

Dear Shareholders,

It is with pleasure that we take this opportunity to address you in our annual letter recounting Bear Creek Mining's progress over the past year. 2018 was about de-risking Corani and strengthening and strategically positioning the Company to deliver results for all stakeholders.

During 2018 the focus of our achievements moved away from frequent, smaller short-term milestones to fewer, but ultimately more impactful long-term developments. The solid foundations we have built over years of exploration and community engagement began to show their true value and we expect this pattern to continue through the coming year.

Over the past year:

- We secured the Construction and Water permits for the Corani project
- We added veteran finance and engineering talent to our management team and board
- Our balance sheet was strengthened, without dilution, upon receipt of the Santa Ana Award payment
- We began early-works construction activities at and near the Corani deposit
- We commenced Phase 2 detailed engineering
- We filed a base shelf prospectus to ensure we are able to efficiently capitalize on future finance opportunities
- We listed our shares on the Lima stock exchange
- Our Corani Life of Mine agreement investments commenced, and
- Our community programs continued to flourish.

Numerous permits, issued by various agencies, are required to construct and operate a mine in Peru. However, three of these permits require substantial documentation, in-depth community consultation and rigorous evaluation: the Environmental and Social Impact Assessment ("ESIA"); the Construction Permit; and, the Accreditation of Water Availability. Bear Creek was granted the Corani ESIA in 2013, and in 2018 was granted the Corani Mine construction permit and the Process Plant permit (together, the full Corani Construction Permit) and the Accreditation of Water Availability, each of which is underpinned by the ESIA. Receipt of these two essential permits during 2018 represents a substantial mitigation of risk for the Corani project, and together with the ESIA, these permits pave the way for future development of the Corani mine.

In 2018 our board was enhanced by the addition of two new directors and two key executives joined Bear Creek's management team. We were very pleased to welcome Stephen Lang and Erfan Kazemi to our board of directors, following their election at our last annual shareholders' meeting. Stephen has over 40 years' experience in the mineral sector including engineering, development and production and Erfan is a mine finance expert who has helped raise over half a billion dollars in debt and equity capital. Paul Tweddle joined Bear Creek as the Company's 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. These additions to our board and management enhance our existing team of highly-skilled professionals and ensure we have the scope of talent, instinct and experience necessary to drive the Company and the Corani project forward.

In late 2018 Bear Creek received payment of the Santa Ana damages Award. This addition of roughly US\$32 million to our balance sheet has strengthened the Company's working capital without incurring shareholder

dilution and allows us to continue to advance the Corani project meaningfully and systematically without immediate financial pressure. Subsequent to receiving payment of the Award, we relinquished all title and claim to the Santa Ana concessions, and as a result, we now hold no further interest in the Santa Ana project.

The Corani project was advanced during 2018 by starting Phase 2 detailed engineering work with the assistance of Ausenco Engineering, and, catalyzed by our receipt of the Corani Construction Permit, the commencement of early works construction projects. Phase 2 detailed engineering is focused on fine-tuning the Corani mine plan by, among other things: seeking opportunities to reduce CapEx; updating cost quotes; minimizing the footprint of infrastructure; simplifying, de-risking and optimizing various technical components of the mine; and finalizing a project execution plan. It is expected to lead into an opportunity to negotiate an Engineering, Procurement and Construction (“EPC”) contract for the process plant and related work. On site, early works construction projects are focused on undertakings that are simultaneously useful for local communities and necessary for development of the Corani property. For example, during 2018 we started construction of the Antapata electrical substation near the town of Macusani, the nearest sizeable town to the Corani project. The Antapata substation will be used to direct electricity to a future power line that will supply the Corani project and will also provide a consistent power supply to the residents of Macusani, who experience regular power brownouts.

During 2018 we took several steps to ensure Bear Creek is well positioned to capitalize on potential financing opportunities. We listed our shares on the *Bolsa de Valores de Lima* (the Peruvian stock exchange) in order to provide a locally-focused and accessible avenue for South American investors to participate in Bear Creek’s growth and future. We also filed a base shelf prospectus with the securities commissions in each of the provinces of Canada, except Quebec, to ensure we are in a position to quickly and nimbly seize a favourable financing opportunity. Though we do not seek financing often, and have no need nor plans to raise funds at this time, we have a track record of successful equity raises, and we stand by the motto ‘luck favours the prepared’.

In addition to de-risking the project and allowing us to commence early works construction projects, receipt of the Corani Construction Permit triggered our obligation to contribute investments under the Corani Life of Mine (“LOM”) agreement. Bear Creek entered into the LOM agreement in 2013 with the District of Corani, five surrounding communities, and relevant, ancillary organizations. It establishes the Company’s funding commitments and a framework for social development programs, focused on health, education and economic development, over the roughly 23-year development and operating life of the Corani mine. The Company’s investments under the LOM agreement are being made into a trust governed by an arms-length board and represent a significant influx of social development capital to the Corani region.

Of course, during 2018 we continued our long-established and well-respected Corani community relations programs, which focus on establishing and supporting sustainable development initiatives, hand-in-hand with communities, that respect local culture and lifestyle. As with the LOM agreement investments, these corporate social responsibility programs focus on health, education and economic development. A cornerstone of this program has been working with local communities to enhance the value and economic impact of alpaca farming. The alpaca programs run the gamut from breeding and genetics projects focused on improving the health of the animals and quality of alpaca fiber, to establishing direct-to-market connections to maximize the economic return to farmers, to creating and producing unique and innovative alpaca fiber products, each phase of which has been extremely successful. Not only have local alpaca farmers seen dramatic increases in yield and the prices received for their wool, during 2018 a Corani-raised alpaca won “Grand Champion of the Race” in the Alpaca Fiesta Tournament. This prestigious prize

recognizes the quality of the winning animal as producing the finest alpaca fiber in the world. Likewise, in 2018 Corani-area artisans were certified to use the “Alpaca Mark” on their products made with local alpaca fiber. The Alpaca Mark, granted by the International Alpaca Association, is an internationally-recognized mark of quality and its bestowment on Corani-area alpaca fiber products is a testament to the hard work of the local alpaca farmers and artisans and the success of the Corani alpaca programs.

Our Corani project is a unique asset. One of the largest undeveloped silver polymetallic deposits in the world, it projects a multi-decade mine life, at low operating costs, in a mining-friendly jurisdiction. We are very cognizant of the optionality this project provides and are doing our best to preserve it while meeting our permitting and social responsibilities. We have the financial muscle to continue to advance Corani in a meaningful way during the coming year and beyond, and our board will evaluate all relevant factors, including market conditions and access to project financing on favourable terms, before considering a production decision for the Corani project.

On behalf of our 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](http://www.bearcreekmining.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 at [info@bearcreekmining.com](mailto:info@bearcreekmining.com) or +604-685-6269.

With best regards,



Tony Hawkshaw  
President and CEO



Catherine McLeod-Seltzer  
Co-Chairman

#### Caution Regarding Forward Looking Information

This letter contains forward-looking statements regarding: the anticipated outcome of Phase 2 detailed engineering at the Corani project and the expected opportunity to negotiate an EPC contract; the future uses and benefits of the Antapata electrical substation; the possibility of and necessity for future financing opportunities; the potential life span of the proposed Corani mine; and the anticipated conditions under which the Company’s board of directors may consider a production decision for the Corani project. These forward-looking statements are provided as of the date of SEDAR filing of this letter, and reflect predictions, expectations or beliefs regarding future events based on the Company’s beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. Although management considers these assumptions to be reasonable based on information available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions on which they are based do not reflect future experience. We caution readers to not place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, and specifically include the risks described in the Company’s latest Annual Information Form, and other disclosure documents filed by the Company on SEDAR. When relying on our forward-looking statements, investors and others should carefully consider the risk factors described in the Company’s latest Annual Information Form and recognize that other uncertainties and potential events may occur. 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.