

ANNUAL LETTER TO SHAREHOLDERS



April 19, 2024

Dear Shareholders,

2023 marked Bear Creek's first full year as owners and operators of the Mercedes mine in Sonora, Mexico. Without a doubt it was a difficult year operationally and financially, but it was not without successes along the way.

Virtually all of our energy over the past year was directed at identifying and resolving the barriers we saw were inhibiting Mercedes' ability to generate free cash flow for Bear Creek – the role this mine was intended to fulfil when we acquired it in April 2022. These barriers fell into two categories; operational and financial. Throughout 2023, and continuing today, we went back to first principles at Mercedes and made substantial changes to operating systems, mining methodologies and staff oversight and accountability. We changed the focus from making tonnes to making profitable ounces. On the financial side, we recognized that Mercedes' production levels could not support the debt and stream burdens overhanging it and we restructured those obligations to give Mercedes, and Bear Creek, the runway to succeed.

Key milestones we achieved in 2023 include:

- Significantly enhancing the executive management team and senior Mercedes mine staff;
- Producing 43,860 oz Au and 167,019 oz Ag over the course of the year;
- Refreshing the Board of Directors (the "Board");
- Converting the \$26.6 million current liability owed to Equinox Gold Corp. into a long term convertible debenture;
- Completing the obligation on the approximately 300 ounce per month Nomad Gold Stream;
- Restructuring the remaining Mercedes metal streams, reducing gold deliverables by 325 ounces per month and silver deliverables to nil until April 2028 and increasing the cash payments received for both;
- Amending the terms of the \$22.5 million Sandstorm Gold Ltd. convertible debenture entered into on December 16, 2021, and extending its maturity date;
- Completing a private placement and a bought deal financing totaling CDN\$17.7 million;
- Making substantial technical changes at Mercedes to improve operating performance;
- Enacting measures to overcome historical geotechnical challenges and development deficits at Mercedes; and,
- Significantly improving Mercedes production in the fourth quarter of 2023 as a result of these foundational changes, with recent production records achieved in December 2023.

Our efforts during 2023 to improve Mercedes' performance took time to come to fruition but in Q4 2023 they started to show results, which have so far continued into 2024. A focus on increasing grade, reducing dilution and aggressively developing new mining faces has allowed Bear Creek to reduce costs while improving gold production levels. Restructuring our debt with maturity dates 5 years out has given us breathing room to invest cash back into the operation. And restructuring the stream obligations has provided us with substantially greater

participation in Mercedes production; a boost to our cash flow that is further enhanced by recent improvements in gold and silver prices.

Not every problem has been fixed. We are still resolving a multi-year historical development deficit. Efforts to optimize mining methodologies and reduce dilution at the active Mercedes workings are also ongoing. Known and unknown challenges undoubtedly lie ahead but we are confident that a turnaround at Mercedes is underway.

News about our Corani project was slow during 2023 but that should not be mistaken for a lack of activity. Corani hosts one of the largest undeveloped silver deposits in the world. It is fully permitted, and it has overwhelming community support. We commenced a geometallurgical test work program at Corani during 2023, involving drilling 9 holes from which a selection of samples were chosen and are in the process of evaluation for metal recovery optimization and variability determination. This geometallurgical program is designed to establish updated data as we prepare to resume Corani project financing efforts. We are also investigating a number of opportunities to add value to the Corani project and hope to share more about this throughout the year.

2023 brought many changes for Bear Creek, not just at our projects. Erfan Kazemi, Stephen Lang and Tony Hawkshaw retired from our Board and Susan Toews and Sandra Daycock were appointed. We also augmented our management team in the last 12 months with the appointment of Eric Caba as President and CEO, Brian Peer as COO, Zoya Shashkova as CFO and Ed Roux as VP Project Development. These skilled professionals bring fresh perspectives to the Company and complement the knowledge capital of the prevailing members of our Board and management team. From our employees through to our Board, our team can and will manage Bear Creek's challenges and opportunities, now and in the future.

2023 also sadly marked the passing of Tony Hawkshaw, Bear Creek's CEO from 2017 to mid-2023. Tony was an energetic and ambitious executive who led Bear Creek toward its vision of becoming a multi-asset precious metal producer.

We know 2023 was a tough year for our shareholders as we worked to claw back share value lost on the Mercedes acquisition. That said, the Board and Management still heartily believe in the potential of Mercedes, and we are working diligently to unlock that value. As well we are excited about advancing our cornerstone asset, Corani. On behalf of our Board of Directors and the entire Bear Creek team, we thank you for your continued support of Bear Creek Mining. Please visit our website (www.bearcreekmining.com) for news and information and copies of our public filings. We look forward to your questions and comments so please do not hesitate to contact us anytime at info@bearcreekmining.com or +604-685-6269.

With best regards,

Eric Caba

Eric Caba
President and CEO

Catherine McLeod-Seltzer

Catherine McLeod-Seltzer
Chair

Please review our Annual Information Form for the year ended December 31, 2023 for information about the Company's activities during 2023 and for important information about risks and uncertainties and cautionary notes regarding Forward-Looking Information that are included in this Letter to Shareholders.