

**INTERNATIONAL CENTRE FOR SETTLEMENT  
OF INVESTMENT DISPUTES**

**ICSID Case No. ARB/14/21**

**In the Matter of**

**BEAR CREEK MINING CORPORATION,**

**Claimant,**

**v.**

**THE REPUBLIC OF PERU,**

**Respondent.**

---

---

**WITNESS STATEMENT OF RANDY V. J. SMALLWOOD**

---

---

December 21, 2015

## **INTRODUCTION**

1. My name is Randy Smallwood. I currently serve as President and Chief Executive Officer of Silver Wheaton Corporation (“Silver Wheaton”), the largest pure precious metals streaming company in the world. Silver Wheaton holds 13,264,305 common shares in Bear Creek Mining Corporation (“Bear Creek”), which to my knowledge represents approximately 14% of the issued and outstanding common shares of Bear Creek and makes us the largest single shareholder in Bear Creek. I have been asked by King & Spalding LLP, on behalf of Claimant, Bear Creek Mining Corporation (“Bear Creek” or the “Company”) to provide a witness statement regarding Silver Wheaton’s involvement with Bear Creek.

### **I. PROFESSIONAL BACKGROUND AND EXPERIENCE IN THE JUNIOR MINING SECTOR**

2. I was born in Grande Prairie, Alberta, Canada in 1964. I graduated from the British Columbia Institute of Technology with a Mine Engineering Diploma in 1990, and from the University of British Columbia, where I graduated with a Bachelor of Sciences in Geological Engineering in 1995. During that time I worked in the exploration departments of Homestake Mining Company, Teck Corp. and Westmin Resources. In 1994, I joined Wheaton River Minerals Ltd. (“Wheaton River”), where I started as exploration geologist and was promoted as Director of Project Development in 2001. Wheaton River had an exploration project in northern Canada called Golden Bear, and we had success in finding and defining several gold orebodies, and then building and operating mines on those orebodies, with production starting in 1997.

3. Goldcorp Inc. (“Goldcorp”) acquired Wheaton River for about US\$ 2 billion in 2005. I became Director of Corporate Development for Goldcorp in February 2005. As Director of Corporate Development, I was an instrumental part of the team that built Wheaton River/Goldcorp into one of the largest and most profitable gold companies in the world. I left Goldcorp in February 2007 to focus full-time on my role as Executive Vice President of Corporate Development at Silver Wheaton, which I had co-founded in 2004.

4. The Silver Wheaton group’s business is the sale of silver and gold acquired under streaming agreements with mining companies.

5. A streaming agreement refers to a contract where, in consideration of an upfront payment and a production payment for each ounce of silver and/or gold delivered to the

streaming company, the streaming company purchases all or a portion of the silver and/or gold production from one or more mines. In effect, streaming agreements allow Silver Wheaton to purchase, in consideration of an upfront payment and a per ounce production payment, a portion of the silver or gold production of a mine that it does not own or operate.

6. Silver Wheaton is the largest pure precious metals streaming company in the world. Silver Wheaton currently has streaming agreements for 22 operating mines and 7 development stage projects located around the globe. Based upon its current agreements, forecast 2015 estimated annual attributable production is approximately 44.5 million silver equivalent ounces (silver equivalent ounces assumes a gold/silver ratio of 72:1), including 230,000 ounces of gold. By 2019, estimated annual attributable production is anticipated to increase significantly to approximately 55 million silver equivalent ounces, including 325,000 ounces of gold. This anticipated growth is expected to be driven by the Company's portfolio of low-cost and long-life assets, including precious metal and gold streams on Hudbay's Constancia project and Vale's Salobo mine.

7. In January 2010, I was appointed President of Silver Wheaton, and in April 2011, I was appointed Chief Executive Officer.

8. In addition to my role of President and CEO, I am also a member of the Board of Directors of Silver Wheaton. I also served or serve as director of the following companies: Ventana Resources Corp. (a Canadian gold mining company with projects in Columbia); Canaco Resources Inc. (a junior miner focusing on exploration in Tanzania); Castle Peak Mining (a Canadian gold exploration company active in Ghana); Riva Gold Corp. (a Canadian-based silver exploration company that was acquired by Wildcat Silver Corp. in 2013); Tigray Resources (Canadian mineral exploration company focused on early-stage mineral projects in Ethiopia that was acquired by East Africa Metals in 2014); and Geologix Exploration Ltd. (a Canadian junior mining company with a focus on exploration in Mexico).

## **II. INVOLVEMENT WITH BEAR CREEK**

9. Silver Wheaton became interested in Bear Creek based on indications of the Company's discovery of significant mineralization containing silver at Corani and Santa Ana, both in the Puno Region of Peru. We decided to invest in Bear Creek after conducting an early

due diligence process, which included a visit to the Santa Ana project site, extensive discussions with Bear Creek's management, and a thorough assessment of the Company's discoveries and prospects. We understand firsthand what it takes to bring a project into production since Silver Wheaton's success is predicated on identifying promising projects with a strong management team. The Bear Creek management team was a strong team with a proven track record in advancing mineral development projects.

10. As the Bear Creek team continued to advance development of Corani and Santa Ana, Silver Wheaton continued to invest in the company, and has acquired 13,264,305 common shares of Bear Creek for an aggregate of Cdn\$68,766,847, through share purchases on the following dates:

Date	# of Shares	Cost per Share	Total Cost (Canadian \$)
August 2005	5,091,905	\$ 3.21	16,365,372
September 2006	2,314,600	\$ 8.91	20,622,392
January 2007	270,000	\$ 4.19	1,131,897
March 2007	270,000	\$ 4.08	1,101,578
August 2007	200,000	\$ 7.93	1,586,769
July 2008	770,000	\$ 5.06	3,899,869
October 2009	1,369,800	\$ 3.65	4,999,770
November 2010	2,978,000	\$ 6.40	19,059,200
Total	13,264,305	\$ 5.18	68,766,847

11. To my knowledge, Silver Wheaton currently holds approximately 14% of the issued and outstanding shares of Bear Creek, and is Bear Creek's largest shareholder.

12. Silver Wheaton's significant investment in Bear Creek was motivated by a variety of factors.

13. First, Silver Wheaton felt that, despite the early stage of the initial evaluations, Santa Ana and Corani presented an excellent potential for the development of two prime silver

mines. Silver Wheaton's entry into and continued participation in Bear Creek is a reflection of our belief that Bear Creek would ultimately deliver world-class silver projects in Peru.

14. Second, Silver Wheaton felt comfortable with Bear Creek's strategy to start with the smaller Santa Ana project in order to generate cash flows and strengthen its position with the view of financing and building Corani.

15. Third, Bear Creek had a highly-respected exploration and development team lead by Andy Swarthout, who had discovered numerous significant orebodies (a substantial number of which turned into profitable mines) and had participated in various well-known mining start-ups and operational expansions. Mr. Swarthout could rely on a seasoned Board of Directors, which included many prominent mining executives including Kevin Morano (former President of ASARCO, a U.S.-based company that controlled Southern Peru Copper Corp. , the largest copper producer in Peru), Tony Petrina (former Chief Executive Officer of Placer Dome, the sixth-largest mining company by the time it was acquired by Barrick Gold in 2006), Catherine McLeod Seltzer (Co-founder, President and Chief Executive of Arequipa Resources and Peru Copper),<sup>1</sup> and other experienced and successful mine finders – including J. David Lowell, who is a founding member and ex-Chairman of the Board of Bear Creek.

16. Our view was certainly shared in the marketplace, as evidenced by the success of Bear Creek's Cdn\$112,960,000 financing in November 2010.

17. In summary, Silver Wheaton's investment in Bear Creek is based upon the quality of the mineral deposits at both Corani and Santa Ana and the strength and experience of its management team. In making a total investment of almost Cdn\$69 million in common shares of Bear Creek, Silver Wheaton clearly believed that Santa Ana and Corani would become successful mining operations.

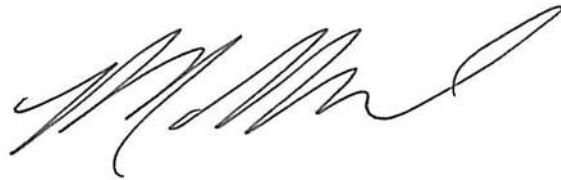
---

<sup>1</sup> Arequipa Resources was a Canadian junior mining company that discovered the Pierina gold mine near Arequipa, Peru, which became one of Peru's top gold-producing mine and one of the most profitable gold mines in the world. Barrick Gold acquired Arequipa Resources for over Cdn\$1.1 billion in 1996 (about US\$800 million at that time).

\* \* \*

I have prepared this witness statement with the assistance of counsel, but the facts and circumstances recounted in it reflect the best of my knowledge and recollection of the relevant events.

Vancouver, British Columbia  
December 21, 2015

A handwritten signature in black ink, appearing to read 'Randy V.J. Smallwood', written in a cursive style.

---

Randy V.J. Smallwood