

BEAR CREEK MINING CORPORATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

EXPRESSED IN US DOLLARS

(Unaudited)

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Financial Position

US Dollars (000's)

	Note	March 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 19,823	\$ 24,176
Short-term investments		23	22
Receivables and prepaid expenses		530	620
		20,376	24,818
Non-current assets			
Restricted cash	4	1,304	965
Property and equipment	5	7,142	6,940
Resource property costs	6	88,691	88,688
Right-of-use assets	7	368	509
TOTAL ASSETS		\$ 117,881	\$ 121,920
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,069	\$ 902
Current portion of community projects obligation	8	1,081	1,001
Current portion of other liabilities	9	54	54
Current portion of lease liabilities	7	296	409
		2,500	2,366
Non-current liabilities			
Community projects obligation	8	7,605	7,848
Other liabilities	9	917	886
Lease liabilities	7	27	38
Provision for site restoration	4	200	200
		11,249	11,338
EQUITY			
Share capital	10	326,733	326,730
Contributed surplus		38,813	38,653
Deficit		(258,914)	(254,801)
		106,632	110,582
TOTAL LIABILITIES AND EQUITY		\$ 117,881	\$ 121,920

Subsequent Events (Note 13)

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 Months Ended March 31

US Dollars (000's, except share data)

(Unaudited)

	Note	2022	2021
Operating expenses			
Corani engineering and evaluation costs	6	\$ 2,259	\$ 3,258
Other exploration and evaluation costs		248	460
Share-based compensation		160	288
Wages and management salaries	11	274	218
Professional and advisory fees		182	293
General office expenses		63	57
Shareholder information and filing fees		75	104
Travel		6	3
Loss before other items		3,267	4,681
Other income and expense			
Foreign exchange loss (gain)	8	809	(548)
Accretion expense		46	25
Finance income		(9)	(39)
Loss and Comprehensive Loss for the Year		\$ 4,113	\$ 4,119
Loss per Share – Basic and Diluted		\$ 0.03	\$ 0.03
Weighted Average Number of Shares Outstanding		124,273,132	122,022,647

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 Three Months Ended March 31

US Dollars (000's)
(Unaudited)

	Note	2022	2021
Operating Activities			
Loss for the period		\$ (4,113)	\$ (4,119)
Items not affecting cash:			
Amortization		175	182
Accretion of community projects obligation	8	209	218
Accretion of lease liabilities	7	46	32
Adjustment to Corani obligation		(36)	(113)
Share-based compensation		160	288
Finance income		(9)	(14)
Unrealized foreign exchange (gain) loss		801	(625)
		(2,767)	(4,151)
Changes in current assets and liabilities:			
Receivables and prepaid expenses		118	16
Accounts payable and accrued liabilities		145	357
Cash used in operating activities		(2,504)	(3,778)
Investing Activities			
Purchase of equipment	5	(245)	(208)
Resource acquisition costs	6	(3)	(3)
Payment of community projects and Corani obligation	8 & 9	(1,085)	(1,084)
Interest received		9	14
Restricted cash	4	(339)	(337)
Cash used in investing activities		(1,663)	(1,618)
Financing Activities			
Share capital issued, net of any share issuance costs	10	3	25,238
Principal payments on leases	7	(190)	(178)
Cash (used in) provided by financing activities		(187)	25,060
Effect of exchange rate change on cash and cash equivalents		1	214
Net Increase in Cash and Cash Equivalents		(4,353)	19,878
Cash and cash equivalents – Beginning of Period		24,176	20,560
Cash and Cash Equivalents – End of Period		\$ 19,823	\$ 40,438

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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, 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)
Share-based compensation	-	-	287	-	287
Loss for the period	-	-	-	(4,119)	(4,119)
March 31, 2021	123,939,314	326,223	37,122	(237,070)	126,275
December 31, 2021	124,273,132	326,730	38,653	(254,801)	110,582
Share issuance costs	-	3	-	-	3
Share-based compensation	-	-	160	-	160
Loss for the period	-	-	-	(4,113)	(4,113)
March 31, 2022	124,273,132	326,733	38,813	(258,914)	106,632

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

March 31, 2022

*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 ("TSX-V") 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. To carry out its exploration plans and commitments, development activities, administrative overhead, and maintain its mineral interests the Company requires funds from investors. 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 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.

On April 21, 2022, the Company completed the acquisition of shares in a company that holds a 100% interest in the Mercedes gold-silver Mine ("Mercedes") located in Sonora, Mexico, from Equinox Gold Corp. ("Equinox"). The shares were acquired for total cash consideration of \$100 million, a 24.7 million common share issuance, and a 2% net smelter return payable on the metal produced from the Mercedes concessions (Note 13).

The Peruvian government extended the COVID-19 medical state of emergency until August 29, 2022. Use of face masks became optional on May 1, 2022 in regions of the country where 80% of the residents have had a third vaccine dose. The Lima office staff have returned to the office on a full schedule. Staff at Corani remain on 28-day rotations rather than the pre-COVID-19 turnaround of two weeks. Mercedes' operational staff has returned to pre-pandemic rotations, and the office staff is now working onsite. 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 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, 2021, 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 May 30, 2022.

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

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2022

*US Dollars
(Unaudited)*

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.

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, 2021.

3. Cash and Cash Equivalents

	March 31, 2022 (000's) \$	December 31, 2021 (000's) \$
Cash	19,823	23,476
Term deposits and other Investment accounts	-	700
	19,823	24,176

4. Restricted Cash

According to the Corani Mine Closure Plan approved on September 12, 2018, the Company must provide a closure guarantee. Consequently, every January 17 from 2019 to 2036, the Company provides an insurance deposit for the expected closure costs. On January 17, 2022 the Company posted an insurance policy for \$5,214,527 with the Peruvian Ministry of Energy and Mines to cover the four-year cumulative mine closure guarantee. The Company provided a certificate of deposit in the insurer's name for \$1,303,632.

As of the date of these 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 acquiring the Corani Project.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2022

*US Dollars
(Unaudited)*

5. Property and Equipment

	Exploration and Other Equipment (000's) \$	Office Equipment (000's) \$	Land (000's) \$	Total (000') \$
Balance – December 31, 2020	5,516	8	45	5,569
Additions	1,506	-	-	1,506
Amortization	(133)	(2)	-	(135)
Balance – December 31, 2021	6,889	6	45	6,940
Additions	235	-	-	235
Amortization	(34)	-	-	(34)
Balance – March 31, 2022	7,090	6	45	7,141

6. Resource Property Costs

	Corani Project (000's) \$	Maria Jose Project (000's) \$	Total (000's) \$
Balance at December 31, 2020	88,662	951	89,613
Land acquisition costs	26	-	26
Impairment of Resource property costs	-	(951)	(951)
Balance at December 31, 2021	88,688	-	88,688
Land acquisition costs	3	-	3
Balance at March 31, 2022	88,691	-	88,691

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:

	Three Months Ended March 31, 2022 (000's) \$	Three Months Ended March 31, 2021 (000's) \$
Community contributions	330	239
Detailed engineering	105	1,274
Environmental	129	34
Geophysics	15	-
Maintenance costs	-	1
Salaries and consulting	1,098	1,103
Camp, supplies and logistics	569	595
Travel	13	12
Total	2,259	3,258

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2022

*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.

Total other exploration and evaluation costs incurred during the period ended March 31, 2022 were \$0.1 million (2021 - \$0.1million).

The Company expenses the value added tax it pays during the exploration phase. During the three month period ended March 31, 2022 the total value added taxes paid were \$0.2 million (2021 - \$0.3 million).

7. 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, 2020	349	310	659
Additions	128	251	379
Payments	(352)	(361)	(713)
Accretion expense	70	79	149
Foreign exchange translation effect	(2)	(25)	(27)
Balance – December 31, 2021	193	254	447
Payments	(95)	(95)	(190)
Accretion expense	21	25	46
Foreign exchange translation effect	2	18	20
Balance – March 31, 2022	121	202	323
Less: current portion	94	202	296
Long-term portion	27	-	27

	Office space and Warehouse (000's) \$	Vehicles (000's) \$	Total (000's) \$
Right-of-Use Assets			
Balance - December 31, 2020	382	323	705
Additions	128	251	379
Amortization	(290)	(285)	(575)
Balance – December 31, 2021	220	289	509
Amortization	(79)	(62)	(141)
Balance – March 31, 2022	141	227	368

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2022

*US Dollars
(Unaudited)*

8. 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 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.

As at March 31, 2022, the total undiscounted obligation remaining under the Framework Agreement was \$18.4 million, while the sum of the remaining annual payment stream discounted at an estimated current rate of 10% is \$8.7 million.

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

	(000’s) \$
Balance as of December 31, 2020	9,944
Payment	(1,075)
Accretion expense	843
Impact of foreign exchange	(864)
Balance as of December 31, 2021	8,848
Payment	(1,077)
Accretion expense	209
Impact of foreign exchange	706
Balance as of March 31, 2022	8,686
Less: current portion	(1,081)
Long-term portion as of March 31, 2022	7,605

Bear Creek Mining Corporation**Notes to Interim Condensed Consolidated Financial Statements****March 31, 2022***US Dollars
(Unaudited)***9. 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 \$0.9 million remains outstanding as of March 31, 2022.

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, 2020	1,313
Payments	(34)
Revaluation of obligation	(224)
Impact of foreign exchange	(115)
Balance as of December 31, 2021	940
Payments	(8)
Revaluation of obligation	(36)
Impact of foreign exchange	75
Balance as of March 31, 2022	971
Less: current portion	(54)
Long-term portion as of March 31, 2022	917

The Company's estimated future payments are as follows:

	March 31, 2022 (000's) \$	December 31, 2021 (000's) \$
Within one year	54	54
After one year but not more than five years	917	886
	971	940

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2022

*US Dollars
(Unaudited)*

10. Capital

Authorized and Issued Share Capital

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

2022 Activity

A total of 1,020,500 stock options expired without being exercised on February 26, 2022.

No new stock options were granted during the three months period ended March 31, 2022. During the three month period ended March 31, 2022, the Company recognized \$0.16 million (2021 - \$0.29 million) as share-based payments expense based on the graded vesting schedule of the previous years' stock options and restricted share unit ("RSUs") grants.

2021 Activity

In January 2021, the Company issued 11,500,000 common shares at CDN\$3.00 per share for gross proceeds of CDN\$34.5 million (\$27.1 million). The underwriters received a cash fee equal to 6% of the gross proceeds (\$1.63 million). Additional costs of this financing included professional and filing fees of \$0.24 million.

On May 10, 2021, the Company issued 333,818 common shares to its directors, officers, and employees upon vesting of one-third of the RSUs awarded on April 22, 2020.

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 Company's Long Term Incentive Plan) 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 (RSUs or deferred share units ("DSUs")) to directors, officers, employees, and in the case of RSUs, 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 together with the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

Bear Creek Mining Corporation**Notes to Interim Condensed Consolidated Financial Statements****March 31, 2022***US Dollars
(Unaudited)*

As at March 31, 2022 and December 31, 2021, the following stock options, RSUs and DSUs were under grant and available for issuance:

	March 31, 2022	December 31, 2021
Issued and outstanding shares	124,273,132	124,273,132
Options allowed	12,427,313	12,427,313
RSU & DSU limit	5,000,000	5,000,000
Options outstanding	4,450,000	5,620,500
RSUs granted	1,000,000	1,000,000
RSU's outstanding	616,667	616,667
DSU's granted	1,000,000	1,000,000
DSU's Outstanding	1,000,000	1,000,000
RSU's & DSU's available	3,000,000	3,000,000
Options available for issuance	5,977,313	4,806,813
RSU's & DSU's available for issuance	3,000,000	3,000,000

11. Related Party Transactions**Compensation of key management personnel**

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

	Three Months Ended March 31	
	2022	2021
	(000's)	(000's)
Salaries and director's fees	\$ 471	\$ 402
Share-based compensation	123	269
	\$ 594	\$ 671

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

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 March 31, 2022, \$48,750 (December 31, 2021 - \$nil) was due to key management personnel for unpaid salaries or director fees.

12. 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:

	March 31,	December 31,
	2022	2021
	(000's)	(000's)
Total Assets		
Peru	\$ 98,486	\$ 98,311
Canada	19,395	23,609
	\$ 117,881	\$ 121,920

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2022

*US Dollars
(Unaudited)*

	Three Months Ended March 31			
		2022		2021
Net Loss		(000's)		(000's)
Peru	\$	3,336	\$	3,328
Canada		777		791
	\$	4,113	\$	4,119

13. Subsequent Events

On April 21, 2022 (“Closing Date”), the Company acquired all of the issued and outstanding shares of certain of Equinox’s indirect wholly owned subsidiaries, which in turn own a 100% in the Mercedes Mine. As part of this transaction the Company paid cash consideration of \$75 million, including \$60 million provided by Sandstorm Gold Ltd. (“Sandstorm”), and issued 24,730,000 Bear Creek common shares to Equinox. The Company is obligated to make a deferred cash payment of \$25 million during the fourth quarter of 2022 and pay 2% Net Smelter Return on the metal produced from the Mercedes concessions to Equinox.

The \$60 million cash consideration, provided by Sandstorm consists of a \$37.5 million Gold Purchase Agreement and a \$22.5 million Convertible Debenture

Under the terms of the Gold Purchase Agreement, Sandstorm provided the Company with \$37.5 million in cash on the Closing Date and in exchange Bear Creek will sell to Sandstorm 600 ounces of refined gold per month for 42 months (a total of 25,200 ounces) at a price equal to 7.5% of the spot gold price at the time of delivery. Thereafter, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the spot price at the time of delivery.

Under the terms of the Convertible Debenture, Sandstorm provided the Company with \$22.5 million in cash on the Closing Date and in exchange subscribed to a Convertible Debenture. The Convertible Debenture matures on its third anniversary, bears a 6% coupon, and allows the holder to convert the Principal, in whole or in part, into common shares of the Company at any time before maturity at CDN\$1.51 per common share.
