

ANNUAL LETTER TO SHAREHOLDERS

April 16, 2020



As we prepare this letter, people and companies around the world are coping with the fast-moving and potentially devastating effects of the Covid-19 pandemic. We sincerely hope you are healthy and secure, and are adjusting to the life-altering but necessary restrictions required to mitigate the impacts of Covid-19. Like almost all other companies in Canada, Peru and elsewhere, we have adapted our field and office protocols in light of Peru's current State of Emergency, our compliance with social distancing and self-isolation recommendations from government and public health officials, and our desire to help protect the Corani-area communities from the potential importation of the Covid-19 virus. Company-wide we are working from home and have scaled down Corani programs for the time being. We have kept a skeletal crew on site in Chacaconiza, including nurses and community liaison personnel, and security is being maintained at our Corani camp and project site. Obviously, this is a very fluid situation and we re-evaluate our policies and plans regularly in response to pandemic developments. We hope to resume our normal level of activities as soon public health officials in Peru and Canada consider it safe to do so.

The mining business is both exciting and challenging, for operators and investors alike; discovering, exploring and quantifying a mineral deposit can take years, potential pitfalls abound, and success is uncertain. However, the opportunity to generate primary wealth, not only for shareholders but for local communities and entire populations, is uniquely satisfying and profoundly impactful. In light of the devastation to the global economy wrought by the Covid-19 pandemic, this is now more important than ever. We firmly believe mining will be imperative to an economic rebound, and that precious metals will offer superior returns. And we remind you that our Corani project has significant leverage to metal prices.

At Bear Creek Mining, integrity is in our DNA. We strive for excellence in environmental, social and economic sustainability, business and financial acumen, technical expertise, corporate governance and oversight, disclosure and transparency, and fiscal restraint.

Every director, executive, and employee of Bear Creek is committed to our goal of becoming a low-cost silver producer through the responsible development, construction and operation of our Corani silver-lead-zinc deposit in Peru. In order to achieve this goal, we are committed to:

- Developing a well-engineered, economically robust mine plan for the Corani deposit;
- Using our extensive experience in corporate and project finance to secure the funds required to construct the Corani project, in a manner that maximizes value for shareholders;
- Working tirelessly with Corani-area communities to seek opportunities for economic and human benefit without compromising long-term environmental, social or cultural sustainability;
- Implementing and adhering to best corporate governance practices;
- Employing a diverse team of skilled individuals in a safe and healthy workplace; and

- Deploying our technical capital and utilizing our strategic advantages to seek opportunities for future growth.

Over the past year, our focus has been on preparing the Corani project for the eventual start of construction. This letter recounts how we are doing that.

During 2019 we completed an 18-month long review of the Corani Feasibility Study prepared in 2017, with the objectives of reducing typical construction, development and operating risks and identifying potential improvements in economic performance. We announced the results in November 2019 and filed an updated Technical Report (the “2019 Report”) detailing and supporting those results the following month. We are happy to report that our objectives were met.

By undertaking extensive geotechnical work, we improved our understanding of the ground conditions at the Corani mine site and reduced the risk of construction overruns. By undertaking additional metallurgical testing, we confirmed the life of mine metal recovery rates, including very precise metallurgical information for the first three years of operations, reducing operating risk. By confirming a nearby source of aggregate for concrete and completing numerous extensive cost studies we improved the accuracy of various input cost estimates, reducing financial risk. And by re-thinking design, we improved efficiency in the process plant layout and haul roads to reduce capital and operating costs.

These operational improvements in combination with increasing the annual plant throughput by 20% led to significant improvement in the Corani economic performance as outlined in the 2019 Report relative to the 2017 study. At this expanded throughput, Corani’s NPV₅ increased by \$126 M or 31% to \$531 M, and its Internal Rate of Return increased almost 8 points to 22.9%. Key metrics are highlighted in the following table and are fully detailed in our news release dated November 6, 2019, on our website, and in our December 31, 2019 MD&A and Annual Information Form. We encourage you to review these documents and the important qualifying information, cautionary statements and risk factors they include.

	NPV ₅	IRR	Initial Capital	Payback Period	Production Rate (LOM)	AISC/oz Ag (LOM)	Avg. Annual Ag Prod’n (payable oz) (LOM)	Mine Life
2019 Report	\$531 M	22.9%	\$579 M	2.4 years	27,000 tpd	\$4.55	9.6 M oz	15 years
2017 Study	\$405 M	15.1%	\$585 M	3.6 years	22,500 tpd	\$5.00	8.0 M oz	18 years
Change	+ \$126 M (+31%)	+ 7.8% (+52%)	- \$6 M (-1%)	- 1.2 years (-33%)	+ 4,500 tpd (+20%)	- \$0.45 (-9%)	+ 1.6 M oz (+20%)	- 3 years (-17%)

- Dollar values are in US\$.
- Results are based on base case metal prices of \$18.00 per ounce of silver, \$0.95 per pound of lead and \$1.10 per pound of zinc and on the assumption that the Corani Project would be completely financed by equity and developed on an EPCM basis.

While these technical and economic improvements for the proposed Corani mine will have an enormous impact on the operation and success of the venture, they would be moot if not for the community support the Corani project enjoys.

We are extremely proud of the social programs that have been undertaken in the villages of Chacaconiza and Quelcaya, which sit approximately 20 km to the east and west, respectively, of the Corani project. By focusing on the inter-related fields of health, education and economic development, and by working in partnership with the communities, Chacaconiza and Quelcaya have experienced significant improvements in health and human development over the past 8 years: the infant mortality rate has declined by 50% and access to health care (locally and online) has vastly improved; there has been a 6-fold increase in school attendance and an award-winning high school curriculum is now available locally; alpaca farmers who in 2012 received less than \$10 per kilogram for their wool today garner almost \$70; the average family income has gone from \$50 per month to over \$750; and, women have been empowered as they are producing knitted alpaca garments and earning family income. These are meaningful and impactful grass-roots, community-driven programs that we believe will endure long term.

As we focus on preparing for eventual construction of the Corani mine, we have been prioritizing early works construction projects that make sense from a technical and sequential planning perspective and where possible also benefit local communities. The Antapata electrical substation is one such project.

Construction of the Antapata substation started in late 2018 and was substantially completed during 2019, including installation of the transformer and the infrastructure required to connect it to the existing national powerline. The Antapata electrical substation will not only service the Corani mine, it will provide consistent electricity to the town of Macusani and other villages, relieving the frequent brownouts and blackouts the population currently endures. We will also start upgrading local access roads in the coming months, which are not only necessary for mine construction but will benefit local communities as well.

Another way we have been preparing for Bear Creek's future is to ensure we have the breadth and depth of knowledge and experience, from the board level through to our employees, necessary to engineer, construct and operate the Corani mine. We added significant talent to our roster in 2017 and 2018, and during the past year, added two outstanding new directors to our board. Alfredo Bullard is a Peru lawyer, author and professor whose experience, perspective and deep knowledge of Peruvian law will be beneficial to Bear Creek as the Company grows. Alan Hair is the former President and CEO of Hudbay Minerals Inc. His expertise spans all aspects of mining operations and management including engineering and operations, business development, finance, marketing, environment, health and safety, risk management and legal and regulatory matters. He oversaw the successful acquisition, construction and development of the Constancia Mine in southern Peru and this experience will be invaluable as we progress to construction and development at Corani.

During 2019 Bear Creek Mining commenced trading on the OTCQX platform in the United States. We took this step to enhance the liquidity of our shares, and to complement our listings on the TSX Venture Exchange in Canada (our primary trading market) and the Bolsa de Valores de Lima in Peru. Since commencing trading on the OTCQX in September 2019, the average daily trading volume of Bear Creek shares has increased approximately 24% in the US and 13% in Canada.

Our Corani project is a large, long-life, economically robust and shovel-ready asset with substantial reserves and low operating costs. We are aware of the optionality this project provides to the price of silver, lead and zinc, and are doing our best to preserve it while meeting our permitting and social responsibilities. And, we are focussed on capturing this unique value at the opportune moment. As 2020 progresses we plan

to complete the Antapata substation, continue our Corani area social programs, work with the firms we have engaged to seek project financing, and ensure we protect our Corani permits and social licence.

On behalf of our Board of Directors and the entire Bear Creek team, we hope you are well, and we thank you for your continued support of Bear Creek Mining. Please visit our website (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 or +604-685-6269.

With best regards,



Tony Hawkshaw
President and CEO



Catherine McLeod-Seltzer
Co-Chair

Please review our Annual Information Form for the year ended December 31, 2019, for important Cautionary Notes regarding Forward-Looking Information that are included in this Letter to Shareholders.