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January 3, 2019

BCSC Inquiries
British Columbia Securities Commission (BCSC)
P.O. Box 10142, Pacific Centre
Vancouver, BC V7Y 1L2

Re: PAN AMERICAN SILVER (TSE:PAAS NASDAQ:PAAS)

We are counsel to Earthworks,¹ Maritimes-Guatemala Breaking the Silence Network,² and MiningWatch Canada,³ organizations that work with the Xinka communities in the vicinity of the Escobal project of Tahoe Resources, Inc. (“Tahoe”).

We wish to bring to your attention information that suggests that Tahoe has misstated material facts and omitted to state material facts necessary for shareholders of Pan American Silver to consider whether to vote in favour of the purchase of Tahoe. The vote is scheduled for January 8, 2019.

In August 2016, we filed a letter with the United States Securities and Exchange Commission and in May, 2017, we filed a letter with you, indicating that Tahoe Resources had not disclosed social conflict around its Escobal mine in Guatemala, and in particular, that Tahoe had not consulted the Xinka Indigenous people. We attach our report from May 2017 for your reference. Tahoe denied both the existence of Indigenous populations in the area of the mine and any obligation to proceed with consultation processes. However, two months after we filed our letter

¹ <https://earthworks.org/>

² <http://www.breakingthesilenceblog.com/>

³ <https://miningwatch.ca/>

with you, the Escobal mine was suspended by court order released on July 5, 2017, based on the failure to consult with Indigenous communities directly affected by the Escobal mine. The suspension was confirmed by the Constitutional Court of Guatemala on September 3, 2018, and will remain in effect until the consultation process is complete. The Escobal project has already been suspended for 18 months and there is no clarity when it will reopen.

Tahoe's shares have dropped from a high of almost \$25 before suspension, to under \$4 now. On November 14, 2018, Pan American Silver announced that its Board approved the purchase of Tahoe.

The September 3, 2018 judgment of the Constitutional Court of Guatemala ordered:

- (i) that the mine remain suspended until the state completed consultation in accordance with the International Labour Organization's Convention 169 (ILO 169);
- (ii) that the process for renewing Tahoe's last remaining exploration license be revoked; and
- (iii) that the state reform its laws to increase the royalties for communities affected by mining.

In the attached report, we demonstrate that Pan American Silver has provided an upbeat report on the progress of consultations, but has failed to disclose a number of serious issues.

First, Pan American Silver has not disclosed that the beginning of the court-ordered consultation has been met with significant opposition and conflict from the Xinka Indigenous people. There are already two court proceedings challenging Tahoe and the government of Guatemala's approach to the consultations.

Second, Pan American Silver has adopted Tahoe's unjustifiably optimistic view on the re-opening of the mine in December 2019. Tahoe has said that the Indigenous people "do not have a veto", leaving the impression that Tahoe only has to fulfill a set of administrative procedures. However, unless there is agreement or consent by the Xinka, there could be continued protests and legal wrangling well past that date.

Third, Pan American Silver has not disclosed that the decision of the Constitutional Court also included the nullification of Tahoe's last remaining exploratory license. There is no obvious path for expansion at this moment, and that future expansion will meet stiff resistance.

Fourth, Pan American Silver has not disclosed that the Constitutional Court upheld a lower court decision to order the government to reform the laws in order to increase royalties going to communities affected by mining.

For the above reasons, we submit that there are grounds for reviewing Tahoe's disclosures.

Yours truly,

A handwritten signature in black ink, appearing to read 'Shin Imai'.

Shin Imai
Barrister and Solicitor

A handwritten signature in blue ink, appearing to read 'Constanza Pauchulo'.

Constanza Pauchulo
Researcher