

ANNUAL INFORMATION FORM



BEAR CREEK MINING CORPORATION

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For the year ended December 31, 2015

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PRELIMINARY NOTES

In this Annual Information Form, (“**Annual Information Form**” or “**AIF**”) Bear Creek Mining Corporation is referred to as the “**Company**”, “**Bear Creek**” or “**BCM**”. All information contained herein is as at and for the year ended December 31, 2015, unless otherwise specified.

Currency

This Annual Information Form contains references to both United States dollars and Canadian dollars. United States dollars are referred to as “\$” and Canadian dollars are referred to as “CDN\$”. Peru’s official monetary unit is the Sol (“S/.”)

According to the Bank of Canada (www.bankofcanada.ca), as of June 20, 2016, the Peruvian Sol to US dollar exchange rate, was 3.2838 S/. to US\$1, and the Canadian dollar to US dollar noon exchange was CDN\$1.2807 to US\$1.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Information Form contains forward-looking statements or forward-looking information under applicable Canadian securities laws (hereinafter collectively referred to as “**forward-looking statements**”) concerning the Company’s plans for its properties, operations and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning estimates of mineral resources and mineral reserves may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements included or incorporated by reference in this Annual Information Form include statements with respect to:

- anticipated tonnages and grades of the mineral resources and mineral reserves disclosed for the Company's Corani and Santa Ana projects;
- the Company's expected production and recoveries for its Corani and Santa Ana projects;
- expectations regarding the continuity of mineral deposits;
- the Company’s expectations regarding raising capital and developing its current projects;
- exploration activities and/or plans on the Company’s properties;
- the reliability of capital and operating cost estimates at the Corani and Santa Ana projects;
- expectations regarding environmental or social issues that may affect the exploration or development progress;
- initial capital cost estimates for the Corani and Santa Ana projects;
- the Company’s plans for development of its projects including the Corani and Santa Ana projects (subject, in the case of the Santa Ana Project (as herein defined), to the Peruvian

government's return of the Company's right to operate the Santa Ana Project as part of the ongoing Arbitration (as herein defined) process); and

- production timelines of Corani and Santa Ana projects.

Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation:

- risks related to gold, silver, base metal and other commodity price fluctuations;
- risks and uncertainties relating to the interpretation of drill results, and the geology, grade and continuity of mineral deposits;
- risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- risks related to escalating project capital expense costs;
- risks related to metallurgical characteristics of mineralization contained within the Company's properties not yet being fully determined;
- the possibility that future exploration, development or mining results will not be consistent with the Company's expectations and/or the results of initial feasibility, prefeasibility and feasibility studies;
- mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in production;
- risks related to variance in actual production from those forecasted and/or in feasibility studies;
- risks related to the ability to obtain financing required to develop mining properties or to complete significant technical, environmental or engineering studies;
- the potential for delays in exploration or development activities or the completion of feasibility studies and other geologic reports or studies;
- the uncertainty of profitability based upon the Company's history of losses;
- risks related to foreign exchange fluctuations;
- risks related to environmental regulation and liability;
- risks associated with failure to maintain community acceptance, agreements and permissions (generally referred to as "social licence");
- risks relating to obtaining and maintaining all necessary government permits, approvals and authorizations relating to the continued exploration and development of the Company's projects.
- risks related to the outcome of legal actions, including the Arbitration;
- political and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

These forward-looking statements are based on certain assumptions which the Company believes are reasonable, including that:

- current gold, silver, base metal and other commodity prices will be sustained, or will improve;
- the proposed development of the Company's mineral projects will be viable operationally and economically and proceed as expected;
- any additional financing required by the Company will be available on reasonable terms; and
- the Company will not experience any material accident, labour dispute or failure of plant or equipment.

Some of the important risks and uncertainties that could affect forward-looking statements are described in this Annual Information Form under “Description of the Business – Risk Factors”. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Investors are cautioned against attributing undue certainty to forward-looking statements.

GLOSSARY OF TECHNICAL TERMS

In this Annual Information Form, the following technical terms have the following meanings:

“ CIM ”	Canadian Institute of Mining, Metallurgy and Petroleum.
“ Dore ”	A compound containing gold and silver metal and various impurities.
“ NI 43-101 ”	National Instrument 43-101 - <i>Standards of Disclosure for Mineral Projects</i> . An instrument developed by the Canadian Securities Administrators (an umbrella group of Canada’s provincial and territorial securities regulators) that governs public disclosure by mining and mineral exploration issuers. The instrument establishes certain standards for all public disclosure of scientific and technical information concerning mineral projects.
“ Qualified Person ” or “ QP ”	Conforms to that definition under NI 43-101 for an individual, among other things: (a) to be an engineer or geoscientist with at least five years’ experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) with experience relevant to the subject matter of the mineral project and the technical report; and (c) is a member in good standing of a professional association that, among other things, is self-regulatory, has been given authority by statute, admits members based on their qualifications and experience, requires compliance with professional standards of competence and ethics and has disciplinary powers to suspend or expel a member.
SEDAR	The System for Electronic Document Analysis and Retrieval. SEDAR is an online database system used for electronically filing most securities-related information and documents with Canadian securities regulators and authorities. Documents filed on SEDAR are available to the public at www.sedar.com .
“ tpd ”	Tonnes per day. One metric tonne equals 1.10231 short tons.
“ TSX-V ”	TSX Venture Exchange.

Conversion Factors

To Convert From	To	Multiply By
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometres (“ km ”)	1.609
Kilometres	Miles	0.6214
Acres	Hectares (“ ha ”)	0.405
Hectares	Acres	2.471
Grams	Ounces (Troy)	0.03215
Grams/Tonnes	Ounces (Troy)/Short Ton	0.02917
Tonnes (metric)	Pounds	2,205
Tonnes (metric)	Short Tons	1.1023

Mineral Elements

Ag – Silver
Pb – Lead

Au – Gold
Zn – Zinc

NI 43-101 DEFINITIONS

- “Mineral resource”** A concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
- “Measured mineral resource”** That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
- “Indicated mineral resource”** That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“Inferred mineral resource”	That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
“Mineral reserve”	The economically mineable part of a Measured or Indicated mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that might occur when the material is mined. Mineral reserves are categorized as proven mineral reserves or probable mineral reserves as follows on the basis of the degree of confidence in the estimate of the quantity and grade of the deposit.
“Proven mineral reserve”	The economically mineable part of a Measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
“Probable mineral reserve”	The economically mineable part of an Indicated and, in some circumstances, a Measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
“Preliminary economic assessment” or “scoping study”	A study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources.
“Pre-feasibility study” or “preliminary feasibility study”	A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
“Feasibility study”	A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a pre-feasibility study.

CORPORATE STRUCTURE

Name, Address and Incorporation

The legal and commercial name of the Company is “Bear Creek Mining Corporation”. The Company was incorporated under the British Columbia *Company Act* on August 31, 1999 under the name “4271 Investments Ltd.”, and on September 30, 1999 changed its name to “EVEolution Ventures Inc.” and increased its authorized share capital from 1,000,000 common shares without par value to 50,000,000 common shares without par value. On April 11, 2000, the Company obtained a listing on the TSX-V as a capital pool company. On November 14, 2002, the Company continued under the Yukon *Business Corporations Act* and increased its authorized share capital from 50,000,000 common shares without par value to an unlimited number of common shares without par value. On April 22, 2003, the Company completed its “qualifying transaction” on the TSX-V.

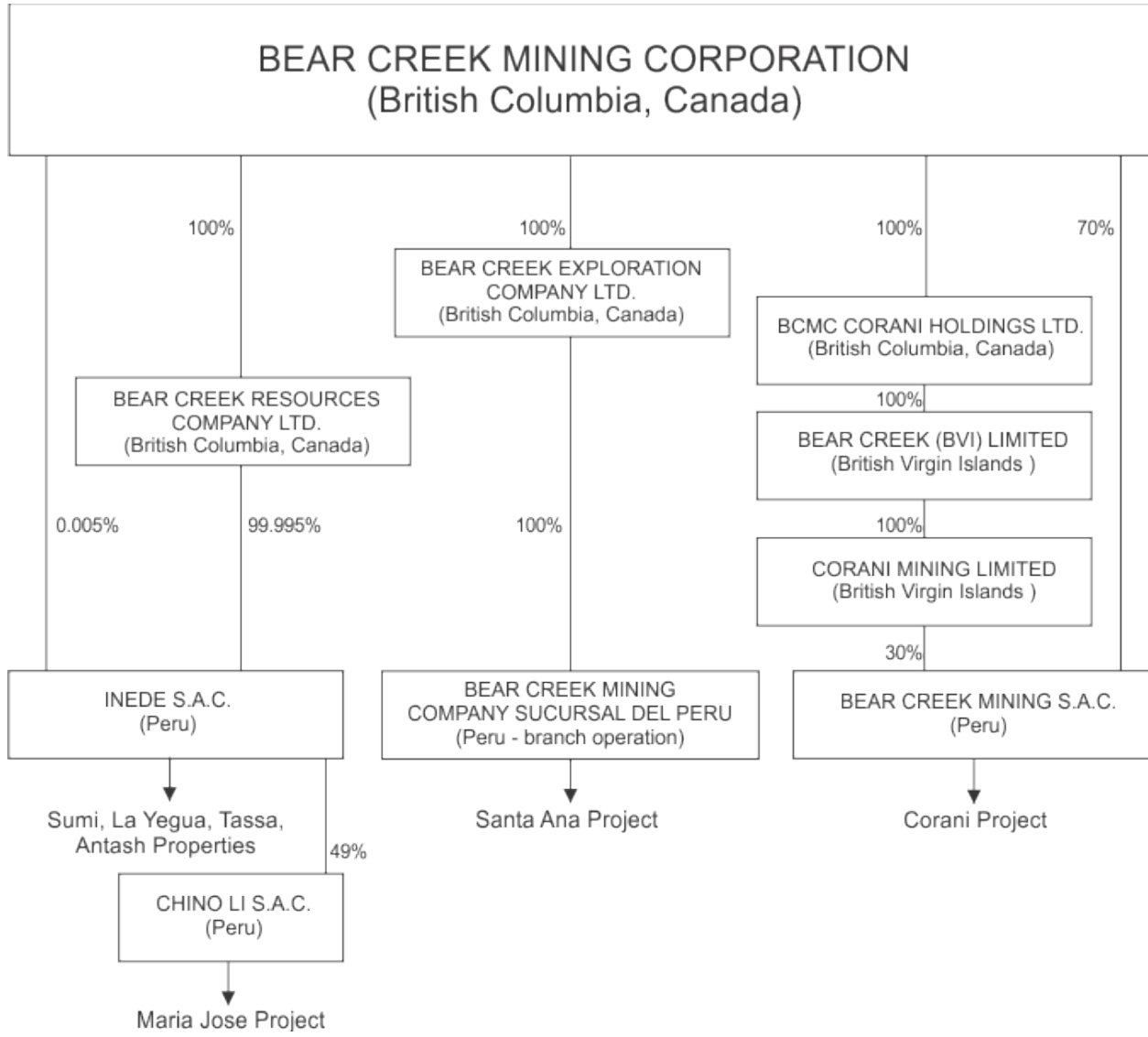
On July 16, 2004, the Company continued under the British Columbia *Business Corporations Act* (the “BCBCA”) and in connection therewith adopted its Notice of Articles and Articles.

The Company is domiciled in British Columbia, Canada and is a company governed by the BCBCA. The Company’s principal place of business is located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6 and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Company also has an operations office in Lima, Peru.

Intercorporate Relationships

The Company holds its exploration and development properties through a series of subsidiaries as shown in the diagram below. Effective April 20, 2006, the Company’s wholly-owned subsidiary, Bear Creek Mining Company (previously EVEolution Ventures (USA) Inc.), continued from the State of Arizona to the Province of British Columbia under the BCBCA and changed its name to “Bear Creek Exploration Company Ltd.” (“BCEMC”), which subsidiary holds a branch office registration in Peru under the name “Bear Creek Mining Company Sucursal del Peru” through which the Santa Ana project is owned. The Company additionally has the following wholly-owned subsidiaries: “Bear Creek Resources Company Ltd.” (British Columbia, Canada); “BCMC Corani Holdings Ltd.” (British Columbia, Canada); “Bear Creek (BVI) Limited” (British Virgin Islands); and “Corani Mining Limited” (British Virgin Islands). “Bear Creek Mining S.A.C. (previously “Corani S.A.C.”) (Peru), which holds the Corani project, is owned as to 30% by Corani Mining Limited and 70% by the Company. Inversiones, Estudios y Desarrollo S.A.C. (“INEDE”) (Peru) is owned as to 99.995% by Bear Creek Resources Company Ltd and 0.005% by the Company. Chino Li S.A.C. (Peru), which holds the Maria Jose Project, is owned as to 49% by INEDE. The remaining 51% of which is owned by AMS (as defined and further described under “Exploration Properties”). All the Company’s mineral properties in Peru, with the exception of the Corani and Santa Ana Properties (as hereinafter defined) are held by INEDE, which essentially acts as the Company’s exploration division.

Unless the context otherwise indicates, references to the term the “**Company**” or “**Bear Creek**” in this Annual Information Form include BCEMC and the other subsidiaries described above (and shown in the diagram below).



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History and Significant Acquisitions

Significant corporate and technical events that have occurred since January 1, 2013 relate primarily to the Company's Corani and Santa Ana Properties. Detailed descriptions of the Corani and Santa Ana Properties are provided under the headings "Mineral Projects – Corani Silver-Zinc-Lead Property" and "Mineral Projects – Santa Ana Property", below.

Corani Property

After initially exploring the Corani Property ("**Corani**", the "**Corani Project**" or the "**Corani Property**") under the terms of a Letter of Understanding between the Company and Rio Tinto Mining and Exploration Ltd. ("**Rio Tinto**"), Bear Creek entered into a definitive option agreement (the "**Option Agreement**") with Rio Tinto in March 2007 to acquire a 70% interest in Corani, which agreement was completed in January 2008. In March 2008, the Company entered into a purchase and sale agreement (the "**Purchase Agreement**") to acquire Rio Tinto's remaining 30% interest through a series of staged payments of cash and common shares of the Company. Following a number of revisions, amendments and extensions to the Purchase Agreement, the Company became the 100% owner of the Corani Project in February 2011. As a result of the Purchase Agreement, all of Rio Tinto's rights to claw back or receive royalty payments or success fees were entirely extinguished. A thorough description of the sequence of events, agreements and payments related to the Company's acquisition of the Corani Property is provided in its Annual Information Form dated April 3, 2014, which is available on SEDAR as are copies of the Option Agreement, Purchase Agreement and subsequent amending agreements.

The Company achieved a number of significant exploration milestones related to the Corani Property between 2005 and 2012, including the completion of over 93,000 meters of drilling, a NI 43-101 resource estimate and preliminary economic assessment in 2008, a pre-feasibility study in 2009, and an initial feasibility study in 2011 (the "**2011 Corani Feasibility Study**"). Disclosure related to the drilling, and copies of the Technical Reports (as defined in NI 43-101) in respect of the technical studies above are available on the Company's website and SEDAR.

On December 10, 2012, based on the results of the 2011 Corani Feasibility Study the Company filed the Corani Environmental and Social Impact Assessment ("**Corani ESIA**") with the Peruvian Ministry of Energy and Mines (the "**MEM**"). Public hearings required for approval of the Corani ESIA were successfully completed in early 2013, with strong community support expressed for the project and its benefits and in August 2013, the Company submitted responses to comments expressed by the MEM. On September 25, 2013, the Company announced MEM's approval of the Corani ESIA.

On April 15, 2013, the Company announced it had entered into a Life of Mine Agreement ("**LOM**") with the District of Carabaya, five communities surrounding the Corani Property, and ancillary organizations that describes the Company's commitments to invest in community projects over a period of roughly 23 years (representing the anticipated pre-production and production mine life of the Corani operation).

Under the LOM, annual payments of 4 million S/. over the 23 year project life are to be made into a trust designed to fund community projects. The first 4 million S/. payment was divided equally into three sub-payments of roughly S/. 1.33 million, each sub-payment of which is triggered by certain events transpiring. The first two sub-payments were dependent on the Company obtaining the Corani ESIA approval which was received in September, 2013 as described above. The first two sub-payments were paid into the trust in 2013 and 2014. The remaining first sub-payment and the ongoing annual payments are triggered by the Company receiving the permit required for construction of the Corani processing facilities and mining installations (the "**Construction Permit**"). Although the Company has not received the Construction Permit at this time, it elected to make its third sub-payment as outlined in the LOM in April 2015. All future ongoing payments of S/. 4 million per year are dependent on receiving the Construction Permit. Refer also to "Mineral Projects – Corani Silver-Lead-Zinc Property".

In March, 2014, the Company commenced optimization and trade-off studies for the proposed Corani mine that aimed to improve upon the mine plan and economics of the deposit envisioned in the 2011 Corani Feasibility Study by, most importantly, lowering the total capital costs, reducing the footprint and environmental impact, and optimizing the metal recoveries. These optimization and trade-off studies culminated in the preparation of a final updated and optimized feasibility study for the Corani project (the “**2015 Corani Feasibility Study**”), the results of which were announced on June 2, 2015.

The key modifications and optimizations in the 2015 Corani Feasibility Study include:

- Dry-stacking of tailings, which allows for elimination of a tailings impoundment, fresh water storage dams, most waste dumps, and decreased water usage
- Revision of the mine sequencing plan
- Enhanced metallurgical modeling with higher confidence in recovery predictions
- A more efficient configuration of infrastructure layouts and equipment selection

As a result of these modifications and optimizations, the Corani project is expected to have lower operating costs, reduced total capital costs, improved metal recoveries, a smaller footprint, and less impact on the environment and local communities, which in turn reduces permitting risk.

The Corani deposit has Proven and Probable reserves of roughly 228 million ounces of silver, 2.8 billion pounds of lead and 1.8 billion pounds of zinc (see “Mineral Projects – Corani Silver-Lead-Zinc Property” and “NI 43-101 Disclosure” below). These reserves are expected to provide for average annual production of over 8 million ounces of silver over an 18 year mine life, at all-in sustaining costs of \$3.80 per ounce of silver net of base metal credits. Because of the geometry and grade distribution of the Corani deposit, the first five years of production are expected to be particularly strong, with silver production of over 13 million ounces per year at all-in sustaining costs of negative \$0.15 per ounce net of base metal credits.

While the 2015 Corani Feasibility Study reduced the total capital requirements of the project to \$664 million, the vast majority of the capital (\$625 million) is required to construct the project, with only \$39 million required for sustaining capital. However, though the capital requirements are front loaded, so too is the production sequence and as a result, payback for the initial capital is expected to occur within 3.6 years of the mine’s start-up (see “Mineral Projects – Corani Silver-Lead-Zinc Property” and “NI 43-101 Disclosure” below).

The 2015 Corani Feasibility Study financial model is based on current Peruvian tax and royalty rates and on silver, lead and zinc prices of \$20.00/oz, \$0.95/lb and \$1.00/lb respectively, which represented the three-year backward and two-year forward metal prices at the time, weighted 60:40, in keeping with the Company’s policy and industry standards. At these prices, the net present value (“**NPV**”) of the Corani Project is \$643 million (after tax and at a 5% discount rate), and its internal rate of return (“**IRR**”) is 20.6% (after tax).

The 2015 Corani Feasibility Study results are more thoroughly described under “Mineral Projects – Corani Silver-Lead-Zinc Property” below.

In late 2015 the Company submitted modifications (based on the results of the 2015 Corani Feasibility Study) to its ESIA originally approved in September 2013. In mid-January, 2016 the Company received approval of the modified ESIA from the Peruvian Ministry of Energy and Mines; a key milestone for the Corani project and an important component of the eventual Construction Permit.

Santa Ana Property

The Company entered into an option agreement to acquire the Santa Ana Property in 2004 subject to the condition that the Company acquire the necessary Supreme Decree authorizing a foreign company to acquire the rights to concession located within the 50km international border region of Peru. In 2007, a Supreme Decree (the “**2007 Supreme Decree**”) was issued by the Government of Peru that granted the

Company the right to acquire title to and operate within the mineral concessions covering the Santa Ana Property, thus satisfying the requirement stemming from the project's location within the 50 km border zone of Peru. On June 25, 2011 however, the Company was notified that the Peruvian Government had issued a subsequent Supreme Decree (the "**2011 Supreme Decree**") that revoked the 2007 Supreme Decree, thus divesting the Company's right to acquire the mineral concessions and operate the Santa Ana Property provided by the 2007 Supreme Decree, but which did not specifically revoke the Company's title to the concessions, despite revoking all the rights thereunder. Due to the Government's actions, the Company has conducted no activities whatsoever at the Santa Ana Property since 2011, nor is it able to do so. The Company and its Peruvian legal advisors maintain that the Company has complied with all legal requirements and Environmental and Social Impact Assessment procedures in respect of the Santa Ana Project (the "**Santa Ana ESIA**"), including public consultations which exceeded the requirements of applicable Peruvian laws. The Company maintains that there was no basis for issuing the 2011 Supreme Decree effectively revoking the 2007 Supreme Decree and taking away any and all rights of the Company to acquire the Santa Ana mineral concessions and operate or develop the Santa Ana Project.

As such, on July 12, 2011, the Company commenced a constitutional lawsuit in Peru, known as an "Amparo", against the Peruvian Government (the "**First Amparo**"). The objective of the First Amparo was to seek a determination that the 2011 Supreme Decree violates the Company's rights under the Peruvian Constitution and is therefore unlawful. On May 12, 2014, as set forth more fully below, the Lima First Constitutional Court issued a ruling in the Company's favor holding that the Peruvian Government, among other things, had violated the Company's constitutional rights and that all rights should be returned to the Company as per the 2007 Supreme Decree. The Peruvian Government signaled it intended to appeal that decision. However, in connection with the international arbitration proceeding described below, as required by the Free Trade Agreement between Canada and Peru (the "**Canada-Peru FTA**"), the Company desisted from the First Amparo action in August 2014.

On September 5, 2011 the Company received notice of a civil lawsuit filed by the Peruvian Ministry of Energy and Mines (the "**MEM**") on July 5, 2011 against the Company claiming that the titles to its Santa Ana mineral concessions were not acquired in accordance with Peruvian law (the "**MEM Civil Suit**"). In October 2012, the judge ruled that the MEM Civil Suit was inadmissible because it improperly comingled administrative and legal arguments, and in January 2013 the MEM Civil Suit was formally dismissed. However, the MEM appealed the dismissal decision to the Peruvian Superior Court. The Peruvian Superior Court issued a decision confirming dismissal of the MEM's pleadings as to the validity of Santa Ana's titles but permitting certain other claims in the MEM Civil Suit (not affecting the validity of Santa Ana's titles) to proceed. Based on this decision, the Company initiated a separate Amparo (the "**Second Amparo**") action against the Peruvian Superior Court for violation of the Company's right to due process under the Peruvian Constitution. The court refused to admit the Second Amparo and the Company appealed this decision.

In connection with the international arbitration proceeding described below, the Company has since withdrawn the First Amparo action (ruled upon in May 2014), and has formally desisted from the Second Amparo action it had commenced in connection with the Superior Court's decision dismissing some claims in the MEM Civil Case while permitting others to proceed. The MEM Civil Suit remains in process. On March 25, 2015, the court rejected Bear Creek's procedural objections (lack of jurisdiction, expiration of the statute of limitations, and lack of standing to file the claim). The first instance ruling on the merits in the MEM Civil Suit is pending.

On February 6, 2014, the Company delivered to the Peruvian Minister of Economy and Finance, a Notice of Intent to Submit a Claim to Arbitration ("**Notice of Intent**"), under the Canada-Peru Free Trade Agreement ("**Canada-Peru FTA**"). The dispute arises out of, among other things, the Peruvian Government's issuance of the 2011 Supreme Decree which revoked the 2007 Supreme Decree and therefore the Company's rights to operate the Santa Ana Project. The Peruvian Government's actions resulted in a complete stoppage of activities at Santa Ana and significant damages to the Company, including damages in connection with the development of the Corani Project. Peru's actions constitute

violations of the Canada-Peru FTA, Peruvian and international law. The Notice of Intent was necessary in order to preserve the Company's rights to initiate international arbitration should a resolution with the Peruvian Government not be reached. The filing of the Notice of Intent also initiated a six-month consultation period during which time the parties were to continue to attempt to amicably settle the dispute.

On May 14, 2014 the Company announced that the Lima First Constitutional Court rendered its decision on the First Amparo. The decision states unequivocally and unconditionally that:

- The Peruvian Government violated the Company's constitutional rights;
- The Company's rights are unconditionally returned as stipulated under the 2007 Supreme Decree, which originally granted the right to Bear Creek, as a foreign company, to acquire and operate the Santa Ana concessions, located within the 50 kilometer border zone of Peru;
- Bear Creek is recognized as title holder of the Santa Ana's mining concessions and therefore, is authorized to perform all the rights arising from said titles; and
- The Court reaffirms that the Santa Ana project is in the national interest.

As no amicable settlement was reached in the six-month period following the filing of the Notice of Intent, on August 11, 2014 the Company submitted a Request for Arbitration to the International Center for Settlement of Investment Disputes (“**ICSID**”) against the Republic of Peru pursuant to the terms of the Canada-Peru FTA. While Bear Creek remains amenable to engaging in further discussions with the Peruvian Government to resolve and settle the dispute relating to the Santa Ana mining project, the Company commenced the arbitration proceedings at ICSID to pursue the Company's rights to full reparations resulting from Peru's improper actions against the Company, which violate, among other things, the Canada-Peru FTA.

On January 12, 2015, the ICSID arbitration tribunal held an initial meeting in Washington D.C. with the claimant (the Company) and respondent (the Republic of Peru) wherein procedural matters and an agenda for submissions and hearings were decided, resulting in Procedural Order No. 1 dated January 27, 2015 (“**P.O. No. 1**”). In accordance with P.O. No. 1, the Company submitted its Memorial on the Merits (the “**Memorial**”, an initial statement of claim) on May 29, 2015, wherein factual and legal arguments supporting its claims against the Government of Peru were detailed. The Memorial also includes a calculation of the damages sustained with respect to the expropriation of Santa Ana as the Fair Market Value (“**FMV**”) of the Santa Ana project on the date immediately prior its expropriation by the Government. The Company's independent experts estimated the FMV of the Santa Ana Project at \$224.2 million as of June 23, 2011 using the discounted cash flow analysis (“**DCF**), excluding interest. The independent experts also estimated the damages to Corani resulting from Peru's expropriation of, and other illegal actions against, the Santa Ana Project at \$170.6 million, excluding interest. Accordingly, the Company requested that the Tribunal award it the sum of \$522.2 million, which includes pre-award interest of 5.0% per annum, compounded annually, up to the estimated date of the award.

The Memorial was or will be followed by the following submissions:

- On October 6, 2015, the Government of Peru filed its Counter-Memorial on the Merits and Memorial on Jurisdiction
- On January 8, 2016 the Company submitted its Reply on the Merits and a Counter-Memorial on Jurisdiction
- On April 13, 2016 the Government of Peru submitted its Rejoinder on the Merits and a Reply on Jurisdiction
- On May 26, 2016 the Company filed a Rejoinder on Jurisdiction

- On June 9, 2016, the Government of Canada filed a Non-Disputing Party Submission, providing its views on certain questions of interpretation of the Canada-Peru FTA
- On June 9, 2016, the *Asociación de Derechos Humanos y Medio Ambiente-Puno*, Mr. Carlos Lopez, and the Columbia Center on Sustainable Investment all filed applications to file written submissions as “other persons” pursuant to the Canada-Peru FTA.
- The Company shall submit its comments to the “other person” applications by July 7, 2016
- The Tribunal shall decide on whether to accept the submissions filed by the “other persons” by July 21, 2016
- The Company shall submit its comments to the Government of Canada’s Non-Disputing Party Submission, and to any submissions filed by “other persons” accepted by the Tribunal by August 18, 2016.

Hearings on the Merits before the arbitration tribunal are scheduled to occur at ICSID headquarters at the World Bank in Washington D.C. from September 8 to 16, 2016. An award on Bear Creek’s case is anticipated within the second half of 2017, though there is no prescribed deadline for the tribunal’s ruling. The aforementioned filings are available on ICSID’s website at <https://icsid.worldbank.org/apps/ICSIDWEB/cases/Pages/casedetail.aspx?CaseNo=ARB/14/21&tab=DOC>.

Refer to “Mineral Projects – Santa Ana Property” below for additional information regarding the Santa Ana Property.

Exploration Properties

In March 2013 the Company entered into an option agreement with a private Peruvian third party to acquire 100% of the 3,500 hectare Maria Jose Property by making escalating payments totaling \$4 million over 4 years. An additional payment of \$2 million must be made if a deposit greater than 1 million ounces gold in resources is defined in a NI 43-101 technical report. There are no royalty provisions under the agreement.

In February 2015 the Company entered into an earn-in agreement with a private Peruvian gold producer to explore and develop the Maria Jose gold-quartz vein system. The Company signed a formal option and joint venture agreement with Analytica Mineral Services S.A.C. (“AMS”); a proven Peruvian tunneling contractor and gold producer. Under the terms of the agreement, AMS will complete 2,000 meters of tunneling and cross-cuts in the vein systems within one year, at its sole cost, in order to earn a 51% undivided interest in the mineral concessions. AMS will also make its pro-rata share of the underlying option agreement payments, totaling \$2.1M over the term of the 5-year option. Following AMS earning its 51% interest, the two parties will form a joint venture agreement with standard terms.

In December 2015, Bear Creek and AMS made a negotiated purchase payment of \$1.2M to the underlying owner acquiring a 100% interest in the company holding the Maria Jose mineral concessions. As a result, the Company and AMS (through the Peru corporation Chino Li S.A.C., which is held as to 49% by INEDE and 51% as to AMS) now jointly own a 100% interest in the Maria Jose Property. There are no underlying royalties; however, under the purchase agreement, the Company and AMS are obligated to pay an additional \$2.1M on commencement of commercial production. This additional payment has no time limits.

Refer to “Mineral Projects – Maria Jose Property” below for additional information regarding the Maria Jose Property.

Corporate Events

In May 2013 the Company announced the resignation of Mr. Marc Leduc as the Company’s President and Chief Operating Officer (“COO”). Mr. Leduc had held the position of President since February 2011 and

the position of COO since 2009. Mr. Andrew Swarthout, the Company's Chief Executive Officer ("CEO") resumed the title of President upon Mr. Leduc's resignation, and Mr. Elsiario Antunez de Mayolo was appointed COO in August 2013.

On August 27, 2013 the Company delisted its common shares from trading on the Bolsa de Valores de Lima ("BVL") due to lack to active trading since the Company initially listed its common shares on the BVL in November 2010, coupled with the ongoing significant costs to maintain the BVL listing.

DESCRIPTION OF THE BUSINESS

General

The Company is a British Columbia-based mineral resource corporation engaged in the acquisition, exploration and development of mineral properties principally located in Peru with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale for the creation of value for shareholders. While exploration initiatives have been curtailed for the past several years in favor of focusing on the development of the Corani Project, the Company continues to concentrate on silver and gold projects in Peru. Exploration and acquisition opportunities in other countries and other precious or base metal commodities have been and are also considered by the Company when compatible with management experience.

The Company's principal exploration/development properties are currently the Corani silver-lead-zinc property (the "**Corani Property**" or "**Corani Project**") and the Santa Ana silver property (the "**Santa Ana Property**" or "**Santa Ana Project**") both of which are located in Peru. Feasibility studies have been completed for both the Corani (most recently in 2015) and Santa Ana (in 2011) Projects. There has been no activity on the Santa Ana Project since June 2011 when the Government of Peru issued the 2011 Supreme Decree rescinding the Company's rights to acquire and operate the mineral concessions comprising the Santa Ana Property. See also "Three Year History and Significant Acquisitions" and "Mineral Projects – Santa Ana Property".

As at the end of the Company's most recently completed financial year, the Company employed 44 full-time employees at its offices in Vancouver, British Columbia and Lima, Peru.

Information Regarding Peru

Overview

Peru is a democratic republic in South America, bordered by Ecuador, Colombia, Brazil, Bolivia, Chile, and the Pacific Ocean. It is the third-largest country in South America by area. The land mass encompasses arid coastal plains, tropical forests and mountainous terrain. Peruvian territory once belonged to the Incan Empire and even older civilizations that became part of the Spanish Empire in the 16th century. Peru achieved independence in 1821, but its post-colonial era was marked by political and economic instability under both democratic and dictatorial governments. In the 20th century, political debate was highly polarized between left-wing and right-wing ideologies, resulting in policies that shifted between socialism and capitalism. State intervention in the economy was frequent, along with controls on prices, exchange rates, local and foreign investment, and trade.

Peru is the fifth most populous country in Latin America (after Brazil, Colombia, Argentina and Venezuela). The population of over 30 million is multi-ethnic, but the main spoken language is Spanish.

Current Central Government

Peru is a multi-party democratic republic governed by an elected president and congress. Peru is divided into 25 regions, also referred to as "departments", subdivided into provinces which are made up of districts. Peru's constitution, approved by a national referendum in 1993, increased the president's powers and reduced Congress to 130 members from 240 under the previous 1979 constitution. The President is elected for a five year term and can only seek re-election after standing down at least one full term.

On April 10, 2016 General Elections were held in Peru to elect members of congress and replace Ollanta Humala in the Presidency (elected on June 5, 2011). In the first round of voting, Keiko Fujimori of the *Fuerza Popular* party and Pedro Pablo Kuczynski of the *Peruanos Por el Kambio* party, qualified for a runoff election held on June 5, 2016. In congressional elections held the same day, the *Fuerza Popular* party won a majority of seats.

In the June 5, 2016 runoff, Pedro Pablo Kuczynski defeated Keiko Fujimori by an extremely narrow margin (50.12% to 49.88%). President-elect Kuczynski, who also goes by the acronym PPK, is an economist and politician who held positions at both the World Bank and the International Monetary Fund before being designated as general manager of Peru's Central Reserve Bank. He later served as Minister of Energy and Mines in the early 1980s under President Fernando Belaúnde Terry, and as Minister of Economy and Finance and Prime Minister under President Alejandro Toledo in the 2000s. After working with the Toledo administration, he founded Agua Limpia, a Peruvian non-governmental organization that provides drinking water systems to communities in Peru. He returned to politics in 2010 and ran for President in the 2011 elections that were eventually won by Ollanta Humala. President-elect Kuczynski is supportive of a free-market economy and won the election based on a platform centered on overhauling the police and judiciary, increasing minimum wage, reducing procedural steps for businesses, implementing tax breaks for small business and reducing the national sales tax.

Economy

According to the World Bank (<http://www.worldbank.org/en/country/peru>):

“Peru’s economy over the past decade has been one of the region’s fastest-growing, with an average growth rate 5.9% in a context of low inflation (averaging 2.9%). A favorable external environment, prudent macroeconomic policies and structural reforms in different areas combined to create a scenario of high growth and low inflation.

As a result, the strong growth in employment and income has sharply reduced poverty rates, from 55.6% to 21.8% between 2005 and 2015. It is estimated that in 2014 alone, 221,000 people escaped poverty in the country. Extreme poverty also declined dramatically, from 15.8% to 4.1%, during the same period.

After a deceleration in 2014, GDP growth recovered in 2015, from 2.4% to 3.3%, thanks to increased inventories (mainly copper) and exports (3.3%). Nevertheless, in an environment of lower business confidence, delayed implementation of some mining projects and sluggish activity in the real estate sector, private investment contracted by 7.5%. The inflation rate exceeded the target range (4.4%) given the devaluation of the local currency, which drove up electricity rates and real estate prices.

In 2016, economic growth is expected to be similar to 2015 levels and to gradually recover to an average rate of 3.8% in 2017-2018. Over the next two or three years, large-scale mining projects are expected to begin production and increased private and public investment in infrastructure projects will support aggregate demand. Additionally, the country will continue to implement structural reforms to ensure confidence of private investors.

On the external front, the main challenges that may have an impact on economic growth include:

- The decline in commodity prices, which is closely related to the economic slowdown in China, one of Peru’s main trading partners.
- A possible period of financial volatility associated with the expectation of higher interest rates in the United States.

On the domestic front, GDP estimates are vulnerable to the following:

- Delays in the implementation of public and private investment programs.

- The impact of El Niño on the real economy.
- The challenges associated with the capacity of the next government to continue implementing reforms to increase Peru's productivity and competitiveness.

Looking ahead, major challenges will include achieving more sustainable economic growth and further strengthening linkages between growth and equity. To this end, the country must take into account the segment of the population that could fall back into poverty as a result of economic fluctuations, which would reverse the progress made over the past decade."

Peru's official monetary unit is the Sol ("S/."). It currently is not subject to any exchange restrictions and has been freely floating since March 27, 1991.

Peru signed free trade agreements with both the United States (ratified in December 2007 by US Congress) and Canada (signed in January, 2008).

Mining and Mineral Exploration

Peru is considered one of the top ten richest mineral countries in the world. It is the world's third largest producer of silver, copper and zinc and it is also a major producer of gold, lead and other minerals. Peru has 13% of the world's copper reserves, 4% of its gold, 22% of its silver, 7.6% of zinc, 9% of lead and 6% of tin reserves, according to the most recent data of the Peru's Ministry of Energy and Mines. Mineral exports have consistently accounted for the most significant portion of Peru's export revenue, comprising approximately 55%.

Mining Profit Royalties

The Peruvian mining tax system was revised during the latter part of 2011 by the Humala administration. The tax and royalty provisions are largely considered to be on a level playing field as other Latin American governments. Bear Creek is subject to the revised system. The two amended laws applicable to the Company may be summarized as:

Special Mining Tax ("SMT"):

The SMT is applied on operating mining income based on a sliding scale with progressive marginal rates ranging from 2% to 8.40%. The tax liability would be determined and payable on a quarterly basis. This tax is calculated on the operating profit based on the income from the sale of mineral resources.

Mining Royalty Based on Operating Income ("MR"):

The MR revises the mining royalty enacted in 2004 that required a payment ranging from 1% to 3% of the commercial sales value of mineral resources. The MR is applied on a company's operating income, rather than sales, and is payable quarterly (the previous royalty was payable monthly). The amount payable is determined on a sliding scale with marginal rates ranging from 1% to 12% applied to operating margin. As a company's operating margin increases the marginal rate of the royalty increases. If a company has a zero or negative operating margin, a minimum royalty of 1% of revenue is payable. The basis of the royalty (operating income) and the effective royalty rate would be calculated by following the same rules used to determine the tax liability under the SMT.

Risk Factors

Potential investors in the Company should be aware that investing in its securities involves a high degree of risk. The risk factors outlined in this section and elsewhere in this Annual Information Form should be carefully considered by investors when evaluating an investment in the Company. These risk factors list some, but not all, of the risks and uncertainties that may have a material adverse effect on the Company's securities. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also impair the Company's business operations. If the Company is unable to prevent events that have a negative effect from occurring, then its business, results of

operations, financial condition and cash flows and the market price of its securities could be materially and adversely affected.

The Company has a history of net losses and the availability of additional financing is uncertain

The Company has received no revenue to date from the exploration activities on its properties. The Company incurred the following losses over its three most recently completed financial years: \$20.9 million for the year ended December 31, 2013; \$16.9 million for the year ended December 31, 2014 and \$14.9 million for the year ended December 31, 2015. As of December 31, 2015, the Company has an accumulated deficit of \$199.3 million.

The Corani Project will require significant initial capital to construct (See “Mineral Projects – Corani Silver-Lead-Zinc Property” below) that will likely require the involvement of multiple capital sources and participants. The Company has conducted preliminary investigations as to potential Corani project financing sources and the level of financing each category may reasonably be expected to participate to. However, the actual availability of project financing, the involvement of any or all of the potential participant groups and their level of participation, and the details and terms of any eventual project financing scenario for the Corani project will be dependent on numerous conditions, including but not limited to general market conditions, metal prices, and other economic considerations at the time of a production decision. While the Company is confident that project financing for development and construction of the Corani project can be arranged, such financing is highly dependent on factors outside of the Company’s control and there can be no assurance that the Company will be successful in arranging project financing at all, or if so, under acceptable terms and conditions.

Project financing for development of the Santa Ana Project will not be considered unless and until a resolution to the Santa Ana dispute is achieved and the Company’s unfettered ownership of the mineral concessions and right to operate the project are re-established. As the Santa Ana Project is currently the subject of an international arbitration claim (See “Mineral Project – Santa Ana Property”) under which an award for monetary damages is being sought, at this time the Company is not contemplating development or project financing scenarios for the Santa Ana Project.

A decision to place either the Corani or Santa Ana Properties into production requires, among other items, completion of detailed engineering plans, obtaining necessary permits, and financing. Even if the Company does undertake development activity on any of its properties, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

The Company had working capital of approximately \$18.6 million as at December 31, 2015 and no source of revenue, and will require significant cash and/or alternative financing arrangements in order to develop its assets and meet its ongoing general and administrative costs and exploration commitments and to maintain its mineral property interests, which may require working capital and/or project financing in the future. There can be no assurance that such financing will be available on reasonable terms, and if available, may be dilutive to existing shareholders.

There are risks associated with the exploration of, development of and production from mineral properties

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the exploration programs on the Company’s current or future mineral properties will result in the discovery of new resources or lead to the development of a commercially viable orebody.

Development of any of the Company's projects are subject to numerous risks, including, but not limited to, delays in obtaining equipment, material and services essential to developing the projects in a timely manner; changes in environmental or other government regulations; currency exchange rates; labour shortages; and fluctuation in metal prices. Furthermore, the economic feasibility of developing a mineral project is based on many factors such as estimation of mineral reserves, tonnage and grade, anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices and anticipated

capital and operating costs of these projects, and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production. The Company's mineral properties have no operating history upon which estimates of future projection and cash operating costs can be based. Estimates of Mineral resources, Proven and Probable Mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques. The results of feasibility studies that derive estimates of capital and operating costs based upon the quantity, grade and configuration of Mineral reserves as well as the expected recovery rates of metals from the mineralized material, are subject to change. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to development or operation. The remoteness and restrictions on access of certain of the properties in which the Company has an interest could have an adverse effect on profitability in that infrastructure costs would be higher. There are also physical risks to the exploration personnel working in the rugged terrain of the Peruvian backcountry, often in poor climate conditions, which can be abated through safety training, adherence to high safety standards and the use of modern communication technologies.

With all mineral operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Establishment of mineral reserves and development of a mineral property does not assure a profit on the investment or recovery of costs. In addition, extraction hazards or environmental damage could greatly increase the cost of operations, and various operating conditions may adversely affect the production from mineral properties. These conditions include delays in obtaining governmental approvals or consents, insufficient transportation capacity or other geological, geotechnical and mechanical conditions. While diligent supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays from normal operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

There is uncertainty related to estimates of Mineral resources and Mineral reserves

There is a degree of uncertainty attributable to the calculation of Mineral resources and Mineral reserves, which must be considered only estimates of mineralization until an ore body is actually mined and processed. The Mineral resources and Mineral reserves disclosed under "Mineral Projects – Corani Silver-Lead-Zinc Property" and "Mineral Projects – Santa Ana Property" are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Any material change in the quantity of Mineral reserves, Mineral resources, grades and recoveries may affect the economic viability of the Company's properties.

Market fluctuations and the prices of metals may render resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause any mining operation to be unprofitable in any particular accounting period.

Projects may not advance or achieve production if key permits are not obtained or retained

The advancement of mineral properties through exploration to commercial operation normally requires securing and maintaining key permits and/or licences (collectively, the "permits") from regulatory or governmental authorities. While the Company puts its best efforts into securing the permits necessary to advance its properties (where warranted) according to the policies and guidelines applicable to each permit, approval of permits rests solely with the governing agency and is outside of the Company's control. There can be no guarantee that the Company will succeed in obtaining the permits necessary to advance its projects, and a failure to obtain necessary permits or retain permits that have been granted may result in an inability to realize any benefit from its exploration or development activities on the properties.

There are risks associated with failing to acquire or maintain “social licence” on the Company’s mineral properties

“Social licence” does not refer to a specific permit or licence but rather is a broad term used to describe community acceptance of the plans and activities related to exploration, development or operations on a mineral project. Acquiring and then maintaining a social licence for mineral exploration activities or mine development and operation is commonly accepted to be a necessary component of corporate social responsibility, without which it can be extremely difficult if not impossible to advance a mineral exploration project, secure necessary permits or arrange project financing. The Company places a high priority on, and dedicates considerable efforts toward, its community relationships and responsibilities by treating local communities with the respect they deserve as inhabitants of its mineral project areas, by adopting a partnership approach to sustainable community support initiatives, by providing open, honest and transparent information about its activities and plans, by creating labour opportunities where feasible, and by seeking opportunities to assist local communities with their self-identified concerns. As a result, the Company has established excellent relationships with the communities surrounding the Corani Property. Prior to ceasing activities at the Santa Ana Property in 2011, the Company was working hard to establish social licence in the region, and believes it was succeeding in this effort. While the 2011 Supreme Decree was preceded by protests in southern Puno, those protests overwhelmingly involved participants from far outside the project’s local communities and were largely concentrated in cities 100 to over 200 kms from the Santa Ana Project itself.

The Company has entered into the LOM in relation to the Corani Property, which provides for certain commitments to invest in local community projects as described under "General Development of the Business – Three Year History and Significant Acquisitions".

Despite its best efforts, there are factors outside of the Company’s control that may affect the Company’s efforts to establish or maintain social licence, including compliance with the terms of the LOM or otherwise, at any of its projects, including national or local changes in sentiment toward mining, evolving social concerns, changing economic conditions and challenges, and the influence of third party opposition toward mining on local support. There can be no guarantee that social licence can be earned by the Company or if established, that social licence can be maintained in the long term, and without strong community support the ability to secure necessary permits, obtain project financing, and/or move a project into development or operation may be compromised or precluded. The existence or occurrence of one or more of the following circumstances or events could have a material adverse impact on the Company’s ability to maintain social licence, which could have a material adverse impact on the Company’s business prospects, results of operations and financial condition: (i) disagreements with parties to social licence arrangements, including the LOM (ii) inability of the Company meet its obligations to parties or third parties under such arrangements and (iii) disputes or litigation between the Company and such parties or third parties.

Additionally, the Company’s properties may be located in areas presently or previously inhabited or used by indigenous peoples and may be affected by evolving regulations regarding the rights of indigenous peoples. The Company's current or future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development on those projects or operations on which the Company holds an interest. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the Company or the owner/operators' activities and may require the modification of, or preclude operation or development of projects, or may require the entering into of agreements with indigenous people.

Changes to environmental regulations may adversely affect development of a mineral property

All phases of the Company’s operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is subject to change, which may result in stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their

officers, directors and employees. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company.

The Company's business activities in Peru are subject to potential political, social and economic instability

The principal mineral property interests of the Company are located exclusively in the Republic of Peru. Regardless of Peru's progress in recent decades in restructuring its political institutions and revitalizing its economy, the country has a history of political and economic instability under both democratically elected and dictatorial governments, particularly through the 1980's. The Company believes that the current conditions in Peru are stable and conducive to conducting business, however, the Company's current and future mineral exploration, development and mining activities could be impacted by adverse political, social or economic developments. Adverse developments could include: widespread civil unrest and rebellion; the imposition of unfavourable government regulations on foreign investment, production and extraction, prices, exports, income taxes, environmental compliance or worker safety; or the expropriation of property.

Events leading up to the 2011 presidential elections led to a previous government issuing the 2011 Supreme Decree, which rescinded the Company's rights to operate the mineral concessions comprising the Santa Ana Project. See also "Mineral Projects – Santa Ana Property". The President at the time, President Humala (who was elected shortly after issuance of the 2011 Supreme Decree by his predecessor President Garcia), sought to assure foreign investors that contracts and constitutional law would continue to be respected and that foreign investment is encouraged. In September 2011, the government passed favorable taxation legislation relating to the mineral industry. Despite this legislation and President Humala's assurances however, there has been no resolution to the Santa Ana dispute to date.

President-elect Kuczynski is on the record as supportive of mining and a proponent of free-market economic policies, representatives from pro-business parties hold the balance of power in the Peruvian Congress, and to date the MEM has demonstrated strong support for the Corani Project. However, there can be no assurances that mining in general and the Company's projects in particular will continue to receive the support of government or that the Company will be able to successfully resolve the Santa Ana dispute through a negotiated settlement. See also "Mineral Projects – Santa Ana Property".

Title to the Company's assets may be challenged

Although title to its properties has been reviewed by or on behalf of the Company, no assurances can be given that there are no title defects affecting the Company's properties. Title insurance generally is not available for mining claims in Peru, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained. The Company has not conducted surveys of all of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct work on the properties as permitted or to enforce its rights with respect to its properties.

Metal price volatility may affect the economic viability and potential profitability of the Company's mineral properties

Factors beyond the control of the Company may affect the marketability of any ore or minerals discovered at and extracted from the Company's properties. Metal prices are subject to fluctuations and are affected by numerous factors beyond the Company's control including international economic and political trends, financial institution and central bank sales, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due

to new and improved extraction and production methods. Fluctuations and short- and long-term trends in metal prices can adversely affect both the economic viability and potential profitability of the Company's mineral properties.

The price of the Company's common shares may be affected by factors unrelated to its operations

The Company's common shares are listed on the TSX-V. The price of the Company's common shares is likely to be significantly affected by short-term changes in silver and gold prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Company's shares include the following: a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in the Company's securities may adversely affect an investor's ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in the Company; a failure of the Company to meet the reporting and other obligations under relevant securities laws or imposed by the TSX-V could result in a delisting of the Company's common shares and a substantial decline in the price of the common shares that persists for a significant period of time could cause the common shares to be delisted from the TSX-V, further reducing market liquidity.

As a result of any of these factors, the market price of its common shares at any given point in time may not accurately reflect the long term value. Securities class action litigation can be brought against companies following periods of volatility in the market price of their securities, which could result in substantial costs and damages and divert management's attention and resources.

Global economic conditions may affect the Company's ability to advance its properties

The global economy has been slow to fully recover from the financial crisis of 2008 and the liquidity and credit crises that followed. Many industries, including mining, are affected by these global market conditions, and a continued or worsened slowdown in the financial markets or other global economic conditions, including but not limited to interest rates, consumer spending, employment rates, business conditions, inflation, energy costs, debt levels and credit availability may adversely affect the Company's ability to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company, which could affect the Company's ability to advance its mineral projects and affect the trading price of the Company's shares in an adverse manner.

Seismic activity may impact the Company's projects

Western Peru is located over the intersection of three geologic plates which are actively colliding, producing thrust faults in the near-surface earth's crust. These thrusts cause energy to be released which may produce earthquakes and tsunamis which are sometimes sufficient to produce significant damage to property and infrastructure. Normally, these larger magnitude earthquakes are focused along the coast, far from mining centers, but there is no certainty that a seismic event could not cause physical damage to any of the Company's properties or significantly impact access to the projects.

Currency and exchange rate fluctuations could impact the Company's financial condition

Operations in Peru, the United States and Canada are subject to foreign currency exchange fluctuations. With respect to Peruvian currency, the Company transfers funds to its Peruvian branch on an as needed basis to avoid significant exposure to currency fluctuations. With respect to Canada, the Company raises its funds through equity issuances which are priced in Canadian dollars, and the majority of the Company's costs are denominated in United States dollars and Peruvian soles. The Company may suffer losses due to adverse foreign currency fluctuations.

There are risks associated with joint venture arrangements

The Company's interests in several of its earlier-stage exploration properties may, in certain circumstances, pursuant to option agreements currently in place, become subject to the risks normally associated with the conduct of joint ventures. In the event that any of the Company's properties become subject to a joint venture, the existence or occurrence of one or more of the following circumstances and

events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's business prospects, results of operations and financial condition: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

The Company may be reliant on third parties

The Company's rights to acquire an interest in certain resource properties may have been granted by third parties who themselves hold only a lease, an option, or an application for rights pending before the Peruvian Ministry of Energy and Mines to acquire such properties. If such persons fail to fulfill their obligations, the Company could lose its interest in the property and may have no meaningful recourse, as it does not have any direct contractual arrangements with the underlying property holders. Where the Company's interests in resource properties are managed or operated by third parties, the Company's interests may be adversely affected in the event such third parties mismanage the operations being carried out on such properties.

There are risks related to a failure to comply with statutory and regulatory requirements

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by applicable laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities, generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company has received all necessary permits for the exploration work it is presently conducting on its projects, other than Santa Ana in relation to the 2011 Supreme Decree issue described above and below under "Mineral Projects – Santa Ana Property". There can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Insurance Risk", below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

It may not be possible to effect service of process on some of the Company's Directors

Since certain of the Company's directors live outside of Canada, it may not be possible to effect service of process on them and since all or a substantial portion of their assets are located outside Canada, there may be difficulties in enforcing judgments against them obtained in Canadian courts. Similarly, essentially all of the Company's assets are located outside Canada and there may be difficulties in enforcing judgments obtained in Canadian courts.

The Company's success is tied to management's efforts and abilities

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management team. See "Directors and Officers" for details of the Company's current management. Investors must be willing to rely to a significant extent on their discretion and judgment. The Company does not maintain key employee insurance on any of its employees. The Company depends on key personnel and cannot provide assurance that it will be able to retain such personnel. Failure to retain such key personnel could have a material adverse effect on the Company's business and financial condition.

There may be conflicts of interest

The Company's directors and officers may serve as directors or officers of other resource companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms in accordance with the BCBCA. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. See "Directors and Officers".

There may be competition for assets

Significant and increasing competition exists for mineral deposits in each of the jurisdictions in which the Company conducts operations. As a result of this competition, much of which is with large, established mining companies with substantially greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mining claims or financing on terms it considers acceptable. The Company also competes with other mining companies in the recruitment and retention of qualified employees.

Insurance may not be available to cover the gamut of risks associated with mineral exploration, development and mining

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies of a similar stage of development. The Company carries liability insurance with respect to its mineral exploration operations, but is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

The regulatory and compliance costs of being a public company are increasing

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, and the conversion to International Financial Reporting Standards.

The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company to attract and retain qualified individuals to serve on its board of directors or as executive officers.

Environmental laws and regulations may increase costs and restrict operations

All of the Company’s exploration and potential development and production activities in Peru are subject to regulation by governmental agencies under various environmental laws. To the extent that the Company conducts exploration activities or new mining activities in other countries, it will also be subject to environmental laws and regulations in those jurisdictions. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company’s intended activities. Future changes in these laws or regulations could have a significant adverse impact on some portion of the Company’s business, causing it to re-evaluate those activities at that time.

The Company’s Shareholder Rights Plan could prevent a change in control that shareholders may consider favourable

The Company has a shareholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the plan could cause substantial dilution to a person or group that attempts to acquire the Company. The foregoing may discourage transactions that otherwise could provide for the payment of a premium over the prevailing market price for the Company’s common shares and could also limit the price that investors are willing to pay in the future for the common shares, which in turn could adversely affect the value of the common shares.

MINERAL PROJECTS

The following is a description of the Company’s mineral properties and the nature of the Company’s interests in such properties.

Corani Silver-Lead-Zinc Property

The information provided below in respect of the Corani Property, specifically under the heading “Summary Section of the 2015 Corani Feasibility Study”, is directly excerpted from the Technical Report (as defined in NI 43-101) entitled “Optimized and Final Feasibility Study, Corani Project, Puno, Peru, Form 43-101F1 Technical Report” (the “**2015 Corani Feasibility Study**”), dated effective May 30, 2015 and filed on SEDAR (www.sedar.com) on July 17, 2015. Within the excerpted information below, the

“Project” refers to the Corani Property and the “Report” refers to the 2015 Corani Feasibility Study. References cited within this excerpted information are provided in the 2015 Corani Feasibility Study.

The detailed disclosure contained in the 2015 Corani Feasibility Study is hereby incorporated by reference, and the summary section (without section numbering) from that report is reproduced as follows below under “Summary Section of the 2015 Corani Feasibility Study”.

The remaining information provided below in respect of the Corani Property (for greater clarity the headings “Introduction” and “Environmental and Social Considerations”) is based on information prepared by or under the supervision of Andrew Swarthout, President and CEO and a QP as defined by NI 43-101.

The 2015 Corani Feasibility Study was prepared by a team of independent engineering consultants. Daniel Neff, PE, of M3 Engineering and Technology Corporation (“**M3**”) acted as the Independent QP as defined by NI 43-101 and additionally is the QP responsible for the market studies, infrastructure, process plant capital and operating costs, economic analysis, conclusions and recommendations portions of the study. Tom Shouldice, PEng, independent consultant, is the QP for the metal recoveries and metallurgical testing sections. Rick Moritz, MMSA, Principal Mining and Process Engineer, of Global Resource Engineering (“**GRE**”) is the QP for portions of the metallurgical analysis. Terre Lane, MMSA, Principal Mining Engineer, of GRE is the QP for the resource and reserve estimation and mining methods and mine capital and operating cost portions of the study. Laurie Tahija, MMSA, of M3 is the QP for the plant process engineering portion of the study. Chris Chapman, PE of GRE is the QP for the geotechnical, environmental, infrastructure, waste stockpile and tailings designs. Christian Rios, CPG, independent consultant, is the QP responsible for geology and mineralization, exploration, drilling, sample preparation, analyses and security, data verification, mineral resource estimates and adjacent properties in the study.

The 2015 Corani Feasibility Study supersedes an earlier Feasibility Study conducted on the Corani Project, the Technical Report for which is entitled “Corani Project, Form 43-101F1 Technical Report, Feasibility Study, Puno, Peru” (the “**2011 Corani Feasibility Study**”) and dated December 22, 2011.

Introduction

The 100% owned Corani silver-lead-zinc project is located in the Andes Mountains of Peru, approximately 160 kilometers southeast of Cusco in a sparsely populated high mountain desert environment. The project consists of twelve mineral concessions that form a contiguous block of ground covering approximately 5,700 hectares. Corani is the Company’s most advanced mineral property.

See “General Development of the Business – Three Year History and Significant Acquisitions” above for background information regarding the history of acquisition and advancement of the Corani Property. A thorough description of the sequence of events, agreements and payments related to the Company’s acquisition of the Corani Property is provided in its Annual Information Form dated April 3, 2014, available on SEDAR.

The Corani Property has been explored by the Company continuously since its acquisition in 2005, and a total of \$74.8 million has been spent to date advancing the project through the completion of over 93,000 meters of drilling, a NI 43-101 resource estimate and preliminary economic assessment in 2008, a pre-feasibility study in 2009, an initial feasibility study in 2011 and an optimized final feasibility study in 2015. Disclosure related to the drilling, and copies of the Technical Reports (as defined in NI 43-101) in respect of the technical studies above are available on the Company’s website and SEDAR.

Summary Section of the 2015 Corani Feasibility Study

Summary

This Feasibility Study was prepared for Bear Creek Mining Corporation by M3 Engineering & Technology Corp. (M3) in cooperation with Global Resource Engineering Ltd (GRE), a consulting company based in Denver, Colorado; Tom Shouldice independent metallurgist

consultant; and Christian Rios, independent geological consultant. The technical report presented here is the National Instrument 43-101 project report that summarizes the feasibility study update. This Report is based on the outcomes of an engineering study completed to Feasibility Study (FS) standards.

Several project components were optimized subsequent to the previous Technical Report (M3, 2011). Detailed engineering studies, site investigation work, and laboratory testing programs were ongoing at the time of the 2011 report. The optimizations envisaged in 2011 have been advanced through additional fieldwork and detailed engineering to support the optimization concepts presented in this study. A brief summary of the work performed subsequent to the 2011 report for the present 2015 study is presented below.

- Additional metallurgical and geotechnical drilling within the Corani Project area
- Re-logging and re-interpolation of the mineralogy
- An updated mineralogical database and block model
- Geometallurgical model for predicting recovery within the block model
- Updated capital and operating cost estimation
- Mine plan optimization
- Geotechnical site investigations and waste characterization test work and studies
- Detailed process review
- Project-wide water balance studies
- Engineering and design to advance the project to feasibility study level
- Updated quantity and cost estimation

Property Description and Ownership

Location

The Project site is located in the Andes Mountains of south-eastern Peru at elevations of 4800 to 5100 meters above sea level (masl), specifically within the Cordillera Vilcanota of the Eastern Cordillera. The site is located in the Department of Puno immediately east of the continental divide separating the Pacific and Atlantic drainages.

The site location is approximately 160 kilometers (km) in a direct line to the southeast of the major city of Cusco, with Universal Transverse Mercator (UTM) coordinate ranges of 312,000E to 322,000E and 8,443,000N to 8,451,000N, using UTM, Zone 19S, Provisional South American datum, PSAD 56.

Access to the mining operations will be via a new 46 km road to be built over generally flat and gently sloping topography. The new mine access road will connect at the town of Macusani to the Interoceanic Highway; a two-lane, paved highway connecting to the Peruvian highway system and to the Port of Matarani.

Description

The Project has favorable infrastructure. The mine is 30 km from a new high-voltage power line with abundant capacity to meet the Project needs. The project has technically and environmentally favorable sites for waste rock and filtered tailing co-disposal storage. Additionally the mine plan is amenable to sequenced backfilling of the pit, reducing operating costs and eliminating environmental pit lake liability at closure.

Mineral Tenure and Land Ownership

The land status of the Project is a series of twelve mineral claims or concessions. Mineral concessions in Peru are filed with the Instituto Nacional de Concesiones y Catastro Minera (INACC) which is part of the Ministerio de Energía y Minas (MINEM) in Peru. Claims can vary in size from 100 to 1,000 ha. Concessions are defined by limits parallel to the UTM grid system employed in the district to form rectangular areas.

Claim monuments need not be maintained in the field as the primary documentation exists as the filed boundaries at INACC. The 12 claims at Corani Project are located in the districts of Corani, Macusani and Nuñoa, provinces of Carabaya and Melgar, department of Puno, in Peru, and cover an aggregate extent of 5,180 hectares.

Geology and Mineralization

Regional Geology

The regional geology in the Project area is characterized by volcanic flows overlying a thick sequence of sedimentary basement rocks. All units have been affected by Pleistocene glaciations forming U-shaped valleys and arêtes, typical of alpine glacial terrain.

Property Geology

The basement units in the Corani area are a series of upper Paleozoic (320 Ma) sandstone and shale units of the Grupo Ambo Formation that have been weakly metamorphosed into quartzite and phyllitic shales. The resistant quartzite units are often ridge formers. The weathered shales generally form subdued, generally slope-forming outcrops. Within the Project resource area, the sediments are generally red to gray shales.

A sequence of Tertiary (23.1Ma +/- 0.2Ma), pre-mineral volcanic tuffs unconformably overlie the sediments. These tuffs are generally crystal and crystal-lithic with quartz-eyes ranging up to 5 mm in diameter. These rocks range from well bedded to massive. In the upper parts of the pre-mineral sequence are andesite volcanic flows, which are generally more bedded than the underlying tuffs. The variations in the stratigraphic makeup of the pre-mineral tuffs and andesite flows do not appear to have any controlling effect on the mineralization. All of the resource within the Corani district is hosted in the pre-mineral tuffs and andesite flows.

Unconformably overlying the pre-mineral units, the Tertiary post-mineral tuff (10.2Ma +/- 0.1Ma), consisting of crystal tuffs with similar characteristics to the lower pre-mineral tuffs, is effectively barren. The post-mineral sequence forms prominent spires and thickens to the north (from 0 meters to over 200 meters within the project area).

Alteration in the project area consists of a broad, 5 x 2 kilometer zone of illite-kaolinite alteration of the pre-mineral tuffs. More specific to the mineralization are illite, kaolinite, smectite/chlorite/celadonite and gangue minerals including quartz (massive to banded), barite, chalcedony and iron and manganese oxides. Each of the three mineralized areas, namely Corani Este, Minas Corani and Main Corani, exhibit differences in alteration and gangue, including:

- Corani Este: strong barite, minor quartz and chalcedony, moderate smectite/chlorite/celadonite, brecciation, strong iron oxides and no manganese oxides;
- Minas Corani: strong smectite/chlorite/celadonite, moderate chalcedony and barite with strong iron oxides and moderate manganese oxides; and
- Main Corani: banded quartz, strong barite, iron oxides and minor manganese oxides.

Structurally, the Project area is marked by a stacked sequence of listric normal faults striking dominantly north to north-northwest with moderate to shallow (50 to <10 degrees) westerly dips. The hanging walls of the listric faults are extensively fractured and brecciated, forming sites for

metal deposition. The stacked sequences are more prominent in Minas and Main Corani with Este showing a single listric fault with a more extensively fractured and brecciated hanging wall.

Mineralization in the Project area is comprised of freibergite (silver-bearing tetrahedrite), galena (not argentiferous), sphalerite (white to dark-colored), pyrite, marcasite, other silver sulfosalts (myrargyrite, pyrrargyrite-proustite (ruby silver)), boulangerite, acanthite and minor native silver.

The ore body can be split into a three principal metallurgical types: first, a mixed sulfide group that is composed of relatively coarse to very fine sulfide mineralization; second, a transitional mineralization where the sulfide minerals have been partly oxidized, with some of the lead having been remobilized into a lead-phosphate mineral and much of the zinc removed from the ore; and third, an oxide zone. This metallurgical zonation mimics the south west dipping nature of the listric faults and as such forms a tilted layer cake with the oxides occurring on the far west of the project, the transitional ores in the middle west and the sulfides in the center of the deposit and to the east.

Southeast of the principal areas of mineralization there are smaller areas of mineralization that are referred to as the Gold Zone and Antimony Zones. Neither of these has been included in any published resource and are not included in this Report.

Exploration Status

Prior to the early 1950s, mineral exploration in the district consisted of shallow prospect pits and adits in the northern portion of the current Project. These prospects are of unknown age and may date back to colonial Spanish time. Antimony prospects south and east of the property reportedly were active in the early 1900's with limited antimony production.

The first modern evaluation of silver-lead mineralization began with the location of mineral concessions in 1951 by Augusto Leon y Leon. Compañía Minera Korani was formed in 1956 to develop the silver-lead mineralization previously prospected. The mines were developed and operated from 1956 up to at least 1967; initially mining 80 tpd of ore. In 1965, Compañía Minera Korani sought to increase production from 80 tpd to 300 tpd. In 1967, Compañía Minera Korani was owned two-thirds by Compañía Minera Palca and one-third by M. Hochschild. In early 1967, estimated mine production was reported at about 3,400 short tons per month, with grades of 7.0-9.0% lead, 2.3% zinc, and 8.0 to 11.0 oz/ton silver (C.R. Petersen, 1967). Total historical production is uncertain, but is estimated at 100,000 t of silver-lead-zinc ore.

Historical maps of the underground workings show development on four levels (4820, 4843, 4860 and 4870 m levels for 50 meters vertically) that extend over an area of approximately 500 meters in a general north-south direction (parallel to strike) by about 150 meters in an east-west direction. It is not known when operations of Compañía Minera Korani ceased, but it is presumed to be in the late 1960s or early 1970s. When the mining stopped at the Project the previous operations were abandoned and several environmental liabilities still exist at the areas related to mining and processing.

Subsequent exploration activity was performed by Minsur a private Peruvian company, whose exploration program was reported to include 40 shallow drill holes in various locations, including a number of close proximity holes in the gold zone (located south of the current resource area). None of Minsur's exploration information is available or verifiable; although reportedly gold mineralization was encountered in much of Minsur's drilling.

In late 2003 and early 2004, Rio Tinto Mining and Exploration began a surface exploration program for porphyry copper mineralization. During 2004, Rio Tinto conducted surface mapping, sampling, and ground magnetic surveys, and developed access roads into the area. The initial work by Rio Tinto defined anomalous silver and lead mineralization to the south of the Korani mines, and also defined a zone of anomalous gold mineralization in rock and soils.

The concession ownership by Compañía Minera Korani apparently lapsed during the 1970s. The ownership of Minsur also lapsed prior to Rio Tinto's exploration in the project area. Rio Tinto re-established some of the older concessions in their name beginning in 2003. BCM has added two concessions early in 2005 to create the current land position.

In early 2005 BCM entered into an option agreement with Rio Tinto. BCM completed the option agreement in January 2008 with the final payment of the \$5.4 million required under the agreement for a 70% share of the Project. In April of 2008 BCM entered into a purchase agreement for the remaining 30% that was controlled by Rio Tinto, and BCM completed the purchase of Rio Tinto's 30% interest in February 2011, thus extinguishing all of Rio Tinto's back-in and royalty rights.

Since acquiring the project BCM has completed approximately 93 km of drilling, prepared detailed geological maps, performed extensive metallurgical testing from all areas of the deposit, continually operated an exploration camp, engaged in development projects with the two nearby communities, completed Life of Mine community agreements and completed several environmental studies. The results of this work have been the completion of five NI43-101 reports (2006-2011) where the resource has grown and culminates with this Report.

Development and Operations

Production Schedule

The mine requires pre-production waste stripping of 22.8 million tonnes, all within Year -1 of the mine production schedule. After that, a mining sequence that directly feeds the mill with 7.875 million tonnes of ore per year was developed.

The mining sequence calls for the waste stripping to average 2.11:1 (waste to ore) for the first five years and then the stripping ratio will reduce to 1.31 for the following 13 years. The LOM stripping ratio averages of 1.68:1.

Mine Equipment

Mining will be performed using conventional open pit methods using 181 t trucks and 18 m³ hydraulic shovels mining on 8 meter-high benches.

Metallurgy

The Corani deposit is a silver-lead-zinc deposit with relatively complex mineralogy. Upon review of the metallurgical testing data, it is clear that performance of Corani mineralization to conventional flotation and cyanidation processing was widely variable. The geological classifications provided some delineation of metallurgical response: Samples representing the CSC ore type consistently responded well to a conventional sequential lead / silver – zinc flotation. Conversely, FeOx and MnO responded very poorly to flotation, but generally responded better to cyanide leaching for silver.

The geological classification FBS which represents a large amount of the estimated resource tonnage, had a broad range of metallurgical response. The variable response was shown to be related to the fine texture of the mineralization and presence of non-sulphide lead mineral forms. However, the geological classifications alone were not able to delineate the texture or quantity of non-sulphide lead minerals.

To better predict the metallurgical response, a geo-metallurgy approach was investigated to link metallurgical response to block modelling parameters. The statistical analysis indicated several key parameters could be used to generate metallurgical response. For the purpose of the analysis, the metallurgical process was restricted to only sequential flotation of silver bearing lead concentrate followed by the flotation of a zinc concentrate, also containing some silver.

With metallurgical response linked to block modelling parameters, the mine plan could be optimized to maximize the revenue for the Project. The table below displays the estimated metal recoveries by mine schedule.

Recovery Predictions for Mine Schedule

Production Year	Tonnes (000)	Feed Grade - % or g/t			Recto Pb Con - %		Rec to Zn Con - %	
		Ag	Pb	Zn	Ag	Pb	Ag	Zn
Year 1	5,675	96	1.17	0.48	67	69	2	54
Year 2	7,744	84	1.43	0.88	70	69	5	63
Year 3	7,897	73	1.20	0.85	70	71	6	69
Year 4 to 5	15,745	80	1.12	0.97	71	74	7	76
Year 6 to 10	39,393	55	0.98	0.38	62	45	2	49
Year 11 to 18	69,120	27	0.61	0.50	69	72	7	56

Note: Ag grades are denoted in g/tonne, all other assays are in percent.

Process

The Project processing facility is designed to treat 22,500 tpd of silver-lead-zinc ore at an operational availability of 92 percent. The processing flow sheet for the Project is a standard flow sheet that is commonly used in the mining industry, including conventional flotation recovery methods typical for lead-zinc ores. The Figure below is a simplified schematic of the process. M3 completed the process design based on the results of several 2009 and 2011 metallurgical testing programs (Blue Coast, 2011; DJB Consultants, 2011; SGS, 2007, 2008a, 2008b, 2009a, 2009b, and 2010) and new metallurgical testwork and analysis for grinding, sedimentation, and filtration in 2014 (Alex G. Doll Consulting Ltd., 2014; ALS Metallurgy Kamloops, 2014; Outotec Canada, 2014a; and Outotec Canada, 2014b).

The ore will be crushed in a primary jaw crusher that is located adjacent to the open pit mine. From there it will be conveyed to the processing facilities where it will be ground to 80 percent finer than 106 microns in a semi-autogenous grinding (SAG) and ball milling circuit.

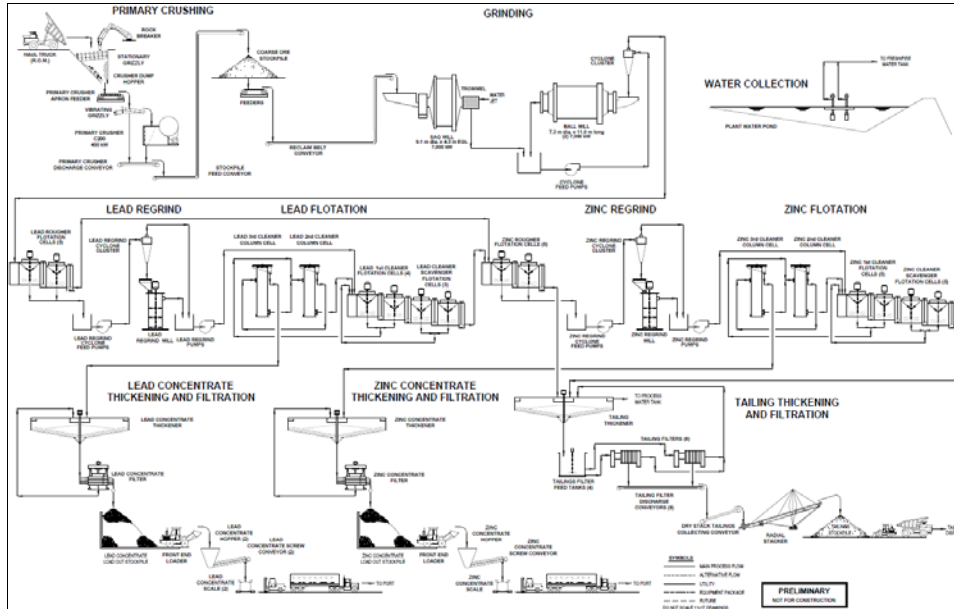
The ore is further processed in a flotation circuit consisting of lead flotation followed by zinc flotation. The majority of the silver will be recovered in the lead flotation circuit and some silver will also be collected in the zinc flotation circuit. Lead sulfide will be recovered in a one-pass rougher flotation bank, producing a concentrate that will be upgraded to smelter specifications in three stages of cleaning. Tails from the lead flotation section will then be conditioned for zinc sulfide flotation. The process scheme for zinc flotation also includes a rougher bank and three stages of cleaning using both mechanical cells and column flotation to produce smelter-grade zinc concentrates. For both lead and zinc sections, the rougher flotation concentrates will be reground to 80 percent finer than 25 microns prior to cleaner flotation to liberate the sulfides for further upgrading.

Tailing from the lead and zinc flotation circuit will be thickened, filtered and conveyed to a stockpile at the plant. From there, the filtered tailing will be trucked to the Main Waste Dump where it will be co-disposed with mine waste during the first six years of operation. After Year 6, filtered tailing will be disposed of as backfill into the Corani Este pit with additional waste rock.

Water will be reclaimed from the tailing thickener overflow and from the tailing filtrate. Process make-up water will be pumped from the contact water section and fresh water section of the Plant Water Supply Pond.

Lead and zinc concentrates will be thickened, filtered, and bagged into supersacks for shipment. They will then be loaded into flatbed trucks and enclosed vans to be trucked to the Port of Matarani for ocean shipment to smelters.

Simplified Process Schematic



Environmental and Permitting

Due to the mineralogy of the area, the main environmental considerations associated with the Project are primarily related to the management of surface and groundwater that has contacted exposed mineralized material. During operations, impacted water will be recycled to the plant or temporarily stored in the Plant Water Pond, preventing release of any impacted water. During closure, surface and groundwater will be treated as necessary before being released to the downstream. In addition, due to historic mining activities, a number of environmental liabilities are present on the Project site. These can be resolved, to the extent practical, as the site is developed.

Reclamation and Closure

The Project received approval for an Environmental and Social Impact Assessment (ESIA) in 2013 based on the mine plan presented in the 2011 Technical Report (M3, 2011). The new project configuration developed for the current study will be incorporated into a modification of the ESIA to be completed subsequent to the publication of this report. Project optimization performed for the current study resulted in a reduced project footprint, a reduction in water consumption, and other changes which are anticipated to reduce environmental impacts associated with project development relative to the previous study. In a number of cases, the development of the Project is anticipated to improve existing environmental conditions.

Project Execution

Overview

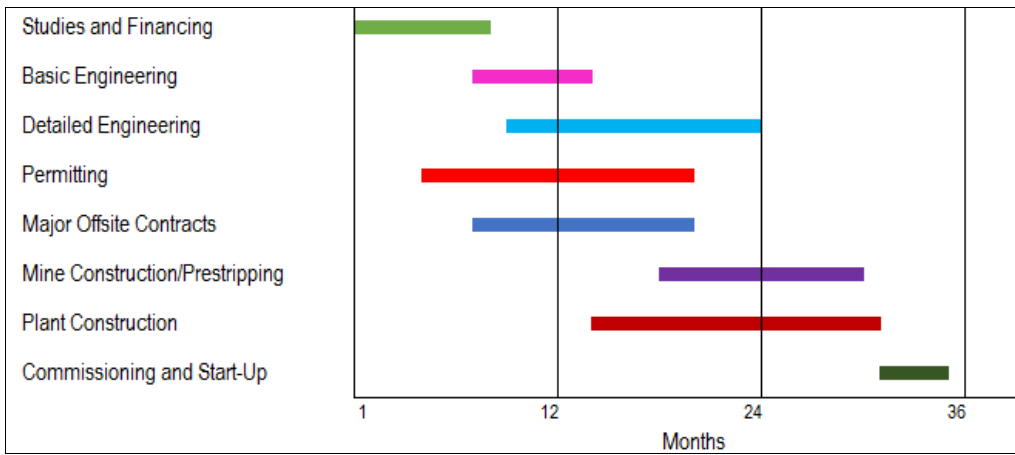
The purpose of the Execution Plan is to provide a comprehensive plan for the development and implementation of the Project. The Execution Plan provides a tactical plan for engineering, procurement, construction, commissioning and start-up of the plant facilities and infrastructure.

Project Schedule

A conceptual level EPC schedule was developed to identify critical project milestones. The following engineering, test work and permitting durations were developed based on consultant input, client input and historical project data. Construction durations were based on quantities and man-hours developed in the capital cost estimate:

- Basic Engineering – 6 months
- Detailed Engineering – 15 months
- Permitting – 16 months
- Major Offsite Contracts (Camp, Power Line, Access Road) – 13 months
- Mine Construction/Prestripping – 12 months
- Plant Construction – 17 months
- Commissioning and Start-Up – 4 months

The relationships between the tasks are shown in the simplified schedule below. The total time from receiving financing to start-up is estimated to be approximately 31 months.



Objectives

The project would be executed in accordance with the Execution Plan which is designed to achieve the following objectives:

- Conformance to the budget
- On-schedule completion
- Compliance with project quality standards
- Uncompromised safety
- Inclusion of Peruvian participation
- Environmental compliance

Project Management

An internationally experienced EPCM team would be assembled to manage the development of the project. This team would develop and implement the Project Procedures Manual that would include the following information:

- Project Management Plan;
- Engineering Management Plan;
- Procurement Plan;
- Logistics and Transportation Plan;
- Construction Plan;
- Commissioning and Startup Plan;
- Quality Assurance Plan;
- Environmental, Health and Safety Plan;
- Communication Plan;
- Project Controls Plan;
- Project Schedule; and
- Project Close-Out Plan.

Engineering

Some design packages, such as roads and power supply could be executed in Peru. The Project engineering would be developed in two-phases:

- A Basic Engineering phase that would confirm and expand on the feasibility designs and initiate the procurement of long-lead equipment items,
- A Detailed Engineering phase that would be carried out by a leading international engineering company following the completion of the Basic Engineering phase. As detail engineering designs and quantity take-offs are completed these would be transferred to the procurement and contracts groups for purchase and contracting and to the construction team at the project site.

Procurement and Contracting

Due to the location and altitude of the site, pre-fabrication and skid-mounted packages would be considered to the greatest extent possible. Pre-fabricated modules would be equipped with piping and valves, wiring and instrumentation to reduce onsite labor.

Sourcing of the majority of equipment and materials is expected to be from USA, Canada, Europe, Chile and China. Some major and minor mechanical equipment and material would be procured from Peruvian suppliers.

Working with the project construction management team a detailed contracting plan indicating scope breakdown and contract type will be developed during the project detail engineering phase.

Construction

The construction management team would manage the site activities of all onsite general contractors and specialty construction contractors.

Specific timing for all engineering work packages and construction ERFPP packages would be included in the project master schedule.

Commissioning and Startup

The commissioning and start up team is planned to be an integrated organization of plant start-up professionals.

Commissioning includes those activities necessary for an effective transition between construction and mechanical completion when systems are turned over to the commissioning and start-up team. These activities include the following:

- Ensure that equipment is operationally ready for start-up (i.e. to accept feed);
- Sequence starting and running of tested logical groups of equipment;
- Wet and dry runs of systems;
- Demonstration of the suitability of the facilities to be ready for processing and production; and
- Coordinate with and assist the owner to achieve hand over of the completed facilities.

Operating Cost Estimate

Mining costs were prepared on a year by year basis with costs varying mostly due to changing haulage distances. The life-of-mine average mining costs will be \$5.19 per tonne of total waste and ore mined. This cost also includes haulage of filtered tailings to the Main Waste Dump for co-disposal.

The process costs are estimated to be \$8.76 per tonne of processed ore, which includes the addition of the tailings filtration plant. Process costs include labor, maintenance, spare parts, and services. G&A costs are estimated to be \$1.55 per tonne of processed ore. See Table below.

Life of Mine Operating Costs

Operating Cost	\$/ore tonne
Mine	\$5.19
Process Plant	\$8.76
General Administration	\$1.55
Smelting/Refining Treatment & Concentrate Transport	\$6.40
Total Operating Cost	\$21.90

Mine Operating Cost

Operating cost is based on labor and equipment usage for each mining area and time period. Hourly labor and annual salaried personnel wages were provided by Bear Creek Mining Company and M3. Peruvian quotes were obtained for consumables like fuel, explosives, and tires. Replacement parts and maintenance materials are from Infomine. Detailed estimates of equipment productivity were made to obtain the annual operating costs. The life-of-mine operating costs are shown in the Table below.

Mine Operating Cost

	Total	YR -1	YR 1	YR 2	YR 3	YR 4	YR 5
OPEX - Total	\$ 714,528,400	\$ -	\$ 67,975,489	\$ 57,514,661	\$ 50,852,129	\$ 47,580,246	\$ 33,434,668
OPEX - Direct Op	\$ 580,997,182	\$ -	\$ 48,287,730	\$ 38,105,553	\$ 31,730,084	\$ 28,535,784	\$ 31,382,631
OPEX - Overhaul	\$ 23,438,493	\$ -	\$ 1,955,918	\$ 1,565,697	\$ 1,278,634	\$ 1,127,835	\$ 1,269,183
OPEX - Equip. Leasing	\$ 110,092,726	\$ -	\$ 17,731,841	\$ 17,843,411	\$ 17,843,411	\$ 17,916,627	\$ 782,855
Tonnes (Ore + Waste)	\$ 369,219,550	22,822,468	35,068,685	27,254,649	19,192,936	17,464,821	16,133,470
Op Cost per Tonne	\$ 1.94	\$ -	\$ 1.94	\$ 2.11	\$ 2.65	\$ 2.72	\$ 2.07
CAPEX - Total	\$ 75,742,090	\$ 56,928,551	\$ -	\$ -	\$ -	\$ 13,049,083	\$ -
CAPEX - Initial Lease	\$ 17,731,841	\$ 17,731,841	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Prestripping	\$ 35,521,863	\$ 35,521,863	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Initial (Other)	\$ 3,674,847	\$ 3,674,847	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Sustaining (Balloon payments on leased equipment)	\$ 18,813,539	\$ -	\$ -	\$ -	\$ -	\$ 13,049,083	\$ -

	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11	YR 12
OPEX - Total	\$ 44,785,931	\$ 43,868,807	\$ 40,670,474	\$ 34,217,611	\$ 41,613,879	\$ 38,036,272	\$ 29,954,480
OPEX - Direct Op	\$ 40,969,496	\$ 36,904,181	\$ 33,747,389	\$ 27,175,150	\$ 34,267,348	\$ 31,461,954	\$ 26,957,370
OPEX - Overhaul	\$ 1,701,153	\$ 1,525,637	\$ 1,372,526	\$ 1,067,627	\$ 1,404,210	\$ 1,271,431	\$ 1,059,388
OPEX - Equip. Leasing	\$ 2,115,282	\$ 5,438,988	\$ 5,550,559	\$ 5,974,835	\$ 5,942,320	\$ 5,302,888	\$ 1,937,722
Tonnes (Ore + Waste)	24,792,058	23,307,190	21,343,423	14,831,190	21,697,278	19,503,455	16,601,176
Op Cost per Tonne	\$ 1.81	\$ 1.88	\$ 1.91	\$ 2.31	\$ 1.92	\$ 1.95	\$ 1.80
CAPEX - Total	\$ -	\$ 82,106	\$ -	\$ 53,880	\$ 440,126	\$ 980,550	\$ 2,528,063
CAPEX - Initial Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Prestripping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Initial (Other)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Sustaining (Balloon payments on leased equipment)	\$ -	\$ 82,106	\$ -	\$ 53,880	\$ 440,126	\$ 980,550	\$ 2,528,063

	YR 13	YR 14	YR 15	YR 16	YR 17	YR 18	YR 19
OPEX - Total	\$ 31,577,934	\$ 29,187,854	\$ 38,934,841	\$ 29,989,209	\$ 28,172,586	\$ 26,161,328	\$ -
OPEX - Direct Op	\$ 28,399,213	\$ 26,473,242	\$ 36,315,041	\$ 28,446,309	\$ 26,770,161	\$ 25,068,547	\$ -
OPEX - Overhaul	\$ 1,119,349	\$ 1,041,161	\$ 1,511,902	\$ 1,127,997	\$ 1,057,634	\$ 981,211	\$ -
OPEX - Equip. Leasing	\$ 2,059,372	\$ 1,673,452	\$ 1,107,898	\$ 414,902	\$ 344,791	\$ 111,571	\$ -
Tonnes (Ore + Waste)	17,766,344	14,477,051	19,099,531	14,787,056	13,178,581	9,898,189	-
Op Cost per Tonne	\$ 1.78	\$ 2.02	\$ 2.04	\$ 2.03	\$ 2.14	\$ 2.64	\$ -
CAPEX - Total	\$ 82,106	\$ 366,110	\$ 416,198	\$ 509,984	\$ 51,596	\$ 171,630	\$ 82,106
CAPEX - Initial Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Prestripping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Initial (Other)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPEX - Sustaining (Balloon payments on leased equipment)	\$ 82,106	\$ 366,110	\$ 416,198	\$ 509,984	\$ 51,596	\$ 171,630	\$ 82,106

Plant Operating Cost

The process plant operating costs are summarized by areas of the plant and then by cost elements of labor, power, reagents, grinding media, wear items, maintenance parts and supplies and services. A summary of the process plant operating costs for LOM operations is shown in the Table below.

Labor costs were developed from current mining projects in Peru. Power is based on a quoted cost of \$0.051 per kWh. Reagents and grinding media were priced in Peru while maintenance parts, supplies and services were estimated as factors on the cost of plant equipment.

Plant Operating Cost

Cost Item	LOM (000s)	\$/Tonne Ore
Primary Crushing	\$34,127	\$0.248
Grinding	\$383,410	\$2.784
Flotation	\$546,383	\$3.968
Concentrate & Tailings Thickening & Filtration	\$189,506	\$1.376
Ancillary	\$53,488	\$0.388
Total Process Plant	\$1,206,914	\$8.764

G&A Cost

The operating cost for the General Administration areas were determined and summarized by cost element. The cost elements include labor (136 employees), supplies, support infrastructure, services, and other expenses. In addition to these cost a contingency was added in the amount of \$1.0 million. The departments included are as follows:

- Administration
- Controller's
- Human Resources
- Purchasing
- Safety & Environmental

The Table below lists the estimated annual costs in an LOM of production and the cost per tonne of ore for G&A costs.

G&A Operating Cost

Cost Item	LOM Cost (000s)	\$/tonne
Labor & Fringes	\$55,601	0.404
Power	\$4,682	0.034
Vehicle Operating & Maintenance	\$13,050	0.095
Communications	\$2,727	0.020
Safety Supplies / Incentives	\$3,240	0.024
Offsite Training & Conferences	\$648	0.005
Insurance	\$19,332	0.140
Corporate Services and Travel	\$16,092	0.117
Environmental	\$1,944	0.014
Security & Medical	\$4,455	0.032
Professional Membership Costs	\$108	0.001
Community Development	\$5,400	0.039
Bussing (150 weekly and 40 per day)	\$4,032	0.029
Staff Living Expenses (250 people at the camp)	\$29,565	0.215
Consultants	\$1,215	0.009
Computer Equipment/Software	\$675	0.005
Misc. Office Supplies	\$324	0.002
Misc. Freight & Couriers	\$324	0.002
Recruiting and Relocation	\$3,564	0.026
Mine Access Road Maintenance	\$7,042	0.051
Legal, Permits, Fees	\$4,950	0.036
Contingency (10%)	\$17,902	0.130
Total General & Administrative Cost	\$196,873	\$1.430

Capital Cost Estimate

The project capital cost estimate has been prepared by two independent engineering companies, M3 and GRE. The mining costs were prepared by GRE, the process and portions of the

infrastructure capital cost have been prepared by M3 and the mining capital costs, waste/filtered tailings co-disposal facility and remaining infrastructure costs have been prepared by GRE. In addition, capital costs for the mine access road (Anddes Asociados S.R.L. & HC & Asociados S.A.C.), the power transmission line (Promotora de Proyectos S.A.C.), and the operating and construction camp (EMSA S.A.) were supplied by qualified Peruvian companies. The initial startup capital is estimated to be \$625M as summarized on the Table below.

The sustaining capital cost is estimated to be \$39M total or \$2.2M annually over the life of mine. The capital costs include detailed long-term plans for mining fleet buyouts of leased equipment, a new haul road in Year 7, surface water management changes as the site develops, and an allowance for plant equipment maintenance.

Initial Capital Cost Summary

AREA	2015 TOTAL (\$000)
Direct Cost	\$352,062
General Site	11,021
Mine Capital + Preproduction	63,066
Primary Crushing	24,335
Reclaim Stockpile	8,413
Grinding	48,921
Flotation and Re grind	49,200
Concentrate Thickening & Filtration	16,174
Tailing Thickening & Tailings Pond ⁽¹⁾	9,443
Tailings Filtration ⁽¹⁾	55,263
Fresh Water/ Plant Water	11,491
Power Supply Infrastructure	8,551
Reagents	12,881
Ancillaries	33,302
Indirect Cost	\$104,735
Contractor Indirects	20,436
EPCM Services	45,732
Commissioning and Vendor Reps	1,976
Capital & Commissioning Spare Parts & Initial Fills	11,913
Freight, Duties	24,679
Owners Costs	\$103,180
General Owner's Cost Items	26,718
Operating and Construction Camp	27,918
Mine Access Road (All sections)	32,623
Power Transmission Line	15,921

AREA	2015 TOTAL (\$000)
Contingency	\$65,150
Contingency (Process Plant)	59,746
Contingency (Mine)	5,404
Total	\$625,127

(1)No tailings pond in 2015 plant design as tailings will be filtered.

Economic Analysis

The economic analysis was performed using a Discounted Cash Flow (DCF) which is a standard industry practice. The key assumptions used for the study are shown in the Table below and establish a “Base Case”. The table provided the life-of-project averages for grade recovery and these values vary over the life of the project depending on the head grades and split between mixed sulfide ore and transition ore.

Key Assumptions for the Corani Project – Base Case

Annual ore production – years 1 to end of life (ktonnes)	7,875
Overall process recovery – silver – into both lead and zinc cons	71.9%
Overall process recovery – lead – into lead cons	62.8%
Overall process recovery – zinc – into zinc cons	60.1%
Total processed ktonnes	137,698
Average silver grade (g/t)	51.6 g/t
Average lead grade (%)	0.91%
Average zinc grade (%)	0.59%
Payable ounces of silver net of smelter payment terms (total)	151 million
Payable pounds of lead net of smelter payment terms (total)	1.65 billion
Payable pounds of zinc net of smelter payment terms (total)	910 million
Overall stripping ratio	1.68 to 1
Life-of-Mine years	18

The results of the economic analysis for the project has an after-tax internal rate of return (IRR) of 20.6%, net present value of \$643 million at 5% discount rate based upon metal prices of \$20.00 per ounce silver, \$0.95 per pound for lead and \$1.00 per pound zinc.

Mineral Resource and Mineral Reserve Estimates

The mineral resources were developed from a computer block model of the mineralization and the development of a potentially mineable geometry to establish the component of the deposit with reasonable prospects of economic extraction.

The mineral reserve is a subset of the mineral resource and is comprised of the proven and probable category ore that is planned for processing over the life of the mine plan. No economic credit has been applied to inferred mineralization in the development of the mineral reserve.

Mineral reserves were developed with metal prices of \$20.00/oz silver, \$0.95/lb lead, and \$1.00/lb zinc. The economic cutoff for mineral reserves with those prices is \$11.00/tonne NSR (Net Smelter Return).

Mineral resources were developed with metal prices of \$30.00/oz silver, \$1.425/lb lead, and \$1.50/lb zinc. The economic cutoff for mineral resources was \$11.00/tonne NSR, with a leachable silver cutoff of 15g/tonne silver above 4900 masl.

The Table below summarizes the mineral reserves and the mineral resources in addition to the mineral reserves.

Mineral Reserves and Mineral Resources

Mineral Reserves, variable \$23.00-11.00 NSR cut-off							
Total	Ktonnes	Silver gpt	Lead %	Zinc %	Silver Million oz	Lead million lb	Zinc million lb
Proven	19,855	69.1	1.09	0.72	44.1	478.7	313.4
Probable	117,843	48.6	0.88	0.57	184.3	2289.2	1470.7
Proven & Probable	137,698	51.6	0.91	0.59	228	2,768	1,784

Mineral Resources in Addition to Reserves, \$11.00 NSR cut-off, 15 g/tonne Ag cutoff (oxide)							
Total	Ktonnes	Silver gpt	Lead %	Zinc %	Silver million oz	Lead million lb	Zinc million lb
Measured	14,360	32.01	0.34	0.19	14.8	108.4	61.6
Indicated	83,749	25.37	0.37	0.28	68.3	682.2	512.8
M&I	98,109	26.34	0.37	0.27	83.1	790.6	574.4
Inferred	39,953	37.20	0.58	0.40	47.8	510.6	352.4

Mineral Reserves are based on metal prices of \$20/oz silver, \$0.95 per pound for lead and \$1.00 per pound for zinc using variable NSR cutoffs throughout the project life. The mineral resources uses a Whittle pit shell generated with metal prices of \$30/oz for silver, \$1.425/lb for lead and \$1.50/lb zinc. The Mineral Resource NSR cut-off was \$11.00/tonne. The Mineral Resource includes potentially leachable mixed oxide material that fell within the Mineral Resource pit shell using a silver cut-off grade of 15g/tonne and block elevation above 4900 meters.

The mineral resources and mineral reserves were developed by GRE with Terre Lane, QP, acting as the qualified person. Metal price changes or significant changes in costs or recoveries could materially change the estimated mineral resources in either a positive or negative way. At this time, there are no unique situations relative to environmental or socio-economic conditions that would put the Corani mineral reserves or mineral resources at a higher level of risk than any other developing resource in Peru. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Conclusions

The Project has an after-tax internal rate of return (IRR) of 20.6%, net present value of \$643 million at a 5% discount rate based upon metals prices of \$20 per ounce silver, \$0.95 per pound for lead and \$1.00 per pound for zinc.

Payable silver production averages 13.5 million ounces per year for the first 5 years. The project will produce 151 million ounces of payable silver (average of 8.4 million payable ounces of silver annually year), 1.6 billion pounds of lead (91.8 million pounds of lead annually) and 910 million lbs of zinc (51 million pounds of zinc annually) over the 18 year mine life.

Total Life-of-Mine cash cost is \$3.80/oz silver, net of base metal credits, as detailed in the Table below.

Life of Mine Total Cash Cost

ITEM	Total
Direct Mining Costs	\$2,135,293
Transportation and Refining Charges	\$881,731
Subtotal	\$3,017,024
Lead Payable Revenue	(\$1,569,256)
Zinc Payable Revenue	(\$909,579)
Total Cash Cost, Net of Lead and Zinc Revenues	\$538,189
Reclamation	\$36,292
Total Cash Cost, Including Reclamation	\$574,481
Payable Silver Ounces	151,048
Total Cash Cost per Ounce of Payable Silver, Net of Lead and Zinc	\$3.56
Total Cash Cost per Ounce of Payable Silver, Including Reclamation and Net of Lead and Zinc Revenues, and Reclamation	\$3.80

The initial capital investment on the project is estimated to be \$625 million with sustaining capital expenditures during mine operations averaging \$2.2 million per year over the 18 year mine life. The project achieves payback of capital in 3.6 years using base case metal prices.

The FS is based upon assumptions derived from mine planning sequences completed by GRE and metallurgical test work performed by SGS Laboratories in Vancouver, BC, and other established labs and reviewed by TS Metallurgical Services. The mining sequence primarily derives ore from the higher-grade mining phases in the early years and moves to lower-grade phases in the later years of production. Operations are for 18 years based on current reserves.

In the mine sequence, 228.4 million ounces contained within 137.7 million tonnes have been used as reserves in this mine plan. An additional 98.1 million tonnes of measured and indicated resource (containing 83 million ounces of silver at 26.3 g/t) and 40.0 million tonnes of inferred resource (containing 47.8 million ounces of silver at 37.2 g/t) remain that could be included in later plans of operations. This includes the potentially leachable and the flotation process resource.

Recommendations

Additional work is required to evaluate assumptions made during this study and provide input to detailed engineering leading up to the start of construction. The recommendations provided

below address areas that require more complete definition to inform and optimize the detailed engineering design.

Site Geotechnical

It is recommended that additional work be done to ensure that the currently planned site layout is feasible from a geotechnical standpoint. Some of the assumptions made in designing project facilities require field verification. Specific areas requiring additional field evaluation for detailed design include:

- Building foundations;
- Primary crusher structure, conveyor supports;
- Project support facilities foundation requirement review;
- Roadways;
- Main Dump foundation;
- Pit slopes.

Mine Geotechnical

Additional geotechnical drilling should be completed within the planned pit. This will confirm the current pit slope design basis, and potentially allow an increase in the pit slope angles. The pit will intersect the unconsolidated sediments lining the floor of the upper bofedal and lower bofedal areas. Additional drilling, testing, and analysis are required to design the pit slopes within the bofedal soils and to develop a detailed plan for dewatering and mining the bofedal soil material.

Plant Water Pond

Site investigation and geotechnical design of the Plant Water Pond are required for permitting and for detailed design of the pond system. The process water ponds are required very early in the Project development schedule as a source of water and for sediment control during construction. Geotechnical drilling of the impoundment and embankment dam areas, as well as test pitting of shallow soil cover areas, must be performed.

Metallurgy

It should be verified that smelters selected for the study have the capacity and ability to accept the proposed quantity and quality of produced lead and zinc concentrates. As part of the program, concentrate analysis should be completed to improve the quality of the concentrate and quantify its properties for filtration, transportation, and sale.

Additional metallurgical testing should be completed to optimize the known flotation test conditions. The reagent scheme should be optimized and additional testing could explore the possibility of higher $ZnSO_4$ dosages on difficult samples in addition to removing and/or reducing other depressants.

The geometallurgical model was developed using all metallurgical testing data, including tests representing non-optimized conditions. Additional testing should be performed during detailed engineering and samples representing optimized test conditions are available, the statistical model should be re-evaluated to ensure estimated recoveries represent optimal conditions.

The selected process flowsheet should be re-tested to optimize:

- Primary grind size
- Regrind size
- Residence time for each flotation stage

- Reagent selection and dosage

Additional lock cycle testing is recommended for each deposit, particularly material representing moderate to low zinc grades which is under-represented in the current test database. This will allow for validation of the final estimated recoveries and the selected concentrate grades. This testing should include analysis of minor elements; limited test data is available regarding the concentration of minor elements in the final concentrate.

The geotechnical testwork on filtered tailings described in the Report may lead to the need for additional tailing filtration testing. The filtration equipment needed for mechanical placement of tailings is a significant capital and operating cost to the project. It will be important to further determine the filtered tailing physical properties so that the equipment can be specified to achieve the optimal results.

Testing of an acid brine leaching process for oxide mineral resources should be considered, or testing of an alternative flowsheet, for the non-floatable resource areas of the deposit. If this were successful, it could potentially add value to the project.

Constructability

Generation of a site-wide cut-and-fill material balance is recommended, including specialized construction materials such as clays, concrete aggregate, drain rock, road base, and rip rap.

A detailed Project execution plan and schedule should be produced.

Optimization

It may be possible to reduce the cost of delivering tailings to the Main Dump and pit backfill disposal sites by varying the proportion of tailings delivered by conveyor systems and by trucks during the period when tailings are being produced. It is recommended that an optimization study be carried out to determine this, and a detailed plan should be devised. Tailings will be co-disposed with waste rock in the Main Dump and pit backfills. In general, it is expected that it will be cheaper to use conveyors instead of trucks to deliver tailings to ultimate disposal destinations, but exclusive use of conveyors may be less practical for tailings destined for the pit backfill. During the period when pit backfilling will be taking place, the current schedule indicates that truck capacity will be available; therefore, an optimization study should specify the ideal mix of conveyor/truck transport of tailings over time, depending partly on truck availability.

Use of a maintenance-and repair-contract (MARC) for the mine fleet should be investigated. This could reduce the skilled-trade staff.

A study should be conducted to match operating equipment to the high-altitude conditions, potentially identifying equipment outfitted with pressurized cabs and other worker comfort and performance additions. Caterpillar equipment offers high-altitude arrangements (HAA), and these modifications allow their power ratings to be valid to 4,877 m.

Risks

The following risks are identified:

- The high altitude of the site may have a greater-than-expected negative impact on worker productivity.
- The high altitude of the site may result in greater-than-expected impacts on the function and capacity of diesel-powered equipment and electrical components.
- As with any large scale mine development, there is a risk that additional capital may be difficult to raise in the event that costs increase during the preproduction period.

- A currency exchange risk exists. While a weakening of the Peruvian Nuevo Sol (PEN) would lower the cost of in-country expenses, imported materials, priced in USD, would become higher. However, during operations the sale of metals, priced in USD, would benefit from a weaker PEN.
- Although local communities have generally supported the project development, there is a risk that sentiments could change, or that special interest groups from outside the community could mobilize opposition to the project.

Opportunities

The following opportunities are identified:

- The potential may exist to introduce an oxide circuit to allow treatment of the non-floatable material.
- It may be possible to improve metal recoveries by optimizing flotation work. Testing under optimized conditions could increase recovery over that predicted by the geometallurgical model.
- Data generated during additional geotechnical drilling may show that it is feasible to steepen pit slopes.
- It may be possible to improve concentrate grades and increase the net smelter return.
- Operating cost improvements may be derived from using conveyor systems to transport tailings to the disposal sites.

Gold Zone

The Gold Zone is an advanced exploration target on the Corani Property. To advance the Gold Zone target, additional metallurgical test work should be undertaken to identify an appropriate recovery method so that capital and operating costs can be developed for a recovery plant. When a recovery strategy is determined, a mineral resource should be estimated for this area so that scoping level studies can be undertaken to evaluate the Gold Zone's economic potential.

Environmental and Social Considerations

The Company believes it has established good working relationships with the local communities and has continued to operate development activities at Corani without interruption and is committed to maintaining and strengthening these positive relationships as the Corani Property is advanced.

The Company owns 100% of the surface rights covering the mine, waste dumps and plant. The Company is working with the Peruvian government to provide the access rights for the ancillary facilities including the access roads and power.

Importantly, the Company completed a Life of Mine Social Investment Agreement in April 2013 in June 2013. This agreement was entered into with the District of Corani, five surrounding communities, and relevant, ancillary organizations specifying investment commitments over the project life, including the pre-production period. Under the agreement, annual payments are to be made into a trust designed to fund community projects totaling 4 million S/. per year (approximately \$1.3 million per year), beginning with the first installments in 2013. Payments will remain constant throughout the pre-development phase and during production. Cessation or interruptions of operations will cause a pro-rata decrease in the annual disbursements. As an integral part of the LOM agreement, a trust or foundation structure is established for approval of investments and disbursement of funds. Each of the five communities (Corani (Aconsaya), Chacaconiza, Quelcaya, Isivilla, and Aymaña) has agreed to the formation of committees which will consider and approve investment projects for the benefit of the communities, such as schools, medical facilities, roads, or other infrastructure. The amounts of the total

annual investment to be directed towards each community is agreed to and defined in the agreement. Bear Creek is an oversight member of the trust and will assist towards the success of the projects; however, the Company will have no voting powers. In this structure, Bear Creek's intent is to appoint independent members with community social responsibility experience and credibility in order to provide oversight of the foundation's functions in meeting its commitments to the communities and all of its members. To date, the Company has paid the 2013 community contributions of 4 million S/. 2014 and future community contribution payments are contingent upon certain permits being received from the Peruvian government.

The Company has assisted the communities in forming independent cooperatives for their alpaca breeding and wool fiber businesses. Bear Creek is proud of the results which are now generating significantly improved fiber quality and the region was recently recognized as a producer of the finest wools and weaving products in Peru. In addition, the Company has helped the cooperatives to establish direct marketing contacts with Europe, eliminating the historical middle man transactions and increasing the value of their sales by as much as 400%.

The Corani project is designed to meet and, in many ways exceed, international standards of environmental compliance. The design and operating improvements incorporated in the 2015 Corani Feasibility Study required only a modification of the existing approved ESIA, without the necessity for additional public hearings, as they are entirely located within the previously approved project footprint. Furthermore, as the environmental impact of the proposed Corani operation has been reduced as a result of the modifications described above, the Company anticipates final permitting timelines will shorten and costs will be lower than previously anticipated. The Corani ESIA was modified in late 2015, and the Company received approval of the revised ESIA, which incorporates the optimizations and modifications included in the 2015 Corani FS, from the Peruvian Ministry of Energy and Mines in January 2016.

Santa Ana Property

Introduction

The 100%-owned Santa Ana silver project (“**Santa Ana**”, the “**Santa Ana Property**” or the “**Santa Ana Project**”) is located 120 kilometers southeast of the city of Puno, Department of Puno, Peru at an elevation of 4,150 to 4,300 meters. The project encompasses 5,400 hectares of mineral concessions.

The Company entered into an option agreement to acquire title to the Santa Ana Property in 2004 and actively explored the project through mid-2011, culminating in completion of a feasibility study for the Santa Ana Project in October 2010, which was subsequently updated in January 2011 (the “**Santa Ana Feasibility Study**”). In 2007, a Supreme Decree (the 2007 Supreme Decree) was issued by the Government of Peru granting the Company the right to acquire title to and operate within the mineral concessions covering the Santa Ana Property, a requirement stemming from the project’s location within the 50 km border zone of Peru. On June 25, 2011 however, the Company was notified that the Peruvian Government issued the 2011 Supreme Decree that revoked the Company’s right to acquire the mineral concessions and operate the Santa Ana Property provided by the 2007 Supreme Decree, but did not specifically revoke the Company’s title to the concessions, despite revoking any rights under them. Accordingly, no further development of the Santa Ana Project has been conducted since 2011 as a result of the legal dispute described above and detailed below under “Chronology of Events In Advance of and Stemming from the Santa Ana Legal Dispute”.

See also “General Development of the Business – Three Year History and Significant Acquisitions” above for additional information regarding the Santa Ana Property.

Chronology of Events In Advance of and Stemming from the Santa Ana Legal Dispute

Below is a chronology of the key events that occurred in Peru leading up to and subsequent to 2011 that affected the status of the Santa Ana Project.

December, 2010 - Bear Creek files the Santa Ana ESIA with the MEM.

January 7, 2011 – The MEM approves the summary of the Santa Ana ESIA and the Company’s Citizen Participation Plan

February 23, 2011 - Bear Creek announces that it successfully completed the public audience portion of the Santa Ana ESIA process.

February 28, 2011 - Bear Creek awards the engineering, procurement and construction management contract for the Santa Ana Project to GMI S.A., with work commencing immediately.

April 10, 2011 - Ollanta Humala, a leftist former army officer, wins the first round of Peru's presidential election but does not win a majority. Humala must now face right wing candidate Keiko Fujimori in a runoff in June 2011.

May 24, 2011 - The Peruvian Government issues a decree setting up a 180 day Multi-Sectorial Commission comprised of ministers and elected officials to study and propose appropriate action in respect to the mining activities within the provinces of Yunguyo and Chucuito (where the Santa Ana Project is located). The government called for the study in response to two weeks of strikes in the region protesting mining, oil and gas, and hydroelectric activities.

May 26, 2011 - The Peruvian Government deploys armed military troops to the Puno region of southern Peru in response to large anti-mining protests (including opposition to the development of the Santa Ana Project) which have been ongoing since May 9, 2011. As a result of the protests, Bear Creek announces a 6-month delay in the anticipated construction and production timelines and relocates its employees.

May 30, 2011 - The Peruvian Government suspends the Santa Ana ESIA process for a term of twelve months to May 2012. The stated objective is to reinstate normal conditions in the region to allow Bear Creek to continue with its ESIA process in a less politically charged environment.

June 6, 2011 - Presidential candidate Fujimori concedes defeat in the presidential election runoff to Humala. Peru's benchmark stock index plunges a record 12.5%.

June 8, 2011 - After the elections, anti-mining protests resume in southern Peru, causing Bear Creek's share price to drop 10%. Demonstrators cite concerns about pollution, and demand a halt to all mining in the region.

June 25, 2011 - The Peruvian Government publishes the 2011 Supreme Decree (after issuing it on June 24, 2011) signed by President Garcia reversing the 2007 Supreme Decree that granted Bear Creek title and operating rights over the mineral concessions covering the Santa Ana Project.

July 12, 2011 - The Company filed an application for a Constitutional lawsuit in Peru, known as an “Amparo”, against the Peruvian Government. The objective of this legal action is to seek a determination from the Peruvian court that the 2011 Supreme Decree violates the Company’s rights under the Peruvian Constitution and is therefore unlawful. The Company maintains that there was no basis for rescinding the 2007 Supreme Decree which had granted the Company title to and the rights to operate on the mineral concessions comprising the Santa Ana Project in full accordance with Peruvian Constitutional law. .

September 5, 2011 - the Company received notice of a civil lawsuit filed by the MEM on July 5, 2011 against the Company claiming that the titles to its Santa Ana mineral concessions were not acquired in accordance with Peruvian law (the “**MEM Civil Suit**”). The Company submitted arguments in its defense, and requested the removal of the judge selected to hear the case due to a conflict of interest.

November 2011 - the request to seek removal of the judge was accepted by the court. The Company and its Peruvian legal counsel maintain that the grounds of the MEM Civil Suit are without merit.

October 2012 - the judge ruled that the MEM Civil Suit was inadmissible because it improperly comingled administrative and legal arguments.

January 2013 - the MEM Civil Suit was formally dismissed. However, the MEM appealed the decision to the Peruvian Superior Court. The Peruvian Superior Court issued a decision confirming dismissal of the MEM's pleadings as to the validity of Santa Ana's titles but permitting certain other claims in the MEM Civil Suit (not affecting the validity of Santa Ana's titles) to proceed. Based on this decision, the Company initiated a separate Amparo (the "**Second Amparo**") action against the Peruvian Superior Court for violation of the Company's right to due process under the Peruvian Constitution. The court refused to admit the Second Amparo and the Company appealed this decision.

June 6, 2013 – a hearing in respect of the First Amparo hearing was held.

February 6, 2014 - the Company delivered to the Peruvian Minister of Economy and Finance, a Notice of Intent to Submit a Claim to Arbitration ("**Notice of Intent**"), under the Free Trade Agreement between Canada and Peru ("**Canada-Peru FTA**"). The dispute arises out of, among other things, the issuance of the 2011 Supreme Decree by the Peruvian Government which rescinded the 2007 Supreme Decree that granted the Company the right to acquire the Santa Ana mineral concessions and the right to operate the Santa Ana Project. The 2011 Supreme Decree resulted in a complete stoppage of activities at Santa Ana and significant damages to the Company. Peru's actions constitute violations of the Canada-Peru FTA, Peruvian and international law. The Notice of Intent was necessary in order to preserve the Company's rights to initiate arbitration should a resolution with the Peruvian Government not be reached. The filing of the Notice of Intent also initiated a six-month consultation period during which time the parties were to continue to attempt to amicably settle the dispute.

May 14, 2014 - the Company announced that the Lima First Constitutional Court had rendered its ruling on the First Amparo. The decision states unequivocally and unconditionally that:

- The Peruvian Government violated the Company's constitutional rights;
- The Company's rights are unconditionally returned as stipulated under the 2007 Supreme Decree, which originally granted the right to Bear Creek, as a foreign company, to operate the Santa Ana concessions, located within the 50 kilometer border zone of Peru;
- Bear Creek is recognized as title holder of the Santa Ana's mining concessions and therefore, is authorized to perform all the rights arising from said titles; and
- The Court reaffirms that the Santa Ana project is in the national interest.

August 11, 2014 - as no amicable settlement was reached in the six-month period following the filing of the Notice of Intent the Company submitted a Request for Arbitration (the "**Arbitration**") to the International Center for Settlement of Investment Disputes ("**ICSID**") against the Republic of Peru pursuant to the terms of the Canada-Peru FTA. While Bear Creek remains amenable to re-commencing discussions with the Peruvian Government to resolve and settle the dispute relating to the Santa Ana mining project, commencing the arbitration proceedings at ICSID was necessary to preserve the Company's rights under the Canada-Peru FTA. In connection with commencement of the Arbitration, the Company withdrew the First Amparo action (ruled upon in May 2014), and formally desisted from the Second Amparo action. The MEM Civil Suit remains in process. On March 25, 2015, the court rejected Bear Creek's procedural objections (lack of jurisdiction, expiration of the statute of limitations, and lack of standing to file the claim). The first instance ruling on the merits in the MEM Civil Suit is pending. but no further developments in respect of that action have occurred since 2013.

January 12, 2015 - the ICSID arbitration tribunal held an initial meeting with the claimant (the Company) and the respondent (the Republic of Peru) wherein procedural matters were decided resulting in P.O. No. 1.

May 29, 2015 - in accordance with P.O. No. 1, the Company submitted its Memorial on Merits (the "**Memorial**", an initial statement of claim) detailing its factual and legal arguments supporting its claims

against the Government of Peru. The Memorial also includes a calculation of the damages sustained with respect to the expropriation of Santa Ana as the Fair Market Value (“**FMV**”) of the Santa Ana project on the date immediately prior its expropriation by the Government. The Company’s independent experts estimated the FMV of the Santa Ana Project at \$224.2 million as of June 23, 2011 using the discounted cash flow analysis (“**DCF**), excluding interest. The independent experts also estimated the damages to Corani resulting from Peru’s expropriation of, and other illegal actions against, the Santa Ana Project at \$170.6 million, excluding interest. Accordingly, the Company requested that the Tribunal award it the sum of \$522.2 million, which includes pre-award interest of 5.0% per annum, compounded annually, up to the estimated date of the award.

October 6, 2015 - the Government of Peru filed its Counter-Memorial on the Merits and Memorial on Jurisdiction.

January 8, 2016 - the Company submitted its Reply on the Merits and a Counter-Memorial on Jurisdiction.

April 13, 2016 - the Government of Peru submitted its Rejoinder on Merits and a Reply on Jurisdiction.

May 26, 2016 - the Company filed a Rejoinder on Jurisdiction.

June 9, 2016 - the Government of Canada filed a Non-Disputing Party Submission, providing its views on certain questions of interpretation of the Canada-Peru FTA.

June 9, 2016 - the Asociación de Derechos Humanos y Medio Ambiente-Puno, Mr. Carlos Lopez, and the Columbia Center on Sustainable Investment all filed applications to file written submissions as “other persons” pursuant to the Canada-Peru FTA.

July 7, 2016 - the Company is expected to submit its comments to the “other person” applications.

August 18, 2016 - the Company is expected to submit its comments to the Government of Canada’s Non-Disputing Party Submission, and to any submissions filed by “other persons” accepted by the Tribunal.

Hearings on the Merits before the arbitration tribunal are scheduled to occur at ICSID headquarters at the World Bank in Washington D.C. from September 8 to 16, 2016. An award on Bear Creek’s case is anticipated within the second half of 2017, though there is no prescribed deadline for the tribunal’s ruling. The aforementioned filings are available on ICSID’s website at <https://icsid.worldbank.org/apps/ICSIDWEB/cases/Pages/casedetail.aspx?CaseNo=ARB/14/21&tab=DOC>.

Santa Ana Feasibility Study

The information provided below in respect of the Santa Ana Property, specifically under the heading “Summary Section of the Santa Ana Feasibility Study”, is directly excerpted from the Technical Report (as defined in NI 43-101) “Revised Feasibility Study, Santa Ana Project, Puno, Peru, NI 43-101 Technical Report Update to the 21-Oct-2010 Report” dated April 1, 2011 (the “**Santa Ana Feasibility Study**”) and authored by John Marek, P.E., of Independent Mining Consultants, Inc. (“**IMC**”), Scott Elfen, P.E., Sean Currie, P.Eng., and Thomas Wohlford, CPG of Ausenco Vector, and Deepak Malhotra, Ph.D., of Resource Development Inc. Within the excerpted information below, the “project” refers to the Santa Ana Property and the “report” refers to the Santa Ana Feasibility Study. References cited within this excerpted information are provided in the Santa Ana Feasibility Study.

The Santa Ana Feasibility Study updates an earlier-filed Technical Report in respect of a 2010 Feasibility Study for Santa Ana by replacing the two-stage crushing plan originally envisioned with a three-stage crushing plan.

Significant time has passed since completion of the Santa Ana Feasibility Study and many of the inputs and cost estimates, while considered reasonable at the time of the Santa Ana Feasibility Study publication, may have changed materially. Readers are advised to use caution, therefore, when considering the economic analysis results of the Santa Ana Feasibility Study and not place undue reliance

on these results. Notwithstanding the incorporation by reference herein of the Santa Ana Feasibility Study and reproduction of the summary section thereof below, the Santa Ana Feasibility Study is not necessarily reflective of Bear Creek's current plans, which will be dependent on a number of factors including, amongst others, the outcome of the Arbitration, and sustained improvements in silver markets. Accordingly, there is no certainty as to when these factors will be achieved.

Fulsome disclosure of the results of the Santa Ana Feasibility Study is provided in the Technical Report dated April 1, 2011 which is available on SEDAR.

The detailed disclosure contained in the Santa Ana Feasibility Study is hereby incorporated by reference, and the summary section (without section numbering) from that report is reproduced as follows below, with the "Additional Notes as of the Date of this AIF" added to the table entitled "Reserve and Resource Estimate, Effective April 1, 2011" as an update and in order to be consistent with other disclosure within this AIF.

Summary Section of the Santa Ana Feasibility Study

Summary

This Technical Report is an update to the original Technical Report date October 20, 2010 and it summarizes the results of an updated resource determination and a Feasibility Study (FS) for the Santa Ana Silver Project in Peru. The update from the October 20, 2010 Technical Report is simply the addition of three stage crushing versus the two stage crushing plan originally presented in the October 20, 2010 Technical Report. The effects of the addition of the three stage crushing system is that it allows the ore to be crushed down to 9.5 mm versus 19 mm. The finer crushed material is expected to have 75% silver recovery compared to 70% recovery for the coarser 19mm crushed ore case. The operating and capital costs for moving to the three stage crushing case have been included in this update.

This work was completed by three engineering companies working as a team on behalf of Bear Creek Mining Corporation (Bear Creek). The three companies and their responsibilities are as follows:

- Ausenco Vector (Vector) provided design and cost estimation for the process plant, heap leach facilities and all infrastructure items required for project development. Vector also assembled the cash flow analysis of the FS, and acted as the primary author of this Technical Report. The preparation of this report and analysis of the data are the responsibility of Vector except for those areas listed below which were performed by IMC and RDI;
- Independent Mining Consultants, Inc. (IMC) developed the estimated reserves and resources, mine plan, and mining costs for the FS. IMC also supervised the parts of the reports dealing with geology and sampling; and
- Resource Development, Inc. (RDI) was responsible for review and interpretation of the process test results, development of the flow sheet, development of the process design criteria and the quantity of the consumable items in the process plant.

Introduction and Executive Summary

The results of the Feasibility Study are as follows:

- The Santa Ana project can be in production within the second half of 2012;
- Proven and Probable Mineral Reserves containing 63.2 million ounces of silver are currently defined at Santa Ana;

- Santa Ana Project pre-tax NPV of \$106.9 million at a 5% discount rate and IRR of 29.9% at \$14.50 per ounce silver. After tax net present value of \$80.3 million and IRR 24.9%;
- 11 year mine life producing 47.4 million ounces of silver;
- Average annual saleable silver production of 5.0 million ounces per year for the first 6 years;
- Cash cost of \$8.72 per ounce silver for the 11 years LOM;
- Capital costs of \$70.8 million with Capital Payback in 3.0 years at \$14.50/oz Ag;
- At \$28.19 per ounce silver (London Silver spot price fix from January 17, 2011), the project would have a pre-tax IRR of 103.4% and an NPV at 5% of \$554 million. On an after tax basis the IRR would be 74.5% and NPV \$369 million;
- At silver prices of \$28.19 per ounce, free cash flow estimated at \$68 million per year for the first 6 years with a 1.1 year pay back;
- Numerous upside opportunities are being explored including reductions in cash costs, and an extended mine life plan to include an additional 35.7 million ounces of silver; and
- The Santa Ana deposit remains open, mainly at depth and to the north where the northernmost holes contain up to 22 meters @ 124 g/t Ag from surface.

Property Description

The Santa Ana Project is located about 120 km south-southeast of the city of Puno, in southern Peru. The elevation in the deposit area varies from 4150 to 4300 meters. The deposit contains silver, zinc and lead mineralization. Zinc and lead mineralization is not currently considered to be economic because it is not recovered in the heap leach processing method utilized in this FS. This report focuses on the evaluation of the economic recovery of silver.

The deposit outcrops and is roughly 1.5 km long in the north-south orientation and approximately 0.75 wide in the east-west orientation. The deposit is best described as a high level, low-temperature epithermal polymetallic silver deposit hosted within volcanic units. Bear Creek controls 5400 hectares of mineral concessions that encompass the Santa Project through claims held 100% by Bear Creek.

Geology

The Santa Ana property occupies a broad volcanic upland that lies between extensive exposures of thin-bedded grey lithic sandstones and red beds that underlie the volcanics to the north and south. The central and western portion of the upland is occupied by a sequence of fine-grained andesite flows that strike generally north and dip to the west at angles ranging from 15° to 45°. To the west, these flows are capped by coarse-grained dacitic porphyry that is, in turn, overlain unconformably by a thick sequence of dacitic volcanoclastic rocks. The andesite flows are the mineral hosts.

Earlier descriptions of the mineralization described a northern Anomaly A and a southerly Anomaly B. Drilling has connected these zones so that they represent major structural orientations that contain continuous mineralization. The sandstones exposed to the north and south likely underlie the host volcanic field. Total thickness of the volcanic package is not well known.

Mineral Resources and Mineral Reserves

The mineral resource is based on a block model developed by IMC and a floating cone pit geometry that was used to assure that the resource has reasonable expectation of economic extraction. The FS and the reserve and resources are based on an updated resource estimation

described in a press release dated 7 October 2010. The mine sequencing performed as part of this FS by IMC is based upon 60,458 meters of drilling and assays in 349 diamond drillholes and trenches completed through June 2010.

Measured and Indicated Resources contained within the Feasibility Study design pit were used to determine final pit limits and thus converted respectively into Proven and Probable Reserves. In addition to reserves, 72.8 million ounces of silver remain in measured and indicated resources occurring outside of the Feasibility Study pit.

The Table below presents the reserves and resources of the Santa Ana Project.

Reserve and Resource Estimate, Effective April 1, 2011

Mineral Reserves (Cut-off Grade variable 27 to 24 g/t silver by year)					
Category	kt	Silver (g/t)	Lead (%)	Zinc (%)	Contained Silver (million oz.)
Proven	8,951	57.6	0.37	0.66	16.6
Probable	28,126	51.5	0.33	0.55	46.6
Proven+Probable	37,077	53.0	0.34	0.58	63.2
Mineral Resources in Addition to Reserves (Cut-off Grade = 15 g/t Silver)					
Measured	13,386	34.6	0.30	0.51	14.9
Indicated	51,337	35.1	0.30	0.50	57.9
Measured+Indicated	64,723	35.0	0.30	0.50	72.8
Inferred	21,632	40.6	0.32	0.49	28.2

Note: No lead and zinc will be recovered.

(Additional Notes as of the Date of this AIF: The following additional notes were not included in the summary section of the Santa Ana Feasibility Study, but are provided as of the date of this AIF as an update and in order to be consistent with other disclosure within this AIF:

- 1) *The qualified person for the mineral reserves and mineral resources effective 1 April 2011, was John Marek, RM-SME of Independent Mining Consultants, Inc.*
- 2) *Changes in metal prices and project costs since 2011 could materially affect the mineral resources and mineral reserves in a positive or negative way.*
- 3) *Legal issues as described under "Three Year History and Significant Acquisitions – Santa Ana Property" and "Chronology of Events In Advance of and Stemming from the Santa Ana Legal Dispute" above, could impact the mineral reserves in a negative way).*

Mining Plan

The Santa Ana deposit lends itself to development by conventional open pit hard rock mining techniques. Consequently, a floating cone computer algorithm was applied to the block model to establish the mineral resource component of the block model. Economic value was applied to silver only with a metal sales price of \$13.00 per troy ounce resulting in a variable cut-off grade of between 24 and 27 g/t silver. No economic consideration has been applied to lead or zinc; however, a slight benefit is realized through by-product gold recovery.

The mining plan was developed by IMC. The mine plan was developed using conventional open pit methods using 63t trucks and 8.6 m³ wheel loaders mining on 5 m high benches. The mine requires minimal pre-production waste stripping of 2.97 million tonnes. During the life of the project the overall stripping ratio will be 1.96:1 (Waste:Ore). For the first nine and a half years of the operation, ore will be directly shipped from the pit to the crusher where the trucks will dump the ore directly into the crushing system. After crushing the ore will be loaded using an automated conveyor loading system and then be hauled to the heap leach where the ore will be placed in cells and leached using weak cyanide solution. In addition to the direct dump ore, the

mining plan calls for a low-grade stockpile to be built up in the first 5 years of the mining. The low-grade stockpile will contain 2,964 kt of ore having an average grade of 29.9 g/t. The low-grade stockpile will be fed through the crusher once the main mining activity has ceased. Waste will be hauled to a single waste storage facility located approximately 1 km southwest of the pit.

The plan for the operation of the mine is to use a contract miner. IMC developed mining costs of \$1.68 per tonne of material mined (ore and waste) and \$0.71 per tonne for the rehandling of the crushed ore onto the heap leach. Separate budgetary quotes were received from local mining contractors and closely matched the detailed estimate prepared by IMC.

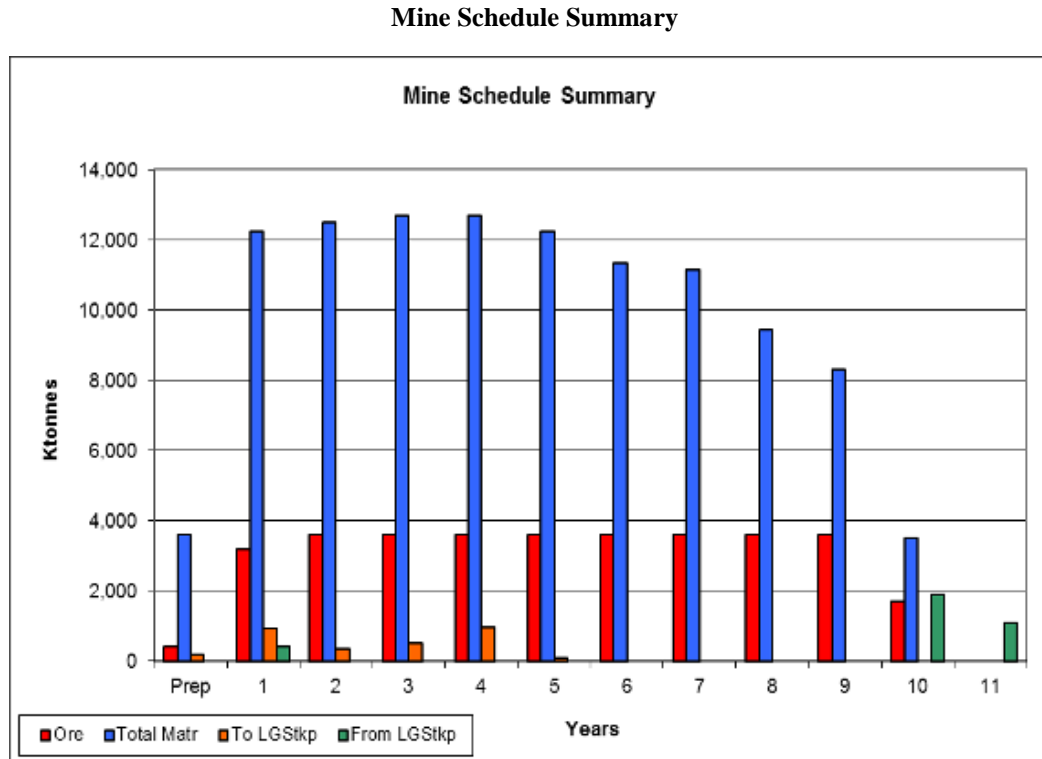
The Table below indicates key assumptions used in the development of the FS.

Key Project Assumptions	
Item Description	Value
Annual Ore Production (Year 1 to end of mine life)	3,600,000 tonnes
Overall Process Recovery – Silver	75 percent
Total Processed Material	37,077,000 t
Average Silver Grade	53.0 g/t
Recovered Silver	47.4 million oz.
Overall stripping ratio	1.96:1
Life of mine (mining only)	9.5 years
Life of mine (processing)	11.2 years

The Table below presents annual tonnes and grade of the ore fed to the crusher and placed on the heap leach.

Annual Crusher Feed (tonnes and grade)		
Time	kt	Silver Grade (g/t)
Year 1	3,600	58.4
Year 2	3,600	60.5
Year 3	3,600	59.1
Year 4	3,600	57.6
Year 5	3,600	59.0
Year 6	3,600	55.6
Year 7	3,600	53.1
Year 8	3,600	49.7
Year 9	3,600	47.0
Year 10	3,600	37.0
Year 11	1,077	29.9
Total	37,077	53.0

The Chart below illustrates the variation in the tonnes of the different material moved by year.



Metallurgy

Seven column leach tests have been completed at McClelland Labs and over one-hundred leach amenability tests. The results have consistently demonstrated that the Santa Ana ore responds well to conventional heap leaching techniques. The overall recovery is expected to be 75% silver for minus 3/8-inch crushed material. At the end of 2011, McClelland Laboratories completed a column test on minus 3/8-inch crushed material the results indicated an improvement in recovery and acceleration of the silver leaching over the previous base case of 3/4-inch crushing of the ore.

Processing

The process discussion is based on the plan of operations presented in the FS. That plan has been amended to crush the ore to minus 3/8-inch rather than 3/4-inch. Santa Ana is an epithermal polymetallic deposit hosted within volcanic rocks with significant quantities of primary silver. Considering its proximity to the surface, the ore will be mined in an open pit operation.

The main operations are blasting, ore transportation to the crushing plant which will comprise three crushing stages and two classification stage, heap leaching and recovery by Merrill-Crowe extraction.

The crushed ore, 80 per cent passing 9.5mm (3/8-inch) will be conveyed to the coarse ore stockpile with a live capacity of approximately 6 hrs. The reclaim system will consist of one fixed conveyor stockpile to withdraw material from the stockpile and deliver onto trucks. Trucks will be used to transport the ore from the crushed ore stockpile to the heap leach pad. A sodium cyanide solution will be irrigated on the heap to dissolve silver minerals and the pregnant solution will be sent to the Merrill-Crowe plant to produce a silver-zinc precipitate, which will be smelted to produce a Dore bar containing mainly silver.

The operation will treat 10,000 tpd of ore and the estimated life of mine is 11.3 years. The design considers a heap leaching process and the average silver content is 53 g/t. The metallurgical recovery of silver by the leaching process is 75% with a 180 day leach recovery cycle. The leach cycle is divided into a 120 day primary leach and a 60 day secondary leach occurring in the lower levels of the heap.

The estimated monthly production is 328,130 ounces of silver.

The Merrill-Crowe plant was designed to treat 571 m³/hr of pregnant solution in order to assure the production mentioned above. The design includes an effluent detoxification plant to treat 120 m³/hr of solution with low cyanide content. This detoxification plant will only operate under special circumstances such as excess of barren solution produced during the rainy season.

The estimated installed power is 3,547 kW, the maximum draw power is 1,683 kW and the estimated critical consumption is 1,445 kW. The estimated power consumption is 1,132,027 kW-hr per month. Emergency backup will be provided by diesel generators of 1,500 kW of continuous service at 4,000 meters above sea level. This equipment will assure the operation of equipment critical to the metallurgical process.

The requirement of water for the operation is approximately 3.86 litres per second during the first year of operation. If the leaching operation starts in the dry season (May to September), the requirement of water will be higher. The opposite will occur during the wet season (November to April). At the start of operations, the storm water pond should contain no less than 42,000 m³ of water. When the rainy season starts, it will be important to collect the rain water through the leach pad.

The estimated direct cost of the investment for processing is \$12,359,000 million and the indirect cost is \$2,740,000 million. The total cost of the investment (Capex) is \$15,009,000 million. The estimated operating cost of the process is 2.644 dollars per tonne of ore processed or 1.186 dollars per ounce of silver.

Infrastructure

The project has favourable infrastructure. Access will be via a good 8 km gravel road that will be a combination of a new and improved roads requiring mostly upgrading. The new road will connect to the existing paved highway connecting the Bolivian border to the port of Ilo, Peru. The mine is 42 km from an electrical substation at Pomata and the project includes building a transmission line to the mine. The project has an excellent site for the heap leach pad resulting in a low capital and operating cost as the plant will be located immediately adjacent to the heap leach pad and ponds. The site is close to a very large alluvial aquifer that is replenished by a flowing river in the valley; wells have been drilled in the aquifer and sufficient water is available to provide water for the mine's needs. Steps are being taken to acquire the necessary permits for water use. A 12 km pipeline from the wells to the mine will be built to transport the water.

Environmental, Permitting and Closure

The project has been designed to meet industry standards of environmental compliance. The heap leach and solution ponds have been designed industry standards of containment and stability. The waste rock storage facilities are designed to capture and manage any flows that may originate from the waste rock. Finally an initial closure plan has been developed that will provide covers the both the heap leach and waste rock facilities that will result in safe and environmentally compliant closure of the mine. The lab tests on spent ore and waste rock have shown that the site has a very low potential to produce acid rock drainage (“ARD”).

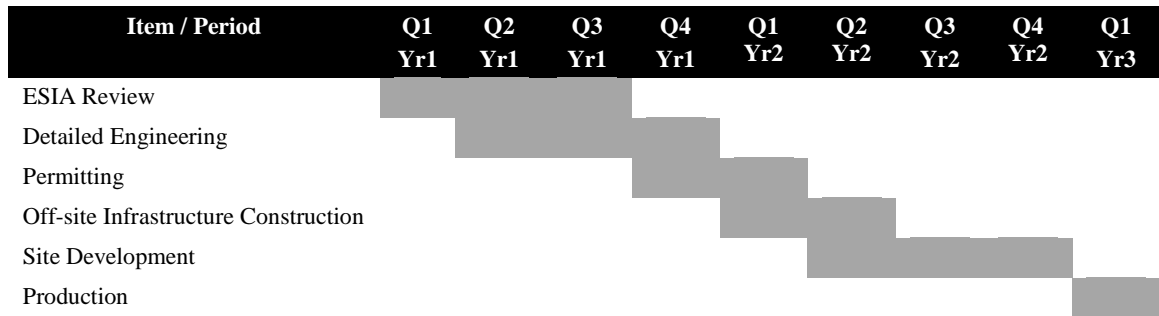
The Company is currently advancing the permitting process and expects to submit the Environmental and Social Impact Assessment (“ESIA”) to the Peruvian authorities following a

resolution of the Supreme Decree issue. All additional necessary permitting will be processed once the ESIA has been approved by the national government.

The Company has maintained good working relationships with the local communities.

Project Execution

Assuming the issues with the Peruvian Government are resolved, the project is expected to be developed into a mine over the subsequent 24 months. The Chart below illustrates the major parts of the development plan, subject to project financing. First the company expects to restart the ESIA process upon resolution of the above-referenced issues. Prior to the issuance of the 2011 Supreme Decree, the ESIA was in its final stages for approval. The review and approval timing will depend on any additional conditions placed on the Company, if any, upon a successful resolution of the Supreme Decree. During the review period, the detailed project engineering is expected to commence and is estimated to be completed in approximately 9 months. Following ESIA approval, the Company is expected to advance the permitting process by obtaining the necessary construction and operating permits. Once the proper permits are obtained, the principal off-site project infrastructure is expected to be developed. This will include the power line, the upgrading of the access road, the construction of the water supply pipeline and drilling of any additional production water wells. Any temporary construction housing will be installed in preparation for the on-site construction. Finally, the onsite construction is expected to start 15 months after the restart of the project, or earlier depending on the end of the rainy season and continue through the dry season. Commercial production is expected to start 24 months after the restart of the project, or earlier if the rainy season permits liner installation sooner.



Operating Cost Estimate

Mining costs were prepared on a year-by-year basis with costs varying mostly due to changing haulage distances. The life-of-mine average mining costs will be \$1.68 per tonne of the total material moved. The cost for hauling and placing ore on the pad will be \$0.71 per tonne. The process costs are estimated to be \$3.19 per tonne of processed ore and the G&A is estimated to be \$1.17 per processed tonne or \$4.2 million per year. The average life-of-mine, on site operating cost per ounce of silver will be \$8.03. Including refining charges, doré transport and Peruvian production royalties, the average cash cost per ounce will be \$8.72.

Capital Cost Estimate

The project capital cost estimate has been prepared by two independent engineering companies. The mining costs were prepared by Independent Mining Consultants of Tucson, Arizona, and the process heap leach and infrastructure costs have been prepared by Ausenco Vector of Peru. The initial start-up capital is estimated to be \$70.8 million and the total life of mine capital cost is estimated to be \$85.8 million. The initial capital equates to \$1.49 per ounce of silver recovered. The life of mine capital costs used in the financial model includes detailed long-term plans for heap leach expansions as well as ongoing mine closure and monitoring. Sustaining capital expenditures are estimated at an average \$1.4 million per year over the 11-year life of the mine.

Tabulated below are the Capital costs for each of the principal areas.

Capital Cost Summary

Item	Cost (US\$)
Civil Works	\$13,598,000
Water Supply	\$3,215,000
Process Plant	\$15,099,000
Auxiliary Facilities	\$5,859,000
Water Distribution	\$2,403,000
Electrical (LT & Distribution)	\$9,709,000
Crusher System (-9.5mm case)"	\$6,763,000
Preproduction Mine Development & Equipment	\$9,909,000
Owners Costs	\$4,226,000
Total Initial Capital	\$70,781,000

The estimates of the Capital Costs have been prepared to a feasibility level with a 15% contingency applied to the estimates. An additional 15% has been added for Engineering Procurement and Construction Management (“EPCM”).

Economic Analysis

The project has a pre-tax internal rate of return (“IRR”) of 29.9%, a net present value of \$106.9 million at a 5% discount rate and earnings before interest, taxes, depreciation and amortization (“EBITDA”) of \$173 million over the 11-year life based upon \$14.50 per ounce silver. Recovered silver production in the first six years averages 5.0 million ounces per year and the project is expected to produce an average of 4.3 million payable ounces of silver per year over the 11-year mine-life. Based upon a \$14.50 silver price, the project achieves payback of capital in approximately 3.1 years. The FS has been prepared using cost bids and estimates and production forecasts provided by qualified engineering consulting groups who have recent bids and cost structure experience relating to various Peruvian mining projects under development.

The project is sensitive to metal price and recovery. Additionally, given that the cash costs per ounce are \$8.72 per ounce of silver, the project is also sensitive to variations in operating costs. The project is least sensitive to capital cost variations and this can be explained by the relatively low cost of \$1.49 per produced ounce for the initial capital.

Sensitivities to various parameters are summarized below:

Cost Sensitivities (updated for 9.5mm crush case) (US\$) Case	IRR	NPV @ 5%	NPV @ 0%
Base Case	30%	\$106.9M	\$173.3M
Recovery +10%	39%	\$152.1M	\$237.5M
Recovery -10%	21%	\$61.71M	\$109.1M
Metal Price +10%	39%	\$154.3M	\$240.6M
Metal Price -10%	20%	\$59.5M	\$105.9M
Initial Capital Cost +10%	27%	\$79.0M	\$136.7M
Initial Capital Cost -10%	35%	\$113.4M	\$180.4M
Operating Cost +10%	24%	\$79.9M	\$135.3M
Operating Cost -10%	35%	\$133.9M	\$211.4M
Metal Prices Jan. 17, 2011 - US\$28.19/oz Ag	103%	\$553.6M	\$807.8M

Note: Base case price is \$14.50/oz Silver; London Silver spot price fix January 17, 2011 = \$28.19/oz Ag. All values are pre-tax.

Opportunities

The study has identified areas of opportunities that will be analysed in detailed engineering, column leach test work and future exploration:

Organic Growth

The FS leaves 36 million ounces of Measured and Indicated silver mineral resources in either stockpiles or pit walls that can lead to expanded mine life on the order of 50%. Relatively minor additional capital will be required in order to increase the size of the heap leach pad and waste dump sites for which there is ample area for expansions.

Exploration Upside

The deposit is still open at depth, to the north and northwest, and the “North” anomaly is under-explored.

Operating Cost Reductions

The project is sensitive to operating costs. The Company and its consultants believe that, once the project is in operation, many of the reagent consumption levels used in the FS will be reduced with a beneficial effect on the operating costs. Additionally, at the finer crush size (minus 3/8 inch), there is potential to reduce the cash costs by \$0.30 to \$0.40 per ounce resulting from accelerated silver leaching rates and increased recoveries.

Conclusions and Recommendations

This Report recommends proceeding with detailed engineering and permitting based on:

- Positive economics with excellent exposure to up-side silver prices;
- Well-defined resources open to expansion and potential conversion to reserves;
- Favourable infrastructure; heap leach, power and access;
- Available local water supply;
- Well-defined permitting path; and
- Local community acceptance.

The study has identified areas of opportunities that will be analysed in ongoing engineering studies and test work:

- Investigate reducing the process plant footprint to reduce capital costs; and
- As the sensitivity analysis shows, the project is sensitive to operating costs. BCM and its consultants will explore opportunities for reducing operating costs mainly through
- reducing reagent consumption both in ongoing leaching tests and after operations startup

Current Status

The Santa Ana Project represents a development stage, emerging silver deposit with opportunities for resource expansion and near-term production of silver. The Company’s rights to operate the Santa Ana Project were rescinded by the 2011 Supreme Decree, though the Company still holds title to the claims. Having been unable to resolve the Santa Ana dispute directly with the Government of Peru and re-establish its rights to operate, the Company commenced a legal proceeding (the Arbitration) in 2014 to seek damages stemming from this lost investment. The Company remains open to settling this dispute but recognizes at this time that such an outcome is unlikely. Unless and until a resolution is reached and the Company’s rights to operate Santa Ana are re-established, future plans for the Santa Ana Project are not being considered at this time.

Other Projects

All of Bear Creek's exploration programs are conducted under the direct supervision of, and the information below (for greater clarity, the sections "Tassa Silver-Gold Prospect" through to and including "Generative Exploration") has been prepared or reviewed by Andrew Swarthout, P.Geo., President and CEO who is a Qualified Person as defined in NI 43-101.

Tassa Silver-Gold Prospect

The Tassa prospect, located southeast of Arequipa in southern Peru, was acquired in 2007 by staking of mineral rights in which the Company controls a 100% interest. Tassa is located approximately 160 kilometers northwest and 230 kilometers south of the Company's Santa Ana and Corani projects respectively.

Phase I drilling conducted in 2010 encountered numerous mineralized intercepts including 60 meters averaging 224.2 g/t silver from 24 to 84 meters depth and 40 meters averaging 110.7 g/t silver from 2 to 42 meters depth as well as scattered anomalous gold intercepts with up to 1.24 g/t gold over 2 meters. Phase I drilling tested a 1.5 km by 800 meter anomaly where 852 rock chip samples averaged 30.71 g/t silver. Silver (and gold) mineralization was intersected within multiple phases of breccias which are part of a diatreme breccia complex, strongly fractured rhyolitic volcanics, and brecciated sediments.

Phase II drilling was completed in the second quarter of 2012 and focused on new target areas defined within a 4 kilometer by 1 kilometer area where two-meter wide surface sampling has identified anomalous outcrops containing up to 2.51 g/t gold in silicified outcrops and 5.36 g/t gold in structures (assay values range from <5 ppb to 5.36 g/t gold) and up to 203 g/t silver in strongly fractured rhyolite, and 8,160 g/t silver in selected structures (assay values range from <0.2 g/t to 8,160 g/t silver). The anomalies occur within the hydrothermal breccia complex and the Mesozoic sedimentary contact zone and overlie strong IP anomalies indicating sulfide mineralization at depths between 100 and 400 meters. Eleven holes, totaling 4,797 meters were drilled as part of the phase II program with anomalous gold intercepts in six of the holes of up to 52 meters containing 0.5 g/t gold. In hole T-22, the final hole of the program, values up to 16 meters containing 1.5 g/t gold and 152.9 g/t silver were found. Surface mapping at Tassa identified additional breccias to the north suggesting the continuation of the hydrothermal breccia complex below the Mesozoic sediments and needs further field work.

After evaluation of drill results, the Company has decided to place Tassa on stand-by as it evaluates alternatives, including seeking a joint venture partner. The Company has no carrying costs except for annual claim payments, which are not material.

Sumi Gold Prospect

The Company acquired a 100% interest in the Sumi gold prospect by staking in 2011. Sumi is comprised of 1,200 hectares located in the gold-silver tertiary-age epithermal belt in central Peru. The prospect exhibits alteration and mineralization typical of a volcanic-sediment hosted, high and low-sulfidation precious metals system with a copper-gold porphyry potential source. Assay results from surface rock chip sampling have returned precious metal values including 15.65 g/t gold and 156 g/t silver in a vein-breccia structure over widths of 0.3 to 2.0 meters and 12.1 g/t gold and 102 g/t silver over 2 meter widths in a silicified volcano-sedimentary rock. See the Company's news release dated October 11, 2011. Based upon favorable surface mapping and geochemical sampling, a phase I drilling program was performed in 2012 consisting of five diamond drill holes totaling 1,105.3 meters. Highlights of the results are:

- Drill hole SU-5 returns 17 meters averaging 3.6 g/t Au and 3.2 g/t Ag from 50.65 to 68 meters depth.
- Drill hole SU-2 returns 50 meters averaging 0.98 g/t Au and 5.1 g/t Ag from 124 to 174 meters depth.

- Drill hole SU-1 returns 10 meters averaging 4.4 g/t Au from 69.9 to 80 meters depth.
- Three cyanide extraction bottle roll tests on drill core ground to 85% passing minus 200 mesh averaged 86.6% gold recovery; two tests on higher sulfide content samples yielded less than 40% recoveries.

In March 2014, Bear Creek entered into a joint venture agreement with Japan Oil, Gas and Metals National Corporation (“**JOGMEC**”) to advance phase II drilling to test additional blind vein-breccia targets plus a possible buried Cu porphyry source underlying the large epithermal mineralization footprint exposed at the surface. The agreement provides for JOGMEC to earn a 51% interest through investing \$2.5 million over a three year period. After March 2017, Bear Creek can elect to maintain its 49% interest or to dilute until reaching 10%, at which time the Company's interest will revert to a 1.0% NSR.

JOGMEC made expenditures of \$0.5 million on the Sumi project during the year ended December 31, 2015.

Maria Jose Prospect

Maria Jose is located in the Department of Ancash, 140 kms NNW of Lima, Peru. The project is comprised of Cretaceous to Paleocene diorites and granitoids of the Coastal Batholith hosting a system of east-west to northeast trending, 45° to steeply north dipping, mesothermal quartz veins and shear zones containing high gold grade - silver values. Mineralization at the Maria Jose prospect was only recently exposed by prospectors. At surface, the five main east-west veins can be traced for approximately 500 meters; however, shallow cover is prevalent in the district and the possibility of much longer strike lengths will be investigated by shallow trenching and sampling. Total veins length seen at the moment is approximately 4km. The observed veins range in thickness from 0.20 meters to 1.8 meters with average widths of ~1 meter. Vein intersections could reach up to 4.5 meters with an average grade of 27.2 g/t gold. Northeast trending veins appear to be younger in age with narrower widths ranging from 0.2 to 0.6 meters exhibiting steeply northwest dips. Initial mapping and channel sampling (16 samples) of several veins yielded values ranging from 2.2 g/t to 233 g/t gold in the east-west trending vein system and from 4 g/t to 22 g/t gold in the northeast system over widths from 0.2 meters to 0.4 meters. The full widths are being exposed and sampled in the current field program. Based upon preliminary field work to date, the mesothermal veins are consistently gold bearing and are indicated to have vertical continuity for at least 400 meters as evidenced by prospect pits and scattered outcrops separated by thin soil cover.

The field program commenced in Q1, 2013 including mapping, and trenching in preparation for Phase I drilling anticipated in 2014 pending the outcome of community agreements and required permits. Drilling will be designed to define the various veins for grade continuity laterally and at depths up to 100 meters.

In March 2013 the Company entered into an option agreement with a private Peruvian third party to acquire 100% of the 3,500 hectare Maria Jose Property by making escalating payments totaling \$4 million over 4 years. An additional payment of \$2 million must be made if a deposit greater than 1 million ounces gold in resources is defined in a NI 43-101 technical report. There are no royalty provisions under the agreement.

In February 2015 the Company entered into an earn-in agreement with a private Peruvian gold producer to explore and develop the Maria Jose gold-quartz vein system. The Company signed a formal option and joint venture agreement with Analytica Mineral Services S.A.C. (“**AMS**”); a proven Peruvian tunneling contractor and gold producer. Under the terms of the agreement, AMS will complete 2,000 meters of tunneling and cross-cuts in the vein systems within one year, at its sole cost, in order to earn a 51% undivided interest in the mineral concessions. AMS will also make its pro-rata share of the underlying option agreement payments, totaling \$2.1 million over the term of the 5-year option. Following AMS earning its 51% interest, AMS and the Company intend to form a joint venture agreement with standard terms.

In December 2015, Bear Creek and AMS made a negotiated purchase payment of \$1.2 million to the underlying owner acquiring a 100% interest in the company holding the Maria Jose mineral concessions. As a result, the Company and AMS now jointly own a 100% interest in the Maria Jose Property. There are no underlying royalties; however, under the purchase agreement, the Company and AMS are obligated to pay an additional \$2.1M on commencement of commercial production. This additional payment has no time limits.

The Company spent \$0.7 million on exploration on the Maria Jose project during the year ended December 31, 2015.

La Yegua Copper-Gold-Molybdenum Prospect

The La Yegua copper-gold-molybdenum prospect is located in central Peru approximately 20 kilometers northeast of the Los Chancas copper/gold/molybdenum deposit in a prolific porphyry copper belt also containing the Las Bambas, Huaquira, Constancia, Tintaya and Antapaccay deposits.

In October 2010, Bear Creek entered into a joint venture agreement with JOGMEC to advance the La Yegua Project to phase II drilling. The agreement provides for JOGMEC to earn a 51% interest through investing \$3 million over a three year period. These conditions have been satisfied.

Drilling of the La Yegua prospect has resulted in several intercepts including up to 114 meters with 0.24% copper and 0.03 g/t gold. The joint venture completed additional geophysics in early 2011 that identified two high-chargeability anomalies defined by Induced Polarization/Resistivity surveys. These two targets, measuring 700 x 300 meters and 500 x 300 meters, are located at shallow depths 600 meters east and 1.5 kilometers southwest of previous drilling and suggested the presence of untested porphyry targets. Subsequent drilling confirmed the continuous presence of strongly anomalous copper (0.2% to 0.3% Cu₀) over significant thicknesses; however, the results indicated that a sub-economic porphyry copper deposit was being defined and JOGMEC has notified the Company of its intention to terminate the joint venture effective June 30, 2016. The Company will maintain the core La Yegua mineral claims covering the low-grade copper mineralization; however, the Company plans no further work on the La Yegua project at this time.

JOGMEC spent \$1.6 million on exploration on the La Yegua project during the year ended December 31, 2015.

Generative Exploration

Generative exploration is a crucial part of the business of identifying and acquiring new opportunities. Generative exploration costs are those costs not attributable to a specific Bear Creek project. While the Company has significantly reduced its generative exploration efforts in the past several years (\$0.1 million spent during the year ended December 31, 2015), it is maintaining its exploration expertise and a network of field prospectors who focus on generating new exploration targets with the emphasis on gold and silver. Numerous prospects are submitted to or are generated by Bear Creek during any given quarter. At any given time, several targets may be under consideration for possible acquisition through staking or entering into third party option to purchase agreements. When Bear Creek defines a project as a distinct exploration target, it is then accounted for as a separate project.

NI 43-101 Disclosure Standards

During the Company's most recently completed financial year and through the date hereof, all of Bear Creek's exploration programs and pertinent disclosure of a technical or scientific nature have been reviewed and approved by Andrew Swarthout, AIPG Certified Professional Geologist, President and CEO of the Company and a Qualified Person as defined in NI 43-101, and who has read, verified and approves such information in this AIF.

All diamond drilling has been performed using HQ diameter core with recoveries averaging greater than 95%. Core is logged and split on site under the supervision of Bear Creek geologists. Sampling is done

on two-metre intervals and samples are transported by Company staff for direct shipping to ALS Chemex, Laboratories in Lima, Peru. ALS Chemex is an ISO 9001:2000-registered laboratory and is preparing for ISO 17025 certification. Silver, lead, and zinc assays utilize a multi-acid digestion with atomic absorption (“ore-grade assay method”). The QC/QA program includes the insertion every 20th sample of known standards prepared by SGS Laboratories, Inspectorate, Peru and Rock Labs, Australia. A section in Bear Creek’s website dedicated to sampling, assay and quality control procedures provides further details.

Corani Disclosure

The 2015 Corani Feasibility Study was prepared by a team of independent engineering consultants. Daniel Neff, PE, of M3 acted as the Independent QP as defined by NI 43-101 and additionally is the QP responsible for the market studies, infrastructure, process plant capital and operating costs, economic analysis, conclusions and recommendations portions of the study. Tom Shouldice, PEng, independent consultant, is the QP for the metal recoveries and metallurgical testing sections. Rick Moritz, MMSA, Principal Mining and Process Engineer, of GRE is the QP for portions of the metallurgical analysis. Terre Lane, MMSA, Principal Mining Engineer, of GRE is the QP for the resource and reserve estimation and mining methods and mine capital and operating cost portions of the study. Laurie Tahija, MMSA, of M3 is the QP for the plant process engineering portion of the study. Chris Chapman, PE of GRE is the QP for the geotechnical, environmental, infrastructure, waste stockpile and tailings designs. Christian Rios, CPG, independent consultant, is the QP responsible for geology and mineralization, exploration, drilling, sample preparation, analyses and security, data verification, mineral resource estimates and adjacent properties.

The methods used in determining and reporting the mineral reserves and resources presented above are consistent with the CIM Best Practices Guidelines. Numbers may not total due to rounding.

Assumptions used in the 2015 Corani Feasibility Study Mineral Reserve estimate and economic analysis by GRE and M3 are:

- Silver Price=\$20.00/oz.; Lead Price=\$0.95/lb.; Zinc Price=\$1.00/lb.
- Variable NSR cut-off values from \$11/tonne to \$23/tonne at different times in the production schedule to manage mill requirements and maximize project economics.
- Metallurgical testing of the Corani ore started in 2005 and over 500 batch floatation tests were completed since. The previous interpretation of test results was a classification of recovery performance into 4 “metallurgical types” from 9 mineralization ore codes applying an average recovery to each metallurgical type. These groups exhibited a large variation in floatation recovery. Recent analysis of metallurgical test work indicates that recovery is strongly related to the presence and/or absence of oxide minerals. Using advanced statistical methods (including classification cluster analysis and nonparametric regression analysis), zinc grade, mineralogy from geologic logs, and elevation were identified as good indicators of oxidation and as a result, good predictors of recovery. These parameters were used to develop statistical numerical models to much more accurately predict recovery. Validation testing shows the new model projections of recovery closely fit all available metallurgical test work data.
- The new recovery model was used for pit optimization, mine planning, and production scheduling. The overall result was approximately 8% increase in silver and zinc recovery and an 8% decrease in lead recovery from those cited in the 2011 Corani Feasibility Study.

The Mineral Resource pit shell is a Whittle pit based on the following input assumptions:

- Silver Price=\$30.00/oz.; Lead Price=\$1.425/lb.; Zinc Price=\$1.50/lb.
- Mixed oxide material that was not economic by flotation processing was not included in the Mineral Reserves, however, this material is included in the Mineral Resources.

- The Mineral Resource cut-off was \$9.49/tonne processing cost, plus \$1.51 G&A cost which represents the internal process cut-off.
- The potentially leachable mixed oxide material that fell within the Mineral Resource pit shell was included as a silver resource cut-off grade of 15g/tonne and block elevation above 4900 meters.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

All diamond drilling at Corani has been performed using HQ diameter core with recoveries averaging greater than 95%. Core is logged and split on site under the supervision of Bear Creek geologists. Sampling is done on two-meter intervals and samples are transported by Company staff to Juliaca, Peru for direct shipping to ALS Chemex, Laboratories in Lima, Peru. ALS Chemex is an ISO 9001:2000-registered laboratory and is preparing for ISO 17025 certification. Silver, lead, and zinc assays utilize a multi-acid digestion with atomic absorption (“ore-grade assay method”). The QC/QA program includes the insertion every 20th sample of known standards prepared by SGS Laboratories, Lima. A section in Bear Creek's website is dedicated to sampling, assay and quality control procedures.

Total cash cost per ounce of silver is calculated in accordance with a standard approved by The Silver Institute, a nonprofit international association that draws its membership from across the breadth of the silver industry. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Total cash cost includes mine site operating costs such as mining, processing, administration, and treatment and refining charges, but is exclusive of amortization, reclamation, capital, exploration costs and taxes on income. Total cash costs are reduced by lead and zinc by-product revenues, and then divided by silver ounces sold to arrive at total cash cost of per ounce of silver, net of by-product revenues.

The Company has elected to follow the Silver Institute's cash cost standard, and has therefore excluded reclamation costs from its calculation of total cash cost per ounce of silver.

The above disclosure regarding the Corani project contains forward-looking statements that are based on a number of assumptions which may prove to be incorrect, including but not limited to: the availability of financing of the Company's Corani project; the Company's ability to attract and retain skilled staff; the estimated timeline for the development of the Corani project; the supply and demand for, and the level and volatility of the price of silver, lead and zinc; the timing of the receipt of regulatory and governmental approvals, the supply and availability of consumables and services; the accuracy of the Company's resource and reserves estimates and the geological and metallurgical assumptions (including the size, grade and recoverability of mineral resources and reserves) and operational and price assumptions on which the resource estimates are based; market competition; the Company's ongoing relations with its employees and local communities; and general business and economic conditions. There is also no certainty that the results of the 2015 Corani Feasibility Study will ever be realized. Should one or more of the risks or uncertainties involved in forward-looking statements relating to the 2015 Corani Feasibility Study materialize, or should the assumptions underlying it prove incorrect, actual results of the 2015 Corani Feasibility Study may vary materially from those anticipated, believed, estimate or expected.

Santa Ana Disclosure

The scientific and technical disclosure presented in respect of the Santa Ana Feasibility Study has been summarized from a Technical Report entitled “Revised Feasibility Study, Santa Ana Project, Puno, Peru, NI 43-101 Technical Report Update to the 21-Oct-2010 Report” dated April 1, 2011 and authored by John Marek, P.E., of IMC, Scott Elfen, P.E., Sean Currie, P.Eng., and Thomas Wohlford, CPG of Ausenco Vector, and Deepak Malhotra, Ph.D., of Resource Development Inc., which updates an earlier-filed Technical Report in respect of a 2010 Feasibility Study for Santa Ana by replacing the two-stage crushing plan originally envisioned with a three-stage crushing plan. The 2011 Santa Ana Feasibility Study is the most recent technical information related to the Santa Ana Project, but the Company notes that readers should refer to the additional cautionary language under “Mineral Projects – Santa Ana Property”.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of the date of this Annual Information Form, 93,118,014 common shares of the Company were issued and outstanding as fully paid and non-assessable shares. Options to acquire a further 6,517,850 common shares are currently under grant, subject to the terms of the Company's 2008 Stock Option Plan (most recently re-approved by shareholders at the Company's annual general meeting on June 2, 2016). In total, the Company's fully-diluted capitalization is 99,635,864 common shares.

All of the authorized common shares of the Company are of the same class and, once issued, rank equally as to dividends, voting powers and participation in assets and in all other respects, on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The issued common shares are not subject to call or assessment by the Company nor are there any pre-emptive, conversion, exchange, redemption or retraction rights attaching to the common shares.

All registered shareholders are entitled to receive a notice of any general meeting of shareholders to be convened by the Company. At any general meeting, subject to the restrictions on joint registered owners of common shares, on a show of hands every shareholder who is present in person and entitled to vote has one vote and on a poll, every shareholder has one vote for each common share of which it is the registered owner and may exercise such vote either in person or by proxy. The Company's Articles provide that the rights and provisions attached to any class of shares, in which shares are issued, may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than 66 2/3% of the votes cast in person or by proxy by holders of shares of that class.

Dividends

Bear Creek has not paid any dividends on its common shares since its incorporation. The Company's current dividend or distribution policy is to retain any earnings and other cash resources for the operation and development of the Company's business. Any decision to pay dividends on common shares in the future will be made by the board of directors of the Company (the "**Board**") on the basis of the earnings, financial requirements and other conditions existing at such time.

Shareholder Rights Plan

On April 20, 2016, the Board adopted a shareholder rights plan (the "**Rights Plan**"), which was approved by the shareholders at the Company's annual general meeting held on June 2, 2016.

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

The fundamental objectives of the 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 Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (as defined in the Rights Plan), 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 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 acquirer to substantial dilution of its holdings.

The Board believes that the 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 Rights Plan is not intended to prevent a take-over or deter fair offers for securities of the Company. The 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 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.

The Rights Plan is more fully described in the Company’s Information Circular dated April 20, 2016, available on SEDAR) and on the Company’s website. A shareholder or other interested party may obtain a paper copy of the Rights Plan Agreement by contacting the Corporate Secretary of the Company at #1400 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

Stock Options

The Company has a “rolling” stock option plan (the “**Stock Option Plan**”) for the granting of incentive stock options to the officers, employees, directors and consultants which was adopted by the board of directors on March 19, 2008, replacing the Company’s previous “fixed” number stock option plan. Pursuant to the Stock Option Plan, 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 Stock Option Plan. The Stock Option Plan has received regulatory and shareholder approval, the latter being most-recently obtained at the Company’s 2016 annual general meeting held on June 2, 2016.

As at the date of this Annual Information Form, the Company had 6,517,850 outstanding stock options to purchase up to 6,517,850 common shares of the Company, representing approximately 6.07% of the Company’s issued and outstanding shares, at exercise prices ranging from CDN\$1.41 to CDN\$4.01 and expiring between September 2, 2016 and February 23, 2020. The following table summarizes details of the stock options granted by the Company during the financial year ended December 31, 2015.

Month of Issuance	Exercise Price (CDN\$)	Number of Options Granted	Expiry Date
February 23, 2015	1.41	1,170,000	February 23, 2020

Under the Stock Option Plan, options are exercisable over periods of up to 10 years as determined by the Board and require an exercise price no less than the closing market price of the Company's shares prevailing on the last trading day immediately preceding the day that the option is granted less the applicable discount, if any, permitted by the policies of the TSX-V and approved by the Board of Directors. The Board 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 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 Stock Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion, subject to the TSX-V's minimum vesting requirements, if any.

Restricted Share Units and Deferred Share Units

On March 22, 2016, as part of an ongoing review of the Company's compensation strategies, the Board adopted a long term incentive plan (the "**LTIP**"), which was approved by the shareholders (excluding, as required by the TSX-V policies, the votes of any shareholders who are, or are associates of, directors or officers of the Company) at the Company's annual general meeting held on June 2, 2016. The purpose of the LTIP is to advance the Company's interests by (a) increasing the proprietary interests of eligible participants in the 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 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.

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**"). The LTIP, together with all other previously established or proposed share compensation arrangements of the Company (including the Company's Stock Option Plan described under "Stock Options" above), may not result in:

- the number of common shares reserved for issuance exceeding 10% of the outstanding issue;
- the number of common shares reserved for issuance to insiders exceeding 10% of the outstanding issue;
- the issuance to insiders, within a one year period, of a number of common shares exceeding 10% of the outstanding issue; or
- 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.

Restricted Share Units (RSUs)

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 (DSUs)

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.

The LTIP, including details regarding RSUs and DSUs is more fully described in the Company's Information Circular dated April 20, 2016, available on SEDAR and on the Company's website. A shareholder or other interested party may obtain a paper copy of the LTIP by contacting the Corporate Secretary of the Company at #1400 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6

MARKET FOR SECURITIES

Trading Price and Volume

The Company's common shares are listed and traded in Canada on the TSX Venture Exchange ("TSX-V") under the symbol "BCM".

The following table sets forth the price ranges and trading volume of the common shares, on a monthly basis, on the TSX-V during the Company's most recently completed financial year:

Period	High (CDN\$)	Low (CDN\$)	Avg Volume
January 2015	1.94	1.34	104,370
February 2015	1.63	1.32	43,600
March 2015	1.46	1.10	174,168
April 2015	1.37	1.05	58,314
May 2015	1.28	0.99	86,746
June 2015	1.06	0.88	251,059
July 2015	0.97	0.72	37,453
August 2015	0.88	0.63	52,422
September 2015	0.75	0.58	55,921
October 2015	0.92	0.65	65,050
November 2015	0.72	0.58	52,966
December 2015	0.70	0.56	182,162

Source: Stockwatch (www.stockwatch.com)

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, province or state, country of residence, position or office held with the Company and principal occupation during the past five years of each director and executive officer of the Company are described below. The term of office of each director will expire at the next annual general meeting of shareholders.

Name, Province/State and Country of Residence ⁽¹⁾	Office or Position Held with the Company	Previous Service as a Director	Principal Occupation during past five years ⁽¹⁾
Andrew T. Swarthout ⁽⁵⁾⁽⁹⁾ Arizona, USA	President, Chief Executive Officer and Director	Since April 22, 2003	CEO and Director of the Company since 2003; President of the Company from April 2003 to February 2011 and August 2013 to present. Director of Sandstorm Gold Ltd. From March 2009 to present and of Sandstorm Metals & Energy Ltd. (predecessor company of Sandstorm Gold Ltd.) from January 2010 to March 2016. Former Director of Rio Cristal Resources Corporation from December 2006 to September 2013 and Esperanza Resources Corp. from May 2012 to August 2013.

Name, Province/State and Country of Residence ⁽¹⁾	Office or Position Held with the Company	Previous Service as a Director	Principal Occupation during past five years ⁽¹⁾
Catherine McLeod-Seltzer ⁽⁶⁾ British Columbia, Canada	Chairman and Director	Since September 30, 1999	Currently a Director of the following publicly-traded companies: Kinross Gold Corporation, Lowell Copper Ltd. (formerly Waterloo Resources Ltd.), Major Drilling Group International Inc., and Grenville Strategic Royalty Corp. (formerly, Troon Ventures Ltd.) Former Chairman and Director of Pacific Rim Mining Corp. from September 1997 to November 2013 and former Director of Stornoway Diamond Corporation, from July 2003 to October 2011.
David De Witt ⁽²⁾⁽³⁾⁽⁴⁾⁽⁸⁾ British Columbia, Canada	Director	Since April 22, 2003	Chairman and Director of Pathway Capital Ltd., a private venture capital company, from September 2004 to present. Currently a Director of the following publicly-traded companies: Sandstorm Gold Ltd. and Northern Dynasty Minerals Ltd. Former Director of the following publicly-traded Companies: Lowell Copper Ltd. (formerly Waterloo Resources Ltd.) from July 2013 to September 2015, Anthem United Inc. (formerly Turnberry Resources Ltd.) from January 2011 to April 2014, Royalty North Partners Ltd. (formerly Bluefire Mining Corp.) from March 2011 to June 2015, and Nautilus Minerals Inc. from May 2006 to June 2012,
Kevin Morano ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Florida, USA	Director	Since April 22, 2003	Principal, KEM Capital LLC, a private investment and advisory firm, since 2007. Director of Golden Minerals Company from March 2009 to present.
Nolan Watson ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ British Columbia, Canada	Director	Since August 19, 2009	President and Chief Executive Officer of Sandstorm Gold Ltd. since September 2008 to present. President and Director of Sandstorm Metals & Energy Ltd. (predecessor company of Sandstorm Gold Ltd.) from May 2010 to March 2016. Director of True Gold Mining Inc. from December 2012 to May 2016. Former Director of Blue Gold Mining Inc. from August 2011 to December 2012.
Frank R. Tweddle ⁽²⁾⁽³⁾⁽⁴⁾ Lima, Peru	Director	Since December 6, 2010	Principal of Andes Mining Research S.A.C. since October 2013. Deputy CEO of Mitsui del Peru S.A., a general trading company, active in a wide-ranging business development on a global scale, since from May 2004 to September 2013.
Corey M. Dean British Columbia, Canada	Vice-President, Legal	N/A	Managing Partner, DuMoulin Black LLP.
Steven Krause ⁽⁷⁾ British Columbia, Canada	Chief Financial Officer	N/A	Chartered Professional Accountant, President and Director of Avisar Chartered Professional Accountants from March 2009 to present and Vice President from January 1, 2004 to

Name, Province/State and Country of Residence ⁽¹⁾	Office or Position Held with the Company	Previous Service as a Director	Principal Occupation during past five years ⁽¹⁾
			February 28, 2009. Chief Financial Officer of the Company from May 7, 2012 to present and previously from 2003 until 2011.
Elsiario Antunez de Mayolo ⁽¹⁰⁾ Lima, Peru	Chief Operating Officer, VP of Operations and General Manager	N/A	COO of the Company since August 2013. General Manager, Peruvian branch, from March 2010 to present and VP of Operations from February 2011 to present.
Barbara Henderson British Columbia, Canada	Corporate Secretary	N/A	Corporate Secretary of the Company since June 2, 2016. Director of Investor Relations from July 2015 to present, and former Assistant Corporate Secretary from January 2015 to June 2016. Previously Vice President of Investor Relations and Corporate Secretary of Pacific Rim Mining Corp. from July 1997 to February 2013.

- (1) The information as to the jurisdiction of residence and principal occupation, not being within the knowledge of the Company, has been furnished by each of the respective individuals.
- (2) Member of Compensation Committee.
- (3) Member of Audit Committee.
- (4) Member of Nominating and Corporate Governance Committee.
- (5) Member of Transaction Response Committee.
- (6) Member of Financing Committee.
- (7) Mr. Krause was appointed as interim Chief Financial Officer of the Company effective May 7, 2012 and previously served as Chief Financial Officer of the Company from April 2003 until February 2011.
- (8) Mr. De Witt was appointed as Lead Director effective April 2, 2013.
- (9) Mr. Swarthout was appointed as President and CEO effective August 1, 2013.
- (10) Mr. Antunez de Mayolo was appointed as COO of the Company effective August 5, 2013.

Dr. Miguel Grau, Principal Partner at Estudio Grau, a Peruvian law firm, was a Director of the Company from June 5, 2003 to June 2, 2016. He did not stand for re-election at the Company's annual meeting of shareholders held on June 2, 2016.

Each of the Company's directors is elected by the Company's shareholders at an annual general meeting to serve until the next annual general meeting of shareholders or until a successor is elected or appointed. The board of directors appoints the Company's executive officers annually after each annual general meeting, to serve at the discretion of the board of directors.

Based on information provided by such persons, as at the date of this Annual Information Form, the directors and executive officers of the Company as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 4,800,366 common shares of the Company, representing approximately 5.155% of the issued and outstanding common shares of the Company. In addition, the directors and executive officers of the Company as a group hold stock options for the purchase of an aggregate of 5,561,850 common shares in the capital of the Company, which options have an exercise price of between CDN\$1.41 and CDN\$4.01 per share and expire between September 2, 2016 and February 23, 2020.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, none of the Company's directors or executive officers is, as at the date of this AIF, or has been, within ten years before the date of this AIF, 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 director or executive officer 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 director or executive officer 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, other than as disclosed below with respect to Kevin Morano, none of the Company’s directors or executive officers or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, 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 AIF, 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 investor in making an investment decision.

Kevin Morano was a director of Apex Silver Mines Limited, which on January 12, 2009 filed for bankruptcy protection and emerged from bankruptcy as Golden Minerals Company on March 24, 2009.

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 \$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.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. In determining whether

or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company as a result of their outside business interests, except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties to the company and their duties as a director, officer, promoter or member of management of such other companies. See "Directors and Officers".

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers, in accordance with the *Business Corporations Act* (British Columbia), are required to disclose all such conflicts and to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Other than the MEM Civil Suit and the Arbitration in respect of the Santa Ana Project (as discussed under "Three Year History and Significant Acquisitions" and "Mineral Projects – Santa Ana Property"), there are no legal proceedings to which the Company is a party or, to the best of the Company's knowledge, to which any of the Company's property is or was during the last financial year subject, and there are no such proceedings known by the Company to be contemplated.

Regulatory Actions

There are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year and up to the date of this Annual Information Form; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, other than in relation to the 2011 Supreme Decree in respect of the Santa Ana Project (as discussed under "Three Year History and Significant Acquisitions" and "Mineral Projects – Santa Ana Property"); or (c) settlement agreements the Company entered into with a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year and up to the date of this Annual Information Form.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, none of the directors or executive officers, or shareholders that beneficially own, control or direct, directly or indirectly, more than 10% of the Company's shares, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transactions in which the Company has participated within the three most recently completed financial years or in the current financial year prior to the date of this Annual Information Form, which has materially affected or is reasonably expected to materially affect the Company.

Certain directors, and/or executive officers, have participated in financings of the Company and/or have been granted stock options of the Company and/or received consulting fees for services provided to the Company.

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the common shares of the Company is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

MATERIAL CONTRACTS

The Company has not entered into any material contracts within the last financial year and up to the date of this Annual Information Form, or before the last financial year but which are still in effect, and that are required to be filed under section 12.2 of National Instrument 51-102 (“**NI 51-102**”) at the time this Annual Information Form is filed or would be required to be filed under section 12.2 of NI 51-102 at the time this Annual Information Form is filed but for the fact that such material contracts were previously filed.

INTERESTS OF EXPERTS

Names of Experts

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the AIF as having prepared or certified a part of that document or a report of valuation described in the AIF:

1. Information excerpted from the 2015 Corani Feasibility Study was prepared by or under the supervision of the following experts, each of whom is a QP as defined in NI 43-101: Daniel Neff, PE, of M3 acted as the Independent QP as defined by NI 43-101 and additionally is the QP responsible for the market studies, infrastructure, process plant capital and operating costs, economic analysis, conclusions and recommendations portions; Tom Shouldice, PEng, independent consultant, is the QP for the metal recoveries and metallurgical testing sections; Rick Moritz, MMSA, Principal Mining and Process Engineer, of GRE is the QP for portions of the metallurgical analysis; Terre Lane, MMSA, Principal Mining Engineer, of GRE is the QP for the resource and reserve estimation and mining methods and mine capital and operating cost portions; Laurie Tahija, MMSA, of M3 is the QP for the plant process engineering portion; Chris Chapman, PE of GRE is the QP for the geotechnical, environmental, infrastructure, waste stockpile and tailings designs portions. Christian Rios, CPG, independent consultant, is the QP responsible for geology and mineralization, exploration, drilling, sample preparation, analyses and security, data verification, mineral resource estimates and adjacent properties portions.
2. Information excerpted from the Santa Ana Feasibility Study was prepared by or under the supervision of the following experts, each of whom is a QP as defined in NI 43-101: John Marek, P.E., of IMC, Scott Elfen, P.E., Sean Currie, P.Eng., and Thomas Wohlford, CPG of Ausenco Vector, and Deepak Malhotra, Ph.D., of Resource Development Inc.
3. The audited financial statements of the Company for the year ended December 31, 2015 have been subject to audit by PricewaterhouseCoopers LLP, Chartered Professional Accountants.

Interests of Experts

Based on information provided by the experts, none of the experts named under “Names of Experts” above, when or after they prepared the statement, report or valuation, has held, or received or will receive, any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company’s associates or affiliates (based on information provided to the Company by

such experts) or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

The Company's auditor, PricewaterhouseCoopers LLP, Chartered Professional Accountants, has advised the Company that they are independent with respect to us in accordance with the Code of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

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 ⁽¹⁾	Financially literate ⁽¹⁾
Frank Tweddle	Independent ⁽¹⁾	Financially literate ⁽¹⁾
David De Witt	Independent ⁽¹⁾	Financially literate ⁽¹⁾

(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*), Section 3.2 of NI 52-110 (Initial Public Offerings), Section 3.3(2) of NI 52-110 (Controlled Companies), Section 3.4 of NI 52-110 (Events Outside Control of Member), Section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Member), Section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances) or Section 3.8 of NI 52-110 (Acquisition of Financial Literacy), 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⁽¹⁾</i>	<i>Audit-Related Fees⁽²⁾</i>	<i>Tax Fees⁽³⁾</i>	<i>All Other Fees⁽⁴⁾</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”

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company’s website at www.bearcreekmining.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company’s Information Circular for its most recent annual general meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Company’s consolidated financial statements and management’s discussion and analysis for its most recently completed financial year.