the Survey, including informal survey information on similarly situated executives where that data is not available in the Survey. The Compensation Committee has established this market positioning policy for total compensation because it believes the Company's success is highly dependent on its executive talent.

Because of ongoing challenges in the mining industry and markets and its belief that the Company's executive compensation is in line with industry standards based on previous years' comparisons to information in the Survey, the Compensation Committee did not undertake a formal comparison of executive compensation to data from the Survey for the fiscal period ended December 31, 2015. Compensation paid to the Company's current NEOs during the most recently completed financial year consisted of salaries and long term incentive option-based awards. No other compensation was paid to these individuals in relation during the year ended December 31, 2015.

### Cash Bonuses

The Compensation Committee determined that, due to the performance of the Company's share price and market capitalization and ongoing weakness in general market conditions for junior companies in the mining industry, it would be inappropriate to award cash bonuses to executive management at this time. As a result, no cash bonuses have been awarded for 2015.

For similar reasons to those stated above, no cash bonuses were awarded to executive management in relation to fiscal 2015, 2014 or 2013. Bonuses have been awarded at the Compensation Committee's discretion prior to fiscal 2013. When annual bonuses are considered to be appropriate, the Compensation Committee determines individual awards by evaluating the performance of the Company and its management against certain established goals and objectives weighted as to their relative importance in the judgment of the Compensation Committee. Management is then given a performance rating for each individual goal based on the degree to which the goal was met or exceeded, and a bonus amount is determined based on each candidate's overall performance.

### NEO Compensation

Mr. Swarthout has been employed as the Company's CEO since its inception, and additionally served as the Company's President from 2003 – 2011 and from 2013 to the present. There have been no changes to Mr. Swarthout's base salary of US\$310,000 since April 2011. As noted above, there were no cash bonuses paid by the Company to the current NEOs, including Mr. Swarthout, in relation to any of the three most recently completed financial years.

Mr. Krause was appointed as interim Chief Financial Officer (“CFO”) of the Company effective May 7, 2012. Mr. Krause is not an employee of the Company. He is employed by Avisar Chartered Accountants (“Avisar”) and the portion of the compensation paid to Mr. Krause by Avisar during the financial years ended December 31, 2015, 2014 and 2013 that Avisar attributed to the CFO services Mr. Krause provided to the Company, was \$15,333, \$12,216 and \$11,434, respectively. In addition, the amounts Avisar charged the Company for accounting, tax and financial consulting services during the financial years ended December 31, 2015, 2014 and 2013 were \$171,113, \$180,530 and \$175,785, respectively. Mr. Krause previously served as CFO of the Company from June 5, 2003 to February 1, 2011. As noted above there were no cash bonuses paid by the Company to the current NEOs, including Mr. Krause, in relation to any of the three most recently completed fiscal years.

Mr. Antunez de Mayolo was first employed with the Company's subsidiary, Bear Creek Exploration Company Ltd. as General Manager in April, 2010, and was promoted to Vice President of Operations and General Manager of the Peruvian operations in February, 2011. In August 2013, Mr. Antunez de Mayolo was promoted to Chief Operating Officer (“COO”) of Bear Creek, and the Compensation Committee approved an increase in Mr. Antunez de Mayolo's annual salary to US\$286,500 effective August 5, 2013, in connection with his promotion. The salary increase was converted from US\$ to Peruvian Soles on the date of approval. As noted above, there were no cash bonuses paid by the Company to the current NEOs, including Mr. Antunez de Mayolo, in relation to any of the three most recently completed financial years.

Mr. Christian Rios was employed by Bear Creek Exploration Company Ltd. In 2004 as a geologist and was subsequently appointed as an Officer of the Company as VP of Exploration in May, 2013 with an annual salary of approximately US\$127,000. In September 2013, the Compensation Committee approved an increase of Mr. Rios' annual salary to US\$175,000. In October, 2014, Mr. Rios resigned as the Company's VP of Exploration in connection with a reduction in the Company's exploration activities and staffing levels and from October 2014 to October 2015 he was retained as a Consultant to the Company. Due to the temporary cessation of its exploration activities, Mr. Rios is no longer engaged by the Company. As noted above, there were no cash bonuses paid by the Company to the current NEOs, including Mr. Rios, in relation to any of the three most recently completed financial years.

As the Company continues its planned transition from an exploration and development company to a potential producer, the executive officers' responsibilities may increase. The Compensation Committee may periodically grant salary increases to its officers based on the Compensation Committee's review of comparable companies and mining industry surveys, each individual officer's performance, and market conditions.

### **Share-based and Option-based Awards**

The Company's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the overall compensation of such executive officer including the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange (the “Exchange”) and closely align the interests of the

executive officers with the interests of shareholders. The Board determines the vesting provisions of all stock option grants.

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

A description of the material terms of the Company's stock option plan is provided below under the heading "Approval of Rolling Stock Option Plan". Please also see the column entitled "Option-Based Awards" in the Summary Compensation Table for further details with regard to stock options in relation to the NEOs for the three most recently completed financial years.

Although such a plan was not in force during the most recently completed financial year, subject to shareholder and Exchange approval as noted in the section entitled "Approval of Long Term Incentive Plan", the Company has the ability to grant deferred share units and restricted share units to eligible participants pursuant to a long term incentive plan (the "LTIP") that was approved by the Board on March 22, 2016 with an effective date of April 1, 2016. The Company believes that a mix of restricted share units, deferred share units and stock options provides the best vehicle to help the Company attract and retain employees, directors and officers by providing them with an opportunity to participate in Bear Creek's future success and to align the interests of such eligible participants with the Company's interests and the interests of its shareholders.

A description of the material terms of the LTIP is provided below under the heading "Approval of Long Term Incentive Plan". The LTIP was approved by the Board effective April 1, 2016. There have been no grants to any person under the LTIP as of the date of this Information Circular. Accordingly, there are no entries in the column entitled "Share-Based Awards" in the Summary Compensation Table with regard to restricted share units, deferred share units in relation to the NEOs for the three most recently completed financial years.

### **Compensation Risk Considerations**

The Compensation Committee considers the implications of risk associated with the Company's compensation policies and practices. If necessary, the Committee recommends corrective action in relation to any compensation policies and practices that could encourage executive officers to take inappropriate or excessive risks. Under the terms of its charter, the Compensation Committee reports to the Board at least annually with regard to the Committee's consideration of such risks.

Executive compensation is comprised of both short-term compensation in the form of a base salary/fee and an incentive cash bonus plan, and long-term ownership through the grant of stock options, and pending approval of the LTIP, is also expected to include restricted share units and deferred share units. This structure ensures that a significant portion of executive compensation (securities-based compensation) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value.

The Board also has the ability to set out vesting periods in each stock option agreement. As the benefits of such compensation, if any, are not realized by officers and Directors until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. If the LTIP is approved by shareholders, unless otherwise approved by the Board, restricted share units will vest over a three year period. Furthermore, all elements of executive compensation are discretionary. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the relatively small size of the Company and its current management group, the Board is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company is reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

### **Financial Instruments**

The Company's 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.

### **Compensation Governance**

The Company has a Compensation Committee, which is further described under the heading "Compensation Discussion and Analysis" above and under the sub-section "Compensation" under the heading "Corporate Governance Disclosure" below.

### **Summary Compensation Table**

The following table (presented in accordance with National Instrument Form 51-102F6 - *Statement of Executive Compensation*) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company, in respect of persons acting as the CEO and CFO for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers of the Company, or the three most highly compensated individuals acting in a similar capacity, as at December 31, 2015, whose individual total compensation for the most recently completed financial year exceeded \$150,000 and any individual who would have satisfied these criteria but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

Summary Compensation

NEO Name and Principal Position	Year	Salary (US\$) <sup>(1)</sup>	Share-Based Awards (US\$)	Option-Based Awards (US\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (US\$)		Pension Value (US\$)	All Other Compensation (US\$) <sup>(1)</sup>	Total Compensation (US\$) <sup>(1)</sup>
					Annual Incentive Plans <sup>(7)</sup>	Long-term Incentive Plans			
Andrew Swarthout <sup>(3)</sup> President and CEO	2015	310,000	Nil	165,101	Nil	Nil	Nil	11,940	487,041
	2014	310,000	Nil	250,620	Nil	Nil	Nil	10,719	571,339
	2013	310,000	Nil	837,999	Nil	Nil	Nil	9,299	1,157,298
Steven Krause <sup>(4)</sup> CFO	2015	Nil	Nil	13,591	Nil	Nil	Nil	Nil	13,591
	2014	Nil	Nil	23,950	Nil	Nil	Nil	Nil	23,950
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Elsiaro Antunez de Mayolo <sup>(5)</sup> COO and General Manager of Peruvian Subsidiaries	2015	277,078	Nil	81,546	Nil	Nil	Nil	Nil	358,624
	2014	282,775	Nil	143,700	Nil	Nil	Nil	Nil	426,475
	2013	269,489	Nil	215,877	Nil	Nil	Nil	Nil	485,366
Christian Rios <sup>(6)</sup> VP of Exploration	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	136,294	Nil	47,900	Nil	Nil	Nil	182,181	366,375
	2013	162,414	Nil	Nil	Nil	Nil	Nil	Nil	162,414

- (1) All compensation amounts awarded, earned, paid, or payable are reflected in US Dollars, which is the functional/reporting currency of the Company. Amounts denominated in C\$ have been converted into US\$ for reporting purposes at an average exchange rate. For the financial year ended December 31, 2015 the exchange rate was C\$1.28/US\$1.00. For the financial years ended December 31, 2014 and 2013 the exchange rate was C\$1.104/US\$1.00 and C\$1.0295/US\$1.00 respectively. Amounts denominated in Peruvian Soles have been converted into US\$ for reporting purposes. For the financial year ended December 31, 2015 the exchange rate was Peruvian Soles 3.18:US\$1.00, while for the financial years ended December 31, 2014 and 2013 the exchange rate was Peruvian Soles 2.8369:US\$1.00 and Peruvian Soles 2.6604:US\$1.00 respectively.
- (2) The Company used the Black-Scholes-Merton model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for the 2015 calculation: expected dividend yield of 0%, expected stock price volatility 79%, risk free interest rate of 0.50%, and expected life of options of 4.0 years. The Company chose this methodology as it is the standard for exploration companies in Canada and has been consistently applied by the Company for valuing option based award by the Company since 2003.
- (3) Mr. Swarthout was appointed President (in addition to his role as CEO) effective August 1, 2013.
- (4) Mr. Krause has served as CFO of the Company effective May 7, 2012 to present, but is not an employee of the Company. He is employed by Avisar and the portion of the compensation paid to Mr. Krause by Avisar during the financial years ended December 31, 2015, 2014 and 2013, which Avisar attributed to the CFO services which Mr. Krause provided to the Company, was C\$15,333, C\$12,216 and C\$11,434, respectively. In addition, the amounts Avisar charged the Company for accounting, tax and financial consulting services during the financial years ended December 31, 2015, 2014 and 2013 were C\$171,113, C\$180,530 and C\$175,785, respectively. Mr. Krause previously served as CFO of the Company from June 5, 2003 to February 1, 2011
- (5) Mr. Antunez de Mayolo was first employed as General Manager of the Company's Peruvian operations on April 12, 2010, was promoted to Vice President of Operations and General Manager of the Peruvian operations on February 1, 2011 and was subsequently promoted to COO on August 5, 2013.
- (6) Mr. Rios was first employed as a geologist on March 1, 2004 and was subsequently appointed VP of Exploration effective May 29, 2013. He resigned as VP Exploration effective October 31, 2014 and from then to October 2015 was retained as a Consultant to the Company.
- (7) The annual incentives are paid as cash bonuses and are based on the evaluation of performance for the financial year noted, but are typically paid in the following year. There were no annual incentives paid in relation to the 2015, 2014 or 2013 financial years.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, for each of the Named Executive Officers:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (C\$)	Option Expiration Date <sup>(6)</sup>	Value of Unexercised In-The-Money Options <sup>(1)</sup> (C\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (C\$)	Market or Payout Value Of Vested Share-Based Awards Not Paid Out or Distributed (C\$)
Andrew Swarthout <sup>(2)</sup> President and CEO	200,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	450,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	450,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	250,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	225,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A
Steven Krause <sup>(3)</sup> CFO	30,000	2.71	June 11, 2017	Nil	N/A	N/A	N/A
	25,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	22,500	1.41	February 23, 2020	Nil	N/A	N/A	N/A
Elsiaro Antunez de Mayolo <sup>(4)</sup> COO and General Manager of Peruvian Subsidiaries	30,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	100,000	4.01	September 2, 2016	Nil	N/A	N/A	N/A
	165,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	165,000	3.55	November 15, 2017	Nil	N/A	N/A	N/A
	250,000	1.85	August 2, 2018	Nil	N/A	N/A	N/A
	150,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
Christian Rios <sup>(5)</sup> VP of Exploration	14,000	10.77	March 26, 2016	Nil	N/A	N/A	N/A
	70,000	4.01	September 2, 2016	Nil	N/A	N/A	N/A
	41,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	50,000	3.55	November 15, 2017	Nil	N/A	N/A	N/A
	50,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	45,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the Common Shares underlying the options on December 31, 2015, which was C\$0.58, and the exercise or base price of the option. These stock options have not been exercised and actual gains, if any, on exercise will depend on the value of the Company's stock price on the date of exercise.
- (2) Mr. Swarthout was appointed President (in addition to his role as CEO) effective August 1, 2013.
- (3) Mr. Krause has served as CFO of the Company effective May 7, 2012 to present, but is not an employee of the Company. Mr. Krause previously served as CFO of the Company from June 5, 2003 to February 1, 2011.
- (4) Mr. Antunez de Mayolo was employed as General Manager of the Company's Peruvian operations on April 12, 2010, was promoted to Vice President of Operations and General Manager of the Peruvian operations on February 1, 2011 and was subsequently promoted to COO on August 5, 2013.
- (5) Mr. Rios was employed as a geologist March 1, 2004 and was subsequently appointed VP of Exploration effective May 29, 2013. He resigned as VP Exploration effective October 31, 2014 and from then to October 2015 was retained as a Consultant to the Company.
- (6) The stock options awarded vest 25% immediately upon the grant date, with an additional 25% to vest every six (6) months thereafter, with a five year term.

Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year (C\$)<sup>(1)</sup></i>	<i>Share-Based Awards - Value Vested During The Year (C\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (C\$)</i>
Andrew Swarthout <sup>(2)</sup> <i>President and CEO</i>	Nil	N/A	Nil
Steve Krause <sup>(3)</sup> <i>CFO</i>	Nil	N/A	Nil
Elsiario Antunez de Mayolo <sup>(4)</sup> <i>COO and General Manager of Peruvian Subsidiaries</i>	Nil	N/A	Nil
Christian Rios <sup>(5)</sup> <i>VP of Exploration</i>	Nil	N/A	Nil

- (1) This amount is the dollar value that would have been realized if the options had been exercised on the vesting date by calculating the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. These stock options have not been exercised and actual gains, if any, on exercise will depend on the value of the Company's stock price on the date of exercise.
- (2) Mr. Swarthout was appointed President (in addition to his role as CEO) effective August 1, 2013.
- (3) Mr. Krause has served as CFO of the Company effective May 7, 2012 to present, but is not an employee of the Company. Mr. Krause previously served as CFO of the Company from June 5, 2003 to February 1, 2011.
- (4) Mr. Antunez de Mayolo was employed as General Manager of the Company's Peruvian operations on April 12, 2010, was promoted to Vice President of Operations and General Manager of the Peruvian operations on February 1, 2011 and was subsequently promoted to COO on August 5, 2013.
- (5) Mr. Rios was employed as a geologist March 1, 2004 and was subsequently appointed VP of Exploration effective May 29, 2013. He resigned as VP Exploration effective October 31, 2014 and from then to October 2015 was retained as a Consultant to the Company.

**Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

**Termination and Change of Control Benefits**

As of the date of this Information Circular, the Company has employment agreements (the "**Agreements**") with Messrs. Swarthout and Antunez de Mayolo that include compensation in the form of salary, bonuses, and option share awards as well as the payment of benefits in the event of termination of employment or change of control of the Company. Mr. Krause is not an employee but is party to a consulting agreement with the Company, which agreement does not include termination or change of control benefits. Mr. Rios was an employee of the Company until October 2014, and a consultant to the Company until October 2015. He is no longer engaged by Bear Creek and is not subject to termination or change of control benefits. The termination and change of control benefits of Mr. Swarthout and Mr. Antunez de Mayolo are described below.

In the Agreements, "change of control" is defined as a direct or indirect acquisition, by a person or combination or persons acting in concert by virtue of an agreement, arrangement, commitment or

understanding, of such number of voting securities of the Company at the time held by such person or persons, exceeds 35% of the voting rights attached to all outstanding shares of the Company. An “event of termination” is defined as the occurrence of any of the following events, at any time after a change of control, without the consultant’s written consent which event is not rectified by the Company, as the case may be, within 30 days of occurrence:

- (i) a change by the Company (other than changes that are clearly and exclusively consistent with a promotion) in the employee’s position or duties, responsibilities (including, without limitation, the person(s) to whom the employee reports to and who reports to the employee), title or office in effect immediately prior to the change of control, which includes any removal of the employee from or failure to re-engage the employees in such position or office(s);
- (ii) any failure by the Company to maintain the employee’s fee, benefits or other form of remuneration or, if relevant, to increase the employee’s fee, benefits, or other form of remuneration in a manner consistent (both as to frequency and as to percentage increase) with increases granted generally to the Company’s other administrative personnel;
- (iii) the Company relocating the employee to any place other than the location at which the employee reported for work on a regular basis immediately prior to the change of control;
- (iv) the Company taking any action to deprive the employee of any material fringe benefits not mentioned above and enjoyed by the employee immediately prior to the change of control, or the Company failing to increase or improve such material fringe benefits on a basis consistent with increases or improvements granted to the Company’s other administrative personnel;
- (v) any material breach by the Company of any provision of the employee’s agreement;
- (vi) the good faith determination by the employee that, as a result of the change of control or any action or event thereafter, the employee’s status or responsibility in the Company has been diminished or the consultant is effectively being prevented from carrying out his duties and responsibilities as the existed immediately prior to the change of control; or
- (vii) failure by the Company to obtain, in a form satisfactory to the employee, an effective assumption of its obligations hereunder by any successor to the Company, including a successor to a material portion of its business.

If, as the result of a “change of control” of the Company, either Mr. Swarthout or Mr. Antunez de Mayolo, experience an “event of termination” as described above, each is entitled to a severance payment of two years’ salary and is able to exercise any stock options previously granted concurrently with the completion of any take-over bid or within 30 days in the event of termination after a change of control which is not a take-over bid or similar transaction.

At any time in circumstances where there is no cause for termination and no change of control, by the provision of written notice of termination from the Company to Mr. Swarthout or Mr. Antunez de Mayolo the Company is obligated to provide the terminated NEO with a severance payment, payable on the fifth day following the date of termination, which shall consist of one year’s salary.

Mr. Krause was appointed CFO effective May 7, 2012 but is not an employee of the Company. He is employed by Avisar. He is party to a consulting agreement with the Company, however, there are no termination and change of control benefits included in Mr. Krause’s consulting agreement.

Mr. Rios was appointed VP of Exploration effective May 29, 2013, resigned from this position effective October 31, 2014, and subsequently entered into a consulting agreement with the Company that expired October 31, 2015. There were no termination and change of control benefits included in Mr. Rios’ consulting agreement.

### Estimated Incremental Payment on Change of Control

The discussions below sets out the estimated incremental payments, payables and benefits due to certain of the NEO's assuming a triggering event on the last business day of the Company's most recently completed financial year. Named Executive Officers not mentioned immediately below are not entitled to such incremental payments on a change of control.

Under the terms of Andrew Swarthout's employment agreement, the estimated incremental payment upon termination by the Company on a change of control of the Company to which he is entitled is approximately US\$620,000 (calculated as at the last business day of the Company's most recently completed financial year) based upon an amount equal to 24 months' salary, plus any amounts owed in respect of accrued vacation, earned bonuses and the accelerated option value of his existing stock options.

Under the terms of Elsiario Antunez de Mayolo's employment agreement, the estimated incremental payment upon termination by the Company on a change of control of the Company to which he is entitled is approximately US\$573,000 (calculated as at the last business day of the Company's most recently completed financial year) based upon an amount equal to 24 months' salary, plus any amounts owed in respect of accrued vacation, earned bonuses and the accelerated option value of his existing stock options.

### **Director Compensation**

As at the end of the most recently completed financial year, other than as noted below, the Company had no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert.

Under the Company's Directors' compensation plan, the Directors who are also Company employees do not receive fees for Board service. Currently, Mr. Swarthout, who also serves as the Company's President and Chief Executive Officer, is the only Director who is also an employee. The compensation for the non-employee Directors includes the following: (i) a US\$20,000 annual cash retainer, (ii) a US\$1,000 cash fee for each Board or committee meeting that the Director attends in person or by telephone, (iii) an additional US\$50,000 annual cash retainer for the Chairman of the Board and (iv) an additional US\$5,000 annual cash retainer for the Chairman of the Audit Committee. The Lead Director (see further discussion under "Corporate Governance Disclosure – Lead Director") does not receive any additional fees for his service in that role. Payments to the Directors are made bi-annually. Additionally, the Board may consider discretionary grants of stock options to non-employee Directors that range approximately from 25% up to 80% of the size of stock option grants made to the CEO. The Company also reimburses Directors for all reasonable out-of-pocket costs incurred by them in connection with their services to the Company. With the exception of the potential to grant restricted share units and deferred share units to Directors pursuant to the LTIP as discussed below, in this section and under the section entitled "Approval of Long Term Incentive Plan", there have been no significant changes to the compensation structure of Directors since January 2011.

The following table sets forth all amounts of compensation provided to directors who are not Named Executive Officers for the Company's most recently completed financial year.

<i>Director Name</i>	<i>Fees Earned</i> (US\$)	<i>Share-Based Awards</i> (US\$)	<i>Option Based Awards</i> (US\$) <sup>(1)</sup>	<i>Non-equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (US\$)( <sup>2</sup> )
Catherine McLeod-Seltzer <sup>(2)</sup>	75,000	Nil	89,154	Nil	Nil	Nil	164,154
David De Witt	32,000	Nil	47,549	Nil	Nil	Nil	79,549
Miguel Grau	25,000	Nil	47,549	Nil	Nil	Nil	72,549
Kevin Morano	27,000	Nil	89,154	Nil	Nil	Nil	116,154
Nolan Watson	36,000	Nil	47,549	Nil	Nil	Nil	83,549
Frank R. Tweddle	32,000	Nil	47,549	Nil	Nil	Nil	79,549

(1) The Company used the Black-Scholes-Merton model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: expected dividend yield of 0%, expected stock price volatility of 79%, risk free interest rate of 0.50% and expected life of options of 4.0 years. The Company chose this methodology as it is the standard for exploration companies in Canada and has been consistently applied by the Company for valuing option based award by the Company since 2003.

(2) Ms. McLeod-Seltzer is not an executive or employee of Bear Creek and does not undertake, nor is she compensated for, any consulting services in respect of the Company.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders. A description of the material terms of the Company's stock option plan is provided below under the heading "Approval of Rolling Stock Option Plan."

Subject to shareholder and Exchange approval as noted in the section entitled "Approval of Long Term Incentive Plan", the Company has the ability to grant deferred share units and restricted share units to Directors pursuant to the LTIP. As of the date of this Information Circular, no deferred share units or restricted share units have been granted to any Director (or any other person) pursuant to the LTIP.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, for each of the Directors who is not a Named Executive Officer:

Director Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (C\$)	Option Expiration Date <sup>(2)</sup>	Value of Unexercised In-The-Money Options <sup>(1)</sup> (C\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (C\$)	Market or Payout Value Of Vested Share-Based Awards Not Paid Out or Distributed (C\$)
Catherine McLeod-Seltzer	100,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	300,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	300,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	150,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	135,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A
David De Witt	50,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	150,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	150,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	80,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	72,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A
Miguel Grau	50,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	150,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	150,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	80,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	72,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A
Kevin Morano	100,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	300,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	300,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	150,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	135,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A
Nolan Watson	50,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	150,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	150,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	80,000	2.01	February 21, 2019	Nil	N/A	N/A	N/A
	72,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A
Frank R. Tweddle	75,000	9.95	December 6, 2015	Nil	N/A	N/A	N/A
	50,000	10.77	March 23, 2016	Nil	N/A	N/A	N/A
	150,000	3.73	January 23, 2017	Nil	N/A	N/A	N/A
	150,000	3.25	February 6, 2018	Nil	N/A	N/A	N/A
	80,000	2.05	February 21, 2019	Nil	N/A	N/A	N/A
	72,000	1.41	February 23, 2020	Nil	N/A	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was C\$0.58 and the exercise or base price of the option. These stock options have not been exercised and actual gains, if any, on exercise will depend on the value of the Company's stock price on the date of exercise.
- (2) The stock options awarded vest 25% immediately upon the grant date, with an additional 25% to vest every six (6) months thereafter, with a five year term.

**Incentive Plan Awards - Value Vested or Earned During the Year**

The value vested or earned during the most recently completed financial year of awards granted to Directors who are not Named Executive Officers are as follows:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year (C\$)<sup>(1)</sup></i>	<i>Share-Based Awards - Value Vested During The Year (C\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (C\$)</i>
Catherine McLeod-Seltzer	Nil	N/A	Nil
David De Witt	Nil	N/A	Nil
Miguel Grau	Nil	N/A	Nil
Kevin Morano	Nil	N/A	Nil
Nolan Watson	Nil	N/A	Nil
Frank R. Tweddle	Nil	N/A	Nil

(1) This amount is the dollar value that would have been realized if the options had been exercised on the vesting date by calculating the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. These stock options have not been exercised and actual gains, if any, on exercise will depend on the value of the Company's stock price on the date of exercise.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></i> <i>(a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> <i>(b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(2)</sup></i> <i>(c)</i>
Equity compensation plans approved by securityholders	7,842,100	C\$3.66	1,468,614
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	7,842,100		1,468,614

(1) Represents the number of shares to be issued upon exercise of outstanding stock options as at December 31, 2015.

(2) Represents the number of shares remaining available for future issuance under stock options available for grant as of December 31, 2015.

### **INDEBTEDNESS TO COMPANY OF DIRECTORS AND EXECUTIVE OFFICERS AND SENIOR OFFICERS**

As of the date of this Information Circular, there is no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing, to the Company or any of its subsidiaries, or owing to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, either pursuant to a purchase of securities of the Company or otherwise.

No individual who is, or at any time, during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out herein, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of Directors or the appointment of auditors.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person (as defined in NI 51-102) of the Company, any proposed Director of the Company or any associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the Directors or executive officers of the Company. Please see the footnotes to the Summary Compensation Table and the "Termination and Change of Control Benefits" section above for a summary of the management contracts of the Company.

### **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

As part of its ongoing commitment to corporate governance, the Board established a Nominating and Corporate Governance Committee in April 2013 pursuant to corporate governance guidelines under National Policy 58-201 *Corporate Governance Guidelines* (“NP 58-201”). Additionally, in 2013, the Board reviewed and assessed, with the assistance of the Nominating and Corporate Governance Committee, the Company's various corporate governance policies and guidelines, including the Board's mandate, charters of the relevant committees, and various terms of reference, and approved certain amendments and replacements of such documents as appropriate. The corporate governance disclosure in this Information Circular, including the various charters and Board mandate, is current as of the date of this Information Circular.

NP 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices, which such disclosure is set out below.

### **Independence of Members of Board**

As at the date of this Information Circular, the Company's Board consists of seven Directors. Six of the Company's current Directors (all except Miguel Grau) are standing for re-election at the Meeting. A majority of the Directors of the Company are independent as of the date of this Information Circular. David De Witt (Lead Director), Kevin Morano, Frank Tweddle and Nolan Watson are independent based upon the tests for independence set forth in National Instrument 52-110 - *Audit Committees* (“NI 52-110”). Andrew Swarthout is not considered independent as he is the President and Chief Executive Officer of the Company. Catherine McLeod-Seltzer is not an Executive Chairman and does not participate in the day to day management or operation of the Company. However, as the Chairman, she contributes to the Company's management from time to time by advising and assisting the President and Chief Executive Officer, Mr. Swarthout, and is therefore not considered independent. Miguel Grau, who is not standing for re-election at the Meeting, is not considered independent as he is a partner of the law firm Estudio Grau, which acts as Peruvian counsel to the Company and as such receives compensatory fees for legal services provided to the Company. The fees paid by the Company to Estudio Grau totalled US\$118,447 for the year ended December 31, 2015. If all six Directors standing for re-election at the Meeting are re-elected, the Company's Board will continue to consist of a majority of independent Directors.

### **Lead Director**

Since Catherine McLeod-Seltzer, Chairman of the Board, is not considered independent as described above, the Board re-appointed Mr. De Witt, an independent member of the Board, as the Lead Director in 2015, to provide an additional level of independent oversight over management. The Lead Director functions as an independent representative and effective leader of the Board in order to carry out the specific functions of the Chairman. The responsibilities of the Lead Director include presiding over Board meetings, assuming principal responsibility for the Board's operation and functioning independent of management and ensuring that Board functions are effectively carried out. The Lead Director facilitates the functioning of the Board independently of management, serves as an independent leadership contact for Directors and assists in maintaining and enhancing the quality of the Company's corporate governance. The Lead Director also performs such other functions and responsibilities as requested by the Chairman of the Board or the Board of Directors from time to time. The Lead Director may call meetings of the non-management Directors.

### **Management Supervision by Board**

The President and Chief Executive Officer and Chief Financial Officer report upon the operations of the Company on an annual basis directly to the independent Directors of the Board. The independent

Directors hold meetings without the presence of non-independent Directors as necessary when matters arise that require their independent approval. Although there are not regularly scheduled meetings of the independent Directors, to facilitate open and candid discussion among the independent directors, the Board encourages the independent Directors to meet at any time they consider necessary without any members of management, including the non-independent Directors, being present. The Company's auditors, legal counsel and certain employees may also be invited to attend.

The Audit Committee is composed entirely of independent Directors, and meets with the Company's auditors without management in attendance.

The Board's Chair, Ms. McLeod-Seltzer, is not an independent Director. The independent Directors exercise their responsibilities for independent oversight of management through their majority control of the Board.

### Participation of Directors in Other Reporting Issuers

The participation of the Directors as directors in other reporting issuers is described in the table attached as Schedule "A" to this Information Circular.

As noted in Schedule "A", certain of the Directors serve together on the board of other public companies. The Board has reviewed the various current directorships of the Directors and determined that none of the interlocking board relationships could, in the view of the Board of Directors, be reasonably expected to interfere with the independent judgment or ability to act in the best interests of the Corporation. Any such interlocking board relationships will continue to be considered by the Board on a case-by-case basis having regard to the specific circumstances.

### Participation of Directors in Board Meetings

The Board meets at least once every quarter to review, among other things, the performance of the Company. Results are compared and measured against a previously established plan and performance in prior years. The Board also holds a meeting each year to review and assess the Company's financial budget and business plan for the ensuing year and its overall strategic objectives. This process establishes, among other things, benchmarks against which the Board may measure the performance of management. Additional meetings of the Board are called from time to time to deal with special matters as circumstances require. In the year ended December 31, 2015, four Board meetings were held and six committee meetings were held (four Audit Committee meetings; one Compensation Committee meeting, and one Nominating and Corporate Governance Committee meeting). The attendance record of each Director at the meetings of the Board and committees held since beginning of the most recently completed financial year is as follows:

<i>Director</i>	<i>Board Meetings Attended</i>	<i>Audit Committee Meetings Attended</i>	<i>Compensation Committee Meetings Attended</i>	<i>Nominating and Corporate Governance Committee Meetings Attended</i>	<i>Total Number of Meetings Attended<sup>(2)</sup></i>	<i>Attendance Record</i>
<b><i>Non-Independent</i></b>						
<b>Andrew Swarthout</b> President, CEO and Director	4 of 4 100%	n/a <sup>(1)</sup>	n/a <sup>(1)</sup>	n/a <sup>(1)</sup>	4 of 4	100%
<b>Catherine McLeod-Seltzer</b> Chairman and Director	4 of 4 100%	n/a	n/a	n/a	4 of 4	100%

<i>Director</i>	<i>Board Meetings Attended</i>	<i>Audit Committee Meetings Attended</i>	<i>Compensation Committee Meetings Attended</i>	<i>Nominating and Corporate Governance Committee Meetings Attended</i>	<i>Total Number of Meetings Attended<sup>(2)</sup></i>	<i>Attendance Record</i>
<b>Miguel Grau</b> Director	4 of 4 100%	n/a	n/a	n/a	4 of 4	100%
<i>Independent</i>						
<b>David De Witt</b> Director	4 of 4 100%	4 of 4 100%	1 of 1 100%	1 of 1 100%	10 of 10	100%
<b>Kevin Morano</b> Director	4 of 4 100%	n/a <sup>(1)</sup>	1 of 1 100%	1 of 1 100%	6 of 6	100%
<b>Nolan Watson</b> Director	4 of 4 100%	4 of 4 100%	n/a	1 of 1 100%	9 of 9	100%
<b>Frank R. Tweddle</b> Director	4 of 4 100%	4 of 4 100%	1 of 1 100%	1 of 1 100%	10 of 10	100%

(1) Mr. Swarhout and Mr. Morano attended, as guests, all committee meetings in addition to the committees of which they are members. In total, Mr. Swarhout and Mr. Morano each attended all or portions of 10 of 10 committee and Board meetings.

(2) No meetings were held by the Transaction Response Committee or the Finance Committee in 2015.

## **Board Mandate**

The Board has adopted a Board Mandate, the text of which is attached as Schedule “B” to this Information Circular.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan; reviewing and approving the annual corporate budget and forecast; reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources.

The Board relies on management for periodic reports, and to provide the support and information necessary to enable the Board to fulfill its obligations effectively. Major matters are to be analysed in reports prepared by management and submitted to the Board for its approval. All material transactions must be reviewed and approved by the Board prior to implementation. Any responsibility that is not delegated to senior management or a Board committee remains with the full Board. One of the Board's responsibilities is to review and, if thought fit, to approve opportunities as presented by management and to provide guidance to management. The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

The Board also meets to plan for the future growth of the Company; identify risks of the Company's business, thus ensuring the implementation of appropriate systems to manage these risks; monitor senior management; and ensure timely disclosure of material transactions. Frequency of Board meetings as well as the nature of agenda items changes depending upon the state of the Company's affairs and in light of opportunities or risks that the Company faces. When necessary and appropriate, issues may be approved and adopted by the Board by way of written resolutions in accordance with applicable corporate law.

### **Position Descriptions**

The Board has adopted written position descriptions in the forms of terms of reference for each of the Chair of the Board (and Lead Director). The Company has also adopted general terms of reference for the committees, including the roles of the respective chairs, as well as terms of reference for the Directors. Stand-alone terms of reference have not been adopted for the individual chairs of each of its committees, as the Board is of the view that the terms of reference for the committees and charters of each the respective committees are sufficiently specific that no separate descriptions are necessary.

The Board has also adopted terms of reference for the President and Chief Executive Officer. In addition, his annual performance objectives, which are reviewed and approved by the Board, further delineate his role and responsibilities and further define the responsibilities of management.

### **Orientation and Continuing Education**

While the Company does not have a formal orientation and training program, new Board members are provided with:

1. information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports, constating documents and the Company's internal financial information;
3. access to management, auditors and technical consultants;
4. access to legal counsel to the Company in the event of any questions or matters relating to the Board member's corporate and securities law responsibilities; and
5. further information and education as deemed appropriate and desirable by the Board on a case-by-case basis.

The orientation and education process is overseen by the Nominating and Corporate Governance Committee. To help ensure that Directors maintain the skill and knowledge necessary to meet their obligations as Directors, Board members are encouraged to: communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Company; keep themselves current with industry trends and developments and changes in legislation with management's assistance; and attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board views good corporate governance and ethical conduct as an integral component to the success of the Company and crucial to meet the Company's responsibilities to its shareholders and other stakeholders.

The Board has adopted a Code of Business Conduct and Ethics (the "Code"), which is posted on the Company's website at [www.bearcreekmining.com](http://www.bearcreekmining.com) and filed under the Company's profile at [www.sedar.com](http://www.sedar.com). The purpose of the Code is to promote integrity, deter wrongdoing and assist all Company personnel in making decisions regarding the affairs of the Company and its subsidiaries. The

Code outlines the basic principles that guide the affairs of the Company and Company personnel are encouraged to consult with management, the President and CEO or the Chair of the Audit Committee for direction regarding specific issues, conflicts or potential conflicts.

It is ultimately the responsibility of Company and its subsidiaries and their directors, officers, employees, and consultants to be aware of their obligations under, and to comply with, the Code, and it is the Board's responsibility to monitor compliance with the Code. The Board of Directors has delegated this responsibility to the Chair of the Audit Committee with regard to reporting, and the Nominating and Corporate Governance Committee which will, among other things, review the Code periodically. To date, no waivers of the Code have been granted nor has there been any material change report filed that pertains to any conduct of a Director or executive officer of the Company that constitutes a departure from the Code.

Additionally, the Board, through its meetings with management and other informal discussions with management, encourages a culture of ethical business conduct and believes the Company's high caliber management team promotes a culture of ethical business conduct throughout the Company's operations and is expected to monitor the activities of the Company's employees, consultants and agents in that regard.

It is a requirement of applicable corporate law that Directors and senior officers who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and, in the case of Directors, abstain from discussions and voting in respect to same if the interest is material. These requirements are also contained in the Company's Articles, which are made available to the Directors and senior officers of the Company as part of the Company's orientation and continuing education process.

### **Whistleblower Policy**

The Company has adopted a written Whistleblower Policy for the Company's officers, Directors and employees to ensure that a confidential and anonymous process exists whereby persons can report any accounting concerns, violations of law and general violations relating to the Company and its subsidiaries. The Whistleblower Policy is administered by the Audit Committee.

### **Nomination of Directors**

The Nominating and Corporate Governance Committee consists of Nolan Watson, David De Witt, Kevin Morano and Frank Tweddle, each of whom is an independent Director. The Nominating and Corporate Governance Committee, under the supervision of the Board, is primarily responsible for: establishing a process for identifying, recruiting, appointing, and providing ongoing development for Directors; monitoring and assessing the functioning of the Board, committees of the Board, and the individual members of the Board; and ensuring the Board, Directors and management adopt and observe good corporate governance practices. The Nominating and Corporate Governance Committee charter is posted on the Company's website at [www.bearcreekmining.com](http://www.bearcreekmining.com).

The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors to ensure that the Board of Directors is composed of individuals who will best serve the interests of the Company and assist management in reaching the Company's strategic goals. Members of the Board and representatives of the mineral exploration industry are also consulted for possible candidates.

### **Compensation**

The Compensation Committee, under the supervision of the Board, has overall responsibility for: ensuring levels of executive compensation that are competitive and motivating in order to attract, hire, hold and inspire the Company's President and Chief Executive Officer, Chief Financial Officer, Chief

Operating Officer and other executive officers and certain key employees and non-executive officers; and for recommending compensation for directors.

This Committee meets at least once annually. Currently, the members are Kevin Morano, David De Witt and Frank Tweddle, all of whom are independent Directors. All members of the Compensation Committee currently hold, or have held positions in Compensation Committees with other public companies. Additional disclosure with respect to skills and experience in relation to executive compensation of the members of the Compensation Committee are outlined under the section "Particulars of Matters to Be Acted Upon - Election of Directors" below.

To determine compensation payable, the Compensation Committee reviews compensation paid for Directors and officers, including the CEO's, of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. Further details regarding the Company's compensation policies are discussed in the Compensation Discussion and Analysis section of this Information Circular.

The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Compensation Committee, which is posted on the Company's website at [www.bearcreekmining.com](http://www.bearcreekmining.com).

No compensation consultant or advisor has, at any time since the beginning of the Company's most recently completed financial year, been retained to assist in determining compensation for any of the Company's Directors and officers. Further details regarding the Company's compensation policies are discussed in the Compensation Discussion and Analysis section of this Information Circular.

### **Other Board Committees**

Committees of the Board are an integral part of the Company's governance structure. There are five standing committees (Audit; Compensation; Nominating and Corporate Governance; Transaction Response; and Financing), established to devote the necessary expertise and resources to particular areas, and to enhance the quality of discussion and decision making at Board meetings. The committees facilitate effective Board decision making by providing recommendations to the Board on matters within their respective responsibilities. The Board believes that the committees assist in the effective functioning of the Board and that the composition of the committees should ensure that the views of the independent Directors are effectively represented.

The particulars regarding the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee are described elsewhere in this Information Circular, and the function of the other two standing committees, the Transaction Response Committee and the Financing Committee, are as follows:

The Transaction Response Committee consists of Kevin Morano, David De Witt and Nolan Watson, each of whom is an independent Director. The primary function of the Transaction Response Committee is to be in a position to efficiently consider and make recommendations to the full Board in respect of any potential future transaction involving a business combination, acquisition or sale initiated by a third party in respect of the Company or its business and assets. The Transaction Response Committee is responsible for reviewing all aspects of any such transaction and making recommendations to the full Board with respect thereto, and was established as a separate special committee of the Board in order to ensure that all relevant facts, issues and associated transactions are reviewed and approved by Directors who are not subject to any conflict of interest and, as such, can consider transactions with the best interests of the Company and its shareholders exclusively in mind.

The Financing Committee consists of Catherine McLeod-Seltzer, Andrew Swarthout, Nolan Watson and Kevin Morano, of which Mr. Watson and Mr. Morano are independent Directors. The primary function

of the Financing Committee is to negotiate the terms of any financing, including size, type of securities to be offered, pricing, timing, lead underwriter(s) and other significant terms such as indemnity obligations, lock-up obligations and rights to future financings and to make recommendations to the full Board concerning any financing and the formal documentation related to such financing.

The Board has determined that, at this stage of the Company's development, it is not necessary for the Board to have additional standing committees other than the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Transaction Response Committee, and the Financing Committee.

### **Assessments**

The Board along with the Nominating and Corporate Governance Committee annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, its committees, and the Directors to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its Directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or an individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

Formal assessments are not regularly conducted; however, the Board satisfies itself that the Board, its committees, and the individual Directors are performing effectively through frequent discussions among management and individual Board members. There are also discussions among the independent Directors with resulting comments provided to the entire Board.

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

The following is the text of the Audit Committee's Charter:

#### **General**

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting processes and provision of financial information to the shareholders and others, the systems of internal controls and disclosure controls, the internal and external audit processes, the policies with regard to ethics and business practices, and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between the Company's external auditor, senior management and the Board.

The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditor.

#### **Composition**

The Audit Committee shall be composed of a minimum of three directors. The members shall be appointed annually by the Board, typically at the first meeting of the Board following the annual

shareholder's meeting. Unless a Chair is appointed by the full Board, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

All members of the Audit Committee shall meet the independence, financial literacy and experience requirements under applicable laws, rules and regulations binding on the Company from time to time, including without limitation the applicable rules of any stock exchanges upon which the Company's securities are listed and any requirements for independence and financial literacy under applicable securities laws.

### **Procedural Matters**

The Audit Committee shall be governed by the Terms of Reference for Committees adopted by the Board, save as modified by the procedural requirements and powers provided in this Charter. The Audit Committee:

- (a) Shall meet at least four times per year, either by telephone conference or in person. Any member of the Audit Committee may call such a meeting.
- (b) May invite the Company's external auditor, the CFO, and such other persons as deemed appropriate by the Audit Committee to attend meetings of the Audit Committee. As part of its job to foster open communication, the Audit Committee shall meet at least annually with the CFO and the external auditor in separate sessions.
- (c) Shall report material decisions and actions of the Audit Committee to the Board, together with such recommendations as the Audit Committee may deem appropriate, at the next Board meeting.
- (d) Shall review the performance of the Audit Committee on an annual basis and report the results of such review to the Board.
- (e) Shall review and assess this Charter for the Audit Committee at least annually and submit any proposed revisions to the Board for approval.
- (f) Has the power to conduct or authorize investigations into any matter within the scope of its responsibilities. The Audit Committee has the right to engage independent counsel and other advisors as it determines necessary to carry out its duties, and the right to set and pay the compensation for any such counsel or advisors engaged by the Audit Committee.
- (g) Has the right to communicate directly with the CFO and other members of management who have responsibility for the audit process (“**internal audit management**”) and the external auditor.

### **Responsibilities**

Subject to the powers and duties of the Board, the Board hereby delegates to the Audit Committee the following powers and duties to be performed by the Audit Committee on behalf of and for the Board.

#### Financial Reporting, Accounting and Financial Management

The Audit Committee has primary responsibility for overseeing the actions of management in all aspects of financial management and reporting. The Audit Committee shall:

- (a) Review and recommend to the Board for approval the Company's financial statements, Management's Discussion and Analysis, Annual Information Form (if any), future-oriented financial information or pro-forma information, and other financial disclosure in continuous disclosure documents, including any annual and interim profit or loss press

releases and any certification, report, opinion or review rendered by the external auditor, before the Company publicly discloses such information. (See also “*Interim Financial Statements*” below.)

- (b) Ensure that it is satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than public disclosure referred to in subsection (a) immediately above) and periodically assess the adequacy of those procedures as necessary.
- (c) Review material financial risks with management, the plan that management has implemented to monitor and deal with such risks, and the success of management in following the plan.
- (d) Consult annually and otherwise as required with the Company's President and CEO and CFO respecting the adequacy of the internal controls and review any breaches or deficiencies.
- (e) Review process as necessary with regard to certifications, and obtain certifications by the President and CEO and CFO attesting to disclosure controls and procedures and internal control over financial reporting as required or advisable.
- (f) Review management's response to significant written reports and recommendations issued by the external auditor and the extent to which such recommendations have been implemented by management. Review such responses with external auditor as necessary.
- (g) Review with management the Company's compliance with applicable laws and regulations respecting financial matters.
- (h) Review with management proposed regulatory changes and their impact on the Company.
- (i) Review with management and approve public disclosure of the Audit Committee Charter, including in the Company's Information Circular and on the Company's website.

#### External Auditor

The Audit Committee has primary responsibility for the selection, appointment, dismissal, compensation and oversight of the external auditor, subject to the overall approval of the Board. For this purpose, the Audit Committee may consult with management, but the external auditor shall report directly to the Audit Committee. The Audit Committee has the right to communicate directly with the internal and external auditors. The specific responsibilities of the Audit Committee with regard to the external auditor are to:

- (a) Recommend to the Board annually:
  - (i) the external auditor to be nominated (whether the current external auditor or a suitable alternative) for the purpose of preparing or issuing an auditor's report or performing other audit, review, or attest services for the Company; and
  - (ii) the compensation of the external auditor.
- (b) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
- (c) Resolve disagreements, if any, between management and the external auditor regarding financial reporting. To resolve such disagreements, the Audit Committee shall query management and the external auditor and take other steps as necessary. The Audit Committee shall provide the Board with such recommendations and reports with respect to the financial statements of the Company as it deems advisable.

- (d) Take reasonable steps to confirm the independence of the external auditor, including but not limited to pre-approving any non-audit related services provided by the external auditor to the Company or the Company's subsidiaries, if any, with a view to ensuring independence of the auditor. If necessary, recommend to the Board to take appropriate corrective action to ensure the independence of the external auditor.
- (e) Review and pre-approve all audit and audit-related services and the fees related thereto, provided by the Company's external auditor.
- (f) Review and pre-approve all non-audit services to be performed by the Company's external auditor, in accordance with any applicable regulatory and securities law requirements and the requirements of any stock exchange upon which the Company's shares are listed with respect to approval of non-audit related services performed by the external auditor. The Audit Committee may delegate certain pre-approval functions for non-audit services to one or more independent members of the Audit Committee if it first adopts specific policies and procedures respecting same in accordance applicable securities laws and provided that any such pre-approval decisions are presented to the full Audit Committee for approval at its next meeting.
- (g) Obtain from the external auditor confirmation that the external auditor is a 'participating audit' firm for the purpose of National Instrument 52-108 *Auditor Oversight* and are in compliance with governing regulations.
- (h) Review and evaluate the performance of the external auditor, including without limitation the external auditor's internal quality-control procedures.
- (i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's present and former external auditor.

#### Audit and Financial Reporting Process

The Audit Committee has a duty to receive, review and make any inquiry regarding the completeness, accuracy and presentation of the Company's financial statements to ensure that the financial statements fairly present the financial position and risks of the organization and are prepared in accordance with the applicable generally accepted accounting principles. To accomplish this, the Audit Committee shall:

- (a) Review at least annually the Company's internal system of audit and financial controls, internal audit procedures and results of such audits,
- (b) Prior to the annual audit by the external auditor, consider the scope and general extent of the external auditor's review, including its engagement letter. Review with management the external auditor's audit plan and intended template for financial statements.
- (c) Ensure the external auditor has full, unrestricted access to required information and has the cooperation of management.
- (d) Review with the external auditor, in advance of the audit, the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles.
- (e) Review with the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, or significant judgments made by management that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements. Review the appropriateness and disclosure of any off-balance sheet matters. Review disclosure of any related-party transactions.

- (f) Receive and review with the external auditor, the external auditor's audit report and the audited financial statements. Make recommendations to the Board respecting approval of the audited financial statements.
- (g) Review annually the integrity of the Company's internal and external financial reporting and accounting principles, including the clarity, completeness and accuracy of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, performance of internal audit management, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting and the degree of compliance of the Company with prior recommendations of the external auditor. The Audit Committee shall direct management to implement such changes as the Audit Committee considers appropriate, subject to any required approvals of the Board arising out of the review.
- (h) Meet at least annually with the external auditor, independent of management, consider external auditor's judgments about the quality and appropriateness of the Company's accounting principles and practices, and report to the Board on such meetings.

#### Interim Financial Statements

The Board shall generally approve the Company's annual and interim financial statements. Notwithstanding the foregoing, the Board may from time to time delegate to the Audit Committee the power to approve the Company's interim financial statements.

The Audit Committee shall:

- (a) Review on an annual basis the Company's practice with respect to review of interim financial statements by the external auditor.
- (b) Review the interim financial statements with the external auditor if the external auditor conducts a review of the interim financial statements.
- (c) Conduct all such reviews and discussions with the external auditor and management as the Audit Committee deems appropriate.
- (d) Review and, if such authority has been delegated to the Audit Committee by the Board, approve the interim financial statements.
- (e) If authority to approve the interim financial statements has not been delegated to the Audit Committee, make appropriate recommendation to the Board respecting approval of the interim financial statements.

#### Ethics

The Audit Committee has primary responsibility for overseeing the application of, and compliance with, the Company's Code of Business Conduct and Ethics (the "Code"). The Audit Committee shall review at least annually:

- (a) the Code,
- (b) management's approach to business ethics and corporate conduct; and
- (c) programs used by management to monitor compliance with the Code.

#### **Complaints and Concerns**

The Audit Committee shall ensure that the Company has adequate procedures in place for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal

accounting controls, or auditing matters and confidential and anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters (collectively, “complaints”).

Subject to applicable law, complaints, including those under the Company's Whistleblower Policy, may be made anonymously and, if not made anonymously, the identity of the person submitting such complaint will be kept confidential. Upon receipt of a complaint, the Chair will conduct or designate a member of the Audit Committee to conduct an initial investigation. If the results of that initial investigation indicate there may be any merit to the complaint, the matter will be brought before the Audit Committee for a determination of further investigation and action. Records of complaints made and the resulting action or determination with respect to the complaint shall be documented and kept in the records of the Audit Committee for a period of at least three years or otherwise pursuant to the Company's records retention policy, if any.

## Reporting

The Audit Committee shall report to the Board of Directors at its regularly scheduled meetings.

## Composition of the Audit Committee and Relevant Education and Experience

The following are the members of the Audit Committee:

Nolan Watson	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Frank Tweddle	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
David De Witt	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

(1) As defined by NI 52-110.

Messrs. Watson, Tweddle, and De Witt are all financially literate in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Mr. Watson has been the President and Chief Executive Officer of Sandstorm Gold Ltd. since September 2008 and was its Chairman from January 2013 to March 2016. Mr. Watson was the Chairman, President and Chief Executive Officer of Sandstorm Metals & Energy Ltd., a predecessor company of Sandstorm Gold Ltd. He has also been a director of TrueGold Mining Inc. since December 2012. He previously was the Chief Financial Officer of Silver Wheaton Corp. and in that role he assisted in raising over \$1 billion in debt and equity to fund Silver Wheaton's growth. Mr. Watson is a Chartered Financial Analyst, a Chartered Accountant (Valedictorian of the Institute of Chartered Accountants of British Columbia), and holds a Bachelor of Commerce degree (with honours) from the University of British Columbia. Mr. Watson has been recognized as one of the Top 40 Under 40 in Vancouver by *Business in Vancouver* magazine and one of the Top 40 under 40 in Canada by the *Globe & Mail*.

Mr. Tweddle has been principal of Andes Mining Research S.A.C. since May 2004. Mr. Tweddle is the former Deputy CEO of Mitsui del Peru S.A in charge of trading and new business development in the areas of natural resources, energy and infrastructure in Peru. He previously held executive positions with Southern Peru Copper Corporation where he managed commercial conditions and price risk for metals and concentrates and with Standard Bank Plc where he originated transactions in structured project and trade finance. Since 2008, Mr. Tweddle has served as an independent board member of privately owned Tecnofil S.A., the largest fabricator and exporter of copper products in Peru.

Mr. De Witt is the Chairman of Pathway Capital Ltd., a Vancouver-based private venture capital company he co-founded in October 2004. From 2002 to 2007 he was a director of, and the VP of Corporate Development for, Peru Copper Ltd. He currently holds directorships in a number of public

companies involved in the natural resource field, and has significant executive and audit committee experience related to other public companies with which he is involved; he is the Chairman of the audit committee for Sandstorm Gold Ltd. and the former Chairman of the audit committee at Sandstorm Metals & Energy Ltd., a predecessor company of Sandstorm Gold Ltd. Mr. De Witt graduated from the University of British Columbia with a Bachelor of Commerce degree in 1975 and a Bachelor of Law degree in 1978 and practiced corporate, securities and mining law until his retirement from the practice of law in January 1997.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above in the Audit Committee's Charter under the heading "External Auditor".

### **External Auditor Service Fees (By Category)**

PricewaterhouseCoopers LLP has served as the independent auditors for the Company since August 1, 2006 and acted as the Company's independent auditors for the financial year ended December 31, 2015. The chart below sets forth the total amount billed to the Company by the Company's auditors for services performed in the last two financial years and breaks down these amounts by category of service (for audit fees, audit-related fees, tax fees and all other fees):

<i>Financial Year Ended</i>	<i>Audit Fees<sup>(1)</sup></i>	<i>Audit-Related Fees<sup>(2)</sup></i>	<i>Tax Fees<sup>(3)</sup></i>	<i>All Other Fees<sup>(4)</sup></i>
December 31, 2015	\$87,000	\$44,100	\$9,000	\$1,000
December 31, 2014	\$85,000	\$44,100	\$23,140	\$1,420

- (1) "Audit Fees" are the aggregate fees charged by the Company's auditors for the audit of the Company's consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.
- (2) "Audit-Related Fees" are fees charged by the Company's auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees."
- (3) "Tax Fees" are fees charged by the Company's auditors for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" are fees charged by the Company's auditors for products and services other than as set out under the heading "Audit Fees", "Audit-Related Fees" and "Tax Fees" Exemption in 6.1 of NI 52-110

The Company is relying upon the exemption in section 6.1 of NI 52-110 for the requirements of Part 5 (Reporting Obligations) of NI 52-110.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**Election of Directors**

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed. Shareholder approval will be sought to fix the number of Directors of the Company at six.

The Board of Directors has a Compensation Committee, Audit Committee, Nominating and Corporate Governance Committee, Transaction Response Committee and a Financing Committee. The current members of these committees are indicated in the table below. See also “Corporate Governance Disclosure”.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name and Jurisdiction of Residence</i>	<i>Principal occupation or employment and, if not a previously elected Director, principal occupation or employment during the past 5 years</i>	<i>Present position(s) with the Company</i>	<i>Previous service as a Director</i>	<i>Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly<sup>(1)</sup></i>
<b>Andrew T. Swarthout<sup>(6)</sup></b> Arizona, USA	President and CEO and Director, Bear Creek Mining Corporation.	President and CEO and a Director	April 22, 2003	1,394,592
<b>Catherine McLeod-Seltzer<sup>(6)</sup></b> British Columbia, Canada	Chairman and Director of Bear Creek Mining Corporation.	Chairman and a Director	September 30, 1999	1,266,562
<b>David De Witt<sup>(2)(3)(4)(5)</sup></b> British Columbia, Canada	Chairman and Director of Pathway Capital Ltd., a private venture capital company.	Director	April 22, 2003	450,650 <sup>(7)</sup>
<b>Kevin Morano<sup>(2)(4)(5)(6)</sup></b> Florida, USA	Principal, KEM Capital LLC, a private investment and advisory firm.	Director	April 22, 2003	1,231,262 <sup>(8)</sup>
<b>Nolan Watson<sup>(3)(4)(5)(6)</sup></b> British Columbia, Canada	President and CEO of Sandstorm Gold Ltd.	Director	August 19, 2009	50,000
<b>Frank R. Tweddle<sup>(2)(3)(4)</sup></b> Lima, Peru	Principal of Andes Mining Research S.A.C..	Director	December 6, 2010	132,000

(1) The information as to Common Shares of the Company beneficially owned or over which a Director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective Directors individually. Unless otherwise indicated, such shares are held directly.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

(4) Member of the Nominating and Corporate Governance Committee.

(5) Member of the Transaction Response Committee.

(6) Member of the Financing Committee

(7) Of these shares, 50,000 shares are held indirectly in the name of 674662 B.C. Ltd., a private company controlled by Mr. De Witt.

(8) All of Mr. Morano’s shares are held indirectly, though KEM Capital LLC, a private investment and advisory firm controlled by Mr. Morano.

To the knowledge of the Company, no proposed Director is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an Order (as defined below) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

“**Order**” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation and, in each case, that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, with the exception of Kevin Morano as disclosed below, no proposed Director:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or
- (c) has been subject to:
  - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director.

In April 2006, United States Securities and Exchange Commission (“**SEC**”) filed a complaint against Lumenis Ltd. (“**Lumenis**”), one of its former officers and Mr. Morano, the former Chief Financial Officer of Lumenis, alleging violations of federal securities laws of the United States in connection with the accounting for certain Lumenis sales transactions included in its 2002 and 2003 financial statements (the “**Complaint**”). Without admitting or denying the allegations in the Complaint, Mr. Morano consented to the entry, in September 2008, of a final consent judgment that, among other things, enjoined Mr. Morano from violating various provisions of the federal securities laws, ordered Mr. Morano to pay a US\$55,000 civil penalty, and included an SEC administrative order suspending Mr. Morano from appearing or practicing before the SEC as an accountant. In February 2015, the SEC issued an order reinstating Mr. Morano to appear and practice before the SEC as an accountant responsible for the preparation and review of financial statements.

### **Appointment of Auditor**

PricewaterhouseCoopers LLP has served as the independent auditors for the Company since August 1, 2006.

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

### **Re-Approval of Rolling Stock Option Plan**

Under the policies of the Exchange, a “rolling” stock option plan must be re-approved on a yearly basis by shareholders. Accordingly, the Shareholders will be asked to pass an ordinary resolution approving the Company's rolling stock option plan (the “**Plan**”), which was approved by the Directors on March 19, 2008. The details of the Plan are set forth below. Management recommends, and the persons named in the enclosed form of proxy intend to vote in favour of, the re-approval of the Plan.

At the annual general meeting held on May 22, 2008, the Company's shareholders approved the Plan, pursuant to which the maximum number of Common Shares that may be reserved for issuance under outstanding stock options will be 10% of the Company's issued and outstanding Common Shares as constituted on the date of any grant of options under the Plan. At the Company's most recent annual general and special meeting on June 9, 2015, shareholders re-approved the Plan as required under the policies of the Exchange.

The purpose of the Plan is to allow the Company to grant options to Directors, officers, employees and consultants, as additional compensation and as an opportunity to participate in the success of the Company. Additionally, the plan is designed to attract and retain high-caliber management and employees in a highly competitive market for competent technical personnel in the natural resources sector. The granting of such options is intended to align the interests of such persons with that of the shareholders of the Company.

Under the Plan, options are exercisable over periods of up to 10 years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options (or, if the grant is not announced, the closing market price prevailing on the day that the option is granted), less the applicable discount, if any, permitted by the policies of the Exchange and approved by the Board of Directors. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to Directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of Common Shares which may be issued pursuant to options previously granted and those granted under the Plan will be 10% of the issued and outstanding Common Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed (without shareholder approval) 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion, subject to the Exchange's minimum vesting requirements, if any.

The Plan provides that if a change of control (as defined in the Plan) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.

The Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.

The Plan provides that, on the death or disability of an option holder, all vested options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases its office, employment or engagement with the Company.

The Plan contains a provision that if pursuant to the operation of an adjustment provision of the Plan, an optionee receives options (the “**New Options**”) to purchase securities of another company (the “**New Company**”) in respect of the optionee's options under the Plan (the “**Subject Options**”), the New Options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the “**Termination Provisions**”); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is two (2) years after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board.

The Plan also contains a black-out provision. In accordance with good corporate governance practices and as recommended by National Policy 51-201 - *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board of Directors.

In order to ensure that holders of outstanding stock options are not prejudiced by the imposition of such black-out periods, any outstanding stock options with an expiry date occurring during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is 10 trading days following the end of the black-out period.

A copy of the Plan is available on request from the Company.

#### Text of Ordinary Resolution to Approve the Plan

The Shareholders at the Meeting will be asked to pass an ordinary resolution re-approving the Plan. All shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on the following resolution:

“**BE IT RESOLVED THAT** the Company's Stock Option Plan dated March 19, 2008, be and is hereby ratified, confirmed and approved with such additional provisions and amendments of a clerical or non-material nature, provided that such are not inconsistent with the Policies of the TSX Venture Exchange, as the directors of the Company may deem necessary or advisable.”

**Management of the Company believes the re-approval of the Plan as described above is in the best interests of the Company and recommends that shareholders vote in favour of the ordinary resolution re-approving the Plan.**

**In order to be passed, a majority of the votes cast at the Meeting or in person or by proxy must be voted in favour of the resolution. Unless such authority is withheld, the persons named in the enclosed proxy intend to vote for the re-approval of the Plan.**

## Approval of Long Term Incentive Plan

As part of an ongoing review of the Company's compensation strategies, the Board has approved a long term incentive plan (as previously defined, the "**LTIP**"), a copy of which will be available for review at the Meeting and also upon request from the Company by calling (604) 685-6269.

The LTIP is subject to the approval of the Disinterested Shareholders (as defined below) of the Company as well as the approval of the Exchange. If shareholder and regulatory approval are obtained, implementation of the LTIP will be in the sole discretion of the Board. Shareholders will be asked at the Meeting to consider and, if thought advisable, approve the LTIP by an ordinary resolution.

As required by the Exchange, the Company will seek Disinterested Shareholder approval of the LTIP at the Meeting. Under the policies of the Exchange, "Disinterested Shareholders" are shareholders of the Company other than (a) Insiders, including directors and senior officers of the Company, to whom units may be granted under the LTIP; and (b) Associates (as such terms are defined under Exchange policies) of any such Insiders. As such, the votes attaching to an aggregate of approximately 4,800,366 Common Shares, which are beneficially owned or over which control or direction is exercised by the directors and senior officers of the Company and subsidiaries and their respective associates, representing approximately 5.16% of the Company's issued Common Shares entitled to vote at the Meeting, will be withheld from voting on the resolution approving the LTIP.

The purpose of the LTIP is to advance the Company's interests by (a) increasing the proprietary interests of eligible participants in Company; (b) aligning the interests of eligible participants with the interests of the shareholders of the Company generally; (c) encouraging eligible participants to remain associated with the Company; and (d) furnishing eligible participants with an additional incentive to achieve the goals of the Company. Under the LTIP, "eligible participants" are RSU Participants and DSU Participants, as described below under the headings "Restricted Share Units" and "Deferred Share Units", respectively.

Under the terms of the LTIP, the Board or, if authorized by the Board, the Compensation Committee may grant units ("**Units**"), which may be either restricted share units ("**Restricted Share Units**" or "**RSUs**") or deferred share units ("**Deferred Share Units**" or "**DSUs**") to eligible participants. Each Unit represents the right to receive one common share in accordance with the terms of the LTIP. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grant of Units will be evidenced by an agreement between the Company and the participant (an "**Award Agreement**"). The interest of any participant in any Unit may not be transferred or assigned except by testamentary disposition or in accordance with the laws governing the devolution of property upon death.

Subject to the policies of the Exchange, the maximum number of Common Shares the Company is entitled to issue from treasury under the LTIP for payments in respect of awards of DSUs and for payments in respect of awards of RSUs is an aggregate of 5,000,000 Common Shares (the "**LTIP Limit**"), representing in the aggregate approximately 5.37% of the Company's issued and outstanding Common Shares as at the Record Date.

The LTIP, together with all other previously established or proposed share compensation arrangements of the Company (including the Company's stock option plan – see "Re-Approval of Rolling Stock Option Plan"), may not result in:

- (i) the number of Common Shares reserved for issuance exceeding 10% of the outstanding issue;
- (ii) the number of Common Shares reserved for issuance to Insiders exceeding 10% of the outstanding issue;

- (iii) the issuance to insiders, within a one year period, of a number of Common Shares exceeding 10% of the outstanding issue; or
- (iv) the issuance to any one insider and such insider's associates, within a one year period, of a number of Common Shares exceeding 5% of the outstanding issue.

The Company has a stock option plan for Directors, officers, employees, and consultants under which the aggregate number of Common Shares which may be subject to issuance pursuant to the exercise of options granted under the Stock Option Plan shall not exceed 10% of the total number of issued and outstanding Common Shares, on a non-diluted basis, as constituted on the grant date of such option (the “**SOP Limit**”).

If the LTIP is approved by the Exchange and the shareholders at the Meeting and is implemented by the Board, then the following amendment to the Stock Option Plan will automatically take effect:

- (a) the SOP Limit (being 10% (or 9,310,714 of the total number of issued and outstanding Common Shares (93,107,139)) will effectively be reduced by a number equal up to the LTIP Limit (being an aggregate of 5,000,000 Common Shares), assuming the LTIP Limit is met and, in any event, reduced by a number equal to the actual number of Common Shares reserved for issuance under outstanding awards of DSUs and RSUs granted under the LTIP;

and, by approving the LTIP at the Meeting, shareholders will also be deemed to have approved such amendment to the Stock Option Plan.

#### Restricted Share Units

An officer, Director, employee or consultant of the Company who has been designated by the Company for participation in the LTIP and who agrees to participate in the LTIP is an eligible participant to receive RSUs under the LTIP (an “**RSU Participant**”).

Unless otherwise approved by the Board, an RSU will vest and be redeemable as to one-third (1/3) of the total number of RSUs granted on each of the first, second and third anniversary dates of the grant date, provided that all RSUs granted under a particular award shall vest on or before December 31 of the calendar year which is three (3) years following the calendar year in which the service was performed in respect of which the particular award was made (the “**Final Vesting Date**”). In the event that a vesting date occurs within a blackout period or within 5 business days thereafter, the vesting date for such RSUs shall be 10 business days after the date the blackout period ends (the “**Extension Period**”), provided that if an additional blackout period is subsequently imposed by the Company during the Extension Period, then such Extension Period will be deemed to commence following the end of such additional blackout period. Despite the foregoing, a vesting date will not be extended beyond the Final Vesting Date.

On each RSU vesting date, the Company shall decide, in its sole discretion, whether to make all payments in respect of vested RSUs to the RSU Participant in cash, in Common Shares issued from treasury, or a combination of cash and Common Shares issued from treasury based on the fair market value of the Common Shares as at the RSU vesting date. For the purposes of the LTIP, the fair market value with respect to a Common Share on any date is the weighted average trading price of the Common Shares on the Exchange for the five trading days immediately preceding the RSU vesting date or DSU Termination Date (as defined below), as applicable.

If an RSU Participant ceases to be an eligible participant under the LTIP due to termination with cause or voluntary termination by the RSU Participant, all unvested RSUs previously credited to such participant's account are terminated and forfeited as of the termination date. If an RSU Participant ceases to be an eligible participant under the LTIP due to termination without cause, death, total or permanent long-term

disability or retirement, any unvested RSUs previously credited to such participant's account will continue to vest in accordance with their terms or, at the discretion of the Board, be terminated and forfeited as of the termination date.

In the event the Company pays a dividend on the Shares subsequent to the granting of a RSU award, the number of RSUs relating to such award shall be increased to reflect the amount of the dividend in accordance with the provisions of the LTIP.

#### Deferred Share Units

An officer, Director, or employee (but not a consultant) of the Company who has been designated by the Company for participation in the LTIP and who agrees to participate in the LTIP is an eligible participant to receive DSUs under the LTIP (a “**DSU Participant**”).

All DSUs awarded to a DSU Participant will vest on the date on which the DSU Participant ceases to be a Director of the Company (the “**DSU Termination Date**”). In the event a DSU Participant ceases to be a DSU Participant due to involuntary termination with cause, or if applicable, involuntary removal as a Director, all DSUs which did not become vested on or prior to such date of involuntary termination with cause or involuntary removal shall be terminated and forfeited as of such date of involuntary termination with cause or involuntary removal.

On the DSU Termination Date, payment in respect of a DSU Participant's DSU becomes payable and the Company will decide, in its sole discretion, whether to make the payment in cash, in Common Shares issued from treasury, or a combination of cash and Common Shares issued from treasury based on the fair market value of the Common Shares as at the DSU Termination Date.

In the event the Company pays a dividend on the Shares subsequent to the granting of a DSU award, the number of DSUs relating to such award shall be increased to reflect the amount of the dividend in accordance with the provisions of the LTIP.

#### Amendments

The Company may, from time to time, and without obtaining approval of the participants or the shareholders of the Company, (i) amend the LTIP, any RSUs or DSUs to (a) make amendments of a grammatical, typographical, clerical and administrative nature and any amendments required by a regulatory authority, (b) change vesting provisions of the LTIP or any RSUs or DSUs, or (c) make any other amendments of a non-material nature; or (ii) to suspend, terminate or discontinue the terms and conditions of the LTIP and the RSUs and DSUs granted under the LTIP provided that:

- (a) no such amendment to the LTIP shall cause the LTIP in respect of Restricted Share Units to cease to be a plan described in paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of the *Income Tax Act* (Canada) (the “ITA”) or any successor to such provision;
- (b) no such amendment to the LTIP shall cause the LTIP in respect of Deferred Share Units to cease to be a plan described in regulation 6801(d) of the ITA or any successor to such provision; and
- (c) any amendment shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, as may be required.

Any amendment to the LTIP made in accordance with subparagraph (i)(b) or (ii) above, shall take effect only with respect to awards granted after the effective date of such amendment, provided that it may

apply to any outstanding award with the mutual consent of the Company and the eligible participants to whom such awards have been granted.

Any amendment to the LTIP other than as described above shall require the approval of the shareholders of the Company given by the affirmative vote of a majority of the common shares (or, where required, “disinterested” shareholder approval) represented at a meeting of the shareholders of the Company at which a motion to approve the LTIP or an amendment to the LTIP is presented. Specific amendments requiring shareholder approval include amendments:

- (a) to increase the number of Common Shares reserved in respect of RSUs or DSUs;
- (b) to change the definition of RSU Participants or DSU Participants;
- (c) to extend the term of an RSU held by an insider or to amend or remove the limits on the number of RSUs which may be granted to insiders under the LTIP;
- (d) to permit RSUs or DSUs to be transferred otherwise than by testamentary disposition or in accordance with the laws governing the devolution of property in the event of death;
- (e) to permit awards other than RSUs and DSUs under the LTIP; and
- (f) to amend the amendment provisions of the LTIP so as to increase the ability of the Board to amend the LTIP without shareholder approval.

Text of Ordinary Resolution to Approve Long Term Incentive Plan

Disinterested Shareholders at the Meeting will be asked to pass an ordinary resolution as approving the adoption of the LTIP. All shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on the following resolution:

**“BE IT RESOLVED THAT:**

- (a) the long term incentive plan of the Company (the “**LTIP**”), and the resulting amendments to the stock option plan of the Company, as described in the Information Circular dated April 20, 2016, be and the same are hereby approved and adopted;
- (b) the Company be authorized to issue in the aggregate up to a maximum of 5,000,000 common shares in the capital of the Company pursuant to and subject to the terms and conditions of the LTIP;
- (c) the Directors be authorized to revoke this resolution before it is acted upon without requiring further approval of the shareholders of the Company in that regard; and
- (d) any one Director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to perform all such acts and deeds and things and execute, under the corporate seal of the Company or otherwise, deliver and file all documents and instruments and take such other actions as such Director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

**Management of the Company believes that the approval of the LTIP as described above is in the best interests of the Company and recommends that shareholders vote in favour of the ordinary resolution to approve the LTIP.**

**In order to be passed, a majority of the votes cast by Disinterested Shareholders at the Meeting or in person or by proxy must be voted in favour of the resolution. Unless such authority is withheld, the persons named in the enclosed proxy intend to vote for the approval of the LTIP.**

If the resolution is not approved by the Disinterested Shareholders at the Meeting, the LTIP, and any RSUs and DSUs granted pursuant to the LTIP, will terminate. (For clarity, and as noted previously, there have been no grants of any RSUs or DSUs pursuant to the LTIP as of the date of this Information Circular.)

### **Approval of Shareholder Rights Plan**

Effective April 20, 2016, the Board adopted a shareholder rights plan (the “**Shareholder Rights Plan**”). The Shareholder Rights Plan has been implemented by way of a shareholder rights plan agreement (the “**Rights Plan Agreement**”) dated as of April 20, 2016 between the Company and Computershare Trust Company of Canada, as rights agent. The Board adopted the Shareholder Rights Plan to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any take-over bid or similar offer for all or a portion of the outstanding common shares of the Company.

At the Meeting, shareholders of the Company will be asked to consider and, if thought advisable, to adopt, ratify, confirm and approve by means of an ordinary resolution, the Shareholder Rights Plan as evidenced by the Rights Plan Agreement. Approval of the Shareholder Rights Plan by the Independent Shareholders (as defined in the Rights Plan Agreement) of the Company is required by the terms of the Rights Plan Agreement and by the Exchange. In addition to the approval of the shareholders of the Company, the Rights Plan Agreement is subject to regulatory acceptance by the Exchange.

The Shareholder Rights Plan was not adopted by the Board in response to, or in anticipation of, any offer or take-over bid.

### Recommendation of the Board

The Board has determined that the Shareholder Rights Plan is in the best interests of the Company and its shareholders. **The Board recommends that shareholders vote in favour of the ordinary resolution approving the Shareholder Rights Plan and authorizing the issuance of rights pursuant thereto.**

### Background to the Rights Plan Agreement

The fundamental objectives of the Shareholder Rights Plan are to provide adequate time for the Board and shareholders to assess an unsolicited take-over bid for the Company, to provide the Board with sufficient time to explore and develop alternatives for enhancing and maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid. These alternatives could involve the review of other take-over bids or offers from other interested parties to provide shareholders desiring to sell their Common Shares with the best opportunity to realize the maximum sale price for their Common Shares. In addition, with sufficient time, the Board would be better able to explore and, if feasible, advance alternatives to maximize shareholder value through possible corporate reorganizations or restructuring.

The Shareholder Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid”, as described below, which requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If a take-over bid fails to meet these minimum standards and the Shareholder Rights Plan is not waived by the Board, the Shareholder Rights Plan provides that holders of Common Shares, other than the acquirer, will be able to purchase additional Common Shares at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings. (See “Summary of the Rights Plan Agreement.”)

In adopting the Shareholder Rights Plan, the Board has considered the existing legislative framework governing take-over bids in Canada. The Board believes that such legislation currently does not provide sufficient time to permit shareholders to consider such a take-over bid and make a reasoned decision with respect to such take-over bid or to give the Board sufficient time to develop alternatives for maximizing shareholder value. Shareholders may also feel compelled to tender to a take-over bid even if the shareholder considers such bid to be inadequate out of a concern that failing to tender to such bid may result in a shareholder being left with illiquid or minority discounted Common Shares. This is particularly so in the case of a partial bid for less than all of our Common Shares then issued and outstanding, where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. Finally, while existing securities legislation has addressed many concerns related to unequal treatment of shareholders, there remains the possibility that control of a company may be acquired pursuant normal course purchase exemptions or pursuant to private agreements in which a small group of shareholders disposes of shares at a premium to market price, which premium is not shared with the other shareholders. The Board believes that the Shareholder Rights Plan will encourage persons seeking to acquire control of the Company to do so by means of a public take-over bid or offer available to all shareholders and serve to deter acquisitions by means that deny some shareholders the opportunity to share in the premium that an acquirer is likely to pay upon an acquisition of control. By motivating would-be acquirers to make a public take-over bid or offer or to negotiate with the Board, shareholders will have the best opportunity of being assured that they will be able to participate on an equal basis, regardless of the size of their holding, in any acquisition of control of the Company.

The Shareholder Rights Plan is not intended to prevent a take-over or deter fair offers for securities of the Company. The Shareholder Rights Plan provides various mechanisms whereby shareholders could tender to take-over bids as long as such bids meet the Permitted Bid criteria, and will not adversely limit the opportunity for shareholders to dispose of their Common Shares through a take-over bid or tender offer which provides fair value to all shareholders. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the Board would still have a duty to consider any bona fide take-over bid and consider whether or not it should waive the application of the Shareholder Rights Plan in respect of such bid. In discharging such duty, the Board must act honestly and in good faith with a view to the best interests of the Company, as is further discussed below. (See “The Board and the Shareholder Rights Plan”.)

#### Take-over Bid Regime Amendments

In adopting the Shareholder Rights Plan, the Board has also considered the recent amendments to the regulatory framework governing take-over bids published by the Canadian Securities Administrators and which are scheduled to generally come into effect on May 9, 2016 (the “**Take-over Bid Regime Amendments**”). In particular, the Take-Over Bid Regime Amendments will require that all “non-exempt” take-over bids remain open for a minimum of 105 days (rather than the current minimum of 35 days), subject to the ability of a target issuer’s board of directors to shorten, in a non-discriminatory manner with respect to any potential other bids, the minimum period to a period of no less than 35 days by issuing a news release to such effect. The Company and the Board will continue to monitor the regulatory and governance landscape in Canada regarding the interaction of the Take-Over Bid Regime Amendments and shareholder rights plans generally.

For the purposes of the summary in this Information Circular and as set out in the Shareholder Rights Plan, the term “MI 62-104” refers to Multilateral Instrument 62-104 - *Take-Over Bids and Issuer Bids* adopted by certain of the Canadian securities regulatory authorities, including British Columbia, as now in effect or as the same may from time to time be amended, re-enacted or replaced and including for greater certainty any successor instrument thereto (including, without limitation, National Instrument 62-104 - *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators proposed to come into force on or about May 9, 2016, which such instrument contains the Take-over Bid Regime Amendments).

### The Board and the Shareholder Rights Plan

The adoption of the Shareholder Rights Plan will not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Company. The Board, when a take-over bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate. It is not the intention of the Board to secure the continuance of existing directors or officers to avoid an acquisition of control of the Company in a transaction that is fair and in the best interests of the Company and its shareholders, or to avoid the fiduciary duties of the Board or of any director. The proxy mechanism of the *Business Corporations Act* (British Columbia) is not affected by the Rights Plan Agreement, and a shareholder may use his, her or its statutory rights to promote a change in the management or direction of the Company, including the right of shareholders holding not less than 5% of the outstanding common shares to requisition the Board to call a meeting of shareholders.

### Summary of the Rights Plan Agreement

A summary of the Rights Plan Agreement is set forth in Schedule “C” to this Information Circular. Capitalized terms used in the summary without express definition have the meanings ascribed thereto in the Rights Plan Agreement and the summary is qualified in its entirety by reference to the text of the Rights Plan Agreement. A full copy of the Rights Plan Agreement will be available for review at the Meeting. A shareholder may obtain a copy of the Rights Plan Agreement by contacting the Company by calling (604) 685-6269, and a copy will also be filed with the Company’s publicly filed documents on SEDAR at [www.sedar.com](http://www.sedar.com).

### Text of Ordinary Resolution to Approve Shareholder Rights Plan

Shareholders at the Meeting will be asked to pass an ordinary resolution as approving the Shareholder Rights Plan as evidenced by the Rights Plan Agreement. All shareholders, present at the Meeting, whether in person or by proxy, will be entitled to vote on the following resolution:

**“BE IT RESOLVED THAT:**

- (a) the Shareholder Rights Plan of the Company as evidenced by the Rights Plan Agreement entered into between the Corporation and Computershare Trust Company of Canada, as Rights Agent, dated April 20, 2016, as substantially described in the Information Circular dated April 20, 2016, be and the same are hereby adopted, ratified, confirmed and approved, and the Company is authorized to issue rights pursuant thereto;
- (b) the actions of the Directors and officers of the Company in executing and delivering the Rights Plan Agreement be and the same are hereby ratified, confirmed, approved and authorized; and
- (c) any one Director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to perform all such acts and deeds and things and execute, under the corporate seal of the Company or otherwise, deliver and file all documents and instruments and take such other actions as such Director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

**Management of the Company believes that the approval of the Shareholder Rights Plan as described above is in the best interests of the Company and recommends that shareholders vote in favour of the ordinary resolution to approve the Shareholder Rights Plan.**

**In order to be passed, a majority of the votes cast at the Meeting or in person or by proxy (other than any shareholder who does not qualify as an Independent Shareholder (as defined in the Rights Plan Agreement) must be voted in favour of the resolution. Unless such authority is withheld, the persons named in the enclosed proxy intend to vote for the approval and adoption of the Shareholder Rights Plan.**

As of the date of this Information Circular, the Company is not aware of any shareholder that would not be considered to be an “Independent Shareholder”, and it is therefore anticipated that the votes cast by all shareholders eligible to vote at the Meeting will be counted in relation to the resolution to approve the Shareholder Rights Plan as evidenced by the Rights Plan Agreement.

If the resolution is not so approved by shareholders at the Meeting, the Shareholder Rights Plan and the rights issued thereunder will terminate at the close of the Meeting.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at (604) 685-6269 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 20<sup>th</sup> day of April, 2016.

APPROVED BY THE BOARD OF DIRECTORS

“Andrew Swarhout”

Andrew Swarhout, President and Chief Executive Officer

**Schedule “A” to the Information Circular  
of Bear Creek Mining Corporation**

**PARTICIPATION OF THE COMPANY’S DIRECTORS  
IN OTHER REPORTING ISSUERS**

<i>Name of Director</i>	<i>Name of Public Company</i>
Andrew Swarthout	Sandstorm Gold Ltd. <sup>(1)</sup>
Catherine McLeod-Seltzer	Grenville Strategic Royalty Corp. Kinross Gold Corporation Lowell Copper Ltd. Major Drilling Group International Inc.
David De Witt	Lowell Copper Ltd. Sandstorm Gold Ltd.
Kevin Morano	Golden Minerals Company
Miguel Grau	Amerigo Resources Ltd. Vena Resources Inc.
Frank R. Tweddle	None
Nolan Watson	Sandstorm Gold Ltd. <sup>(1)</sup> TrueGold Mining Inc.

<sup>(1)</sup> Mr. Swarthout is a director of Sandstorm Gold Ltd. (of which company Mr. Watson is the President and Chief Executive Officer) but not a member of its compensation committee; Mr. Watson is a Director of Bear Creek but is not a member of Bear Creek’s compensation committee.

**Schedule “B” to the Information Circular  
of Bear Creek Mining Corporation**

**MANDATE OF THE BOARD OF DIRECTORS**

**GENERAL**

This Mandate identifies the specific responsibilities of the Board of Directors of the Company. The Board is responsible for the stewardship of the Company and oversees the management of the business and affairs of the Company to maximize long term financial strength and shareholder value. The Board also sets and oversees policies and standards including the corporate governance principles and guidelines set forth in this Mandate, which promote the integrity of the Company and its officers and employees and protect the interests of shareholders. The Board may discharge certain of its responsibilities by delegating certain duties to committees of the Board and management. The specific duties delegated to each such committee are outlined in the respective charters for those committees.

**RESPONSIBILITIES**

*Leadership and Integrity*

To promote leadership and integrity throughout the Company, the Board, with the assistance of the Compensation Committee and Nominating and Corporate Governance Committee as appropriate, selects senior management, directors, officers and advisors who the Board believes will conduct themselves with utmost integrity and will comply with the Board’s directions and policies. The Board, with the assistance of the Nominating & Corporate Governance Committee, determines the number of directors, nominates a majority of directors who are independent of management and who have appropriate skills and experience in order to create an effective Board, and selects a director who is independent of management to serve as chair of the Board, or in the absence of such an independent chair, an independent lead director.

On at least an annual basis, through the appropriate committees, the Board reviews the ongoing performance of management, directors and officers and committees of the Board. In addition, each of the independent members of the committees meet from time to time as necessary, and the independent members of the Board meet at least annually separately from other members of the Board and management, in order to help ensure that the interests of the Company and its shareholders can be considered independently of any contribution from non-independent members of the Board and management.

*Strategic Planning*

The Board annually, in consultation with management, prepares and approves the strategic plan for the Company and the process for implementing the strategic plan. The Board provides direction to the Chief Executive Officer (“CEO”) and other senior management to ensure the strategic plan set by the Board is followed. The Board receives reports of management on a regular basis throughout the year on the current and proposed operations of the Company, and reviews the opportunities of the Company and assesses risks to which the Company is exposed so that the plan can be adjusted where required. At each Board meeting, recent developments that may impact the Company’s strategic plan are reviewed and revisions to the plan and operations are made as required. The Board reviews the human and corporate resources required to achieve

the goals of the strategic plan and approves the Company's annual capital and operating budgets, any equity or debt financing, material contracts and any material acquisitions and divestitures. All such reports may be orally presented to the Board or may be in written form if so required by the Board.

#### *Dealing with Risks*

The Board, on at least an annual basis and in participation with management, reviews and identifies what it perceives to be the principal risks to the Company and reviews management's plans for monitoring and managing such risks. The Board has instructed management to assist the Board in identifying risks and to promptly alert the Board when a risk has materialized and to implement and monitor appropriate procedures and systems in accordance with normal industry practice and applicable laws. The Board also reviews the systems in place for managing the risks, including insurance coverage, to determine the adequacy of such risk management systems. The Board may from time to time appoint committees or advisors to assist in assessing different risks.

#### *Succession Planning and Performance Reviews*

The Board, through the Nominating and Corporate Governance Committee, annually identifies the key individuals, including senior management, of the Company and, in consultation with management when appropriate, determines how best to replace such key individuals should the need arise. The Board's policy is to select individuals who have the required expertise and therefore would require a minimum of training in order to assume their role with the Company. The CEO is assigned the responsibility of ensuring any new person is informed of the Company's policies and practices and would be instructed to arrange additional training if required.

The CEO has primary responsibility for supervising, reviewing and reporting to the Board, through the Compensation Committee, on the performance of other senior management. The Board also reviews on an annual basis the performance of the CEO against the performance criteria established from time to time.

#### *Communication Policies*

The Disclosure, Confidentiality and Insider Trading Policy governs communication with shareholders and others and reflects the Company's commitment to timely, effective and accurate corporate disclosure in accordance with all applicable laws and with a view to enhancing the Company's relationship with its shareholders and receiving feedback from its stakeholders.

#### *Internal Control and Management Information Systems*

The effectiveness of the Board and the success of the Company are tied to the effectiveness and integrity of the Company's internal control and management information systems. To maintain the effectiveness and integrity of the Company's financial controls, the Board, through the Audit Committee and the oversight of the Company's auditors, oversees the implementation and monitoring of internal control and management information systems, takes an active role in overseeing the operations of the Company and assesses information provided by management.

#### *Corporate Governance Principles and Guidelines*

The Board has appointed a Nominating & Corporate Governance Committee which is composed entirely of independent directors and which, among other things, has overall responsibility for

developing the Company's approach to corporate governance. In particular, the Committee is responsible for reviewing legal requirements and trends regarding corporate governance, reviewing the Company's corporate governance policies, practice and compliance, and monitoring and assessing the functioning of the Board and committees of the Board. The Board has adopted the Company's Code of Business Conduct and Ethics which sets forth guiding principles for the operations of the Company. The Board is responsible for monitoring the Code of Business Conduct and Ethics. Waivers from the Code of Business Conduct and Ethics for the benefit of the directors or executive officers of the Company may be granted only by the Board.

*Expectations and Responsibilities of Directors*

The Board has adopted terms of reference for directors which sets forth the expectations and responsibilities of directors. The terms of reference prescribe, among other things, the requirements that directors demonstrate integrity and high ethical standards in the performance of their duties, observe their fiduciary duty to the Company, avoid conflict by reporting to the Board potential or actual conflict situations and advise the Chair of all directorships or other positions held in public and non-public companies, regularly attend and prepare for Board and committee meetings, and otherwise comply with all policies and guidelines established for the Company.

**Effective date**

Approved and adopted by the Board on April 22, 2013.

**Schedule “C” to the Information Circular  
of Bear Creek Mining Corporation**

**SUMMARY OF SHAREHOLDER RIGHTS PLAN AGREEMENT (the “RIGHTS PLAN  
AGREEMENT”)**

**1. Summary of the Principal Terms of the Rights Plan Agreement**

This schedule, and any similar disclosure contained in the attached Information Circular, is only a summary of certain provisions of the Rights Plan Agreement and is qualified in its entirety by the provisions of the Rights Plan Agreement. Defined terms used in this section and not defined herein have the meaning ascribed to them in the Rights Plan Agreement and the disclosure herein is qualified in its entirety by reference to the text of the Rights Plan Agreement. A full copy of the Rights Plan Agreement will be available for review at the Meeting. A shareholder may obtain a copy of the Rights Plan Agreement by contacting the Company by calling (604) 685-6269, and a copy will also be filed with the Company’s publicly filed documents on SEDAR at [www.sedar.com](http://www.sedar.com).

**2. Issue of Rights**

The Company issued one right (a “Right”) in respect of each Common Share outstanding at the close of business on April 20, 2016 (the “Record Time”). The Company will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time (each discussed below in Items 7 and 8, respectively, of this Summary).

**3. Rights Certificates and Transferability**

Until the Separation Time, the Rights will be evidenced by the certificates issued for the Common Shares and will not be transferable separate from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates which will be transferable separate from and independent of the Common Shares.

**4. Exercise of Rights**

Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the Exercise Price of \$100 (subject to certain anti-dilution adjustments). This Exercise Price is expected to be in excess of the estimated maximum value per Common Share during the term of the Rights Plan Agreement. Upon the occurrence of a Flip-In Event (discussed below in Item 9 of this Summary) prior to the Expiration Time, each Right (other than any Right held by an Acquiring Person or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person, which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate Market Price equal to twice the Exercise Price of the Rights for a price equal to the Exercise Price. Effectively, this means a shareholder of the Company (other than an Acquiring Person or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person) can acquire additional Common Shares from treasury at half the Market Price of the Common Shares.

## **5. Acquiring Person**

Subject to certain exceptions and exemptions as set forth in the Rights Plan Agreement, including any Person that is a Grandfathered Person, an Acquiring Person is a Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares.

## **6. Beneficial Owner / Beneficial Ownership**

At any given date, a Person is deemed the “Beneficial Owner” of, and to have “Beneficial Ownership” of, and to “Beneficially Own” (i) any securities of which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity, and (ii) any securities of the Company of which such Person or any of such Person's Affiliates or Associates has the right to acquire or become the owner at law or in equity, where such right is exercisable within a period of 60 days whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion, exchange, purchase or any right attaching to Convertible Securities, or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than certain exceptions as set forth in the Rights Plan Agreement), and any securities which are Beneficially Owned within the meaning of (i) and (ii) above by any other Person with whom such Person is acting jointly or in concert with respect to the Company or any of its securities or assets. Provided, however, that under the Rights Plan Agreement, a Person is deemed not to have Beneficial Ownership of securities in certain circumstances, including:

- (a) securities that are the subject of a Permitted Lock-up Agreement to deposit or tender such securities pursuant to a Take-over Bid unless or until those securities have been accepted unconditionally for payment or exchange or have been taken up and paid for;
- (b) the Person (including an Investment Manager, Trust Company, Statutory Body, Administrator, Crown Agent) is engaged in the management of mutual funds, investment funds or other specified activities for others, as long as that Person:
  - (i) is not then making a Take-over Bid in respect of securities of the Company or has not then announced an intention to make a Take-over Bid in respect of securities of the Company;
  - (ii) is not then acting jointly or in concert with any other Person who is making a Take-over Bid or who has announced an intention to make a Take-over Bid (other than certain exceptions as set forth in the Rights Plan Agreement);
- (c) the Person is: a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security; an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security; or a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
- (d) the Person is: a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager; an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company; or a Plan and such security is owned at law or in equity by the Administrator of the Plan; or

- (e) the Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of the securities depository

## **7. Separation Time**

Subject to postponement by the Board of Directors, the Separation Time will generally occur at the close of business on the tenth Trading Day after the earlier of:

- (a) the first date of public announcement by the Company or an Acquiring Person indicating that an Acquiring Person has become such (referred to as the “Stock Acquisition Date”);
- (b) the date of the commencement or announcement of the intent of a person (other than the Company or any Subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid or Competing Bid); and
- (c) the date on which a Permitted Bid or Competing Bid ceases to be such; or
- (d) such later date as determined by the Board of Directors acting in good faith.

Provided, however, that if the foregoing results in a Separation Time being prior to the Record Time, the Separation Time shall be the Record Time, and if a Take-over Bid referred to in (b) immediately above expires, is cancelled or is otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of the definition of “Separation Time”, never to have been made, and provided further that if the Board of Directors waives the application of s. 3.1 of the Rights Plan Agreement (Flip-in Event) to a Flip-In Event in accordance with the terms of the Rights Plan Agreement, then the Separation Time shall be deemed never to have occurred.

## **8. Expiration Time**

The Rights and the Rights Plan Agreement will terminate and expire on the earlier of:

- (a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan Agreement (the “Termination Time”);
- (b) the termination of the third annual meeting of the shareholders of the Company occurring after the date of ratification of this Rights Plan Agreement if the continuation of the Shareholder Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by shareholders present or represented by proxy at such meeting (other than any shareholder who does not qualify as an Independent Shareholder, with respect to all Voting Shares Beneficially owned by such Person); and
- (c) the close of the third annual meeting of shareholders of the Company occurring after the date of approval of the continuation of the Shareholder Rights Plan pursuant to clause (b) above or this clause (c) if the continuation of the Shareholder Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Shareholders present or represented by proxy at such meeting (other than any shareholder who does not qualify as an Independent Shareholder, with respect to all Voting Shares Beneficially owned by such Person).

## **9. Flip-In Event**

A Flip-In Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person and any of its Associates, Affiliates and persons acting jointly or in concert with such persons and Rights held by a transferee of any of the foregoing, shall become null and void. An Acquiring Person's investment in the Company will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs because each Right (other than any Right held by an Acquiring Person, or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person, which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate Market Price equal to twice the Exercise Price of the Rights for a price equal to the Exercise Price.

## **10. Permitted Bid**

A Permitted Bid is a Take-over Bid made by a person who has announced an intention to make or is making a Take-over Bid (an "Offeror") pursuant to a take-over bid circular that complies with the following conditions:

- (a) the Take-over Bid is made to all registered holders of Voting Shares as registered on the books of the Company, other than the Offeror;
- (b) the Take-over Bid contains an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for under the Take-over Bid for at least 105 days following the commencement of the Take-over Bid (or such shorter minimum period pursuant to MI 62-104) and that then only no Voting Shares or Convertible Securities will be taken up or paid for unless at such date more than 50% of the outstanding Voting Shares and Voting Shares issuable upon the exercise of Convertible Securities held by Independent Shareholders have been deposited pursuant to the Take-over Bid and not withdrawn;
- (c) Voting Shares and/or Convertible Securities may be deposited or tendered pursuant to such Take-over Bid, unless such Take-Over Bid is withdrawn, at any time prior to the close of business on the date on which the Voting Shares and/or Convertible Securities are first subject to the Take-over Bid may be taken up and paid for under the Take-over Bid;
- (d) any Voting Shares and/or Convertible Securities deposited or tendered pursuant to the Take-over Bid may be withdrawn until taken up and paid for;
- (e) if (b) immediately above is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for an additional period of at least 10 Business Days from the date of such public announcement.

## **11. Competing Permitted Bid**

A Competing Permitted Bid is a Take-Over Bid that:

- (a) is made while another Permitted Bid or another Competing Bid (each being a "Prior Bid") is outstanding; and
- (b) satisfies all the requirements of a Permitted Bid, except for the requirement summarized in subsection (b) of Item 10 of this summary, and
- (c) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares and/or Convertible

Securities shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to MI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid.

## **12. Redemption of Rights**

The Rights may be redeemed by the Board of Directors at a redemption price of \$0.00001 per Right at any time before a Flip-In Event occurs, provided that if the approval of the holders of Voting Shares is required pursuant to the terms of the Rights Plan Agreement in order for the Board of Directors to waive the operation of the Plan, then shareholder approval will also be required in such circumstances to redeem the Rights. In addition, the Rights will be redeemed automatically in the event of a Permitted Bid, a Competing Permitted Bid, an Exempt Acquisition or an acquisition for which a waiver has been granted under the terms of the Rights Plan Agreement.

## **13. Waiver**

The Board of Directors, acting in good faith, may waive the application of the Flip-In Event provisions of the Rights Plan Agreement to any prospective Flip-In Event which would occur by reason of a Take-over Bid made by a take-over bid circular to all registered holders of Voting Shares. However, if the Board of Directors waives the Rights Plan Agreement with respect to such a Take-over Bid, it will be deemed to have waived the Rights Plan Agreement with respect to any other take-over bid made by take-over bid circular to all registered holders of Voting Shares before the expiry of the Take-over Bid in respect of which the waiver was granted. The Board of Directors may also waive the Flip-In Event provisions of the Rights Plan Agreement in respect of any Flip-In Event provided that the Board of Directors has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person. Other waivers of the Flip-In Event provisions of the Rights Plan Agreement will require prior approval of the Independent Shareholders of the Company.

## **14. Effective Date and Confirmation of the Rights Plan Agreement**

The Rights Plan Agreement was effective and in full force and effect in accordance with its terms from and after April 20, 2016. At the first annual or special meeting of holders of Common Shares following such effective date, the Company is required request confirmation of the Rights Plan Agreement by the holders of its Common Shares (other than any shareholder who does not qualify as an Independent Shareholder, with respect to all Voting Shares Beneficially owned by such Person), which the Company intends to so request at its annual general meeting on June 2, 2016 as outlined in the attached Information Circular. If the Rights Plan Agreement is not confirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of confirmation of the Rights Plan Agreement at a meeting of the Company's shareholders to be held on or prior to October 20, 2016, then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from that date which is the earlier of (a) the date of termination of the meeting called to consider the confirmation of the Rights Plan Agreement and (b) October 20, 2016.

Management of the Company is not aware of any shareholder who will be ineligible to vote on the confirmation of the Rights Plan Agreement at the Meeting. Assuming approval and confirmation of the Rights Plan Agreement at the June 2, 2016 annual general meeting, the Rights

Plan Agreement must be next reconfirmed by the Independent Shareholders at every third annual meeting of the Company, the next such reconfirmation expected to be at the Company's 2019 annual general meeting.

#### **15. Amending Power**

Subject to the provisions of the Rights Plan Agreement, except for minor amendments to correct clerical or typographical errors or amendments required to maintain the validity or effectiveness of the Rights Plan Agreement as a result of any change of applicable legislation, rules or regulations thereunder or policies of securities regulatory authorities or stock exchanges, approval by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented in person or by proxy at and entitled to be voted at the such meeting is required for amendments to the Rights Plan Agreement.

#### **16. Rights Agent**

Computershare Investor Services Inc. is the Rights Agent under the Rights Plan Agreement.

#### **17. Rightsholder not a Shareholder**

Until a Right is exercised, the holder thereof as such will have no rights as a holder of Common Shares of the Company.

#### **18. Regulatory Approvals**

Any obligation of the Company or action or event contemplated by the Rights Plan Agreement is subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, including any necessary approvals of the TSX Venture Exchange. Any amendment or supplement to the Rights Plan Agreement is subject to the approval of any stock exchange on which the Common Shares are listed.