

# ANNUAL LETTER TO SHAREHOLDERS

April 21, 2021



Dear Shareholders,

We'd like to start this annual message by wishing you and your families good health. Time seems to have almost stood still for the past twelve months, yet so much has changed. At this time last year, the world was coming to grips with the realities of the first global pandemic in over a century. Never did we imagine we would still be actively managing the Covid-19 pandemic a full year later - what many assumed would be short-term adjustments such as social distancing and mask wearing are still being practiced and most countries are now experiencing a 3<sup>rd</sup> or 4<sup>th</sup> wave of infection as variants of concern continue to evolve and circulate. Yet with the extraordinarily rapid development of a number of highly effective vaccines, long-term management of Covid-19 and a return to more normal routines are on our horizon. For that we are truly thankful.

We made some significant adjustments to our operations in Peru over the past year and are happy to report that business interruptions were minimal and most importantly, the Corani area communities have fared well to date. Management made the following adjustments to our operations over the past year as Covid-19 restrictions were imposed and modified in Canada and Peru:

-- Quickly closed our offices and our employees commenced working from home. As regulatory mandates and local conditions permitted, essential office visits were allowed but the vast majority of our Lima and Vancouver employees continue to work from home.

-- Took immediate action to prevent the transmission of Covid-19 to the Corani area communities early in the pandemic. This meant leaving a skeletal community relations team on site for over 70 days (normal staffing turnaround is 14 days). At this time, a seven-day quarantine and Covid testing protocol is in effect for the current 28-day rotation to the Corani area and staffing levels are reduced.

-- Worked with the Corani area communities on local Covid-19 protocols and responses. As schools shut down, we helped distribute home-learning kits and provided logistical support for the delivery of school lessons via radio. We assisted the communities with their purchase of an ambulance and helped to implement a rapid response health care center in the community of Isivilla to provide local, specialized therapy for Covid-19 infection, including oxygen concentrators and ten acute care treatment beds. We provided assistance through the Corani Technology Innovation Center to formulate local responses to the pandemic. One outcome was the design, fabrication and production of face masks, using local Ichu Grass, which are now widely used in the region.

The Corani region's economy was severely impacted by the pandemic. Travel restrictions and other Covid-19 protocols, whether imposed by authorities or voluntarily enacted, reduced the flow of goods in and out of the region, including the sale of alpaca products that is the main economic driver in the region.

One of the tenets of our social responsibility philosophy is to identify opportunities for communities to benefit from work we have to do to advance the Corani project. For example, we are nearing completion

of the Antapata electrical substation. This substation will be the juncture where electricity from the Peruvian national grid is transmitted along high tension electrical lines to the Corani site. However, the substation is also being tied into the local electrical grid to provide the town of Macusani and several other underserved communities with reliable electrical power. This will be accomplished by adding a medium tension line and fibre optic cable along the transmission line in order to deliver power and internet access. We are constructing this transmission line and have been able to hire many local labourers. Work to upgrade the Corani access road from the Interoceanic Highway will commence in the second quarter this year to provide a route for the transport of heavy construction equipment to the Corani site. This will have the added benefits of increasing security and accessibility for community residents, reducing road hazards and traffic accidents. These projects are necessary for the Corani project and will benefit local residents and communities by providing much needed infrastructure improvements and creating local employment to help families re-establish income lost to the economic downturn caused by the Covid-19 pandemic.

From an operations perspective, efforts are focused on preparing for the start of construction. We engaged independent engineering firms to: complete the process plant design in preparation for detailed engineering; progress the plant earthworks design to 'issued for bid' status; advance the earthworks design for the tailings and waste impoundment, ponds and haul roads to 'issued for construction' status; detail the annual construction and operating plan for the tailings and waste impoundment; update the water balance calculations; prepare a detailed 'block by block' mine plan; and update the hydrogeological and geochemical studies. We have entered into negotiation of EPCM contract terms for construction of the Corani process plant and infrastructure and we are strengthening our project delivery team to ensure we have the right people to prepare for, manage and oversee construction activities.

Strategically, to advance Corani toward a construction decision we need to secure approximately US\$ 600 million in project financing. Last year we announced that we had engaged BNP Paribas and Société Générale to act as Joint Lead Arrangers ("JLAs") to arrange a US\$ 400 million senior secured debt facility. The JLAs have engaged external consultants to provide arms-length due diligence investigations, assess syndication and commodity market conditions and develop terms and conditions for the debt facility. Throughout 2020 we worked with the JLAs to ensure full access to data would be available to these consultants. Technical due diligence on behalf of the JLAs has been carried out and is substantially complete and legal due diligence is underway. The JLAs will use commercially reasonable best efforts to arrange the debt facility with a syndicate of banks and financial institutions and we hope to conclude this process during 2021. Concurrently, we are investigating and evaluating additional sources of financing to raise the remaining US\$ 200 million required. Your Board will consider a construction decision after evaluating all relevant factors.

Throughout the remainder of 2021 our goals are to complete the Antapata electrical substation, continue working with the JLAs and others to secure project financing, and continue developing social programs and economic opportunities in partnership with the Corani communities.

Elsiario Antunez de Mayolo, who had served Bear Creek since 2020, most recently as Chief Operating Officer, retired at the end of 2020. During his tenure at Bear Creek, Elsiario led the advancement of our Peruvian exploration and development assets, assembled and managed our highly respected Corporate Social Responsibility team, and cultivated trustworthy and efficient working relationships with Peruvian government and regulatory authorities. Your Board ensured a smooth succession with the appointment of Eric Caba to the role of COO starting January 1, 2021. Eric joined Bear Creek in 2018 as the Vice President, Project Development and was promoted to Senior Vice President, Project Delivery in early

2020. He is a highly regarded mining executive with over 25 years' experience in the industry and significant expertise in mine development and operations, including at Hudbay Minerals Inc. where he was intimately involved in the successful construction and commissioning of the Constancia mine in Peru.

Lastly, we were shocked and saddened by the untimely death of a fellow director and dear friend, Frank Tweddle, who passed away unexpectedly on March 27, 2021. Frank contributed his unique perspective and intimate knowledge of the Peruvian mining and metals trading industries to Bear Creek's Board and its committees since 2010. He was a person with high ideals, moral qualities and an inherent greatness of character and his boundless enthusiasm, sense of humour and appreciation for the joys of life will be missed by all who knew him.

Corani is a large, long-life, economically robust and shovel-ready asset with substantial reserves and expected 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. Your board and management are focussed on capturing this unique value at an opportune moment.

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](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  
Chair

*Please review our Annual Information Form for the year ended December 31, 2020, for important Cautionary Notes regarding Forward-Looking Information that are included in this Letter to Shareholders.*