BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED September 30, 2022

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on November 28, 2022. This MD&A is intended to help the reader understand the significant factors that influence the Company's performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the interim condensed consolidated financial statements of the Company for the three and nine-month periods ended September 30, 2022, which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements. 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. The AIF was originally filed on April 26, 2022, with a subsequent revision filed on November 16, 2022.

Bear Creek is engaged in the production and sale of gold and silver and the exploration and development of precious and base metal properties. On April 21, 2022, the Company acquired a 100% interest in the Mercedes gold mine ("Mercedes") in the state of Sonora, Mexico. In Peru, the Company is advancing its 100%-owned Corani silver-lead-zinc project towards development and has other early-stage exploration projects.

The mining and exploration business involves a high degree of risk and there can be no assurance that current mine production, exploration, and development projects will be profitable. A description of significant business risks may be found in the Company's AIF for the year ended December 31, 2021, originally filed on April 26, 2022, with a subsequent revision filed on November 16, 2022.

National Instrument 43-101 ("NI 43-101") Disclosure

Except as indicated below, the information provided in this MD&A related to the Company's mineral projects is based on work programs and initiatives conducted under the supervision of Andrew Swarthout, AIPG Certified Professional Geologist and a Qualified Person as defined in NI 43-101. Mr. Swarthout is a director of the Company.

Contents

1) Highlights

Corporate Developments:

On July 5, 2022, the Company announced that it had filed a Business Acquisition Report on Form 51-102F4 in connection with the Company's acquisition of Mercedes .

On July 29, 2022, the Company issued a promissory note for $5 million (the "Note") to Auramet International LLC ("Auramet") in exchange for $4,875,000. The Note is due July 28, 2023. The Company may repay the Note in whole or in part in minimum amounts of US $1.0 million without penalty. Interest accrues and is payable quarterly on the outstanding amount of the Note at 6.00% per annum plus the greater of (i) the USD 90 day Secured Overnight Financing Rate or (ii) 1.00% per annum.

Concurrently with issuing the Note, the Company entered into an offtake agreement (the "Offtake Agreement") with Auramet and granted Auramet call options to purchase up to 2,500 ounces of gold (the "Call Option"). Under the Offtake Agreement, the Company agreed to sell 100% of the gold produced from Mercedes less the amount of gold and silver sold by the Company under pre-existing royalty and stream agreements (the "Applicable Product") to Auramet until the Note is paid in full and, after that, 50,000 ounces of the Applicable Product. Under the Call Option, the Company granted Auramet the right to purchase from the Company 625 ounces of gold on each of April 26, 2023 July 27, 2023 October 27, 2023, and December 2, 2023 at $1,975 per ounce.

On September 6, 2022 the Company announced that it had engaged Unison Mining Consulting Pte. Ltd. ("Unison") to design and Renoir Management Corporation ("Renoir") to implement a 32-week performance improvement program at Mercedes. The program will cost US$ 2.15 M and will be completed in January 2023. The planned improvements are to re-open closed mining areas to achieve higher production rates and reduce costs. Up to US$ 850,000 of services provided by Unison may, subject to approval by the TSX Venture Exchange ("TSX-V"), be paid in common shares of the Company.

On September 13, October 7, and November 8, the Company issued 555,083, 250,274, and 361,648 common shares, respectively, for services rendered under the agreement with Unison Mining Consulting Pte. Ltd. ("Unison").

On October 26, the Company announced that it had reached a Heads of Agreement ("HOA") with Equinox Gold Corp. ("Equinox Gold") to amortize over a two-year period the payment of the final $25 million purchase price installment for Mercedes. The HOA provides for converting the payment into a promissory note (the "Note") with a maturity date (the "Maturity Date") of October 21, 2024 and monthly principal and interest payments commencing in February 2023. Monthly payments will be the greater of US$500,000 or half of consolidated free cash flow. Interest will be applied at 12.5% plus the greater of 2.5% or the 90-day average SOFR. In addition, the Company will grant Equinox Gold warrants to acquire up to 5 million common shares of the Company. The Warrants may be converted at any time over three years starting six months after being granted at a 15% premium to the 5-day volume weighted average price of the shares on the grant date. Issuing the Note and warrants is subject to TSX-V approval.

2) Mercedes Mine

On December 16, 2021, the Company announced it agreed to acquire all of the shares of Equinox's subsidiaries that own a 100% interest in Mercedes.

On April 21, 2022 ("Closing Date"), the Company acquired Mercedes. 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 was obligated to make a deferred cash payment to Equinox of $25 million on or before October 21, 2022 and is obligated to pay a 2% Net Smelter Return ("NSR") on the metal produced from the Mercedes concessions to Equinox. On May 26, 2022 Equinox transferred the 2.0% NSR to Sandbox Royalties Corp ("Sandbox"), and the Company assumed the obligation to pay Sandbox the 2% NSR.

The $60 million cash consideration provided by Sandstorm consisted of a $37.5 million Gold Purchase Agreement ("GPA") and a $22.5 million Convertible Debenture.

Under GPA Bear Creek will sell to Sandstorm 600 ounces of gold per month for 42 months (a total of 25,200 ounces) at a price equal to 7.5% of the London Bullion Market Association's PM fix on the day before the delivery date. After that, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's PM fix on the day before the delivery date. Sandstorm will also be granted a right of first refusal on any future royalties, streams, or similar transactions from the Mercedes mining concessions.

Sandstorm provided the Company with $22.5 million on the Closing Date and subscribed to a Convertible Debenture issued by the Company. The Covertible 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. The Convertible Debenture can be prepaid in whole or in part with ten days' notice.

Mercedes is located in the state of Sonora, northwest Mexico, within the Cucurpe municipality (30 19'47" N latitude and 110 29'02" W longitude). The Mine is located 250 km northeast of Hermosillo, Sonora's capital city, and 300 km south of Tucson, Arizona, United States. The Mercedes Mine began production in 2011 and to December 31, 2021 had processed 6.191 million tonnes grading 4.24 grams per tonne of gold and 47.4 grams per tonne of silver yielding approximately 824,000 ounces of gold and 3,479,000 ounces of silver.

Mercedes is a mechanized, ramp-access, underground mine with five underground mining areas: Mercedes; Barrancas; Lupita; Diluvio; and Rey de Oro. Ore is hauled to the surface and stockpiled on the surface near the individual portals. Ore from the Barrancas, Lupita, Diluvio, and Rey de Oro mines is subsequently hauled to a common stockpile area near the jaw crusher.

The ore processing at Mercedes consists of conventional milling and processing to recover gold and silver. Ore is crushed in three stages and fed to a mill. Milled ore undergoes agitated leaching, counter-current decantation, Merrill-Crowe precipitation, and smelting. A gravity concentration circuit is also present but is generally not used. Recoveries over the 2016 to 2020 period averaged 95% for gold and 39% for silver. Tailings undergo cyanide detoxification before deposition or are used as backfill in the mine.

2.1) Operation Highlights

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Ore tonnes mined - Kt	126.42	209.53
Tonnes milled – kt	148.21	270.18
Average gold grade mined - grams per tonne	2.92	2.87
Average gold grade milled - grams per tonne	2.45	2.53
Average silver grade mined - grams per tonne	27.39	26.46
Average silver grade milled - grams per tonne	24.39	24.99
Recovery rate gold - %	95.53%	95.57%
Recovery rate silver - %	33.03%	33.52%
Production:		
Gold oz	11,170.4	20,965.0
Silver oz	38,467.3	72,494.0

The column nine months ended September 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

No Lost Time Incidents ("LTI"), Restricted Work, or Medical Treatment Accidents were incurred during the reporting period. The Mercedes Mine reached one year without an LTI during the third quarter. No reportable environmental incidents occurred during the reporting period.

COVID-19 infections declined significantly during the third quarter, with no infections reported in September. During the fourth quarter to date, we have had two infections reported in Peru and one in Mexico.

Low-grade stockpiled ore was fed to the mill during the past six months to take advantage of the excess mill capacity available compared to newly mined tonnage. Feeding low grade stockpiled ore to the mill lowered the average gold and silver feed grades processed in comparison to mined grade shown in the table above. The tonnage of low-grade stockpile ore processed was gradually reduced at the end of the third quarter due to declining stockpile grades.

The Unison Mining Operating Improvement Project is helping to improve drilling control, dilution, and maintenance practices. The project is scheduled to continue through year-end and conclude in early January.

Work continued on the rehabilitation of the Rey de Oro access and the development of the Marianas decline to re-open these areas for production. Marianas began contributing to the production during the third quarter, with the first lens advancing with better than modeled grade. Development work will continue early in the fourth quarter to open additional work fronts. Water management problems hampered Rey de Oro development work, The first ore structure was crossed at the end of the third quarter. Development work will continue early in the fourth quarter to advance across the subsequent two lenses and develop working areas for production. Rey de Oro is expected to contribute moderately during the fourth quarter, with higher grade production areas opening in the first quarter of 2023.

Design work for Tailings Storage Facility 3 ("TSF3") continued allowing the submission of permit applications to the authorities.

2.2) Operating Costs

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Total Cost	**18,854**	**33,139**
Labour	3,411	5,930
Operating Materials	4,956	8,675
Maintenance Materials	1,673	3,059
Power	1,509	2,569
Operating Contractors	4,806	8,400
General Expenses	2,500	3,139
Stockpile / FG / WIP Adjustments	(197)	893
Other Items	196	474
Total Operating Costs Net of Capitalized Items	15,361	25,503
Costs Capitalized as Mine Development Expenditures	3,493	7,636

The column nine months ended September 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

2.3) Exploration

Greenfield exploration drilling concluded in the San Martin, Diluvio Scout, Margarita, and Neo zones, where highly prospective structures related to Mercedes mine gold mineralization extend beneath the post-mineral cover.

A scout drilling program is initially targeting:

- The Diluvio-Lupita basin, where past drilling indicates more than 3 km of a potential blind structural target extending from San Martin in the west to Margarita in the east.
- The continuation of the Diluvio-Lupita basin to the east along the Lupita Fault, which extends 6 km to the claim boundary
- The continuation of mineralization north of the San Martin ore shoot in the Neo area. Past exploration drill holes into this blind target identified gold mineralization.

Drilling intercepted a vein of 0.9 meters true width grading 26.2 grams per tonne of gold between the Rey de Oro and Klondike ore bodies. Exploration drilling in this area will continue during the fourth quarter.

Drilling to test the potential for mineralization in down-faulted portions of the San Martin and Neo ore bodies immediately west of the San Martin fault identified mineralized zones similar to the San Martin deposit. Additional work on this area is being planned for inclusion in the 2023 exploration budget.

2.4) Gold Purchase Agreement and streams

Sandstorm Gold Purchase Agreement

On April 21, 2022, Sandstorm provided the Company with $37.5 million. In exchange, the Company agreed to 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 London Bullion Market Association's PM fix for the day before the delivery date. After 25,200 ounces have been delivered, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's PM fix for the day before the delivery date. Deliveries since April 21, 2022 and outstanding balances are set out in the table below:

Delivery Month	Ounces Delivered	Uncredited ounce balance	Value repaid (000's)	Uncredited value balance (000's)
		25,200		$ 37,500
May	600	24,600	$ 1,004	$ 36,496
June	600	24,000	$ 1,016	$ 35,480
July	600	23,400	$ 944	$ 34,536
August	1,200	22,200	$ 1,955	$ 32,581
September	-	22,200	$ -	$ 32,581
Total	**3,000**	**22,200**	**$ 4,919**	**$ 32,581**

The Company has 37 monthly payments of 600 ounces remaining. Thereafter, the Company will sell Sandstorm 4.4% of its Mercedes mine gold production.

Nomad Royalty Company Ltd. gold prepay agreement

On April 21, 2022 as part of the Mercedes acquisition, the Company assumed a gold prepay agreement with the Nomad Royalty Comapany Ltd. ("Nomad"). Under the terms of the gold prepay agreement, the Company is required to deliver a notional amount of 1,000 ounces of gold quarterly if the gold price is between $1,350 and $1,650 until 5,400 ounces have been delivered. If the gold price per ounce is above $1,650, the Company must deliver 900 ounces quarterly rather than 1,000 ounces. If the gold price per ounce is below $1,350, the Company must deliver 1,100 ounces rather than 1,000 ounces. Deliveries since April 21, 2022 and outstanding balances are set out in the table below:

Delivery Quarter	Ounces Delivered	Uncredited ounce balance	Value repaid (000's)	Uncredited value balance (000's)
		5,400		$ 5,478
Q2 2022	900	4,500	$ 1,644	$ 3,834
Q3 2022	900	3,600	$ 1,471	$ 2,363
Total	**1,800**	**3,600**	**$ 3,115**	**$ 2,363**

Interest is payable quarterly at a rate of 6.5% of the quarterly gold delivery amounts. During the nine months that ended September 30, 2022, 117 ounces of gold were delivered as interest.

Four payments remain due. The facility will be fully paid with the 2023 third quarterly payment.

Nomad Royalty Company Ltd. silver stream

On April 21,2022 as part of The Mercedes acquisition, the Company assumed a silver stream requiring deliveries of 75,000 ounces of silver per quarter until 1.2 million ounces are delivered. After that, the Company will deliver 100% of its silver production until 3.75 million ounces are delivered. After 3.75 million ounces are delivered, the mine will deliver 30% of its silver production. The Company is paid 20% of the LBMA silver fix for the day before delivery. Deliveries since April 21, 2022 and outstanding balances are set out in the table below:

Delivery Quarter	Ounces Delivered	Uncredited balance vs 1.2M oz	Uncredited balance vs 3.75M oz	Value repaid (000's)
		1,200,000	3,750,000	
Q2 2022	63,443	1,136,557	3,686,557	1,065
Q3 2022	80,974	1,055,583	3,605,583	1,266
Total	**144,417**	**1,055,583**	**3,605,583**	**2,331**

The Company is obliged to deliver a minimum of 75,000 ounces per quarter until the 1.2 million ounces are delivered. Thereafter, the Company will deliver 100% of its silver production with no minimum delivery requirement until 3,75M ounces are delivered.

3) Development Projects

3.1) 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 forming a contiguous block covering approximately 6,000 hectares.

On November 5, 2019, the Company announced a summary of the results of work leading to a NI 43-101 compliant feasibility study (the “2019 Report”). The 2019 Report is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and on our website www.bearcreekmining.com.

The 2019 Corani Technical Report's objectives were to reduce construction, development, and operating risks and identify potential improvements to the expected economic performance.

2019 NI 43-101 Technical Report Highlights

	2019 Report*
After tax NPV_5	$531 million
After tax IRR	22.90%
Initial Capital	$579 million
Capital Payback	2.4 years
Ore Processed per Day	27,000 tonnes
AISC per oz silver Life of Mine (“LOM”))	$4.55
Average annual silver production (LOM)	9.6 million oz

* The 2019 Report economic estimates 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. An important element of this relationship is a Life of Mine Investment Agreement (“LOM Agreement”) with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. Under the agreement, the Company will pay 4 million Peruvian Soles (“Soles”) annually, approximately $1 million per year, to a trust to fund community projects. The first installment was paid in 2013. Subsequent installments were contingent upon certain permits being received. All permits were received by June 2018. As a result, annual payments of 4 million Soles will be made throughout the term of the agreement or as further described in the next paragraph. To date, the Company has paid 17.4 million Soles ($4.4 million) under the terms of the LOM Agreement.

These 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 cannot 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). Substation construction and electromechanical assembly are now complete. The Antapata substation will direct electricity to a power line that will supply the Corani Project and provide a reliable power supply connection point to local communities.

Construction to connect to the town of Isivilla began in the first quarter of 2021. Seven of seventeen towers have been mounted. The remaining tower footings are complete, and the materials required to erect the ten remaining towers are warehoused in Juliaca.

The Macusani municipality is developing an alternative access road to the project from the Interoceanic highway. The Company continues to assist the municipality with technical and other support and will upgrade the road once the municipal scope of work is completed.

Outlook

The Company continues to investigate financing alternatives to fund the development of Corani.

The Company expects to continue early works and planning for construction continues.

The Company contributes to maintaining roads from the Interoceanic Highway through the communities of Tantamaco, Huiquisa, and Corani.

Corani Expenditures

During the nine months ended September 30, 2022, the Company incurred expenses of $5.10 million on the Corani Project. Included in this total are community contribution activities totaling $1.04 million; detailed engineering costs of $0.16 million; environmental costs of $0.24 million; salaries and consulting of $3.22 million; camp supplies and logistics of $1.64 million; and other costs of $0.16 million, partially offset by Value Added Tax ("VAT") recoveries of $1.36 million

Corani Engineering and Evaluation Costs:	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2022 (000's) $	2021 (000's) $	**2022 (000's) $**	2021 (000's) $
Corani				
Assaying and sampling	**-**	-	**-**	1
Community contributions	**368**	307	**1,042**	835
Detailed engineering	**23**	890	**158**	4,527
Environmental	**60**	52	**241**	175
Geophysics	**18**	107	**59**	107
Maintenance costs	**20**	-	**47**	32
Salaries and consulting	**1,065**	1,151	**3,218**	3,580
Camp, supplies, and logistics	**485**	539	**1,641**	1,659
Travel	**21**	16	**53**	41
Recovery of costs	**(856)**	-	**(1,361)**	-
Costs for the Period	**1,204**	3,062	**5,098**	10,957

4) Exploration Projects

In Peru, the Company reduced its exploration activities to preserve cash and focus on Corani. The Company maintains a core exploration staff to manage its joint venture and other exploration projects. The Company has budgeted $0.5 million for these programs and related land-holding costs in 2022.

4.1) Tassa Silver-Gold Prospect

Tassa is a 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. In February 2022, the Company met with communities to ensure their agreement that it fulfilled its remediation and social commitments before Teck began their exploration work. Teck has engaged local communities and has started the exploration drilling permitting process.

4.2) Generative Exploration

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

IGV

IGV is a Peruvian value added tax amounting to 18% of expenditures for goods or services. Bear Creek Mining S.A.C., the entity that will operate the Corani project, has a contract (the “IGV Contract”) with the Ministry of Energy and Mines Peru. Under the terms of the IGV Contract, the Company can recover, on an expedited basis, IGV associated with Corani capital investments described in its approved ESIA and the 2017 Corani Technical Report. The Company recovered 9.27 million Soles of Corani related IGV, equivalent to approximately $2.55 million through September 30, 2022.

The IGV expense of $0.4 million represents the IGV paid during the nine months ended September 30, 2022 and either not recovered under the IGV Contract or was related to expenditures falling outside the IGV Contract. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of September 30, 2022, is $14.36 million (57.12 million Soles). Of this amount, $3.40 million is attributable to Bear Creek Mining S.A.C., of which $0.53 million is available for expedited recovery as at September 30, 2022. The remaining balance is available for recovery once Corani is in production. IGV credits can be carried forward indefinitely and can be applied to reduce future income taxes or future IGV.

5) Results of Operations

Nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021

For the nine months ended September 30, 2022, the Company incurred a net loss of $11.58 million compared to a loss of $15.48 million in the comparable period of 2021, a decrease of $3.90 million. The Company’s loss per share during the nine months ended September 30, 2022 was $0.08, compared to $0.13 in 2021.

	Nine Months Ended September 30 2022 (000's) $	2021 (000's) $	Difference (000's) $
Revenue	**36,635**	-	**36,635**
Cost of sales	(25,274)	-	(25,274)
Depletion amortization and depreciation	(10,720)	-	(10,720)
Gross profit	**641**	-	**641**
Operating Expenses			
Corani engineering and evaluation costs	(5,098)	(10,957)	5,859
Share-based compensation	(378)	(2,238)	1,860
Wages and management salaries	(684)	(729)	45
Exploration and evaluation costs	(1,366)	(1,813)	447
Professional and advisory fees	(168)	(729)	561
General administrative expenses	(2,946)	(511)	(2,435)
Income (loss) before other items	**(9,999)**	**(16,977)**	**6,978**
Foreign exchange gain (loss)	(2,181)	1,516	(3,697)
Transaction Costs	(1,881)	-	(1,881)
Gain (Loss) on valuation of conversion option	5,062	-	5,062
Change in fair value of silver stream and gold prepay	1,144	-	1,144
Other income (expense)	(182)	-	(182)
Accretion expense	(3,122)	(108)	(3,014)
Finance income	150	85	65
Income (loss) and comprehensive income (loss) before tax	**(11,009)**	**(15,484)**	**4,475**
Special mining law duty and deferred income tax expense	(568)	-	(568)
Income (loss) and comprehensive income (loss) after tax	**(11,577)**	**(15,484)**	**3,907**

During the nine months that ended September 30, 2022, the Company had revenues of $36.64 million compared to $nil in the comparative period for 2021. The Company started recognizing the revenue since acquiring Mercedes on April 21, 2022. Cost of goods sold (“COGS”) was $25.27 million in 2022 compared to $nil in 2021. The increase in the revenues and COGS was due to the acquisition of Mercedes and sales of gold and silver produced from the mine.

During the nine months ended September 2022, spending on the Corani property was $5.10 million, a decrease of $5.86 million from the $10.96 million incurred during the nine months ended September 30, 2021, primarily due to a decrease of $4.37 million in detailed engineering costs, and the recovery of value-added taxes of $1.36 million, during the period ended September 30, 2022. All other Corani related costs were comparable during the two periods. Other exploration costs in 2022 were $1.4 million, lower by $0.4 million, compared to $1.8 million in 2021 as the Company focused on Corani and Mercedes. Share-based compensation (“SBC”) during 2022 decreased by $1.86 million from 2021 when deferred share units (“DSU’s”) were granted. Professional and advisory fees of $0.17 million in 2022 were lower by $0.56 million when compared to $0.73 million in 2021, and general and administration costs of $2.95 million were higher by $2.44 million when compared to $0.51 million in 2021. Higher administration costs were driven by the Unison and Renoir performance improvement program cost.

The foreign exchange loss was $2.18 million in 2022 compared to a foreign exchange gain of $1.52 million in 2021. The foreign exchange gain or loss recognized by the Company is primarily a function of its Canadian dollar cash holdings, the Company’s community project obligation of S/

4 million per year over the next 20 years, and fluctuations in the Mexican Peso-denominated loan when converted to the US dollar.

The Company fair values its convertible debenture and call options granted as part of the note payable at each period end and, as a result, recorded a gain of $5.06 million presented as a change in fair value of the conversion option. The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a gain of $1.14 million during the nine months ended September 30, 2022 (2021 - $nil). The accretion expense of $3.12 million during 2022 is an increase of $3.01 million from the $0.11 million comparative period in 2021. The additional accretion expense is due to the convertible debenture, note payable, asset retirement obligation, deferred obligation for Mercedes acquisition, and Sandstrom Gold Purchase agreement.

The Company recorded a one-time transaction expense due to the costs incurred for the acquisition of Mercedes mine totaling $1.88 million during the nine months ended September 30, 2022 (2021 - $nil).

During the nine month period that ended September 30, 2022, the Company recorded a current special mining law duty of $1.21 million (2021 - $nil) and deferred special mining law duty & income tax recovery of $0.64 million (2021 - $nil).

Three months ended September 30, 2022, as compared to the three months ended September 30, 2021

For the three months that ended September 30, 2022, the Company recorded a net loss of $7.66 million compared to a net loss of $3.53 million for the three months ended September 30, 2021, an increase of $4.13 million. The Company's loss per share for the three months ended September 30, 2022, was $0.05, compared to a loss per share of $0.03 for the comparable period in 2021.

Three Months Ended September 30	2022 (000's) $	2021 (000's) $	Difference (000's) $
Revenue	**26,554**	-	26,554
Cost of sales	(23,721)	-	(23,721)
Depletion amortization and depreciation	(5,881)	-	(5,881)
Gross profit	**(3,048)**	-	**(3,048)**
Operating Expenses			
Corani engineering and evaluation costs	(1,204)	(3,062)	1,858
Share-based compensation	(102)	(163)	61
Wages and management salaries	(253)	(242)	(11)
Exploration and evaluation costs	(844)	(430)	(414)
Professional and advisory fees	(117)	(130)	13
General administrative expenses	(2,255)	(117)	(2,138)
Income (loss) before other items	**(7,823)**	**(4,144)**	**(3,679)**
Foreign exchange gain (loss)	482	678	(196)
Gain (Loss) on valuation of conversion option	2,563	-	2,563
Change in fair value of silver stream and gold prepay	(1,582)	-	(1,582)
Other income (expense)	(280)	-	(280)
Accretion expense	(1,678)	(83)	(1,595)
Finance income	90	23	67
Income (loss) and comprehensive income (loss) before tax	**(8,228)**	**(3,526)**	**(4,702)**
Special mining law duty and deferred income tax expense	566	-	566
Income (loss) and comprehensive income (loss) after tax	**(7,662)**	**(3,526)**	**(4,136)**

During the three months that ended September 30, 2022, the Company had revenues of $26.55 million compared to $nil in the comparative period for 2021. Cost of goods sold ("COGS") was $23.72 million in 2022 compared to $nil in 2021. The increase in revenues and COGS was due to the production and sales of gold and silver produced by Mercedes.

During the three months ended September 30, 2022, spending on the Corani property was $1.20 million, which was a decrease of $1.86 million from $3.06 million incurred during the three months ended September 30, 2021, primarily due to a $0.86 million reduction in detailed engineering, an increase of $0.06 million in supplies and general costs and an increase of $0.06 million in community contribution. The Company recovered $0.86 million in value-added taxes during the three month period that ended September 30, 2022. All other Corani related costs were comparable during the two periods.

Exploration costs incurred on other projects, including maintaining the Company's Peruvian property interests, amounted to $0.84 million (2021 - $0.43 million). General and administration costs of $2.26 million were higher by $2.14 million when compared to $0.12 million in 2021, primarily due to administration costs incurred in Mexico for the operations of Mercedes. The Company's other operating costs were comparable.

During the three months that ended September 30, 2022, the Company had a foreign exchange gain of $0.48 million, compared to a gain of $0.68 million during the three months ended September 30, 2021. The foreign exchange gain or loss recognized by the Company is primarily a function of its Canadian dollar cash holdings, the Company's community project obligation of S/

4 million per year over the next 20 years, and fluctuations in the Mexican Peso compared to the US dollar.

The Company fair values its convertible debenture and call options granted as part of the note payable at each period end and, as a result, recorded a gain of $2.56 million presented as a change in fair value of the conversion option. The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a loss of $1.58 million during the three months ended September 30, 2022 (2021 - $nil).

Accretion expense of $1.68 million during 2022 is an increase of $1.60 million from $0.08 in 2021. The additional accretion expense results from the Company assuming the convertible debenture, the asset retirement obligation, the deferred obligation for the Mercedes acquisition, the note payable, and the Sandstrom Gold Purchase agreement during the three month period ended September 30, 2022.

During the three month period ended September 30, 2022, the Company recorded a current special mining law duty of $0.25 million (2021 - $nil) and deferred special mining law duty & income tax recovery of $0.82 million (2021 - $nil).

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements.

Period	Revenues	Loss (income) for the period (in millions)	Basic and fully diluted loss (income) per share
3rd Quarter 2022	$26.5	$7.7	$0.05
2nd Quarter 2022	$10.1	$(0.2)	($0.00)
1st Quarter 2022	Nil	$4.1	$0.03
4th Quarter 2021	Nil	$6.4	$0.05
3rd Quarter 2021	Nil	$3.5	$0.03
2nd Quarter 2021	Nil	$7.8	$0.06
1st Quarter 2021	Nil	$4.1	$0.03
4th Quarter 2020	Nil	$3.8	$0.03

The principal recurring factors that cause fluctuations in the Company's quarterly results include the timing of vesting and valuations attributable to share-based compensation, expenditure levels on exploration projects, production expenses and sales, and foreign exchange gains or losses related to the Canadian dollar or Peruvian Sol cash balances. With the acquisition of Mercedes, quarterly results will fluctuate as operating results, and metal prices change from period to period.

The increase in loss of $7.9 million in the 3rd Quarter of 2022 compared to the 2nd Quarter of 2022 was due to increased cost of sales and increased depletion, amortization and depreciation during the quarter. The Company incurred an operating loss of $3.0 million compared to an operating profit of $3.7 million in the previous quarter for Mercedes operations. The Company also incurred incremental general and administration costs of $2.18 million (2nd Quarter 2022 - $0.45 million) to support the Mercedes operations, Corani, and other exploration projects.

The increase in income of $4.3 million in the 2nd Quarter of 2022 compared to the 1st Quarter of 2022 was primarily due to the acquisition of Mercedes. The Company had revenues of $10.1

million and gross profit of $3.7 million compared to $nil and $nil, respectively, in the 1st Quarter of 2022. Transaction costs incurred for the purchase of Mercedes totaled $1.7 million during the 2nd Quarter of 2022. Foreign exchange loss increased by $1.04 million. The Company recorded changes in the fair value of the conversion option of the convertible debenture and the long-term debt that increased income for the period by $5.2 million. The current and deferred income tax expense was $1.13 million during the quarter.

The decrease in loss of $2.3 million in the 1st Quarter of 2022 compared to the 4th Quarter of 2021 was primarily due to a decrease in professional fees of $0.8 million, mostly due to a decrease in Mercedes mine transaction related costs. The Company did not record an impairment loss in the 1st Quarter of 2021 compared to an impairment loss of $1.0 million in the 4th Quarter of 2021.

The increase in loss of $2.9 million in the 4th Quarter of 2021 compared to the 3rd Quarter of 2021 was primarily due to increased spending on the Corani property and increased professional fees relating to transaction-related costs. The Company recognized an impairment loss on the Maria Jose property during the 4th quarter of 2021.

The decrease in loss of $4.3 million in the 3rd Quarter of 2021 compared to the 2nd Quarter of 2021 was primarily due to reduced detailed engineering spending on the Corani property and other exploration costs and reduced share-based compensation expense recorded during the 3rd Quarter of 2021 when compared with 2nd Quarter 2021 as a result of the granting of DSU's during the 2nd Quarter of 2021.

The increase in loss of $3.7 million in the 2nd Quarter 2021 compared to the 1st Quarter 2021 was primarily due to increased spending on the Corani property and the granting of DSU's.

The increase in loss of $0.3 million in the 1st Quarter of 2021 compared to the 4th Quarter of 2020 was primarily due to an increase in spending on the Corani property partially offset by a lower foreign exchange gain during the quarter.

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

6) Liquidity and Capital Resources

At September 30, 2022, cash and cash equivalents and short term investments of $9.61 million consisted of CDN$ 1.31 million ($0.96 million), Soles 0.16 million ($0.04 million), Mexican Pesos 4.62 million ($0.23 million) with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2022 are expected to be denominated in US dollars. The Company's Mercedes operation expenditures are approximately 47% in US dollars and 53% in Mexican Pesos. The Company invests cash in Canadian government-backed paper, Canadian chartered bank corporate paper with short-term maturities, Peruvian bank time deposits, Peruvian chartered bank commercial paper with short-term maturities, Mexican bank deposits, and time deposits, or European Euro bank deposits. During the nine months that ended September 30, 2022, the Company had a cash outflow from operating activities of $9.5 million compared to a cash outflow of $13.8 million in the comparative period in 2021.

Total cash spent on investing activities amounted to $11.9 million, primarily related to the payment for the acquisition of Mercedes mine for $15 million and cash acquired from Mercedes mine of $16.2 million. The payments of community project obligations, and expenditures on the Mercedes mine and Antapata substation were other investing outflows during the period.

Total cash acquired as part of financing activities amounted to $6.9 million, primarily related to the private placement financing and proceeds from note payable during September 30, 2022.

As at September 30, 2022, the Company's net working deficiency was $43.5 million compared to net working capital of $22.5 million at December 31, 2021. Cash and cash equivalents and short-term investments at September 30, 2022 were $9.6 million compared to $24.2 million at December 31, 2021. The Company engaged Unison and Renoir to implement a performance improvement program expected to increase production and reduce costs at the Mercedes, which should enable the Company to reduce the working capital deficiency. Not included in cash and cash equivalents as of September 30, 2022, is $1.3 million; this amount is considered restricted and serves as a partial guarantee for future mine closure obligations.

The Interim Condensed Consolidated Financial Statements were prepared following accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for at least twelve months from September 30, 2022 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

On October 26, 2022, the Company announced that it had reached a Heads of Agreement ("HOA") with Equinox to amortize over two years the payment of the final $25 million purchase price installment for Mercedes. The HOA provides for converting the payment into a promissory note with a maturity date (the "Maturity Date") of October 21, 2024 and monthly principal and interest payments commencing in February 2023. Monthly payments will be the greater of US$500,000 or half of consolidated free cash flow. Interest will be applied at 12.5% plus the greater of 2.5% or the 90-day average SOFR. In addition, the Company will grant Equinox Gold warrants to acquire up to 5 million common shares of the Company. The Warrants may be converted at any time over three years, starting six months after being granted at a 15% premium to the 5-day volume weighted average price of the shares on the grant date. Issuing the Note and warrants is subject to TSX-V approval.

While amortizing the $25 million Equinox payment improves the Company's liquidity, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine in order to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern.

The Interim Condensed Consolidated Financial Statements do not include adjustments to the carrying values and classifications of assets and liabilities, which could be material should the Company be unable to continue as a going concern.

The Company has used approximately $23.8 million of the net proceeds received of $36.8 million from the February 2020 and January 2021 prospectus offerings of common shares, as shown in the table below.

Corani Property	**Total 2020 and 2021 Prospectuses**	**Total Incurred to date**
	(000's) USD $	**(000's) USD $**
Advancement of 138kV/22.9kV Power Line	4,000	1,924
Antapata Substation	1,100	2,165
Develop project access roads	4,500	-
Advance detail Engineering for Earthworks and Process Plant	9,500	12,032
Capital Equipment	8,700	-
Camp Construction and other	7,000	5,558
Community Obligation Retirement	2,000	2,152
Total Corani Property	**$ 36,800**	**$ 23,831**

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

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at September 30, 2022:

Expenses in (000's)	**2022**	**2023**	**2024**	**2025**	**2026 and Beyond**	**Total**
Accounts payable and accrued liabilities	$23,656	$ -	$ -	$ -	$ 2,680	$26,336
Provisions	-	-	-	-	16,366	16,366
Community projects	-	1,004	1,004	1,004	14,056	17,068
Other liabilities	55	33	33	33	649	803
Office space leases	69	124	-	-	-	193
Vehicle rentals	89	-	-	-	-	89
Note payable - Principal	-	5,000	-	-	-	5,000
Note payable - Interest	119	317	-	-	-	436
Equinox payment – Principal [1]	-	12,200	12,800	-	-	25,000
Equinox payment - Interest	667	3,270	1,189	-	-	5,126
Debenture - Repayment	-	-	-	22,500	-	22,500
Debenture - Interest	338	1,350	1,350	416	-	3,454
Total as at September 30, 2022	**$24,993**	**$23,298**	**$16,376**	**$23,953**	**$33,751**	**$122,371**

1) The Equinox principal payment was initially due on October 21, 2022 and has subsequently been converted into a two year promissory note maturing on October 21, 2024 and bearing interest at 12.5% plus the greater of 2.5% or the 90 day average SOFR.

Issued Shares and Share Purchase Options

The Company's Long Term Incentive Plan ("LTIP") 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 LTIP) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis 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 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 together is 5,000,000 shares. The number of shares issuable under the Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

As at September 30, 2022, the following stock options, RSUs and DSUs were granted:

	September 30, 2022
Issued and outstanding shares	**153,408,708**
Limit under option plan and LTIP (10% of issued and outstanding shares)	**15,340,871**
Less options granted	**4,450,000**
Less RSU's granted	**1,000,000**
Less DSU's granted	**1,000,000**
Shares reserved under the option and LTIP awards	**8,890,871**

	September 30, 2022
RSU & DSU limit under LTIP	**5,000,000**
Less RSUs granted	**1,000,000**
Less DSUs granted	**1,000,000**
RSU & DSU available to be granted	**3,000,000**

7) Cash Cost and All-in-Sustaining Cost ("AISC") for Mercedes

Cash Cost and AISC are financial measures that do not have any prescribed meaning by IFRS and therefore, may not be comparable to similar measures presented by other companies. The Company has adopted the practice of calculating a performance measure with the net cost of producing an ounce of gold after deducting revenues gained from silver by-product production. Gold Cash Cost and AISC are calculated net of credits for realized silver revenues and are calculated per ounce of gold sold.

	Three Months Ended September 30, 2022 (000's) $	Nine Months Ended September 30, 2022 (000's) $
Production cost Mercedes Mine	15,361	25,503
Royalties	594	1,027
Finished Goods Adjustment	(811)	(1,492)
By-product silver credits	(769)	(1,344)
Cash Cost	**14,375**	**23,694**
Reclamation and Remediation	264	491
Sustaining capital expenditures	4,409	8,818
Exploration and evaluation expense	658	664
AISC	**19,706**	**33,667**
Gold ounces sold	**14.445**	**19.642**
Cash Cost US$ per ounce sold	**995**	**1,206**
AISC US$ per ounce sold	**1,364**	**1,714**

The column nine months ended September 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

To better understand Gold Cash Cost and AISC measures as calculated by the Company, the following table provides the reconciliation of these measures to the applicable cost items, as reported in the consolidated financial statements for the respective periods.

	Three Months Ended September 30, 2022 (000's) $	Nine Months Ended September 30, 2022 (000's) $
Cost of goods sold	**23,721**	**25,274**
NSR adjustment	(343)	-
Overhead adjustment	1,745	2,130
Inventory adjustment	(8,982)	(1,646)
Silver purchased for stream delivery	(782)	(782)
By-product silver credits	(769)	(1,344)
Other adjustments	(216)	63
Cash Cost	**14,375**	**23,695**
Reclamation and Remediation	264	491
Sustaining capital expenditures	4,410	8,818
Exploration and evaluation expense	658	663
AISC	**19,706**	**33,667**
Gold ounces sold (koz)	**14.445**	**19.642**
Cash Cost US$ per ounce sold	**995**	**1,206**
AISC US$ per ounce sold	**1,364**	**1,714**

The column nine months ended September 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

8) Related Party Transactions

Compensation of Key Management Personnel

The remuneration of the directors, the Chief Executive Officer, the President and Chief Operating Officer and Chief Financial Officer (collectively, the key management personnel) for the three and nine month periods that ended September 30, 2022, and 2021 was:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022 (000's)	2021 (000's)	**2022 (000's)**	2021 (000's)
Salaries and directors' fees	**$ 488**	$ 454	**$ 1,313**	$ 1,316
Share-based compensation	**77**	145	**289**	2,069
	$ 565	$ 599	**$ 1,602**	$ 3,385

(i) Key management personnel were not paid post-employment benefits or other long-term cash 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 September 30, 2022, $0.1 million (December 31, 2021 - $nil) was due for director fees.

9) Accounting Policies

These interim condensed consolidated financial statements of the Company were prepared under 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, 2021, which were prepared under IFRS. Other than the accounting policies included in this section, the accounting policies adopted are consistent with those of the previous financial year.

Consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company has the ability or right to cause variable returns from or is exposed to variable returns from its involvement with an entity and can affect those returns through its ability to direct the entity's activities.

The principal subsidiaries of the Company, their activities, and their geographic locations as at September 30, 2022 were as follows:

Subsidiary	Principal activity	Location	Ownership interest
BCMC Corani Holdings Ltd.	Holding company	Canada	100%
Bear Creek Resources Company Ltd.	Holding company	Canada	100%
Bear Creek (BVI) Limited	Holding company	British Virgin Islands	100%
Corani Mining Limited	Holding company	British Virgin Islands	100%
Bear Creek Mining S.A.C.	Mineral exploration	Peru	100%
Bear Creek Exploration Company Ltd.	Holding company	Canada	100%
Bear Creek Mining Company Sucursal del Peru	Mineral exploration	Peru	100%
INEDE S.A.C.	Mineral exploration	Peru	100%
Electro Antapata S.A.C.	Electrical Power Distribution	Peru	100%
1336991 BC LTD.	Holding	Canada	100%
Minera Mercedes Minerales S. de R.L. de C.V.	Production	Mexico	100%
Mercedes Gold Holdings S. A. de C.V.	Holding	Mexico	100%
Premier Mining Mexico S. de R.L. de C.V.	Services	Mexico	100%
Premier Gold Mines (Netherlands) Cooperatie U.A.	Holding	Netherlands	100%
Premier Gold Mines (Netherlands) B.V.	Holding	Netherlands	100%
Premier Gold Mines (Cayman) Ltd.	Holding	Cayman Islands	100%
2536062 Ontario Inc	Holding	Canada	100%

Business combinations

A business combination is when the Company acquires another business by obtaining control of the business. A business is an integrated set of activities and assets consisting of inputs and processes, including a substantive process that, when applied to those inputs, can create or significantly contribute to the creation of outputs that generate investment income or other income from ordinary activities. When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs at the acquisition date, the Company considers other factors to determine whether the set of activities or assets is a business. In this case, an acquired process is considered substantive when: (i) the acquired process is critical to the ability to develop the acquired input into outputs; and (ii) the inputs acquired include both an organized workforce with the necessary skills, knowledge, or experience to perform the process and other inputs that the organized workforce could develop into outputs

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognized at their fair values at the acquisition date. The acquisition date is when the Company obtains control over the acquiree, which is generally the date that consideration is transferred, and the Company acquires control of the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values, determined as at the acquisition date, of the assets transferred by the Company, the liabilities, including contingent liability, incurred, and payable by the Company to former owners and the equity interests issued by the Company. Other than costs to issue debt or equity securities of the Company, acquisition-related costs are expensed as incurred.

Deferred Revenue

Deferred revenue is recognized for expected payments for future commitments to deliver metals and before such commitments meet the criteria for revenue recognition. The Company recognizes revenue as the metals are delivered to the customer.

The Company determines the amortization of deferred revenue on a per unit basis using the estimated total quantity of metal expected to be delivered over the contract term. The Company estimates the current portion of deferred revenue based on amounts anticipated to be delivered over the next twelve months

Revenue

The Company follows a five-step process in determining whether to recognize revenue from the sale of precious metals:

- identifying the contract with a customer,
- identifying the performance obligations,
- determine the transaction price,
- allocating the transaction price to the performance obligations, and
- recognizing revenue when performance obligations are satisfied.

Revenue from contracts with customers is generally recognized on the settlement date when the customer obtains control of the delivered asset, and the Company satisfies its performance obligations. The Company considers the terms of the contract in determining the transaction price. The transaction price is either fixed on the settlement date or based on the contract's pricing terms.

Inventory

Material extracted from the mines is classified as either ore or waste. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit. Ore is accumulated in stockpiles and subsequently processed into gold and silver in a saleable form. Work-in-process represents gold and silver in the processing circuit that has not completed the production process and is not yet in a saleable form. Finished goods inventory represents gold and silver in saleable form. Mine operating supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred to bring each product to its present location and condition. Cost of inventories includes direct labor, materials, and contractor expenses, depreciation of property, plant, and equipment, including capitalized development costs.

Provisions to reduce inventory to net realizable value are recorded to reflect changes in economic factors that impact inventory value and to reflect present intentions for using slow-moving and obsolete supplies inventory. Net realizable value is determined with reference to relevant market prices less applicable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are also recorded to reduce mine operating supplies to net realizable value, generally calculated by reference to salvage or scrap values when it is determined that the supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

Mineral Property

Once a mineral property has been brought into commercial production, the costs of any additional work on that property are expensed as incurred, except for exploration and development programs which constitute a betterment. Betterments are deferred and amortized over the remaining useful life of the related assets. Mineral properties include decommissioning and restoration costs related to the reclamation of mineral properties. Mineral properties are derecognized upon disposal or impaired when no future economic benefits are expected to arise from the asset's continued use, or the cash-generating unit's carrying value exceeds its recoverable amount. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss. Mineral properties are amortized on a unit-of-production basis using the mineable ounces extracted from the mine in the period as a percentage of the total mineable ounces to be extracted in current and future periods based on mineral resources. Mineral properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses, and are not intended to represent future values. Recovery of capitalized costs depends on the successful development of economic mining operations or the disposition of the related mineral property.

Depreciation or depletion is computed using the following rates:

Item	Methods	Rates
Mineral properties	Units of production	Estimated proven and probable mineral reserves
Equipment, leasehold improvements	Straight line	Lesser of the lease term and estimated useful life
Furniture, office equipment, and software	Straight line	2 – 12 years, straight line
Property and equipment	Straight line	4 – 12 years, straight line
Mining equipment	Straight line	1 – 12 years, straight line
Deferred stripping costs	Units of production	Estimated proven and probable mineral reserves

10) Key Accounting Estimates and Judgments

Preparing these interim condensed consolidated financial statements under 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.

Areas of Judgment

Impairment for mineral property, and property and equipment

Applying the Company's accounting policy for impairment of mineral properties, property, and equipment requires judgment to determine whether indicators of impairment exist. The review of impairment indicators includes consideration of both external and internal sources of information, including factors such as market and economic conditions, metal prices and forecasts, capital expenditure requirements, future operating costs, and production volumes. Management has assessed for impairment indicators on the Company's mineral properties, property and equipment and concluded that no impairment indicators exist as of September 30, 2022.

Impairment for resource property

Applying the Company's accounting policy for impairment of resource property requires judgment to determine whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and evaluation of the results of exploration and evaluation activities up to the reporting date. Management has assessed impairment indicators on the Company's resource property and has concluded that no impairment indicators exist as of September 30, 2022.

Uncertain tax positions

The Company's operations involve the application of complex tax regulations in multiple international jurisdictions. Determining the tax treatment of a transaction requires the Company to apply judgment in its interpretation of the applicable tax law. These positions are not final until accepted by the relevant tax authority. The tax treatment may change based on the result of assessments or audits by the tax authorities often years after the initial filing.

The Company recognizes and records potential liabilities for uncertain tax positions based on its assessment of the amount, or range of amounts, of tax that will be due. The Company adjusts these accruals as new information becomes available. Due to the complexity and uncertainty associated with certain tax treatments, the ultimate resolution could result in a payment that is materially different from the Company's current estimate of the tax liabilities.

Areas of Estimation Uncertainty

Mineral reserves and resources

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mineral property. The Company estimates its mineral reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth, and shape of the ore body and requires complex geological assessments to interpret the data. The estimation of recoverable mineral reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, metallurgical recoveries, permitting and production costs, along with geological assumptions made in estimating the size and grade of the ore body. Changes in the mineral reserve or mineral resource estimates may impact the carrying value of mining interests, mine restoration provisions, recognition of deferred tax assets, depreciation and amortization charges, and royalties receivable.

Value added taxes

The Company incurs indirect taxes on purchases of goods and services at its operating mines and exploration projects, including value-added tax. Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets, net of provisions, and reflect the Company's best estimate of their recoverability under existing tax rules in the respective jurisdictions in which they arise. Management's recoverability assessment considers the probable outcomes of claimed deductions and/or disputes. The provisions and balance sheet classifications made to date may be subject to change, and such change may be material.

Convertible debenture

The fair value measurement of the conversion option of the Company's convertible debenture requires using option pricing models as a valuation approach. These option pricing models require using estimates and inputs based on the best available market information. Changes in assumptions and estimates used could result in changes in the fair values of the conversion option, which is recognized in net income or loss.

Silver stream

The assumptions and estimates with respect to determining the fair value of the silver stream require a high degree of judgment and include estimates of mineral reserves, future metal prices, discount rates, and conversion of reserves and resources. Changes in any of the assumptions or estimates used in determining the fair value of stream could impact the amounts assigned to assets and liabilities and the amount of fair value change recognized in net income or loss.

Asset retirement obligation

The Company's provision for reclamation and closure costs represents management's best estimate of the present value of the future cash outflows required to settle the liability, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows.

Changes in the above estimates and assumptions can result in a change to the provision recognized by the Company. Changes to the provision for reclamation and closure costs are recognized with a corresponding change to the carrying amounts of related mineral properties, plant, and equipment during the period of change. Adjustments to the carrying amounts of related mineral properties, plant and equipment can result in a change to future depletion expense.

Financial Instruments

Fair Value

Fair value is the price that would be received to sell an asset or discharge a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels in which to classify the inputs of valuation techniques used to measure fair values.

- Level 1 - quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).
- Level 3 - inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party

As at September 30, 2022, the fair value of convertible debenture, note payable, and long-term debt are measured at fair value using Level 3 inputs. The fair value of convertible debenture includes the fair value of the conversion option determined using the Black-Scholes options pricing model. The fair value of the asset retirement obligation is measured based on an interest rate adjusted for inflation in Mexico. The fair value of the long-term debt is determined based on the net present value of the expected future cash flows and a discount rate that includes the risk premium.

The carrying values of cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value due to their short terms to maturity.

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

(i) Currency Risk

The Company is exposed to financial risk due to changes in foreign exchange rates. The Company operates in Peru, Mexico, Netherlands, and Canada, and a portion of its expenses are incurred in Canadian dollars, Mexican pesos, and Peruvian Soles. A significant change in the exchange rates between the Canadian dollar relative to the US dollar, Mexican Peso to the US dollar, and the Peruvian Sol to the US dollar could affect the Company's operations, financial position, and cash flows. The Company has a small cash balance held in Euros, the net exposure for which has been determined to be negligible. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2022, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

	September 30, 2022		
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash and cash equivalents and short-term investments	1,342	163	4,623
Receivables	-	57,344	200,887
Accounts payable, accrued liabilities, and other	(399)	(5,775)	(306,001)
Community project obligation		(33,776)	
Net exposure	**943**	**(17,956)**	**(100,491)**

Based on the above net exposures as at September 30, 2022, 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 $70,000 (C$94,000) in the Company's loss for the nine month period. A 10% depreciation of the US dollar against the Peruvian Sol would result in an increase of approximately $410,000 (S/1,600,000) in the Company's loss for the year. A 10% depreciation of the US dollar against the Mexican Peso would result in an increase of approximately $500,000 (MXN$ 10,000,000) in the Company's loss for the year. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar, Soles, or Mexican Pesos 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 the 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 chartered banks and accredited Mexican and Peruvian financial institutions. Short-term investments (including those presented as cash and cash equivalents) consist of financial instruments issued by Canadian or Peruvian banks. These investments mature at various dates over the next twelve months.

Receivables consist of taxes paid and recoverable from sovereign states.

(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 a planning and budgeting process to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company tries to ensure sufficient funds to meet its short-term business requirements by considering anticipated revenues and cash expenditures for its operating activities. 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 favorable terms.

As at September 30, 2022, the Company’s financial liabilities consist of accounts payable & accrued liabilities and the current portion of community projects liability, convertible debenture, and other liabilities totaling $56.1million, which are expected to be paid over the next twelve months, and the long-term portion of other liabilities of $43.0 million, which are expected to be paid over the next five years.

(iv) Interest rate risk

Interest rate risk is the risk that a financial instrument’s fair value or 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. At September 30, 2022, the Company had few funds invested in interest earning savings accounts with Canadian institutions. A 1% increase or decrease in the interest rate during the period ended September 30, 2022, would have resulted in an increase or decrease of approximately $100, respectively, in the Company’s net income during the period ended September 30, 2022.

(v) Price risk

Gold and silver price volatility affects the Company’s revenues, earnings, and cash flow. Volatile energy, commodity and consumables prices, and currency exchange rates affect production costs. For a more comprehensive discussion of these and other risks, see “Risk Factors” in the Company’s Annual Information Form (“AIF”) filed on SEDAR at www.sedar.com on April 26, 2022 and subsequently revised (the “Revised AIF”) and filed on SEDAR on November 16.

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 the acquisition of other mineral projects.

The capital of the Company consists of items included in shareholders’ equity. The Company manages its capital structure in response to 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 sufficient liquidity to meet its objectives. The Company may issue new shares, incur debt or enter into metal purchase agreements to ensure enough working capital is available to meet its short-term business requirements.

There were no changes to the Company's approach to capital management during the period that ended September 30, 2022.

11) 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, including credits from the sale of silver, lead and zinc; (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. The future performance of Mercedes will depend upon whether the Company is able to realize current estimates, predictions, expectations or beliefs about future events including, without limitation: the estimated amount of Mineral Reserves and Mineral Resources; the anticipated merits of the Mercedes Mine; projected exploration budgets; anticipated future replacement of Mineral Reserves and Mineral Resources; cost estimates used in the 2022 Mercedes Report are reasonably accurate; and that there are no material adverse changes in the price of gold and silver and other metals or general economic and political conditions.

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 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 and permits 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, Peruvian Sol and Mexican Peso 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, 2021 in the feasibility study technical report for the Corani project dated December 17, 2019, and the 2022 Mercedes Report dated April 22, 2022 as filed on the SEDAR website (available at www.sedar.com). The foregoing list of factors that may affect future results is not exhaustive.

Investors and others should carefully consider the foregoing factors and other uncertainties and potential events when relying on forward-looking statements. 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.

12) Cautionary Note to US Investors

The Company prepares its disclosure in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Terms relating to mineral resources and mineral reserves in this document are defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards for Mineral Resources and Mineral Reserves 2014. Information contained in this document and the documents incorporated by reference herein containing descriptions of the Company's mineral properties, including estimates of mineral resources and mineral reserves, may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. For additional information please see the Cautionary Note to United States Investors on the Company's Annual Information Form dated April 26th available on www.sedar.com.

13) 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 interim condensed consolidated financial statements for the quarter ended September 30, 2022. and this accompanying MD&A (together, the "Interim Filings").

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

Approval

On November 28, 2022, the Audit Committee of Bear Creek approved the disclosure contained in this MD&A.

Additional Information

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