

BEAR CREEK MINING CORPORATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

EXPRESSED IN US DOLLARS

(Unaudited)

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Financial Position

US Dollars (000's)

	Note	June 30, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 33,377	\$ 20,560
Short-term investments		23	22
Receivables and prepaid expenses		659	866
		34,059	21,448
Non-current assets			
Restricted cash	5	965	627
Property and equipment	6	6,537	5,569
Resource property costs	7	89,619	89,613
Right-of-use assets	8	410	705
TOTAL ASSETS		\$ 131,590	\$ 117,962
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,135	\$ 976
Current portion of community projects obligation	9	1,035	1,104
Current portion of other liabilities	10	56	61
Current portion of lease liabilities	8	348	591
		2,574	2,732
Non-current liabilities			
Community projects obligation	9	7,672	8,840
Other liabilities	10	997	1,252
Lease liabilities	8	-	68
Provision for site restoration	5	200	200
		11,443	13,092
EQUITY			
Share capital	11	326,730	300,986
Contributed surplus		38,327	36,835
Deficit		(244,910)	(232,951)
		120,147	104,870
TOTAL LIABILITIES AND EQUITY		\$ 131,590	\$ 117,962

Subsequent Events (Note 14)

ON BEHALF OF THE BOARD:

Signed "Catherine McLeod-Seltzer", Director

Signed "Erfan Kazemi", Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the Three and Six Months Ended June 30

US Dollars (000's, except share data)

(Unaudited)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2021	2020	2021	2020
Operating expenses					
Corani engineering and evaluation costs	7	\$ 4,638	\$ 1,973	\$ 7,896	\$ 4,222
Other exploration and evaluation costs		923	260	1,383	598
Share-based compensation		1,788	175	2,075	385
Wages and management salaries	12	269	230	487	438
Professional and advisory fees		306	428	599	544
General and administrative expenses		177	52	234	103
Shareholder information and filing fees		52	20	156	128
Travel		1	-	4	16
Loss before other items		8,154	3,138	12,834	6,434
Other income and expense					
Foreign exchange (gain) loss	9	(292)	(754)	(838)	(414)
Finance income		(23)	(23)	(37)	(157)
Loss and Comprehensive Loss for the Period		\$ 7,839	\$ 2,361	\$ 11,959	\$ 5,863
Loss per Share – Basic and Diluted		\$ 0.06	\$ 0.02	\$ 0.10	\$ 0.05
Weighted Average Number of Shares Outstanding		124,126,400	111,832,405	123,080,334	109,408,070

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Cash Flows

For the Six Months Ended June 30

US Dollars (000's)
(Unaudited)

	Note	2021	2020
Operating Activities			
Loss for the period		\$ (11,959)	\$ (5,863)
Items not affecting cash:			
Amortization		359	394
Accretion of community projects obligation	9	435	487
Accretion of lease liabilities	8	68	42
Adjustment to Corani obligation	10	(163)	28
Share-based compensation		2,075	385
Finance income		(37)	(157)
Unrealized foreign exchange (gain) loss		(932)	(409)
		(10,154)	(5,093)
Changes in current assets and liabilities:			
Receivables and prepaid expenses		22	(148)
Accounts payable and accrued liabilities		84	10
Cash used in operating activities		(10,048)	(5,231)
Investing Activities			
Purchase of equipment	6	(851)	(870)
Resource acquisition costs	7	(6)	(11)
Payment of community projects and Corani obligation	9 & 10	(1,093)	(1,140)
Short-term investment		-	10,360
Interest received		37	167
Restricted cash	5	(337)	-
Cash used in investing activities		(2,250)	8,506
Financing Activities			
Share capital issued, net of any share issuance costs	11	25,238	11,617
Principal payments on leases	8	(357)	(368)
Proceeds from exercise of stock options		-	948
Cash provided by financing activities		24,881	12,197
Effect of exchange rate change on cash and cash equivalents		234	(310)
Net Increase in Cash and Cash Equivalents		12,817	15,162
Cash and cash equivalents – Beginning of Period		20,560	10,902
Cash and Cash Equivalents – End of Period		\$ 33,377	\$ 26,064

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Changes in Equity

*US Dollars (000's, except share data)
(Unaudited)*

	Share Capital (Number of Shares)	Share Capital	Contributed Surplus	Deficit	Total
December 31, 2019	103,229,064	287,035	36,623	(220,427)	103,231
Share offerings	7,905,000	12,522	-	-	12,522
Share issuance cost	-	(904)	-	-	(904)
Exercise of stock options	933,250	948	-	-	948
Fair value of options exercised	-	598	(598)	-	-
Share-based compensation	-	-	385	-	385
Loss for the period	-	-	-	(5,863)	(5,863)
June 30, 2020	112,067,314	300,199	36,410	(226,290)	110,319
December 31, 2020	112,439,314	300,986	36,835	(232,951)	104,870
Share offerings	11,500,000	27,107	-	-	27,107
Share issuance costs	-	(1,870)	-	-	(1,870)
Issuance of RSU	333,818	507	(583)	-	(76)
Share-based compensation	-	-	2,075	-	2,075
Loss for the period	-	-	-	(11,959)	(11,959)
June 30, 2021	124,273,132	326,730	38,327	(244,910)	120,147

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

*US Dollars
(Unaudited)*

1. Nature of Business

Bear Creek Mining Corporation's ("Bear Creek" or the "Company") business is the acquisition, exploration, and development of precious and base metal properties.

Bear Creek is a public company incorporated in British Columbia, Canada. Its common shares are listed on the TSX Venture Exchange in Canada, and the Bolsa de Valores de Lima in Peru under the symbol "BCM" and are posted for trading on the OTCQX Market in the U.S. under the symbol "BCEKF" and on the Börse Frankfurt in Germany under the symbol "OU6". The head office, principal address, and records office of the Company is 400 Burrard Street, Suite 1400, Vancouver, British Columbia, Canada, V6C 3A6.

The mining and exploration business involves a high degree of risk, and there can be no assurance that current exploration and development projects will result in profitable mining operations. The Company has no source of revenue and requires funds to meet its exploration plans and commitments, development activities, administrative overhead, and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These factors include the discovery of economically recoverable reserves, the ability to complete the development of these properties, and future profitable production or proceeds from the disposition of mineral properties.

Ownership interests in mineral properties involve risks due to the difficulties of determining and obtaining a clear title to claims and the potential for problems arising from many mineral properties' frequently ambiguous conveyance history. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests is in good standing.

COVID-19 infections and related deaths in Peru have declined materially from the record numbers reached in early April 2021. The pace of vaccination continues to accelerate, and the Government of Peru announced it secured vaccines for all its citizens. The state of emergency was extended to September 2, 2021. Curfews that vary by region remain in place, but durations were shortened in the last months. In Lima, workers have returned to the office on a reduced schedule and 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. The Company's Vancouver office remains closed. 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.

2. Basis of Preparation

These interim condensed consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which were prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year.

The Board of Directors approved these interim consolidated financial statements on August 25, 2021.

Basis of Measurement

These interim condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in US dollars unless otherwise noted.

Significant Accounting Estimates and Judgments

The preparation of the 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 other factors believed to be reasonable under the circumstances and result in judgments about the carrying value of assets and liabilities. Actual results could differ from these estimates.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

*US Dollars
(Unaudited)*

The significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2020.

3. 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 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 from the cost of an item of property, plant, and equipment. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. Management has determined that neither these amendments nor any of the promulgated standards and amendments to standards and interpretations that are not yet effective will significantly affect the Company's consolidated financial statements.

4. Cash and Cash Equivalents

	June 30, 2021 (000's) \$	December 31, 2020 (000's) \$
Cash	32,136	702
Term deposits and other Investment accounts	1,241	19,858
	33,377	20,560

5. Restricted Cash

According to the Corani Mine Closure Plan approved on September 12, 2018, the Company must post annual guarantees every January 17 between 2019 and 2036. On January 17, 2020, The Company posted an insurance policy for \$2,539,779 with the Peruvian Ministry of Energy and Mines to cover the first two-year cumulative mine closure guarantee. On January 17, 2021, the Company increased the guarantee by \$1,319,011 for a total guarantee of \$3,858,790. The Company provided a certificate of deposit in the insurer's name for \$627,208 during 2020 and a further \$337,490 during January 2021, for a total of \$964,698.

As of the date of these condensed interim consolidated financial statements, no significant environmental disturbance has been caused due to the activities conducted on the Corani Project. The Company assumed a restoration obligation estimated at \$200,000 upon acquisition of the Corani Project.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

US Dollars
(Unaudited)

6. Property and Equipment

	Exploration and Other Equipment (000's) \$	Office Equipment (000's) \$	Land (000's) \$	Total (000') \$
Balance – December 31, 2019	3,864	8	45	3,917
Additions	1,781	4	-	1,785
Amortization	(129)	(4)	-	(133)
Balance – December 31, 2020	5,516	8	45	5,569
Additions	1,035	-	-	1,035
Amortization	(66)	(1)	-	(67)
Balance – June 30, 2021	6,485	7	45	6,537

7. Resource Property Costs

	Corani Project (000's) \$	Maria Jose Project (000's) \$	Total (000's) \$
Balance at December 31, 2019	88,641	951	89,592
Land acquisition costs	21	-	21
Balance at December 31, 2020	88,662	951	89,613
Land acquisition costs	6	-	6
Balance at June 30, 2021	88,668	951	89,619

a) Corani Project

The Company has a 100% interest in the Corani Project located in the Department of Puno, Peru. Engineering and evaluation costs incurred on the Corani Project are expensed. Details are as follows:

Corani Engineering and Evaluation Costs:	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
	(000's) \$	(000's) \$	(000's) \$	(000's) \$
Corani				
Assaying and sampling	1	-	1	6
Community contributions	289	359	528	770
Detailed engineering	2,363	119	3,637	462
Environmental	89	16	123	73
Maintenance costs	31	3	32	3
Salaries and consulting	1,326	1,126	2,429	2,135
Camp, supplies and logistics	525	343	1,120	750
Travel	14	7	26	23
Costs for the Period	4,638	1,973	7,896	4,222

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

*US Dollars
(Unaudited)*

b) Other Exploration and Evaluation Costs (Recoveries)

Other exploration and evaluation costs include administrative expenses for maintaining and managing the Company's Peruvian affiliates and concession payments, which are not directly attributable to the Company's Corani project.

The Company expenses the value added tax it pays during the exploration phase. During the six months ended June 30, 2021, the total value added taxes paid were \$1.1 million (2020 - \$0.3 million).

8. Leases

The Company's lease liabilities and right-of-use assets are:

	Office Space and Warehouse (000's) \$	Vehicles (000's) \$	Total (000's) \$
Lease Liabilities			
Balance - December 31, 2019	570	302	872
Payments	(340)	(395)	(735)
Accretion expense	44	53	97
Change in estimate	87	368	455
Foreign exchange translation effect	(12)	(18)	(30)
Balance - December 31, 2020	349	310	659
Payments	(173)	(184)	(357)
Accretion expense	32	36	68
Foreign exchange translation effect	(3)	(19)	(22)
Balance – June 30, 2021	205	143	348
Less: current portion	(205)	(143)	(348)
Long-term portion	-	-	-

	Office space and Warehouse (000's) \$	Vehicles (000's) \$	Total (000's) \$
Right-of-Use Assets			
Balance - December 31, 2019	584	317	901
Amortization	(289)	(362)	(651)
Change in Estimate	87	368	455
Balance – December 31, 2020	382	323	705
Amortization	(147)	(148)	(295)
Balance – June 30, 2021	235	175	410

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

*US Dollars
(Unaudited)*

9. Community Projects Obligation

On April 8, 2013, the Company entered into a Framework Agreement for the Sustainable Use of Natural Resources in the Mining Project Corani (the “Framework Agreement”) with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. The Framework Agreement was for an initial payment (the “Initial Payment”) and 22 successive payments (the “Successive Payments”) of Peruvian Sol (“S/”) 4 million to be made into a trust designed to fund community projects. These Successive Payments of S/. 4 million per year were dependent on the Company receiving the permits to build the processing facilities and the mining installations, which were received during 2018.

The Framework Agreement with the local communities and the Corani Environmental and Social Impact Assessment (“ESIA”) requires the Company to undertake certain development work, such as access roads, mine camp and maintenance and storage facilities, and an electrical substation. The Company began development work in 2018 in accordance with the ESIA and the Framework Agreement.

The gross community obligation under the Framework Agreement is the sum of a payment stream discounted at a pre-tax rate of 10% for initial recognition of \$11.2 million during the year ended December 31, 2018. The liability recognized is adjusted for annual payments made and the winding down of the initial discount every reporting period.

As at June 30, 2021, total undiscounted obligation remaining under the Framework Agreement was \$18.6 million.

A continuity of the Company’s community projects obligation per the Framework Agreement is as follows:

	(000’s) \$
Balance as of December 31, 2019	11,045
Payment	(1,126)
Accretion expense	979
Impact of foreign exchange	(954)
Balance as of December 31, 2020	9,944
Payment	(1,075)
Accretion expense	435
Impact of foreign exchange	(597)
Balance as of June 30, 2021	8,707
Less: current portion	(1,035)
Long-term portion as of June 30, 2021	7,672

The annual payment amount is subject to review at the end of the fifth year of production and may change depending on factors the Company cannot foresee at this time.

Bear Creek Mining Corporation**Notes to Interim Condensed Consolidated Financial Statements****June 30, 2021***US Dollars
(Unaudited)***10. Other Liabilities**

In 2011 the Company entered into land purchase agreements with local landowners for surface rights access to the Corani project and an agreement to provide the Corani Municipality with funding to build schools and other improvements to the community as determined by the Corani Municipality. The total amount owed under the agreements was approximately \$3.47 million, of which \$1.05 million remains outstanding as of June 30, 2021.

The liability includes a pension obligation adjusted for pensioner life expectancy, the official Peruvian minimum wage level, and the exchange rate, with the estimated payment stream discounted at the rate implicit on sovereign Peruvian zero coupon bonds

A continuity of the Company's obligation under these agreements is as follows:

	(000's) \$
Balance as of December 31, 2019	1,316
Payments	(32)
Revaluation of obligation	110
Impact of foreign exchange	(81)
Balance as of December 31, 2020	1,313
Payments	(18)
Revaluation of obligation	(163)
Impact of foreign exchange	(79)
Balance as of June 30, 2021	1,053
Less: current portion	(56)
Long-term portion as of June 30, 2021	997

The Company's estimated future payments are as follows:

	June 30, 2021 (000's) \$	December 31, 2020 (000's) \$
Within one year	56	61
After one year but not more than five years	997	1,252
	1,053	1,313

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

US Dollars
(Unaudited)

11. Capital

Authorized and Issued Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

2021 Activity

During January 2021, the Company completed a bought deal financing with a syndicate of underwriters for a total of 11,500,000 common shares at CDN\$3.00 per share for gross proceeds of CDN\$34.5 million (\$27.1 million). The underwriters who purchased the shares received a cash fee equal to 6% of the gross proceeds (\$1.63 million). Additional issuance cost in relation to the financing included professional and filing fees totaling \$0.24 million.

On May 10, 2021, the Company issued 333,818 common shares to its directors, officers, and employees as per the agreement of the restricted share units ("RSUs") awarded on April 22, 2020.

2020 Activity

On February 6, 2020, the Company issued 7,905,000 common shares at a price of CDN\$2.10 per share for gross proceeds of CDN\$16.6 million (\$12.52 million). The underwriters who purchased the shares received a cash fee equal to 6% of the gross proceeds. Additional costs of \$0.14 million were also incurred in connection with the financing.

During the year ended December 31, 2020, a total of 1,305,250 incentive stock options were exercised for gross proceeds of \$1.41 million (CDN\$1.93 million). The average market price for the options exercised during the year ended December 31, 2020, was CDN\$2.61. A total of 14,000 incentive stock options, exercisable at CDN\$1.41, expired without being exercised.

Options Exercised	Exercise Price (CDN\$)	Gross Proceeds (CDN\$)	Gross Proceeds (USD\$)
933,250	1.41	1,315,882	948,475
300,000	1.50	450,000	333,439
32,000	2.05	65,600	48,787
40,000	2.48	99,200	73,923
1,305,250		\$ 1,930,682	\$ 1,404,624

Share Purchase Options

The Company has established a share purchase option plan (the "Stock Option Plan") and a long-term incentive plan ("LTIP"). Under the Stock Option Plan, the Board of Directors may, from time to time, grant options to directors, officers, employees, or consultants. Options granted must be exercised no later than ten years from the date of grant or such lesser period as determined by the Board of Directors. Under the Stock Option Plan, the exercise price of an option cannot be lower than the closing price on the TSX Venture Exchange on the trading date preceding the date of grant, less the maximum discount permitted under TSX policies applicable to share purchase options. The Board of Directors also sets vesting terms for each grant. The Stock Option Plan provides that the aggregate number of shares reserved for issuance under the plan (including shares issuable upon the exercise of existing options and restricted or deferred share units issuable under the LTIP) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis, as constituted on the grant date of such options. Pursuant to the LTIP, the Board of Directors may, from time to time, award Restricted Share Units ("RSUs") or Deferred Share Units ("DSUs") to directors, officers, employees, and, in the case of RSUs only, consultants. Under the LTIP the maximum number of shares the Company is entitled to issue from treasury for payments in respect of awards of DSUs and RSUs is an aggregate of 5,000,000 shares. The Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

On April 26, 2021, the Company granted 1,000,000 DSUs to the directors and officers of the Company. The DSU's granted to the holders are to be held in a deferred share unit account until they become payable to the DSU holder on their DSU termination date, a date described as when the DSU holder ceases to be a DSU holder for any reason, other than involuntary termination with cause or involuntary removal as a director of the Company, including, without limiting

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2021

US Dollars
(Unaudited)

the generality of the foregoing, as a result of retirement, death, voluntary or involuntary termination without cause, or permanent disability or due to a change of control. The fair value of each DSUs was estimated using CAD \$1.84 as the stock price of the Company's common shares on the date of the grant. The Company recognized a total of \$1.60 million as share-based payments expense for the award of the DSUs during the period ended June 30, 2021.

During the period ended June 30, 2021, the Company recognized \$0.48 million (2020 - \$0.39 million) as share-based payments expense based on the graded vesting schedule of the granted stock options and RSUs.

As at June 30, 2021, and December 31, 2020, the following stock options, RSUs and DSUs were under grant and available for issuance:

	June 30, 2021	December 31, 2020
Issued and outstanding shares	124,273,132	112,439,314
Option limit (10% of issued and outstanding shares)	12,427,313	11,243,931
RSU & DSU limit	5,000,000	5,000,000
Options under grant	5,620,500	6,512,500
RSUs under grant	1,000,000	1,000,000
RSU's outstanding	616,667	1,000,000
DSUs under grant	1,000,000	Nil
DSU's Outstanding	1,000,000	Nil
RSU & DSU available	3,000,000	4,000,000
Options available for issuance ¹	4,806,813	3,731,431
RSU & DSU available for issuance	3,000,000	3,731,431

1. A maximum of 3 million of the 4.8 million shares available for issuance as at June 30, 2021 are available for issuance as RSUs or DSUs.

12. Related Party Transactions

Compensation of key management personnel

The remuneration of the directors, president and chief executive officer, chief financial officer and chief operating officer, (collectively, the key management personnel) were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
	(000's)	(000's)	(000's)	(000's)
Salaries and directors' fees	\$ 460	\$ 413	\$ 862	\$ 797
Share-based compensation	1,655	172	1,924	380
	\$ 2,115	\$ 585	\$ 2,786	\$ 1,177

Any amounts that might be owed at any time to key management personnel would be unsecured, non-interest bearing, and due on demand. As at June 30, 2021, \$nil (December 31, 2020 - \$nil) was due to key management personnel for unpaid salaries or director fees.

Bear Creek Mining Corporation**Notes to Interim Condensed Consolidated Financial Statements****June 30, 2021**US Dollars
(Unaudited)**13. Segmented Information**

The Company's business consists of a single reportable segment being mineral exploration and development. Details on a geographic basis are as follows:

	June 30, 2021 (000's)		December 31, 2020 (000's)	
Total Assets				
Peru	\$	100,599	\$	102,584
Canada		30,991		15,378
	\$	131,590	\$	117,962

	Three Months Ended June 30		Six Months Ended June 30	
	2021 (000's)	2020 (000's)	2021 (000's)	2020 (000's)
Net Loss				
Peru	\$	5,295	\$	1,859
Canada		2,544		502
	\$	7,839	\$	2,361
			\$	11,959
			\$	5,863

14. Subsequent Events