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Question:

Describe due diligence practices and procedures with respect to indigenous rights of communities in which it operates or intends to operate

Response:

The Corani project is located in the District of Corani, Carabaya Province in the Department of Puno in southern Peru. This is a remote, rural, high Andean region. The vast majority of the local population consists of indigenous Runa (“the people” in the Quechua language).

In 2013, in connection with preparation of the Corani Environmental and Social Impact Assessment (which included extensive community consultations and the provision to communities and to government agencies of fulsome transparent information related to the Corani project and its potential environmental and social impacts), Bear Creek entered into a Life of Mine community benefit agreement with five communities that surround the Corani project, the District of Carabaya, and other ancillary organizations. This LOM agreement provides a formal framework for the support of sustainable social development programs in the Corani region. 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. A committee comprised of community leaders, with Bear Creek participating in a non-voting oversight role, considers and approves investment projects paid for out of the LOM agreement trust that benefit their communities as a whole, such as schools, medical facilities, roads, or other infrastructure. The communities have the ultimate responsibility for deciding how to direct the trust funds stemming from the LOM agreement and the programs and purchases the LOM agreement trust makes are above and beyond the community initiatives that constitute our corporate social responsibility programs.

The Corani project has also undergone the Peruvian state Consulta Previa process. Literally translating to “Prior Consultation”, the Consulta Previa law provides the opportunity for the state to engage directly with indigenous peoples that may be affected by legislation or regulatory measures. In respect of 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. Without the involvement of the Company, extensive interviews were held with local individuals and community groups to establish whether they were knowledgeable about the Corani project activities and potential impacts and whether they were in favour of it proceeding. Fully 100% of those interviewed indicated they were supportive of the Corani project proceeding to construction and operation. The Consulta Previa laws and process in Peru is equivalent to the concept of free, prior, and informed consent.