BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED DECEMBER 31, 2020

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on April 21, 2021, and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). 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 acquiring, exploring, and developing precious and base metal properties. The Company is advancing its 100%-owned Corani silver-lead-zinc project towards development, has a royalty interest in a development project, and has other early-stage exploration projects. 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. A description of significant risks may be found in the Company's AIF for the year ended December 31, 2020.

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

Contents

1) Highlights

Corporate Developments:

On February 6, 2020 the Company issued 7,145,000 common shares at a price of CDN$2.10 per share for gross proceeds of CDN$15 million ($11.32 million). On February 18, 2020 the Company announced the share offering closed, and underwriters partially exercised their over-allotment option to purchase an additional 760,000 shares for additional gross proceeds of CDN$1.6 million ($1.20 million). Including the proceeds from the exercise of the over-allotment option, gross proceeds were CDN$16.6 million ($12.52 million) with an aggregate of 7,905, 000 shares being issued. The underwriters received a cash fee equal to 6% of the gross proceeds of the Offering.

Due to COVID-19, on March 15, 2020, the President of Peru issued a national state of emergency decree that closed the country's borders, limited transportation within the country, and required most people to work from home. The stay-at-home order was lifted on June 30, 2020, and international travel resumed, with certain restrictions, during October 2020. On January 26, 2021 Peru announced heightened restrictions, including stay-at-home orders through February 28, 2021, after which curfews that vary by region will remain in place. The state of emergency has also been extended through September 2, 2021. The Company's office in Vancouver remains closed. Some Lima workers have returned to the office on a reduced schedule and only on an as-needed basis. Staff levels at the Corani Property remain on 28-day rotations rather than the pre-COVID-19 turnaround of two weeks. Management cannot predict the effect of the COVID-19 virus on the Company's future business plans, financial position, cash flows, and results of operations.

On September 18, 2020, the Company announced that it had approved and would soon commence construction of several capital projects in the Corani region to support the long-term health, education, and economy of local communities and provide early construction infrastructure for the Corani mine. These projects have the full support and cooperation of authorities and members of the communities of Corani, Tantamaco, and Pacaje, and the Corani District Municipality. The projects include a COVID-19 rapid response care center for those afflicted, completion of the Antapata substation, installation of transmission towers from the Antapata substation to the town of Isivilla, and construction and upgrading of roads from the Interoceanic Highway through three communities and eventually to the Corani mine site.

On January 6, 2021, the Company issued 10,000,000 common shares at a price of CDN$3.00 per share for gross proceeds of CDN$30 million (23.6 million). On January 15, 2021 the Company announced the share offering closed, and underwriters exercised their over-allotment option in full to purchase an additional 1,500,000 shares for additional gross proceeds of CDN$4.5 million ($3.5 million). Including the proceeds from the exercise of the over-allotment option, the total gross proceeds were CDN$34.5 million ($27.1 million) with an aggregate of 11,500,000 shares being issued. The underwriters who purchased the shares received a cash fee equal to 6% of the gross proceeds.

Corani Silver-Lead-Zinc Project:

Technical, environmental, and social due diligence activities by the banks engaged by the Company to provide a Senior Secured Credit Facility ("SSCF") to develop Corani continued throughout the fourth quarter. The Company is responding to due diligence information requests.

Pre-construction initiatives started during Q3 2018 continue. A new phase of detailed engineering work to finalize the plant design and CAPEX estimate is underway and work to optimize the project execution plan and procurement activities is in progress.

Civil works on the Antapata electrical substation were largely completed when work stopped mid-March due to a government-mandated shutdown that lasted through June. Work on steel infrastructure erection and electrical equipment installation restarted mid-July, but ceased again on August 28, 2020, due to a government-mandated quarantine. Work resumed in early October to finish the steel infrastructure and electric equipment installation once the quarantine was lifted. Engineering work on the transmission line to connect the substation to the town of Isivilla began in December and the first tower footings were built by year-end.

Costs related to the Corani early works program, except work on the Antapata substation and power distribution system, are charged to operations in the consolidated financial statements. Under the Company's accounting policy, technical feasibility and commercial viability are achieved upon establishing proven and probable reserves and upon the board of directors' approval to proceed with the development of a project. Development costs incurred for Corani after such approval will be capitalized.

For more details, see section 2.1

Maria Jose Project:

On December 3, 2019 the Company signed a royalty agreement with Minera Castor S.A.C ("MICASAC"), an affiliate of Analytica Mineral Services SAC ("AMS"), to replace the joint venture agreement signed by the Company and MICASAC on March 25, 2015. The net smelter revenue percentage to be received by the Company will vary depending on the number of gold ounces produced during a given month and the average price of gold for the same period.

For more details, see section 3.1

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 roughly 4800 meters above sea level. The Corani Project consists of twelve mineral concessions that form a contiguous block of ground covering approximately 6,000 hectares.

On November 5, 2019, the Company announced a summary of the results of work leading to a feasibility study (the "2019 Report"). The NI 43-101 Technical Report was filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on our website www.bearcreekmining.com on December 17, 2019.

The 2019 Corani Technical Report's objectives were to reduce construction, development, and operating risks and identify potential improvements to the expected economic performance. The results include expected improvements when compared to the results of the 2017 NI 43-101 Technical Report entitled Corani Project Detailed Engineering Phase 1 (FEED) the ("2017 Report") as shown in the table below.

Report Highlights and comparison to the 2017 NI 43-101 Technical report

	2019 Report*	2017 Report*	Improvements
After-tax NPV_5	$531 million	$405 million	$126 million
After-tax IRR	22.9 %	15.1 %	7.8%
Initial Capital	$579 million	$585 million	$6 million
Capital Payback	2.4 years	3.6 years	1.2 years
Ore Processed per Day	27,000 tonnes	22,500 tonnes	4,500 tonnes
AISC per oz silver Life of Mine ("LOM"))	$4.55	$5.00	$ 0.45
Average annual silver production (LOM)	9.6 million oz	8.0 million oz	1.6 million oz

* Both the 2019 Report and 2017 Report economics are based on metal prices of $18.00 per ounce of silver, $0.95 per pound of lead, and $1.10 per pound of zinc and that the Corani Project would be entirely financed by equity and developed on an engineering, procurement and construction management ("EPCM") basis.

Social and Environmental

The Company maintains excellent working relationships with local communities and entered into a Life of Mine Investment Agreement ("LOM Agreement") in June 2013 with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. The LOM Agreement specifies investment commitments over the project life, including the pre-production period. Under the agreement, annual payments totaling 4 million Peruvian soles ("Soles") per year (approximately $1.1 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 permits were received by June 2018, and as a result, annual payments of 4 million Soles (approximately $1.1 million) will be made throughout the term of the agreement. All future obligations were recorded as a liability in June 2018. Cessation or interruptions of operations will cause pro-rata decreases in the annual payments. The annual payment amount is subject to review at the end of the fifth year of production and may change depending on factors that can not be foreseen at this time.

During September 2018, the Company started construction of the Antapata electrical substation near the town of Macusani, the nearest sizable town to the Corani Project, located on the Interoceanic Highway approximately 30 kilometers directly east of Corani (about 64 kilometers by road). Civil works are complete, and most electrical equipment has been delivered. The remaining steel infrastructure construction, erection, and electrical equipment installation continue concurrently with the construction of a high tension line between the substation and the town of Isivilla, where it can be connected to the local grid. Construction work was delayed due to government-mandated quarantine during the second quarter of 2020, September 2020, and February 2021. The Company estimates that substation will be complete in June 2021, and the high tension line will be completed by September 2021. Preoperative studies, permitting, and testing will last an additional two months. Peru's government has approved a 14 million sol (approximately $3.8 million) budget to upgrade the local residential electrical grid, has started the tender process, and is expected to award the infrastructure contract by the end of May 2021.

The Antapata 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 Carabaya and Macusani, who experience regular power brownouts.

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 and by continuing to fund the community trust established under the LOM Agreement.

Outlook

The Company is working with financial institutions to arrange a senior secured credit facility and assess other financing alternatives to fund the Corani Project development. Joint lead arranger technical, social, legal, and environmental due diligence is advanced and should be completed in 2021.

In the fourth quarter, the Company started a new phase of value engineering work to improve the plant design and CAPEX estimate and optimize the project execution plan and procurement activities. “Issued for tender” detailed engineering for earthworks and heavy civil works began in November 2020. The Company will update its hydrological and geochemical models and the mine plan to complement the engineering work.

The Company estimates that substation construction will end in June 2021, and the first 6.5kms of high tension line will be completed by September 2021. Preoperative studies, permitting, and testing will last an additional two months.

The Company will begin the construction and upgrading of roads from the Interoceanic Highway, through the communities of Tantamaco, Huiquisa, and Corani and eventually to the Corani mine site, which will increase security and accessibility for residents, reduce road hazards and traffic accidents and provide a route for the transport of heavy construction equipment to the Corani site.

The Company has implemented measures to mitigate the risk of COVID-19 infection. The overall effect and duration of which remains unknown as at the date of this MD&A. As a result, the Company cannot predict the impact this virus would have on its business plans.

Corani Expenditures

During the year ended December 31, 2020 the Company incurred expenses of $8.97 million on the Corani project, including detailed engineering, environmental, and maintenance costs of $0.8 million; camp supplies and logistics of $1.5 million; community contribution activities of $1.7 million; other expenses of $0.57 million; and salaries and consulting of $4.4 million.

The Company had $88.7 million of capitalized acquisition costs related to the Corani project as of December 31, 2020 (December 31, 2019 - $88.60 million).

The Company has plans to incur an additional $18.4 million on the Corani project during fiscal 2021. These funds will be primarily directed towards Corani and Lima salaries ($4.5 million), environmental and social impact assessment (“ESIA”) required costs ($1.8 million), construction of the Antapata electrical substation and power line ($2.5 million), external road construction ($3.2 million), further engineering work (3.5 million) and camp costs ($1.4 million). The Company also expects to expend approximately $0.5 million for community relations, $0.2 million on Peruvian based legal due dilligenc, and will require approximately $0.8 million to maintain its office space in Lima.

3) Exploration Projects

The Company reduced its exploration activities over the past several years to preserve cash and focus on the Corani Project. The Company maintains a core exploration staff to manage its joint venture exploration projects. The Company has budgeted $0.6 million for these exploration programs in 2021.

3.1) Maria Jose Prospect

Maria Jose is located in the Department of Ancash, 140 km NNW of Lima. The project is comprised of Cretaceous to Paleocene diorites and granitoids of the Coastal Batholith hosting a system of east-west to northeast-trending, 45° to steeply north dipping, mesothermal quartz veins, and shear zones containing gold and silver.

On December 3, 2019, the Company signed an agreement with Minera Castor S.A.C ("MICASAC"), an affiliate of AMS, whereby it exchanged a net smelter return ("NSR") royalty in the Maria Jose Project for its 49% interest under the joint venture agreement. The NSR ranges between 0% and 9%, depending on the number of gold ounces produced and the price of gold. A royalty of 1% would be earned for annual production of at least 30,000 ounces with an average price of gold of at least $1,400 per ounce, and a 9% royalty would be earned for annual production of 90,000 ounces of gold at an average price of $1,300 per ounce or higher.

The project owner continues exploration and development activities, adding 3,825 meters to date between exploration, development, and preparation. The project owner processed 178 tonnes of ore, recovering 70.5 gold ounces by the end of 2020.

3.2) Tassa Silver-Gold Prospect

Tassa is an advanced gold and silver exploration project located in the district of Ubinas, within the Sanchez Cerro Province in the Moquegua region. The project consists of 1,200 hectares within three concessions.

On February 24, 2020 the Company optioned the Tassa property to Teck Peru S.A. ("Teck"). Under the agreement, Teck may earn a 51% interest in the property by incurring $3 million in expenditures. The Company would hold a 49% interest in a joint venture company ("JV") that would own the Tassa concessions' rights. By incurring an additional $6 million in expenditures, Teck may increase its ownership of the JV to 70%. Prior to the formation of the JV, the Company may elect to surrender its 49% interest for a 2.5% NSR royalty that would reduce to a 1.5% NSR in exchange for a cash payment to Bear Creek of $1.25 million. Teck is engaging local communities as a first step in the project exploration process.

3.3) Generative Exploration

Generative exploration has been an essential part of the business of identifying and acquiring new opportunities. However, due to the Company's focus on the Corani Project, generative exploration efforts have been reduced. Generative exploration costs are those costs not attributable to a specific project.

Impuesto General a las Ventas ("IGV") – Peruvian value added tax

Bear Creek Mining S.A.C. has a contract (the "IGV Contract") with the Ministry of Energy and Mines Peru ("MEM"). Under the terms of the IGV Contract, the Company may recover, on an expedited basis, IGV associated with its Corani capital investments as described in an approved ESIA and the 2017 Corani Technical Report. The Company recovered S/ 3.5 million of Corani related IGV or approximately $1.1 million to date.

The IGV expense of $0.34 million represents IGV paid during the twelve months ended December 31, 2020. 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 Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of December 31, 2020, is $14.84 million (53.69 million Soles). Of the $3.2 million attributable to Bear Creek Mining S.A.C., $0.73 million is available for expedited recovery. The balance is available for recovery once the project is in production. IGV amounts paid and not recovered can be carried forward indefinitely and may be applied to reduce future income taxes or future IGV.

Other Properties

Other than as described above, the Company holds no material exploration properties.

4) Results of Operations

Year ended December 31, 2020 as compared to the year ended December 31, 2019

For the year ended December 31, 2020, the Company had a loss of $12.5 million compared to a loss of $17.7 million for the year ended December 31, 2019. The Company's loss per share for the year ended December 31, 2020 was $0.11 compared to $0.17 for 2019.

During the year ended December 31, 2020, spending on the Corani property was $8.97 million (2019 – $12.54 million). Exploration costs expensed on other projects, including the maintenance of the Company's Peruvian entities, amounted to $0.59 million (2019 - $0.75 million), and IGV paid during the year ended December 31, 2020, was $0.59 million (2019 - $1.53 million). The Company's activities decreased primarily due to the COVID-19 measures and the Company entering into the option and the NSR agreements described above. The overall decrease of $3.57 million in exploration and evaluation costs can be attributable to a decrease of $2.45 million in detailed engineering costs, a decrease of $0.36 million in community contributions, a decrease of $0.38 million in camp, supplies & logistics costs, a decrease of $0.42 million in assaying and sampling costs, a decrease of $0.07 million in travel costs, a decrease of $0.04 million in environmental costs, a decrease of $0.02 million in maintenance costs, a decrease of 0.01 million in geophysics costs offset by a $0.18 increase in salaries and consulting costs. There was also a decrease of $1.13 million in share-based compensation expense due to the difference in the fair value of the instruments granted during the two periods and due to the vesting conditions that resulted in higher costs being recognized in 2019 as compared to 2020. In 2019 there were 1.9 million incentive stock options granted with a term of 10 years. During 2020, the Company granted 1 million Restricted Stock Units ("RSUs"), which vest equally over a three-year period. During the year, the total stock-based compensation expense ended December 31, 2020, was $1.13 million compared to $2.26 million in 2019. Stock options granted in 2019 were valued higher than the RSU's granted in 2020 because they had a longer term to maturity. The increase in professional and advisory fees of $1.17 is due to ongoing joint lead arranger work fees and related due diligence costs.

The Company's other costs during the year ended December 31, 2020 remained consistent with the year ended December 31, 2019.

During the year ended December 31, 2020, the Company had a foreign exchange gain of $1.31 million compared to a gain of $0.90 million during the year ended December 31, 2019 due to the relative depreciation of the Peruvian Sol during 2020, which reduced the dollar value of the future obligation under the LOM Agreement. Also, during 2020, the Company's interest income amounted to $0.18 million compared to $0.78 million due to lower interest rates in the current period when compared to the corresponding period of 2019.

Three month period ended December 31, 2020 as compared to the three month period ended December 31, 2019

For the three months ended December 31, 2020, the Company had a loss of $3.8 million compared to $4.7 million for the three months ended December 31, 2019. The Company's loss per share for Q4 2020 was $0.03 compared to $0.05 for Q4 2019.

During the three months ended December 31, 2020, spending on the Corani property was $2.76 million, which was a decrease of $0.76 million from the $3.52 million spent in the three months ended December 31, 2019, primarily due to decrease of $0.53 million in detailed engineering costs, a decrease of $0.20 million in community contributions, a decrease of $0.08 million in supplies, a decrease of $0.03 million in assaying and sampling costs, a decrease of $0.02 million in environmental costs, a decrease of $0.02 million in travel costs offset by an increase of $0.12 in salary and consulting costs. Exploration cost incurred on other projects, including the maintenance of the Company's Peruvian entities, amounted to $0.14 million (2019 - $0.18 million), and IGV paid during the three months ended December 31, 2020 was $0.14 million (2019 - $0.32 million). The Company's exploration costs were lower primarily due to the COVID-19 measures and the Company entering into the option and NSR agreements noted above. The Company's professional and advisory fees increased by $0.34 million due to ongoing joint lead arranger work fees and related due diligence costs. The Company's other operating costs were comparable during the two periods. All other operating costs remained consistent during the two periods.

During the three months ended December 31, 2020, the Company had a foreign exchange gain of $0.23 million, compared to a loss of $0.13 million during the three months ended December 31, 2019, primarily due to the appreciation of the US dollar relative to Soles partially offset by appreciation of the Canadian dollar relative to the US dollar. The Company's interest income declined to $0.02 million compared to $0.14 million during the three months ended December 31, 2019, due to lower interest rates.

Summary of Quarterly Results

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

Period	Revenues	Loss for the period (in millions)	Basic and fully diluted loss per share
4th Quarter 2020	Nil	$3.8	$0.03
3rd Quarter 2020	Nil	$2.8	$0.03
2nd Quarter 2020	Nil	$2.4	$0.02
1st Quarter 2019	Nil	$3.5	$0.03
4th Quarter 2019	Nil	$4.7	$0.05
3rd Quarter 2019	Nil	$3.5	$0.03
2nd Quarter 2019	Nil	$5.4	$0.05
1st Quarter 2019	Nil	$4.1	$0.04

The principal recurring factors that cause fluctuations in the Company's quarterly results include the timing of vesting and valuations attributable to the vesting of stock option grants, expenditure levels on exploration projects, and foreign exchange gains or losses related to Canadian dollar or Peruvian sole cash balances.

The increase in loss of $1.0 million in the 4th Quarter 2020 compared to the 3rd Quarter 2020 was primarily due to an increase in spending of $0.7 million on the Corani property.

The increase in loss of $0.4 million in the 3rd Quarter 2020 compared to the 2nd Quarter 2020 was due to higher share-based compensation and a lower foreign exchange gain.

The decrease in loss of $1.1 million in the 2nd Quarter 2020 as compared to the 1st Quarter 2020 was due to foreign exchange gain of $1.1 million during Q2 2020 as a result of the movement of the Canadian dollar and the Peruvian Sol compared to the US dollar during the period. There was a slight reduction in the Company's exploration activity due to the continued COVID-19 measures; however, the Company incurred additional costs due to its efforts to finance the Corani Project's development, offsetting the reduced exploration activity.

The decrease in loss of $1.2 million in the 1st Quarter 2020 compared to the 4th Quarter 2019 was due to the reduction in Corani engineering and evaluation cost as the Company adjusted activities due to COVID-19.

The increase in loss of $1.2 million in the 4th Quarter 2019 as compared to the 3rd Quarter 2019 is mostly attributable to increases of $0.8 million in Corani engineering and evaluation costs as well as $0.5 million impact of foreign exchange movement due to the weakness of the US dollar compared to Peruvian Sol during the Quarter causing an increase in the Peruvian Sol denominated community projects obligation.

The increased loss of $0.9 million in the 3rd Quarter 2019 compared to the 2nd Quarter 2019 is mostly attributable to increases of $0.7 million in Corani engineering and evaluation costs and an increase of $0.3 million in share-based compensation expense.

The increased loss of $1.4 million in the 2nd Quarter 2019 compared to the 1st Quarter 2019 is mostly attributable to an increase of $1.7 million in Corani property expenditures and an increase of $0.3 million in foreign exchange loss, partially offset by a $0.7 million decrease in share-based compensation.

The increased loss of $1.9 million in the 1st Quarter of 2019 compared to the 4th Quarter of 2018 is due to an increase of $1.3 million in exploration and evaluation costs, an increase of $0.8 million in share-based compensation due to incentive stock option grants in the 1st Quarter of 2019 and decline of $0.1 million in other income and expenses partially offset by a decrease of $0.3 million in Corani engineering and evaluation costs.

Selected Annual Information

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the years ended December 31, 2020, 2019, and 2018.

		2020		2019		2018
Revenues		Nil		Nil		Nil
Income (Loss) for the year (in millions)		$(12.5)		$(17.7)		$(10.0)
Earnings (Loss) per share (basic and diluted)		$(0.11)		$(0.17)		$(0.10)
Total assets (in millions)		$118.0		$118.0		$132.0
Total non-current financial liabilities (in millions) [1]		$10.4		$11.5		$11.1
Dividends declared		Nil		Nil		Nil

[1] On June 27, 2018 the Company received construction permits for processing facilities and mining installations, resulting in the recognition of a life of mine community projects obligation of $11 million.

5) Liquidity and Capital Resources

Of the $20.58 million in cash and cash equivalents and short term investments, as of December 31, 2020, approximately $1.41 million (CDN$1.80 million) was denominated in Canadian dollars, $0.11 million (Soles 0.39 million) was denominated in Soles, with the remaining balance in US dollars. The Company's primary exploration and development expenditures for 2020 are expected to be denominated in US dollars. The Company invests cash in Canadian government-backed paper, Canadian chartered bank corporate paper with short-term maturities, Peruvian bank time deposits, or Peruvian chartered bank commercial paper with short-term maturities. During the year ended December 31, 2020, the Company had an $11.0 million cash outflow from operating activities compared to a cash outflow of $13.9 million in the comparative period in 2019. The overall decrease of $2.8 million in cash outflow from operating activities is primarily attributable to the decrease in Corani engineering and evaluation costs in 2020 compared to 2019.

As of December 31, 2020, the Company's net working capital (current assets less current liabilities) was $18.7 million compared to net working capital of $19.8 million as of December 31, 2019. Cash and cash equivalents and short-term investments at December 31, 2020 totaled $20.6 million compared to $22.1 million as of December 31, 2019. During the year ended December 31, 2020, the Company raised $11.6 million from issuing 7.9 million common shares, net of issuance costs, and a further $1.4 million from the exercise of stock options. Total cash spent on investing activities amounted to $3.2 million, primarily related to the payments of community project obligation and expenditures on the Antapata substation.

Not included in cash and cash equivalents as of December 31, 2020 is $0.627 thousand. It is considered restricted and serves as a partial guarantee for $2.5 million for future mine closure obligations. In January 2021, the Company increased the mine closure guarantee to $3.86 million and restricted cash to $964.7 thousand.

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 used approximately $4.19 million of the net proceeds received of $11.6 million from the February 2020 prospectus offering of common shares as set out in the table below.

	2020 Prospectus	**Total Incurred till date**
Corani Property	**USD $**	**USD $**
Advancement of 138kV/22.9kV power line	2,000,000	451,407
Antapata Substation	1,100,000	1,412,452
Develop project access roads	2,500,000	-
Advance detail Engineering for Earthworks and Process Plant	6,000,000	2,329,487
Total Corani Property	**11,600,000**	**4,193,346**

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 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 December 31, 2020:

(000's)	**2021**	**2022**	**2023**	**2024**	**2025 and Beyond**	**Total**
Accounts payable and accrued liabilities	$ 975	$ -	$ -	$ -	$ -	$ 975
Provisions	-	-	-	-	200	200
Community Projects	1,104	1,104	1,104	1,104	16,555	20,971
Financing arrangement costs	420					420
Other liabilities	61	37	37	37	1,141	1,313
Office space leases	365	94	-	-	-	459
Vehicle rentals	390	-	-	-	-	390
	$ 3,315	$ 1,235	$ 1,141	$ 1,141	$ 17,896	$ 24,728

As at December 31, 2020, the Company had 112,439,314 outstanding common shares. The Company also had 6,512,500 share purchase options outstanding with a weighted average exercise price of CDN$2.13. The Company also had 1,000,000 Restricted Share units ("RSU") (Vested – Nil) outstanding as at December 31, 2020.

6) Related Party Transactions

Compensation of Key Management Personnel

The remuneration of the directors, president and chief executive officer, the chief operating officer, chief financial officer, and senior vice president of project delivery (collectively, the key management personnel) for the years ended December 31, 2020 and 2019 were as follows:

	Note		Years Ended December 31 **2020 (000's)**		2019 (000's)
Salaries and directors' fees	(i)	**$**	**1,760**	$	1,536
Share-based compensation	(ii)		**1,096**		2,215
		$	**2,856**	$	3,751

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits.
(ii) Share-based compensation represents the non-cash expense, translated at the grant date foreign exchange rate.

7) Key Accounting Estimates and Judgments

Preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates form the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Management's key estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates and Judgments

Significant assumptions relate to the following:

i. *Share-based compensation:* The Company provides compensation benefits to employees, directors, and officers through a stock option plan. Each option and share based award's fair value is estimated on the date of the grant using the Black-Scholes option-pricing model. Expected volatility is based on the historical volatility of the Company's share price. Historical data is utilized to estimate option exercises and forfeiture behavior with the valuation model. The risk-free rate for the expected term of the option and share award is based on the Government of Canada yield curve in effect at the time of the grant.

ii. *Impairment of mineral properties:* The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of potential impairment indicators include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned for the foreseeable future.

iii. *Other liability valuation:* The Company has agreements with the District of Carabaya, the Municipality of Corani, five surrounding communities, local landowners and relevant, ancillary organizations which require future payments by the Company. The valuation of these future obligations has been based on assumptions regarding the period of time over which the payments will need to be made, the currency of payment and the timing of the payments.

iv. *Lease obligations:* The Company has recognized obligations for its vehicle and warehouse leases in Peru. The recognition of such lease obligations requires the Company to estimate the leases' term and the Company's incremental borrowing rate.

New Accounting Standards not yet Adopted

Property, Plant, and Equipment

Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. Adopting these amendments will have no effect on the Company's financial statements. None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company

Financial Instruments

Fair Value

The Company's financial instruments as at December 31, 2019 consist of cash and cash equivalents, short-term investments, receivables, 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.

The Company's cash and cash equivalents and short-term investments are held in Canadian and accredited Peruvian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian and Peruvian banks. These investments mature at various dates over the current operating period.

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 Soles.

Management of Capital

The Company's capital management objectives are to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and support any expansion plans.

The capital of the Company consists of items included in its shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets.

To effectively manage its capital requirements, the Company has a planning and budgeting process to help determine the funds required to ensure the Company has sufficient liquidity to meet its objectives. The Company may issue new shares or seek debt to ensure that there is sufficient working capital to meet its short-term business requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2020.

Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk, and price risk.

i. Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Peru, Canada and the United States, and a portion of its expenses are incurred in Canadian dollars and Peruvian Soles. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and the Peruvian Sol to the US dollar could affect the Company's results of operations, financial position, and cash flows. The Company has not hedged its exposure to currency fluctuations. During the year ended December 31, 2020, the Company recognized a gain of $180,418 as a result of strengthening of the Canadian dollar relative to the US dollar, and a further $1,126,426 gain as a result of the strengthening of the US dollar relative to the Peruvian Soles.At December 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars and Peruvian Soles:

	December 31, 2020	
	Canadian Dollars (000's	**Peruvian Soles (000's)**
Cash and cash equivalents, and short-term investments	1,801	392
Receivables	8	171
Accounts payable and accrued liabilities	(160)	(38,105)
Net exposure	1,649	(37,542)

Based on the above net exposures as at December 31, 2020, and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the Canadian dollar would result in an increase of approximately $129,500 (C$165,000) in the Company's loss for the year. A 10% depreciation of the US dollar against the Peruvian Sol would result in a decrease/increase of approximately $943,302 (S/. 3,754,000) in the Company's loss for the year. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar or sole would have the opposite effect.

ii. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash and cash equivalents, short-term investments, and receivables.

The Company's cash and cash equivalents and short-term investments are held in major Canadian and accredited Peruvian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian and Peruvian banks. These investments mature at various dates over the current operating period.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has an ongoing planning and budgeting process in place to help determine the funds required to support the Company's operating requirements. The Company ensures that there are sufficient funds to meet its short-term business requirements by taking into account anticipated cash expenditures for its exploration and other operating activities and its holdings of cash and cash equivalents and short-term investments. The Company will pursue equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on acceptable terms.

As at December 31, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities and the current portion of other liabilities totaling $1.4 million, which are expected to be paid over the next twelve months, and the long-term portion of and other liabilities of $1.25 million, which are expected to be paid over the next five years. The Company also has community projects obligation for an annual payment of Peruvian Sol 4 million, $1.1 million, for each of the next 20 years.

iv. Interest rate risk

Interest rate risk is the risk that a financial instrument's future cash flows will fluctuate because of changes in market interest rates. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on the amount of cash and cash equivalents invested in instruments earning interest as at December 31, 2020 and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/decrease of approximately $108,000 in the interest earned by the Company per annum.

8) 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; (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; (vi) waste to ore ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals; (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 and estimates to be reasonable based on available information, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward looking statements, such as estimates of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. Cost information is 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 and Peruvian sol 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 Information Form for the year ended December 31, 2020 and in the feasibility study technical report for the Corani project dated December 17, 2019 as filed on the SEDAR website (available at www.sedar.com). 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.

9) 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 year ended December 31, 2019 and this accompanying MD&A (together, the "Annual 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 Annual 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