BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2018

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on May 23, 2018 and should be read in conjunction with the interim consolidated financial statements of the Company for the three months ended March 31, 2018. All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company, including the Company's annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Bear Creek's business is the acquisition, exploration and development of precious and base metal properties located in Peru. The Company is advancing its 100%-owned Corani silver-lead-zinc project towards development and has a number of early-stage exploration projects being explored by joint venture partners. Bear Creek has no revenues from its mineral properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations.

Except where otherwise indicated, Bear Creek's exploration programs and disclosure of a technical or scientific nature are prepared by or prepared under the direct supervision of Andrew Swarthout, P.Geo., Executive Chairman of the Company, who serves as the Qualified Person under the definitions of National Instrument 43-101 ("NI 43-101").

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1) Current Highlights

On March 1, 2018, Mr. Paul Tweddle was appointed Chief Financial Officer of the Company based in Lima, Peru. Mr. Tweddle was the VP of Finance and Commercial of Rio Alto from the La Arena mine construction stage through 2015, where he also played a key role in the Shahuindo mine acquisition and financing. Mr. Tweddle also worked as a physical base and precious metals trader and most recently served as CFO of Oben Holding Group, a leading global flexible packaging manufacturer.

On March 15, 2018 the Company announced the appointment of Mr. Eric Caba to the position of Vice President, Project Development based in Lima, Peru. Mr. Caba has over 25 years' experience in global mining operations and most recently served as the Vice President, South America Business Unit for Hudbay Minerals Inc. where he played a key role in the design and development of the business processes and operational preparedness, focusing on business relationships, productivity, efficiency and cost control, and coordinated implementation of these processes and preparations through all levels and stages of the Constancia mine construction.

On May 10, 2018, the Company announced it received the Mine Construction Permit and the Accreditation of Water Availability for the Corani project from the Peruvian Ministry of Energy and Mines ("MEM") and the Water Authority within the Ministry of Agriculture, respectively. The Mine Construction Permit authorizes the stripping and extraction of ore according to the Corani Mine plan and the construction of auxiliary and complementary mine facilities such as access roads, the mine camp and maintenance and storage buildings. The Accreditation of Water Availability confirms that the water resources required for construction and operation of the Corani Mine are available for use in the project.

Corani Project:

The Company continues to advance the Corani project towards development through additional metallurgical testing, continued permitting work, and broadening the breadth and depth of its technical staff. The Company is concurrently developing a suitable financing strategy. An early works budget of $4.5M has been approved, including access roads, mine camp and maintenance and storage facilities.

On May 10, 2018, the Company announced that it had received a Mine Construction Permit and an Accreditation of Water Availability. The Mine Construction Permit authorizes the stripping and extraction of ore according to the Corani Mine plan, and the construction of auxiliary and complementary mine facilities such as access roads, the mine camp and maintenance and storage buildings. The Accreditation of Water Availability confirms that the water resources required for construction and operation of the Corani Mine are available for use in the project. A separate permit for the construction of the Corani process plant, waste and tailings disposals, water storage system and processing-related facilities (the "Process Plant Construction Permit") is currently under review and pending approval. These permits, together with the Company's approved Environmental and Social Impact Assessment ("ESIA") that underlies them, are the key authorizations required to construct the Corani mine and the granting of these permits represents a substantial mitigation of project development risk.

For more details about the Corani Mine, see section 3.1

Maria Jose Project:

As previously reported, the Company (through its Peruvian subsidiary INEDE) decided to seek an appropriate partner to advance this highly prospective district in order to preserve the Company's cash. AMS has secured surface rights agreements with the local community and is currently constructing an access road to the tunnel portal sites, with tunneling work now expected to begin during the third quarter of 2018. The Maria Jose tunneling program is designed to test the continuity of gold mineralization and define resources for potential production.

2) Development Projects

2.1) Corani Silver-Lead-Zinc Project

The 100%-owned Corani silver-lead-zinc project ("Corani") is located in the Andes Mountains approximately 160 kilometers southeast of Cusco, Peru at an elevation of approximately 4800 meters above sea level. The project currently consists of twelve mineral concessions that form a contiguous block of ground covering approximately 5,700 hectares. The Company has been notified that it won the auction for an additional 300 hectares of mineral concessions and is awaiting the results of a due diligence process required by the government before the adjudication of the concessions can be legally ratified. The Peruvian government conducts the due diligence which may include and is not limited to title searches, dispute resolution, if any, and archeological research.

2017 Corani Technical Report Project Metrics and Key Updates and Optimizations *(all dollar amounts are expressed in US dollars unless otherwise noted)*

On October 27, 2017, the Company filed a NI 43-101 feasibility study technical report (the "2017 Corani Technical Report") prepared on behalf of the Company by Sedgman Chile SpA, with contributions from other mining and engineering consulting firms.

Summary of Key Corani Project Metrics from the 2017 Corani Technical Report:

	2017 CORANI TECHNICAL REPORT
CAPITAL	
Initial Capital	**$585 M**
Total Capital	**$586 M**
PROCESSING	
Ore Milled (k t)	**139,073**
Silver Recovery	**69.9%**
Lead Recovery	**61.1%**
Zinc Recovery	**67.1%**
Payable Silver (M oz)	**144**
Payable Lead (B lbs)	**1.59**
Payable Zinc (B lbs)	**1.03**
OPERATING	
Total Production Costs (1)	**$3,350 M**
AISC (2) per oz Silver (by-product basis) Years 1-6	**$1.81**
AISC (2) per oz Silver (by-product basis) Life of Mine	**$5.01**
AISC (2) per oz Silver (co-product basis) Life of Mine	**$11.55**
Avg. Annual Silver Production Years 1-6	**12.0 M oz/year**
Avg. Annual Silver Production Life of Mine	**8.0 M oz/year**
Stripping Ratio	**1.49**
Mine Life (extraction)	**18 years**
Mine Life (processing)	**18 years**
Mill Capacity	**22,500 tpd**

(1) Total Production Costs are total cash operating costs + sustaining capital costs + reclamation and closure costs + social costs

(2) AISC are per payable oz, and are cash operating costs + sustaining capital costs + reclamation and closure costs + social costs divided by ounces of silver produced

2017 Corani Technical Report Project Economics and Leverage to Metal Prices

	2017 CORANI TECHNICAL REPORT	**AT RECENT METAL PRICES**
ECONOMICS (after tax)		
Net Present Value (5% discount)	$404 M (1)	$510 M (2)
Internal Rate of Return	15.1% (1)	17.0% (2)
Payback period (years)	3.6 (1)	3.4 (2)

(1) Using 2017 Detailed Engineering report base case metal prices ($18/ounce silver, $0.95/pound lead and $1.10/pound zinc)
(2) Using spot prices of May 23, 2018 ($16.52/oz silver, $1.11/lb lead and $1.37/lb zinc) applied to 2017 Detailed Engineering report

The Corani project remains leveraged to metal prices, with an estimated difference in NPV of $112 million for every $1 or approximately 5.5% movement in silver price (with proportional changes in lead and zinc prices).

Corani Reserve and Resources Estimates

2017 Corani Feasibility Mineral Reserves							
					Contained Metal		
Category	**M Tonnes**	**Silver g/t**	**Lead %**	**Zinc %**	**Silver Million oz.**	**Lead Million lb.**	**Zinc Million lb.**
Proven	20.8	65.8	1.03	0.71	44	472	323
Probable	118.3	47.5	0.87	0.57	181	2,274	1,486
Proven & Probable	139.1	50.3	0.90	0.59	225	2,746	1,809

2017 Corani Feasibility Study Mineral Resources in Addition to Reserves							
					Contained Metal		
Category	**M Tonnes**	**Silver g/t**	**Lead %**	**Zinc %**	**Silver Million oz.**	**Lead Million lb.**	**Zinc Million lb.**
Measured	13.4	34.5	0.39	0.17	15	111	50
Indicated	83.3	26.9	0.38	0.27	72	701	500
Measured & Indicated	96.7	27.9	0.38	0.26	87	812	550
Inferred	39.9	37.2	0.58	0.40	48	511	352

NI 43-101 Disclosure

The 2017 Corani Technical Report was prepared by a team of independent Qualified Persons ("QP"s, as defined in National Instrument 43-101) including: Juan Carlos Tapia, ChE, IMCh, PE of Sedgman, responsible for Summary, Introduction, Reliance on Other Experts, Recovery Methods, Interpretations and Conclusions, Recommendations and References; Kevin Gunesch, PE, Principal Mining Engineer of GRE, responsible for Property Description and Location, Accessibility and Infrastructure, History, Mining Methods and Market Studies; Jennifer Brown, PG, SME-RM, an associate of GRE, responsible for Geological Setting and Mineralization, Deposit Types, Exploration, Drilling, Sample Preparation and Analysis, Data Verification and Adjacent Properties; Rick Moritz, MMSA, Principal Mining Engineer of GRE, jointly responsible for Mineral Processing and Metallurgical Testing; Deepak Malhotra, PhD, MMSA, Independent Consultant, jointly responsible for Mineral Processing and Metallurgical Testing; Terre Lane, MMSA, Principal Mining Engineer of GRE, responsible for Mineral Resource Estimates, Economic Analysis, Other Relevant Data and Information and jointly responsible for Mineral Reserve Estimates and Mining Methods; Denys Parra, PE, Independent Consultant, jointly responsible for Mineral Reserve Estimates, Environmental Studies, Permitting and Social or Community Impact and Mining Methods; Gregory Wortman, BE (Metallurgy), PE, of Sedgman, jointly responsible for Project Infrastructure; Larry Breckenridge, PE, Principal Environmental Engineer of GRE, jointly responsible for Environmental Studies, Permitting and Social or Community Impact and Project Infrastructure; and, Michal Short, BE (Civil), CEng FIMMM, FAusIMM(CP), FIEAust, CPEng, of GBM, responsible for Capital and Operating Costs.

Assumptions used in the 2017 Corani Technical Report Mineral Reserve estimate are:

- The Mineral Reserves have been estimated using the definitions of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).
- The Mineral Reserves have been estimated using the following metal prices: $20.00/oz Ag, $1.00/lb Zn, $0.95/lb Pb using a revenue factor 1.00 pit shell as a basis for the pit design.
- Only pre-mineral tuff type of material has been considered as reserves.
- NSR Cut-off grades used are equal or higher than: $11.11/t for the East Pit, and $11.26/t for Minas and Main pits.
- The effective date for these Mineral Reserves is 1 May 2017.
- Totals / Averages may not add up due to rounding of individual tonnes and grades.
- The tonnes and grades shown above are considered a Mineral Reserve because they have been demonstrated to be economically viable through the FEED study financial model using the following metal prices: $18.00/oz Ag, $1.10/lb Zn, $0.95/lb Pb.

The economic input for mineral resource determination was identical to that applied to the mineral reserve, with the following exceptions:

- The resource Whittle pit shell did receive economic credit for inferred-class material. Inferred was treated as waste for the mineral reserve.
- The Mineral Resources were generated within the $30.00 silver, $1.425 lead, and $1.50 zinc price pit shell and the calculated $11/tonne NSR cut-off.
- The Mineral Resource contains potentially leachable material processed at $4.82/tonne and above a 15 g/tonne silver cut-off. This Resource is contained within the Whittle pit shell but is not included in the Resource Estimate. The Mineral Reserve does not include any potentially leachable material.

Social and Environmental

The Company has maintained excellent working relationships with the local communities and has continued to operate development activities at Corani without interruption. One of the areas of primary focus for the coming year will be to build on the positive relations with the local communities as the project is advanced. The Company owns 100% of the surface rights covering the planned location of the mine, waste dumps, water storage area and processing plant. The Company is working with the Peruvian government to provide the access rights for the ancillary facilities including the access roads and power.

The Company completed a Life of Mine Investment Agreement ("LOM Agreement") in June 2013. This agreement was entered into with the District of Carabaya, five surrounding communities, and relevant, ancillary organizations specifying investment commitments over the project life, including the pre-production period. Under the agreement, annual payments are to be made into a trust designed to fund community projects totaling 4 million nuevo soles per year (approximately $1.3 million per year), beginning with the first installments in 2013. The second and future installments are contingent upon certain permits being received. Payments will remain constant throughout the term of the agreement. Cessation or interruptions of operations will cause a pro-rata decrease in the annual disbursements. As an integral part of the LOM Agreement, a trust or foundation structure is established for approval of investments and disbursement of funds. Each of the five communities (Corani (Aconsaya), Chacaconiza, Quelcaya, Isivilla, and Aymaña) has agreed to the formation of committees which will consider and approve investment projects for the benefit of the communities, such as schools, medical facilities, roads, or other infrastructure. The amounts of the total annual investment to be directed towards each community is agreed to and defined in the agreement. Bear Creek is an oversight member of the trust and will assist towards the success of the projects; however, the Company will have no voting powers. In this structure, Bear Creek's intent is to appoint independent members with community social responsibility experience and credibility in order to provide oversight of the foundation's functions in meeting its commitments to the communities and all of its members.

In Q4 2017 the Company commenced construction of the Antapata electrical substation near the town of Macusani, the nearest sizeable town to the Corani project, located approximately 30 kilometers in a straight line (approximately 64 kilometers by road) to the east of Corani on the Interoceanic Highway. This substation will eventually be used to direct electricity to a future power line that will supply the Corani project and is being constructed with the capacity necessary to additionally provide a consistent power supply to the residents of Macusani, who currently experience regular electrical power brownouts. The Company is currently focused on additional topographical studies and is awaiting the approval of complementary permits required to continue its construction activities.

The Company will continue to cultivate the social license it has earned with the communities neighboring the Corani project, by maintaining the open, honest, and transparent relationships it has established and by continuing its funding of the community trust established through the LOM Agreement.

Outlook

The Company is assessing potential Corani project financing alternatives. Concurrently, the Company plans to undertake certain pre-construction initiatives over the coming 18 months, which may include site access road construction, power line construction, camp construction and pre-production stripping.

The Company plans to patiently and meaningfully advance Corani toward development during 2018 and will consider a production decision for the project when market and financing conditions are compelling.

Corani Expenditures

During the three months ended March 31, 2018, the Company incurred expenses of $1.33 million on the Corani project. Included in this total are; detailed engineering costs of $0.2 million; camp; supplies and logistics of $0.4 million; community contribution activities totaling $0.1 million; and salaries and consulting of $0.6 million.

The Company had $77.3 million of capitalized acquisition costs related to the Corani project as of March 31, 2018 (December 31, 2017 - $77.3 million).

The Company has budgeted total expenditures for the Corani project of $10.5 million for 2018, approximately $4.5 million of which is for early work projects, which includes the Antapata electrical sub-station and access roads, additional permitting, metallurgical test work and geotechnical drilling.

2.2) Santa Ana Silver Project

In 2014 the Company filed an Arbitration claim at the International Centre for the Settlement of Investment Disputes (“ICSID”) pursuant to the Canada-Peru Free Trade Agreement to seek remedy of the revocation of the Company’s rights to operate the Santa Ana Project. A comprehensive summary of the history of the Santa Ana project and the Arbitration is provided in the Company’s Annual Information Form dated April 19, 2018 (available at https://bearcreekmining.com/investors/annual-information-form/) and materials filed with ICSID in respect of the Arbitration are available on ICSID’s website (https://icsid.worldbank.org/en/Pages/cases/casedetail.aspx?CaseNo=ARB/14/21).

On December 1, 2017, the Tribunal of arbitrators hearing the Arbitration rendered the Award of approximately $31 million in favor of the Company. The Tribunal agreed with the vast majority of the Company’s arguments. It concluded that the Government of Peru breached its obligations to the Company under the Canada-Peru Free Trade Agreement. The Company anticipates that it will receive payment from the Peruvian government in 2018. As such, the Company has recorded the $31.0 million as a receivable in the statement of financial position. Interest is accrued on the settlement amount at 5% per annum, compounded quarterly. During the quarter to March 31, 2018, the Company has recorded $0.4 million interest on the settlement.

During the quarter ended March 31, 2018, the Company incurred expenditures of $65 thousand on the Santa Ana project including ongoing legal costs.

3) Exploration Projects

The Company reduced its exploration activities over the past several years in order to preserve cash while still maintaining its obligations under Joint Venture (“JV”) agreements. The Company maintains a core exploration staff to manage its joint venture exploration projects. The Company has budgeted $0.3 million for these exploration programs in 2018.

3.1) Maria Jose Prospect

In March 2013, the Company entered into an option agreement with a private Peruvian third party to acquire 100% of the 3,500 hectare Maria Jose property, and in early 2015, the Company signed an option and joint venture agreement with Analytica Mineral Services SAC (“AMS”); a successful Peruvian tunneling contractor and gold producer, to explore and develop the Maria Jose gold-quartz vein system. AMS is expected to complete 2,000 meters of tunneling and cross-cuts in the vein systems, at its sole cost, to earn a 51% undivided interest in the mineral concessions. Following AMS earning its 51% interest, the two parties will form a joint venture agreement. The primary purpose of this alliance was to reduce Bear Creek's exploration costs while maintaining a meaningful ownership interest with a reputable operating partner.

In December 2015, Bear Creek and AMS made a payment of $1.2M to the underlying owner acquiring a 100% interest in the company holding the mineral concessions. As a result, the Company and AMS now jointly own a 100% interest in the Maria Jose concessions. There are no underlying royalties; however, under the purchase agreement, BCMC and AMS are obligated to pay an additional $2.1M on commencement of commercial production. This additional payment has no time limit.

AMS has secured surface rights agreements with the local community and is currently constructing an access road to the planned tunnel portal sites. AMS has applied for all the necessary permits; however, due to various administrative issues the granting of the permits remains delayed.

3.2) Sumi Gold Prospect

The Company acquired a 100% interest in the Sumi gold prospect by staking in 2011. Sumi is comprised of 1,200 hectares located in the gold-silver tertiary-age epithermal belt in central Peru.

Since March 2014, the Sumi prospect has been explored by Japan Oil, Gas and Metals National Corporation ("JOGMEC"), with which company Bear Creek entered into a joint venture agreement. JOGMEC undertook a series of drill campaigns to test the mineral potential of the Sumi prospect, including the potential for blind vein-breccia targets and a possible buried Cu porphyry source underlying the large epithermal mineralization footprint exposed at the surface. This drill program concluded in 2017 with marginal results and during Q1 2018 JOGMEC informed the Company of its intent to terminate the Sumi joint venture. The Company is currently drafting a termination agreement.

3.3) Generative Exploration

Generative exploration has historically been an important part of the business of identifying and acquiring new opportunities. However, as a result of the Company's focus on the Corani and Santa Ana Projects, generative exploration efforts have been temporarily reduced. Generative exploration costs are those costs not attributable to a specific Bear Creek project. When Bear Creek defines a project as a distinct exploration target, it is accounted for as a separate project.

IGV

In November 2016, the Company submitted an application to the Peruvian Ministry of Energy and Mines (“MEM”) for accelerated recovery of the 18% IGV ("Impuesto General a las Ventas" - Peruvian value added tax) that applies to the Company’s planned future investments in the Corani project. The application was approved and a contract (the “IGV Contract”) with the MEM and its agents was executed in the second quarter of 2017. Under the terms of the IGV Contract the Company will be able to recover, on an expedited basis, the IGV taxes associated with its Corani capital investments as described in the approved ESIA and the 2017 Corani Technical Report.

The IGV expense of $0.1 million represents IGV that was paid to the Peruvian Government during the period ended March 2018. This amount is expected to be recoverable when the Company generates future revenues in Peru.

Since the Company is in the exploration stage and there is no assurance that future revenues will be generated in Peru, IGV has been expensed as incurred. IGV is denominated in Peruvian soles, with a cumulative amount of IGV paid by the Company as of March 31, 2018 of $14.8 million (47.7 million soles). IGV credits can be carried forward indefinitely.

Other Properties

Other properties are non-material exploration properties which management has determined are not an exploration priority or which management has chosen not to pursue and, therefore, has terminated option agreements.

4) Results of Operations

Three months ended March 31, 2018 as compared to the three months ended March 31, 2017

For the three months ended March 31, 2018 the Company had a loss of $2.2 million compared to a loss of $3.4 million for the three months ended March 31, 2017. The Company's loss per share for Q1 2018 was $0.02 compared to a loss per share of $0.03 for Q1 2017.

During the three months ended March 31, 2018, spending on the Corani property was $1.3 million which was a decrease of $0.7 million from the $2.0 million spent in the three months ended March 31, 2017. The Corani costs were lower in the current quarter due to reductions in costs associated with the completion of the Phase I detailed engineering which commenced in the fourth quarter of 2016 as well as reductions in community contributions. Santa Ana Arbitration costs decreased by $113 thousand to $65 thousand from $178 thousand as costs after September 2016 declined. Other exploration costs decreased by $0.1 million as a result of recovery of costs incurred through the JV agreement with JOGMEC on the Sumi property.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in US dollars.

Period	Revenues	Income (Loss) for the period (in millions)	Basic and fully diluted income (loss) per share
1st Quarter 2018	Nil	$(2.2)	$(0.02)
4th Quarter 2017	Nil	$27.3	$0.26
3rd Quarter 2017	Nil	$(2.6)	$(0.03)
2nd Quarter 2017	Nil	$(3.3)	$(0.03)
1st Quarter 2017	Nil	$(3.4)	$(0.03)
4th Quarter 2016	Nil	$(3.3)	$(0.03)
3rd Quarter 2016	Nil	$(3.4)	$(0.03)
2nd Quarter 2016	Nil	$(3.0)	$(0.03)

The decrease in loss of $1.5 million in the 1st Quarter 2018 as compared to the 4th Quarter 2017 (excluding the $31M award) is mostly attributable to a $1.4 million decline in Corani property expenditures along with the accrual of $0.4 million interest on the Santa Ana Award, partially offset by an increase in share-based compensation of $0.3 million.

In the 4th quarter of 2017, the Tribunal of arbitrators hearing the Arbitration rendered an Award in favor of the Company of $31 million. Without the Award, the Company had a loss of $3.7 million in the 4th quarter of 2017.

The decrease in loss in the 3rd quarter of 2017 relates primarily to reduced expenditures on the Corani project. The Company completed its detailed engineering study on Corani during September 2017 and filed a technical report in October 2017, and as a result had fewer costs during the final months of the study preparation as compared to the previous quarters. In addition, the Company had lower share-based compensation and other exploration costs during the 3rd and 4th quarters of 2017 as compared to the 2nd quarter of 2017.

The increase in loss in the 3rd quarter of 2016 relates primarily to the increase in costs associated with the Arbitration.

The principal recurring factors that can cause fluctuations in the Company's quarterly results include the timing and valuations attributable to stock option grants, expenditure levels on exploration projects, impairment losses on exploration projects and foreign exchange gains or losses related to Canadian dollar or Peruvian sole cash balances. The principal non-recurring factors affecting the quarterly results include detailed engineering expenditures for Corani and costs related to the Arbitration proceedings.

5) Liquidity and Capital Resources

Of the $17.1 million in cash and cash equivalents and short term investments, as of March 31, 2018, approximately $3.4 million (CDN$4.3 million and Soles 0.3 million) was denominated in Canadian dollars and Peruvian soles, with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2018 are expected to be denominated in US dollars. The Company generally invests its cash and cash equivalents in either Canadian government backed paper or in Canadian chartered bank corporate paper with short-term maturities. In the three months ended March 31, the Company had a cash outflow from operating activities of $1.6 million compared to $2.3 million in the comparative period in 2017.

As of March 31, 2018, the Company's net working capital was $47.7 million compared to net working capital of $49.4 million as of December 31, 2017. Cash and cash equivalents and short term investments at March 31, 2018 totaled $17.1 million compared to $18.8 million as of December 31, 2017. The decrease is primarily due to funding operating activities associated with Corani community contributions and other operating activities during the period, as well as working capital adjustments.

The Company believes its current cash balances are sufficient to fund its planned exploration, development and corporate overhead activities for at least the next twelve months. The Company has budgeted costs of $15 million in 2018 (of which approximately $4.5 million is for early works for the Corani project).

The Company has used approximately $8.0 million of the proceeds received from the July 2016 prospectus offering of common shares as set out in the table below.

Corani Property	2016 PROSPECTUS USD	Expenses 2016	Expenses 2017	Expenses 2018	To Date Total Incurred
Detailed Engineering Work	5,000,000	1,101,000	3,659,000	492,000	5,252,000
Construction permitting work	1,000,000	-	37,000	-	37,000
Pre-production infrastructure projects	7,000,000	-	-	-	-
Total Corani Property	13,000,000	1,101,000	3,696,000	492,000	5,289,000
General					
Estimated costs of the Offering	230,000	272,000	-	-	272,000
Generative Exploration - MJ and Sumi	2,000,000	50,000	97,000	11,000	158,000
IGV	2,700,000	200,000	698,000	147,000	1,045,000
General working capital and admin expenses	1,531,000	500,000	1,400,000	-	1,900,000
Total General	6,461,000	1,022,000	2,195,000	158,000	3,375,000
					-
Total	19,461,000	2,123,000	5,891,000	650,000	8,664,000

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations in the future. The Company has had no source of revenue and has significant cash requirements to fund its development project capital requirements, continue with its exploration programs, administrative overhead and maintain its mineral properties.

The following table summarizes the contractual maturities of the Company's financial liabilities, and operating and capital commitments at March 31, 2018:

(all dollar amounts are thousands of USD)

	2018	2019	2020	2020	2022 and Beyond	Total
Accounts payable and accrued liabilities	$800	-	-	-	-	$800
Provisions	-	-	-		$200	$200
Other liabilities	$181	$41	$41	$41	$818	$1,122
Operating leases	$32	$74	-		-	$106
	$1,013	$115	$41	$41	$1,018	$2,228

As at May 23, 2018, the Company had 103,085,064 outstanding common shares. The Company also had 7,390,750 share purchase options outstanding with a weighted average exercise price of CDN$2.14.

6) Related Party Transactions

Trading Transactions

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director or partner.

	Nature of transactions
DuMoulin Black LLP	Legal fees
Estudio Grau S.C.R.L.	Legal fees
Avisar Chartered Professional Accountants	Accounting fees

The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

	Three Months Ended March 31	
	2018 (000's)	2017 (000's)
Legal fees – DuMoulin Black LLP	**$ 7**	$ 23
Legal fees – Estudio Grau S.C.R.L.	**-**	27
Accounting fees	**19**	24
	$ 26	$ 74

Transactions with related parties for goods and services are made on commercial terms. Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2018 included $886 (March 31, 2017 - $24,851) which were due to individuals or companies whose officers, directors or partners were also officers or directors of the Company.

Compensation of Key Management Personnel

The remuneration of the directors, president and chief executive officer, and the chief operating officer (collectively, the key management personnel) for the three months ended March 31, 2018 and 2017 were as follows:

		Three Months Ended March 31	
	Note	**2018 (000's)**	2017 (000's)
Salaries and directors' fees	(i)	**$ 260**	$ 203
Share-based compensation	(ii)	**514**	492
		$ 774	$ 695

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the quarters ended March 31, 2018 and 2017.

(ii) Share-based compensation represents the non-cash expense for the quarters ended March 31, 2018 and 2017, translated at the grant date foreign exchange rate.

7) *Changes in Accounting Policies and New Accounting Pronouncements*

We have adopted the new IFRS pronouncement for financial instruments as at January 1, 2018, in accordance with the transitional provisions outlined in the respective standard and described below. The adoption of the new IFRS pronouncement has not resulted to adjustments in previously reported figures and no change to the opening deficit balance as at January 1, 2018, under the IFRS 9 transition provisions.

Overview of Changes in IFRS 9

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

Under IFRS 9, on initial recognition, a financial asset or liability is classified at amortized cost or at fair value (either through other comprehensive income ("FVOCI") or profit or loss ("FVPL")).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income (FVOCI).

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Classification and Measurement Changes

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Financial Assets:		
Cash and cash equivalents	Amortized cost	Amortized cost
Short-term investments	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Santa Ana settlement award receivable	Amortized cost	Amortized cost
Financial Liabilities:		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost

There has been no change in the measurement categories, carrying values or to previously reported figures of our financial instruments. The adoption of the Standard did not have a significant impact on the financial statements.

The following new standards and amendments to standards have been issued but are not effective during the period ended March 31,2018:

- IFRS 16 Leases is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this Standard.

8) Key Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses. Management's critical accounting estimates are summarized below:

Asset carrying values and impairment assessment

In accordance with the Company's accounting policy each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is prepared and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs of disposal and value in use.

The determination of fair value less costs of disposal and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections which may affect the recoverable amount of the assets. Also due to changing circumstances the carrying value of the assets may be further impaired or a previously recorded impairment charge reduced with the affect recorded in the statement of operations.

Determination of the fair value of stock-based compensation

The fair value of share-based compensation is determined by the Black-Scholes option pricing model, which requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility and the risk-free rate. Share based compensation is charges to the statement of operations.

9) Financial Instruments

The Company's financial instruments as at March 31, 2018 consist of cash and cash equivalents, short-term investments, receivables, Santa Ana settlement award receivable, accounts payable and accrued liabilities, and other liabilities. The fair value of these instruments approximates their carrying value. There were no off-balance sheet financial instruments.

Cash and cash equivalents other than the minor amounts held in Peruvian soles consist solely of cash deposits with major Canadian banks.

The Company does not use derivative or hedging instruments to reduce its exposure to fluctuations in foreign currency exchange rates involving the Canadian dollar or Peruvian Sol.

10) Forward-Looking Information

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: (i) the amount of mineral reserves and mineral resources; (ii) the amount of future production over any period; (iii) net present value and internal rates of return of the proposed mining operation; (iv) capital costs, including start-up, sustaining capital and reclamation/closure costs; (v) operating costs, including credits from the sale of silver, lead and zinc; (vi) strip ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals and minerals; (viii) expected processing recoveries; (ix) expected time frames; (x) prices of metals and minerals; (xi) mine life; (xii) expected exploration and development programs and their timing and success; (xiii) expected taxation rates and structure; (xiv) expected mineralization; (xv) payment of the Company’s Santa Ana arbitration award; and (xvi) adequacy of cash balances. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

All forward-looking statements are based on the Company's or its consultants' current beliefs as well as various assumptions made by and information currently available to them. These assumptions include, without limitation: (i) the presence of and continuity of metals at projects at modeled grades; (ii) the capacities of various machinery and equipment; (iii) the availability of personnel, machinery and equipment at estimated prices; (iv) exchange rates; (v) metals and minerals sales prices; (vi) appropriate discount rates; (vii) tax rates and royalty rates applicable to the proposed mining operation; (viii) the availability of financing and expected terms; (ix) financing structure and costs; (x) anticipated mining losses and dilution; (xi) metals recovery rates, (xii) reasonable contingency requirements; and (xiii) receipt of regulatory approvals on acceptable terms. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward looking statements, such as statements of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. The cost information is also prepared using current estimates, but the time for incurring costs will be in the future and it is assumed costs will remain stable over the relevant period.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates assumptions and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, but specifically include, without limitation, risks related to exploration and development programs and their timing and success; risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals and minerals markets; risks relating to fluctuations in the Canadian dollar relative to other currencies; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors, changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; the effects of competition in the markets in which the Company operates; operational and infrastructure risks; and the additional risks described in the Company's annual financial statements for the year ended December 31, 2017, in the feasibility study technical report for the Corani project dated September 13, 2017 as filed on the SEDAR website (available at www.sedar.com), and in the Company's most recent annual information form. The foregoing list of factors that may affect future results is not exhaustive.

When relying on the forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

11) Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the period ended March 31, 2018 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Approval

The Audit Committee of Bear Creek has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to Bear Creek is available on SEDAR at www.sedar.com