



April 2018

LETTER TO SHAREHOLDERS

It is with great pleasure that we take this opportunity to connect with you once again in our annual letter. We have the good fortune to work on behalf of an exceptionally loyal, supportive body of shareholders, and we sincerely thank you for your ongoing interest in Bear Creek Mining.

Over the course of 2017 and early 2018, in the midst of a mining market environment that can best be described as indifferent, we stayed the course, focused steadfastly on our long-term objectives, and achieved numerous milestones. Each of these accomplishments on their own brought us a step closer to becoming a significant silver-lead-zinc producer but we believe, taken together, they mark 2017 as a pivotal year in the evolution and advancement of your company.

During the past year, we:

- Completed Phase 1 Detailed Engineering on the Corani Project and filed an updated Feasibility Study
- Entered the final permitting stage on the Corani Project
- Commenced project finance discussions with potential participants
- Enhanced our management team with the addition of three proven, experienced, finance, construction- and operations-focused professionals.
- Continued to nurture our strong social licence with creative, impactful, community-driven initiatives, and
- Concluded the Santa Ana Arbitration.

Clearly, the Corani Project is Bear Creek's 'company-maker'. It is a large deposit that has the capacity to produce silver, lead and zinc at low all-in sustaining costs over a multi-decade period. In fact, Corani is one of the largest undeveloped silver polymetallic deposits in the world and stands alone by virtue of its strong community support and location in a mining-friendly jurisdiction. Unsurprisingly, Corani is where we have focused the bulk of our human and financial resources over the past number of years and 2017 continued this trend.

In late 2016 we engaged GMI SA Ingenieros Consultores ("GMI"), a company owned by the prominent Peruvian engineering and construction firm Graña y Montero Group, to undertake Phase I Detailed Engineering ("FEED") work at the Corani Project. Over the course of the year, GMI, assisted by our technical team, fine-tuned the Corani engineering design, established final processing flow sheets and equipment lists, optimized mine sequencing, and refined the capital and operating expenditure cost estimates for the Corani project. The FEED results were announced in September 2017 and in October we filed an updated Feasibility Study for the Corani project.



The results confirm that Corani is a robust project capable of producing roughly 8 million ounces of silver, 150 million pounds of lead and 100 million pounds of zinc annually over a minimum 18 year mine life, at low all-in sustaining costs. Corani also remains highly leveraged to increased metal prices, particularly silver.

The FEED results provided the backbone of our application for the Corani construction permit, which we made in late 2017. With the environmental permit in hand, the water permit in process and the construction permit application under review, the Corani permitting process has entered its final stages. We anticipate receipt of these last key permits in the coming months.

Corani is a sizeable, robust, world-class deposit, but it is not an inexpensive undertaking to bring into production, particularly for a non-operating company. We recognized early on that financing and building the Corani mine would require an experienced team, a patient, measured approach, and the ability to focus on the issues over which we have control while maintaining our ability to be opportunistic when appropriate. Over a year ago we started reaching out, through our financial advisors, to potential project finance participants to get a sense of what a Corani financing package might comprise. And during 2017, we brought that process in house.

Completion of the FEED and the updated Corani Feasibility Study last fall marked an inflection point for Bear Creek in our evolution toward becoming an emerging producer. In order that this corporate transition be steered at the executive level by an experienced and successful mine builder, Andy Swarthout, Bear Creek's co-founder and long-term CEO, elected to step down from day-today management of the Company and assume the role of Executive Chairman.

After a thorough review of potential candidates, our Board of Directors selected Anthony Hawkshaw to join the Bear Creek team as President and CEO and a director. Tony has over 30 years' senior executive experience in the mining industry and a proven track record of successfully executing the transformation of a mineral exploration company into a mid-tier producer. He is a natural fit for Bear Creek, with the talent and experience to guide your company through its next stages.

We recently fleshed out our outstanding talent pool, which includes Elsiario Antunez de Mayolo (Chief Operating Officer), Andres Franco (Vice President Corporate Development and architect of our exceptional community programs), Alvaro Diaz (Vice President, Legal) and the rest of our staff, with two additional senior executives. Paul Tweddle joined Bear Creek as the Company's full-time Chief Financial Officer, and Eric Caba was brought on board as Bear Creek's Vice President, Project Development. Both Paul and Eric have extensive hands-on experience financing and building mines in Peru and are based in our office in Lima. We are confident that this team of professionals has the talent, skill, instinct and experience necessary to accomplish our objectives.

Our vision for Bear Creek is more nuanced than simply becoming a mineral producer. We want to bring Corani into production responsibly and respectfully, for the benefit of all stakeholders; investors as well as community members, Peruvian citizens as well as employees. Throughout our history, corporate social and environmental responsibility has been a core value. By using an open, honest and transparent approach, and a focus on community-led partnerships, we have developed strong local relationships and



social licence. In 2013 we signed the first-ever Life of Mine agreement with a high-Andean community group in Peru, and our social and environmental programs at Corani are frequently heralded as a template for positive social engagement. We continuously strive to maintain these relationships by acting responsibly, listening to our neighbours, advocating where we can and seeking opportunities to contribute.

A ruling in our Santa Ana arbitration claim was announced in December 2017 when the Tribunal hearing our case at the International Centre for Settlement of Investment Disputes issued an Award of US \$31.0 million in favour of Bear Creek. The 120-day period following the announcement of the Award, during which either party could file a request for annulment of the claim, recently passed without either party making such a request. We are continuing discussions with the appropriate agents of the Government of Peru and look forward to prompt payment of the Award.

On behalf of Catherine McLeod-Seltzer, Co-Chairman, Tony Hawkshaw, President and CEO, the Board of Directors and the entire Bear Creek team, thank you for your continued support of Bear Creek Mining. Please visit our website www.bearcreekmining.com and SEDAR www.sedar.com frequently for news and information, and copies of our public filings. We genuinely welcome your questions and comments so please do not hesitate to contact us anytime.

Kind regards,

Andrew Swarthout
Executive Chairman

Forward-Looking Statements:

This letter contains forward-looking statements and information (collectively, "forward-looking statements"). Forward-looking statements relate to future events or future performance and by their very nature involve inherent risks and uncertainties, both general and specific, and risks exist that the estimates, forecasts, projections and other forward-looking statements expressed herein will not be achieved or that assumptions that underlie these statements do not reflect future experience. While the forward-looking statements express management's best estimates, objectives, predictions, expectations or beliefs at the time they are made, a number of important factors could cause the actual outcomes to differ materially from those expectations expressed in forward-looking statement and undue reliance should not be placed on them.

Readers are encouraged to thoroughly review the disclosure made in, and the risk factors described in, the Company's Annual Information Form, annual financial statements, and management's discussion and analysis for the year ended December 31, 2017. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

National Instrument 43-101 Disclosure

All scientific and technical information contained in this letter has been reviewed and approved by Andrew Swarthout, P.Geo., Executive Chairman of the Company, who serves as the "Qualified Person" within the meaning of National Instrument 43-101 ("NI 43-101"). All of Bear Creek's exploration programs and pertinent disclosure of a technical or scientific nature are prepared by or prepared under the direct supervision of Mr. Swarthout.

Readers are encouraged to review the Technical Report (as defined in National Instrument 43-101) entitled "NI43-101 Technical Report, Corani Project Detailed Engineering Phase 1 (FEED)", dated effective September 13, 2017 and available on SEDAR (www.sedar.com) and the Company's website (www.bearcreekmining.com).