BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on November 21, 2018 and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended September 30, 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 ("AIF"), 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. Currently, Bear Creek has no revenue 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. A description of significant risks may be found in the Company's AIF for the year ended December 31, 2017.

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

Corani Project:

The Company continues to advance the Corani project ("Corani" or the "Corani Project") towards development through additional metallurgical testing, as well as continued permitting and engineering work. The Company is also evaluating financing options for developing the Corani Project. In accordance with the Corani Project Environmental and Social Impact Assessment and local community agreements the Company started a $4.5 million early works program including building access roads, mine camp and maintenance and storage facilities. Additionally, the Company started civil works on the Antapata electrical substation and placed an order for the transformer on October 16, 2018. The transformer is expected to be delivered in June 2019.

On September 12, 2018 the Peruvian Ministry of Energy and Mines approved the modified closure plan presented pursuant to design changes made in the NI 43-101 feasibility study technical report filed on October 27, 2017 by the Company (the "2017 Corani Technical Report").

For more details about the Corani Mine, see section 2.1

Maria Jose Project:

As previously reported, the Company (through its Peruvian subsidiary INEDE) decided to seek a partner to advance this prospective district. Analytica Mineral Services SAC ("AMS"), the Company's joint venture partner, has secured surface rights agreements with the local community and has built an access road to the tunnel portal sites. Tunneling work is expected to begin during the fourth quarter of 2018. The Maria Jose tunneling program is designed to test the continuity of gold mineralization and define resources for potential production.

Santa Ana Project:

On November 12, 2018, the Company received payment from the Peruvian government of approximately $32.2 million in respect of the previously announced Santa Ana Award. For more details, please see section 2.2.

2) Development Projects

2.1) Corani Silver-Lead-Zinc Project

The 100%-owned Corani silver-lead-zinc project is located in the Andes Mountains approximately 160 kilometers southeast of Cusco, Peru at an elevation of approximately 4800 meters above sea level. The Corani Project currently consists of twelve mineral concessions that form a contiguous block of ground covering approximately 5,700 hectares. The Company applied for, and during Q3 2018 was notified that it won the auction for, an additional 300 hectares of mineral concessions in the Corani Project area. The Company is currently awaiting the results of a due diligence process required to be undertaken by the Peruvian government before adjudication of the concessions can be legally ratified, which due diligence may include title searches, dispute resolution (if required), 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"). This feasibility study was prepared on behalf of the Company by Sedgman Chile SpA with contributions from other mining and engineering consulting firms.

Summary of key estimated Corani Project Life-of-Mine Metrics from the 2017 Corani Technical Report:

	2017 CORANI TECHNICAL REPORT
CAPITAL	
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) All-in Sustaining Cost ("AISC") is a non-GAAP financial measure that does not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. The AISC's presented above are the estimated total costs per payable silver oz and are calculated as cash operating costs + sustaining capital costs + reclamation and closure costs + social costs.

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 Front End Engineering Design study (“FEED”) 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 it access rights for the ancillary facilities including the access roads and power line.

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 and specifies the Company’s investment commitments over the Corani Project life, including the pre-production period. Under the agreement annual payments totaling 4 million nuevo soles per year (approximately $1.2 million per year)are to be made into a trust designed to fund community projects. The first installment was made in 2013. Subsequent installments were contingent upon certain permits being received. All of the permits were received by the end of June 2018 and as a result, payments will remain constant at 4 million nuevo soles throughout the term of the agreement. All future yearly obligations were present valued and recorded as a liability in June 2018. The required payment for 2018 was paid in July 2018. Cessation or interruptions of operations will cause pro-rata decreases in the annual payments. Under the LOM Agreement, a trust structure was established to fund approved investments. Each of the five communities (Corani (Aconsaya), Chacaconiza, Quelcaya, Isivilla, and Aymaña) has agreed to the formation of committees that will consider and approve investment projects for the benefit of the communities, such as schools, medical facilities, roads, or other infrastructure. The annual investment to be directed toward each community is agreed to and defined in the agreement. Bear Creek is an oversight member of the trust; however, the Company has no voting or governing powers. Bear Creek appoints 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 on the Interoceanic Highway approximately 30 kilometers directly east of Corani (approximately 64 kilometers by road). A purchase order for the transformer in the amount of $0.5 million was placed on October 16, 2018 and delivery on site is expected in June 2019. This substation will be used to direct electricity to a future power line that will supply the Corani Project and to provide a consistent power supply to the residents of Macusani, who experience regular power brownouts. The Company began substation construction activities during September 2018.

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 currently assessing potential Corani Project financing alternatives and will continue this activity during the remainder of 2018 and beyond. Concurrently, the Company will continue work on the pre-construction initiatives initiated during Q3 2018, which include site access road construction, power line construction, camp construction and pre-production stripping.

The Company plans to advance Corani toward development during the remainder of 2018 and will consider a production decision for the project once Phase 2 detailed engineering is complete and an acceptable financing structure has been arranged.

Corani Expenditures

During the nine months ended September 30, 2018, the Company incurred expenses of $5.6 million on the Corani Project. Included in this total are: detailed engineering costs of $0.7 million; camp; supplies and logistics of $1.2 million; community contribution activities totaling $1.1 million; salaries and consulting of $2.4 million; and other costs of $0.2 million.

The Company had $88.5 million of capitalized acquisition costs related to the Corani Project as of September 30, 2018 (December 31, 2017 - $77.3 million). During the nine months ended September 30, 2018 the Company recognized a community projects liability and capitalized a corresponding resource property cost of $11.2 million upon receipt of mine and processing facility construction permits, which triggered successive payments under the LOM Agreement.

2.2) Santa Ana Silver Project

As previously reported, on December 1, 2017, the Tribunal of arbitrators hearing the Santa Ana Arbitration at the International Centre for the Settlement of Investment Disputes (“ICSID”) rendered an award (the “Award”) of approximately $31 million in favor of the Company. On November 13, 2018, the Company received payment from the Peruvian government of S/ 108.4 million ($32.2 million) in respect of the Award. The Award payment was inclusive of interest accumulated to October 30, 2018. Details of the Award components are available in the Company’s AIF for the year ended December 31, 2017.

In a letter from the Peruvian government dated November 12, 2018, the Company was notified it was granted $243,000 in negotiable credits in reimbursement of payments of annual surface rights and penalties made by the Company from 2012 onwards, when the Company did not have access to the Project. They are to be applied against future annual concession payments in Peru and may be sold for cash to other parties.

As at the date of these consolidated financial statements, the Company has relinquished all rights to the Santa Ana mineral concessions and has committed to providing all studies, core samples, and data to the Peruvian Government in accordance with Peruvian law.

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., In 2015, the Company signed an option providing for a future joint venture agreement with AMS, a Peruvian tunneling contractor and gold producer to explore and develop the Maria Jose gold-quartz vein system. AMS is required to complete 2,000 meters of tunneling and cross-cuts in the vein systems, at its 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. Under the purchase agreement there is an obligation to pay an additional $2.1 million to the former property owner upon commencement of commercial production. The $2.1 million is payable by the Company and AMS in proportion to their respective joint venture interests.

AMS has secured surface rights agreements with the local community and built an access road to the planned tunnel portal sites. AMS received the required permits and expects to begin the tunneling work during the fourth quarter 2018.

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 the Company had entered into a joint venture agreement. JOGMEC and the Company terminated the joint venture agreement on July 31st, 2018 upon fulfilment of JOGMEC's contractual obligation. JOGMEC has complied with its environmental remediation obligations in accordance with the closure plan approved by the Peruvian Ministry of Mines. Such obligations have been discharged. Bear Creek is reviewing the drilling results obtained by JOGMEC before making any decisions about future activity on this project.

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 reduced. Generative exploration costs are those costs not attributable to a specific 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. During the months of October and November 2018, the Company submitted claims for early recovery of S/ 2.8 million of Corani related IGV, equivalent to approximately $0.9 million.

The IGV expense of $0.4 million represents IGV that was paid during the nine months ended September 30, 2018. This amount is expected to be recoverable when the Company generates future revenues in Peru or under the provisions of the IGV Contract.

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 September 30, 2018 of $14.8 million (48.2 million soles). IGV credits can be carried forward indefinitely and can be applied to reduce future income taxes or future IGV.

4) Results of Operations

Nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017

For the nine months ended September 30, 2018 the Company incurred a net loss of $7.8 million as compared to a net loss of $9.3 million for the nine months ended September 30, 2017, a decrease of $1.5 million. The Company’s loss per share for nine months ended September 30 2018 was $0.08, as compared to a loss per share of $0.09 for 2017.

During the nine months ended September 30, 2018, spending on the Corani property was $5.6 million which was a decrease of $0.4 million from the $6.0 million spent in the nine months ended September 31, 2017. The Corani costs were lower in the current period due to reductions in costs associated with the Front End Engineering Design (“FEED”) work which commenced in the fourth quarter of 2016, partially offset by increased community contributions, salary, and consulting costs. The Santa Ana arbitration costs decreased by $0.32 million to $40 thousand from $0.4 million as the Company’s arbitration case was settled and the Company received a refund of $60 thousand that was on deposit with ICSID. There was an increase of $0.3 million in share-based compensation expense. The increase in share-based compensation was due to an increase in the number of options granted and the vesting of these options as compared to the prior period. Other exploration costs decreased due to value added taxes incurred during the prior period as a result of slightly lower spending on Corani.

Three months ended September 30, 2018 as compared to the three months ended September 30, 2017

For the three months ended September 30, 2018 and 2017, the Company had a loss of $2.6 million. The Company’s loss per share for Q3 2018 and 2017 was $0.03.

During the three months ended September 30, 2018, spending on the Corani property was $2.1 million which was an increase of $0.2 million from the $1.9 million spent in the three months ended September 30, 2017. The Corani costs were higher in the current quarter due to increased costs associated with community contributions. There was an increase of $0.1 million in share-based compensation expense. The increase in share-based compensation was due to an increase in the number of options granted during the previous twelve months and the vesting of these options as compared to the prior period.

Summary of Quarterly Results

The following table sets out 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
3rd Quarter 2018	Nil	$(2.6)	$(0.03)
2nd Quarter 2018	Nil	$(3.0)	$(0.03)
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)

The decrease in loss of $0.4 million in the 3rd Quarter of 2018 as compared to the 2nd Quarter of 2018 is mostly attributable to a reduction of Corani expenditures of $0.1 million, reduction of share based compensation of $0.1 million and a foreign exchange gain of $0.1 million in the 3rd quarter as compared to a $30,000 loss in the 2nd quarter.

The increase in loss of $0.8 million in the 2nd Quarter 2018 as compared to the 1st Quarter 2018 is mostly attributable to $0.9 million increase in Corani property expenditures.

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

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.

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 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 $11.4 million in cash and cash equivalents and short term investments, as of September 30, 2018, approximately $2.2 million (CDN$2.8 million) was denominated in Canadian dollars, 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 nine months ended September 30, the Company had a cash outflow from operating activities of $6.8 million compared to $8.4 million in the comparative period in 2017.

As of September 30, 2018, the Company's net working capital was $41.5 million compared to net working capital of $49.4 million as of December 31, 2017. Cash and cash equivalents and short term investments at September 30, 2018 totaled $11.4 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 cash balances in addition to the $32.2M Santa Ana Arbitration award payment are sufficient to fund its planned exploration, development and corporate overhead activities for at least the next twelve months.

The Company has used approximately $11.3 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	1,104,000	5,864,000
Construction permitting work	1,000,000	-	37,000	394,000	431,000
Pre-production infrastructure projects	7,000,000	-	-	-	-
Total Corani Property	13,000,000	1,101,000	3,696,000	1,498,000	6,295,000
General					
Estimated costs of the Offering	230,000	272,000	-	-	272,000
Generative Exploration - MJ and Sumi	2,000,000	50,000	97,000	114,000	261,000
IGV	2,700,000	200,000	698,000	424,000	1,322,000
General working capital and admin expenses	1,531,000	500,000	1,400,000	1,261,000	3,161,000
Total General	6,461,000	1,022,000	2,195,000	1,799,000	5,016,000
					-
Total	19,461,000	2,123,000	5,891,000	3,297,000	11,311,000

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 September 30, 2018:

(all dollar amounts are thousands of USD)

	2018	2019	2020	2021	2022 and Beyond	Total
Accounts payable and accrued liabilities	$1,054	-	-	-	-	$1,054
Community projects obligation	$-	$1,212	$1,212	$1,212	$21,816	$25,452
Provisions	-	-	-	-	$200	$200
Other liabilities	$63	$41	$41	$41	$777	$963
Operating leases	$13	$74	-		-	$87
	$1,130	$1,327	$1,253	$1,253	$22,793	$27,756

As at November 22, 2018, the Company had 103,085,064 outstanding common shares. The Company also had 7,290,750 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 [1]	Legal fees
Estudio Grau S.C.R.L. [2]	Legal fees
Avisar Chartered Accountants [3]	Accounting fees

[1] Ceased being a related party as at March 27, 2018

[2] Ceased being a related party as at December 31, 2017

[3] Ceased being a related party as at March 1, 2018

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2018 (000's)	2017 (000's)	**2018 (000's)**	2017 (000's)
Legal fees – DuMoulin Black LLP	**$ -**	$ 25	**$ 7**	$ 62
Legal fees – Estudio Grau S.C.R.L.	**-**	-	**-**	35
Accounting fees	**-**	46	**19**	97
	-	71		

		$		$		**$**	**26**	$	194

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 September 30, 2018 included $58,842 (December 31, 2017 - $8,169) 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, chief financial officer and chief executive officer, and the chief operating officer (collectively, the key management personnel) for the three and nine months ended September 30, 2018 and 2017 were as follows:

		Three Months Ended September 30				**Nine Months Ended September 30**			
	Note		**2018 (000's)**		2017 (000's)		**2018 (000's)**		2017 (000's)
Salaries and directors' fees	(i)	**$**	**343**	$	214	**$**	**947**	$	624
Share-based compensation	(ii)		**336**		198		**1,318**		1,002
		$	**679**	$	412	**$**	**2,265**	$	1,626

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the nine months ended September 30, 2018 and 2017.
Share-based compensation represents the non-cash expense for the three and nine months ended September 30, 2018 and 2017, translated at the grant date foreign exchange rate.

7) Changes in Accounting Policies and New Accounting Pronouncements

The Company adopted IFRS 9 as at January 1, 2018, in accordance with the transitional provisions outlined in the respective standard and described below. The adoption of the IFRS 9 did not result in adjustments of previously reported accounts.

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
Community projects obligation	N/A	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 September 30,2018:

- 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 September 30, 2018 consist of cash and cash equivalents, short-term investments, receivables, Santa Ana settlement award receivable, accounts payable and accrued liabilities, community projects obligation 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; 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 September 30, 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