



BEAR CREEK MINING CORPORATION
Corani Silver-Polymetallic Project, Puno, Peru
Overview of Social and Environmental Impacts, Risks and Opportunities
(December 31, 2021)

Impacts

The Corani project is a development-stage project in a remote and sparsely populated region of the Andes of southern Peru, wholly owned by Bear Creek Mining Corporation ("Bear Creek" or the "Company"). While the property comprises an area of approximately 5,480 hectares, the planned open pits and mine infrastructure have a relatively small and compact footprint of approximately 3 km by 5 km. There are no residences within the direct impact area of the proposed Corani mine. A gravel road connecting the communities of Chacaconiza and Quelcaya, approximately 15 km east and west of the Corani deposit, respectively, is used and maintained by the Company in order to access the project area, and a limited number of smaller offshoot roads have been constructed within the deposit area over the past 10 years. When constructing roads, the Company takes care to avoid environmentally or culturally sensitive areas and to mitigate potential disturbances to streams, wetlands and wildlife.

The primary technical activities undertaken by Bear Creek at the Corani project over the past 3 years have been related to engineering and construction planning and limited on site test work to support this planning. These activities have had little direct impact on the environment or communities.

Bear Creek has developed a strong and successful social program for the Corani project hand in hand with local communities that centers on health, education and economic opportunity. Over the past 3 years these social programs have been maintained and expanded, particularly with respect to health and education initiatives to mitigate the risk and reduce the impact of Covid-19, and with respect to expansion of the Corani Technical Innovation Center. This facility was created by Bear Creek to provide opportunities and resources to local communities for the discovery, development and production of innovative solutions to local needs, and to generate potential economic opportunities that are not dependent on operation of the Corani mine. As a result of the Corani social programs, community health metrics have improved measurably, school attendance has increased, illiteracy rates have decreased, secondary school level education has been offered and graduating student levels have increased, and local employment options have been created through the Technical Innovation Center and the Alpaca Program - an animal care and husbandry initiative that is improving the health of alpaca herds, which provide the primary source of income to local populations. The Corani social program has been so successful, government officials, most recently President Pedro Castillo in October 2021, have cited it as an example of community relations to be followed by other exploration and mining companies in Peru.

During the past three years the Company has commenced two key "early works" construction projects related to the Corani project but located approximately 40 km to the east. These include construction of the Antapata electrical substation near the town of Macusani and the construction of approximately 7 km of electrical transmission towers from the national power grid that will bring consistent electrical power as well as high speed internet connectivity to communities in the near term and eventually be used to service the Corani mine. Construction of the Antapata substation was completed in 2021 and is



awaiting final regulatory inspection and connection to the national power grid, and construction of the transmission towers is ongoing. The Company has also been working on upgrades to the access road from the Interoceanic Highway to the Corani project. The initial scope of these road upgrades is being undertaken by the regional government and the Company will undertake road widening once this initial work is completed. Again, this initiative benefits local communities by improving safety and accessibility, and will eventually be used to support the Corani mine.

Risks

Aside from the early works projects described above, construction of the proposed Corani mine has not yet commenced and operation of the mine is a minimum of three years in the future. Accordingly, the project currently poses a low environmental risk. Bear Creek has undertaken extensive surveys of plant species and animal populations in and surrounding the Corani project for baseline and ongoing impact analyses. The Company has also undertaken archeological surveys to ensure no cultural sites will be disturbed by its activities.

Bear Creek completed an Environmental and Social Impact Assessment ("ESIA") for the Corani project that provides a framework for the project's environmental and social assessment and management processes, in compliance with all applicable Peruvian laws and regulations. The Corani ESIA was approved by the Government of Peru in 2013, and technical modifications made to the ESIA were approved in 2016 and 2017. In 2013, in connection with its completion of the Corani ESIA the Company entered into a formal framework agreement to support sustainable social development programs in the Corani region by signing a Life of Mine ("LOM") agreement with the District of Corani, five surrounding communities, and relevant, ancillary organizations. Under the LOM agreement, Bear Creek is committed to an annual investment into an arms-length, community directed trust fund, of 4 M Peruvian Nuevo Soles (~ USD \$1.2 M) per year which payments commenced in full in 2018 and will continue throughout the Corani mine life.

Bear Creek has a strong understanding of potential environmental risks associated with both construction and operation of the proposed Corani mine. As with all mining operations, these risks relate primarily to failure of the physical stability of infrastructure such as open pits and tailings impoundment facilities, and failure of chemical containment measures, each of which could result in the introduction of materials of a quantity or quality that could be environmentally detrimental. The Corani mine and process plant designs include significant environmental risk mitigation measures including but not limited to a low-slope tailings impoundment, disposal of filtered tailings comingled with waste rock, accommodations for planned and unplanned water discharge and runoff, and road networks designed to reduce vehicular accidents.

Bear Creek has worked hard to establish social licence for the Corani project. The Government of Peru conducted "*Consulta Previa*" consultations and interviews with Corani-area communities prior to granting the project a Construction Permit in 2018. The State held extensive interviews with local individuals and community groups, without the involvement of the Company, to establish whether community members were knowledgeable about the Corani project activities and potential impacts and whether they were in favour of it proceeding. Local community members, including young people, have thoroughly studied the Corani ESIA and were found to be exceptionally well-informed about the



project's design, risks and benefits. Fully 100% of those interviewed indicated they were supportive of the Corani project proceeding to construction and operation. However, Bear Creek recognizes that community acceptance of the Company, its current activities and its plans for the Corani project are always subject to change, and loss of social licence represents the primary social risk associated with the Corani project.

Opportunities

The Corani project and proposed mine provides both near- and long-term economic, social and environmental opportunities.

The proposed Corani mine will present significant direct and indirect employment opportunities for local and regional communities. Approximately 2000 direct jobs will be created during the roughly 3 year construction phase and approximately 500 people are expected to be employed by the mine during operations, which is anticipated to last a minimum of 15 years.

A small scale silver-lead mine was operated on the Corani deposit site in the 1950's and 60's. This small historic mining operation left behind underground mine workings, areas of waste piles and mine tailings that are each a source of acid rock drainage. Environmental and reclamation plans for the Company's proposed Corani operation include measures to remediate any residual negative environmental impacts of these historic workings, thereby providing the opportunity to have a net positive environmental impact.

Bear Creek's social programs, most of which were designed to bring lasting benefits irrespective of the Corani mine, have had a positive impact on the health, education and economic opportunities of local communities and the success of these programs, the ongoing support and public advocacy for Corani expressed by community leaders, and the positive response these social programs have generated from government officials, provide the Company, the Corani project, and local communities with the opportunity to positively impact the tenor of corporate social responsibility in Peru.