BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED December 31, 2022

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on April 17, 2023. 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 consolidated financial statements of the Company for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company, which is not part of this MD&A, including the Company's Annual Information Form ("AIF") filed on April 20, 2023, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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, 2022, filed on SEDAR.

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 April 21, 2022, the company announced the completion of the acquisition of a 100% interest in the Mercedes gold-silver Mine, located in Sonora, Mexico, from Equinox Gold Corp .

On July 29, 2022, the Company issued a promissory note for $5 million (the "Note") to Auramet International LLC ("Auramet") in exchange for $4.87 million. 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) Term 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. The Call Option is accounted for as a derivative and fair valued at each period end date. The Company has the option to deliver the ounces from its own production or to financially settle the obligation.

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 cost was $2.7 million and was completed at the end of January 2023. The work on upgrading the management operating systems, maintenance practices, dispatch control, and mine planning yielded promising results for the operation. $0.9 million of the $2.7 million program costs have been paid through the issuance of 1,786,761 common shares of the Company.

On October 26, 2022, 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 $0.5 million 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.

On March 10, 2023, the Company announced it had revised the terms of the heads of agreement with Equinox Gold to amortize over a two-year period payment of the final $25 million purchase price installment for Mercedes. The Revised Terms provide for converting the Deferred Payment into a secured interest-bearing promissory note. The note bears a nominal rate of interest equal to

12.5% per annum plus the greater of (i) Term Secured Overnight Financing Rate and (ii) 2.50% per annum and matures after a term of two years on October 21, 2024. Commencing March 3, 2023, the note will amortize at a fixed rate of $0.7 million per month, including both principal and interest, during the first year until March 3, 2024 (principal paid equals $0.7 million less the monthly interest accrual payment). Thereafter, the monthly amortization will equal the greater of (i) $0.7 million and (ii) 50% of the free cash flow generated from Mercedes. The Company may prepay, without penalty, any portion of the Note before the maturity date. The note will be secured by a first lien (pari passu with certain security held by Bear Creek’s existing creditors) and certain second lien pledges of Bear Creek’s equity interests in the holding companies through which Bear Creek holds Mercedes and the Corani silver-lead-zinc deposit in Puno, Peru. In addition to the note, the Company will issue to Equinox Gold 2,750,000 common shares of the Company. Issuance of the note and shares are subject to the completion of definitive documentation and approval of the TSX Venture Exchange.

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 all of the issued and outstanding shares of Equinox’s indirect wholly-owned subsidiary, which in turn owns subsidiaries that ultimately own 100% of the Mercedes Mine. As part of this transaction, the Company paid cash consideration of $75 million, including $60 million provided directly to Equinox by Sandstorm Gold Ltd. (“Sandstorm”), and issued 24,730,000 Bear Creek common shares to Equinox. For the $60 million cash consideration that Sandstorm provided directly to Equinox, the Company assumed obligations in the form of convertible debenture of $22.5 million and Gold Purchase Agreement (“GPA”) of $37.5 million. The Company was also required to make a deferred cash payment of $25 million on or before October 21, 2022 and pay a 2% Net Smelter Return on the metal produced from the Mercedes concessions to Equinox.

Under the 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 the Convertible Debenture issued by the Company. 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. 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, 2022 had processed 7.03 million tonnes grading 4.16 grams per tonne of gold and 44.7 grams per tonne of silver yielding approximately 889,640 ounces of gold and 3,648,292 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 2022 period averaged 95% for gold and 36% for silver. Tailings undergo cyanide detoxification before deposition or are used as backfill in the mine.

2.1) Operation Highlights

	Three Months Ended December 31, 2022	**April 21, 2022 to December 31, 2022**
Ore tonnes mined - Kt	127.58	337.11
Tonnes milled – kt	142.28	412.46
Average gold grade mined - grams per tonne	3.32	3.02
Average gold grade milled - grams per tonne	3.11	2.72
Average silver grade mined - grams per tonne	26.54	26.48
Average silver grade milled - grams per tonne	25.38	25.12
Recovery rate gold - %	95.93%	95.69%
Recovery rate silver - %	33.94%	33.66%
Production:		
Gold oz	13,662.97	34,627.97
Silver oz	39,980.90	112,474.90

The column year ended December 31, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

2.2) Operating Costs

	Three Months Ended December 31, 2022	April 21, 2022 to December 31, 2022
Total Cost	21,590	54,729
Labour	4,713	10,643
Operating Materials	5,148	13,823
Maintenance Materials	2,256	5,315
Power	1,552	4,121
Operating Contractors	5,762	14,162
General Expenses	1,759	4,898
Stockpile / FG / WIP Adjustments	202	1,095
Other Items	198	672
Total Operating Costs Net of Capitalized Items	**17,943**	**43,446**
Costs Capitalized as Mine Development Expenditures	**3,647**	**11,283**

The column year ended December 31, 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 and continued that trend through the remainder of the year. No reportable environmental incidents occurred during the reporting period.

COVID-19 infections had a resurgence during late November / early December, with 26 infections reported in Q4. Infections have continued in small waves in January and March with 26 additional infections being recorded in Q1 2023.

Low-grade stockpiled ore was fed to the mill intermittently during 2022 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. Minor amounts of low-grade stockpiled ore were processed during late Q4 and added roughly 100 oz Au to the production.

The Unison Mining Operating Improvement Project concluded in late January. The work on upgrading the management operating systems, maintenance practices, dispatch control, and mine planning has yielded some improvements to the operations. Overall mined ore tons increased 18% from Q2 2022 to Q4 2022. The average time between operating equipment failures increased, with the current haul truck average time between failures increasing by over 200%. At the end of Q1 2023 overall operating equipment availability had increased to over 75%.

Work continued on the development of Rey de Oro in order to gain access to higher grade veins lower in the ore body. Marianas contributed moderately to the production during October and November with development increasing access to additional work fronts. In early December, we encountered minor instability in the primary access to Marianas. Workers and equipment were removed from the mine until we could be confident in the access' safety. Geomechanical engineers analyzed the issue, and it was decided to develop a 180-meter bypass around the area of the fault resulting in an eight-week delay in the development of Marianas. This delayed the increasing contribution of Marianas until Q1 2023. Development of the San Martin deposit began in earnest during Q4 and started to contribute to production in Q1 2023.

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

2.3) Exploration

Greenfield exploration drilling during 2022 was conducted in the San Martin, Diluvio Scout, Margarita, and Neo zones, where highly prospective structures related to Mercedes gold mineralization extend beneath the post-mineral cover.

This work included a scout drilling program 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.

During Q3 2022, 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. In Q4 2022, three exploration holes were drilled at Rey de Oro in order to probe the extents of the high-grade intercept encountered during Q3 2022. All holes returned marginal results which are not out of character for this deposit. Further definition drilling and exploration of the displacement fault in Rey de Oro will begin in Q1, 2023.

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.

Significant intercepts were also encountered during definition and delineation drilling during the year. These results were detailed in the company's press release dated February 22, 2023.

2.4) Outlook

The Company expects to produce 65,000 to 75,000 ounces of gold during 2023. Average cash cost per gold ounce is expected to be in the range of $830 - $940 with All in Sustaining Cost ("AISC") between $1,120 and $1,290 per gold ounce.

Mine planning and development is shifting toward higher-grade deposits utilizing cut and fill mining methods, which is expected to support increased production during 2023. As infrastructure development in previously shut-down operations returns to safe levels, they will be brought back into production and are expected to significantly increase mill feed grade.

The Marianas and San Martin deposits began contributing to Mercedes' production in late January and will become larger contributors as working areas continue to be developed. Contractor equipment availability impacted Rey de Oro development and delayed ore contribution until Q2 2023. The addition of ore from Marianas, San Martin, and Rey de Oro will improve the overall grade profile as the year progresses such that during the second half of 2023 Mercedes will be operating at an annualized 74k - 86k ounces of gold production at all in sustaining costs of about $1,000 per ounce.

The quarterly progression of production and costs is expected to be as follows:

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Gold Ounces (k)	11.5 - 13.5	16.5 - 18.5	18.5 - 21.5	18.5 - 21.6	65.0 – 75.1
Silver Ounces (k)	39 - 45	53 - 61	58 - 67	60 - 70	210 - 243
Cash Cost /gold ounce ($)	1,110 - 1,275	830 -950	710 - 810	750 - 875	830 - 940
AISC/gold ounce ($)	1,700 - 1970	1,160 - 1330	950 - 1,050	950 - 1,050	1,120 - 1,290

2.5) 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 ("LBMA") 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)
	-	25,200	-
May	600	24,600	$ 1,004
June	600	24,000	$ 1,016
July	600	23,400	$ 944
August	1,200	22,200	$ 1,955
September	-	22,200	$ -
October	600	21,600	$ 915
November	600	21,000	$ 976
December	600	20,400	$ 1,004
Total	**4,800**	**20,400**	**$ 7,814**

This agreement was recognized by the Company as deferred revenue to be recognized as revenue over the term of the agreement. The Company has 34 monthly deliveries of 600 ounces remaining. Thereafter, the Company will sell Sandstorm 4.4% of its Mercedes gold production. The value repaid represents 92.5% of the value of the metal delivered, which is 600 ounces times the LBMA's PM fix price for the day prior to the metal delivery.

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 Company 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. On April 21, 2022, the remaining obligation ("Uncredited Balance") under this contract was 5,400 ounces of gold, to be delivered to Nomad.

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)**
	-	5,400	-
Q2 2022	900	4,500	$ 1,644
Q3 2022	900	3,600	$ 1,471
Q4 2022	900	2,700	$ 1,623
Total	**2,700**	**2,700**	**$ 4,738**

Interest is payable quarterly at a rate of 6.5% of the quarterly gold delivery amounts. During the year ended December 31, 2022, 176 ounces of gold were delivered as interest. Due to the variability of the pricing and delivery amounts, the gold prepay agreement was determined to be a financial liability recorded at fair value through profit and loss . The value repaid represents 100% of the value of the metal delivered, which is 900 ounces times the LBMA's PM fix price for the day prior to the metal delivery.

Three 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's 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
Q4 2022	75,376	980,207	3,530,207	1,290
Total	**219,793**	**980,207**	**3,530,207**	**3,621**

The silver stream was determined to be a financial liability recorded at fair value through profit or loss. The value repaid on the liability is variable based on 80% of the silver price (LBMA's silver fix for the day prior to the delivery date) applied to ounces delivered under the contract. 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 3.75 million 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. 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 for a total amount of $11.2 million. As at December 31, 2022, the liability has a remaining balance of $9.1 million. 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. The Company expects to start a geometallurgical drilling program during the second quarter of 2023 lasting approximately six months.

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

Corani Expenditures

During the year ended December 31, 2022, the Company incurred expenses of $6.67 million on the Corani Project. Included in this total are community contribution activities totaling $1.40 million; detailed engineering costs of $0.18 million; environmental costs of $0.30 million; salaries and consulting of $4.23 million; camp supplies and logistics of $2.17 million; and other costs of $0.21 million, partially offset by Value Added Tax ("VAT") recoveries of $1.82 million.

Corani Exploration and Evaluation Costs:	**Year Ended December 31**	
	2022 (000's) $	2021 (000's) $
Corani		
Community contributions	**1,396**	1,216
Detailed engineering	**181**	5,198
Environmental	**302**	230
Geophysics	**72**	129
Maintenance costs	**53**	32
Salaries and consulting	**4,230**	4,689
Camp, supplies, and logistics	**2,168**	2,348
Travel	**90**	65
Recovery of costs	**(1,823)**	-
Costs for the year	**6,669**	13,907

4) Exploration Projects

In Peru, the Company reduced its exploration activities to preserve cash and focus on Mercedes. The Company maintains a core exploration staff to manage its exploration projects. The Company intends to focus on Corani and Mercedes and has budgeted $0.1 million for exploration at Corani and $2.6 million for exploration at Mercedes.

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 and advancement of Corani exploration, 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. From Corani project acquisition date to December 31, 2022, Company has recovered a total of 11.10 million Soles of Corani related IGV, equivalent to approximately $3.01 million.

The IGV expense of $0.6 million represents the IGV paid during the year ended December 31, 2022. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of December 31, 2022, is $14.68 million (55.91 million Soles). Of this amount, $3.22 million is attributable to Bear Creek Mining S.A.C., of which $0.1 million is available for expedited recovery as at December 31, 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

Year ended December 31, 2022, as compared to the year ended December 31, 2021

For the year ended December 31, 2022, the Company incurred a net loss of $22.60 million after taxes compared to a loss of $21.85 million in the comparable period of 2021, an increase of $0.75 million. The Company's net loss per share during the year ended December 31, 2022 was $0.16 compared to $0.18 in 2021.

	Year Ended December 31 2022 (000's) $	2021 (000's) $	Difference (000's) $
Revenue	**61,038**	-	**61,038**
Cost of sales	(43,310)	-	(43,310)
Depletion amortization and depreciation	(17,605)	-	(17,605)
Gross profit	**123**	-	**123**
Operating Expenses			
Corani engineering and evaluation costs	(6,669)	(13,907)	7,238
Share-based compensation	(994)	(2,402)	1,408
Wages and management salaries	(1,362)	(1,027)	(335)
Exploration and evaluation costs	(1,705)	(2,306)	601
Impairment loss on resource property	-	(950)	950
Professional and advisory fees	(381)	(1,736)	1,355
General administrative expenses	(5,595)	(600)	(4,995)
Income (loss) before other items	**(16,583)**	**(22,928)**	**6,345**
Foreign exchange gain (loss)	(2,898)	1,111	(4,009)
Transaction Costs	(1,904)	-	(1,904)
Gain (Loss) on valuation of conversion option	3,563	-	3,563
Change in fair value of silver stream and gold prepay	1,125	-	1,125
Other income (expense)	(313)	-	(313)
Accretion expense	(4,097)	(149)	(3,948)
Finance income	208	115	93
Income (loss) and comprehensive income (loss) before tax	**(20,899)**	**(21,851)**	**952**
Net mining law duty and income tax	(1,704)	-	(1,704)
Income (loss) and comprehensive income (loss) after tax	**(22,603)**	**(21,851)**	**(752)**

During the year ended December 31, 2022, the Company had revenues of $61.04 million compared to $nil in the comparative period for 2021. The Company started recognizing revenue since acquiring Mercedes on April 21, 2022. Cost of goods sold ("COGS"), excluding depreciation and amortization, was $43.31 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. The gross profit from Mercedes operations was $0.12 million during the year ended December 31, 2022. The Mercedes operations were negatively impacted by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and cement. We also experienced indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers. The rise in the Mexican peso exchange rate also raised mining and processing costs.

During the year ended December 31, 2022, spending on the Corani property was $6.67 million, a decrease of $7.24 million from the $13.91 million incurred during the year ended December 31, 2021, primarily due to a decrease of $5.02 million in detailed engineering costs, and the recovery of value-added taxes of $1.82 million. All other Corani-related costs were comparable during the two periods. Other exploration costs in 2022 were $1.71 million, lower by $0.60 million, compared to $2.31 million in 2021 as the Company focused on Corani and Mercedes, specifically incurring exploration costs to improve the life of mine for Mercedes. Share-based compensation ("SBC") during 2022 decreased by $1.41 million from 2021 when deferred share units ("DSU's") were granted and fully recognized. Professional and advisory fees of $0.38 million in 2022 were lower by $1.36 million when compared to $1.74 million in 2021, and general and administration costs of $5.60 million were higher by $5.00 million when compared to $0.60 million in 2021. Higher administration costs were driven by the non-recurring $2.7 million in Unison and Renoir performance improvement program costs undertaken to improve operational efficiency at Mercedes.

The foreign exchange loss was $2.90 million in 2022 compared to a foreign exchange gain of $1.11 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 the conversion option in the convertible debenture and call options granted as part of the note payable at each period end and, as a result, recorded a gain of $3.56 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 gain of $1.13 million during the year ended December 31, 2022 (2021 - $nil). The accretion expense was $4.10 million during 2022 compared to $0.15 million 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 $1.90 million during the year ended December 31, 2022 (2021 - $nil).

During the year ended December 31, 2022, the Company recorded a current income tax and special mining law duty of $1.91 million (2021 - $nil), and deferred income tax and special mining law recovery of $$0.21 million (2021 - $nil).

Three months ended December 31, 2022, as compared to the three months ended December 31, 2021

For the three months that ended December 31, 2022, the Company recorded a net loss of $11.02 million after taxes compared to a net loss of $6.37 million for the three months ended December 31, 2021, an increase of $4.65 million. The Company's net loss per share for the three months ended December 31, 2022, was $0.07, compared to a net loss per share of $0.05 for the comparable period in 2021.

Three Months Ended December 31	2022 (000's) $	2021 (000's) $	Difference (000's) $
Revenue	**24,403**	-	24,403
Cost of sales	(18,036)	-	(18,036)
Depletion amortization and depreciation	(6,885)	-	(6,885)
Gross profit (loss)	**(518)**	**-**	**(518)**
Operating Expenses			
Corani engineering and evaluation costs	(1,571)	(2,949)	1,378
Share-based compensation	(617)	(163)	(454)
Wages and management salaries	(678)	(298)	(380)
Exploration and evaluation costs	(339)	(493)	154
Impairment loss on resource property	-	(951)	951
Professional and advisory fees	(213)	(1,007)	794
General administrative expenses	(2,648)	(88)	(2,560)
Income (loss) before other items	**(6,584)**	**(5,949)**	**(635)**
Foreign exchange gain (loss)	(717)	(406)	(311)
Transaction Costs	(22)	-	(22)
Gain (Loss) on valuation of conversion option	(1,499)	-	(1,499)
Change in fair value of silver stream and gold prepay	(19)	-	(19)
Other income (expense)	(131)	-	(131)
Accretion expense	(975)	(42)	(933)
Finance income	58	31	27
Income (loss) and comprehensive income (loss) before tax	**(9,889)**	**(6,366)**	**(3,523)**
Net mining law duty and income tax	(1,135)	-	(1,135)
Income (loss) and comprehensive income (loss) after tax	**(11,024)**	**(6,366)**	**(4,658)**

During the three months that ended December 31, 2022, the Company had revenues of $24.40 million compared to $nil in the comparative period for 2021. Cost of goods sold ("COGS"), excluding depreciation and amortization, was $18.04 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. The gross loss from Mercedes operations was $0.52 million during the three months ended December 31, 2022. The Mercedes operations were negatively impacted by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and steel products (such as grinding media). We also experienced indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers. The rise in the Mexican peso exchange rate also raised mining and processing costs.

During the three months ended December 31, 2022, spending on the Corani property was $1.57 million, which was a decrease of $1.38 million from $2.95 million incurred during the three months ended December 31, 2021, primarily due to a $0.65 million reduction in detailed engineering, a decrease of $0.16 million in supplies and general costs. The Company recovered $0.46 million in value-added taxes during the three month period that ended December 31, 2022 (2021 – $nil). 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 $0.34 million (2021 - $0.49 million). General and administration costs of $2.65 million were higher by $2.56 million when compared to $0.09 million in 2021, primarily due to administration costs incurred in Mexico related to mine improvements for the operations of Mercedes. The Company's other operating costs were comparable.

During the three months that ended December 31, 2022, the Company had a foreign exchange loss of $0.72 million, compared to a loss of $0.41 million during the three months ended December 31, 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 recorded a loss of $1.50 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 $0.02 million during the three months ended December 31, 2022 (2021 - $nil).

Accretion expense was $0.98 million during 2022 (2021 - $0.04 million) 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 December 31, 2022.

During the three month period ended December 31, 2022, the Company recorded a current income tax and special mining law duty of $0.7 million (2021 - $nil), and deferred income tax and special mining law duty of $0.4 million (2021 - $nil).

Summary of Quarterly Results

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

Period	Revenues	Loss (income) for the period (in millions)	Basic and fully diluted loss (income) per share
4th Quarter 2022	$24.4	$11.0	$0.07
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

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 $3.3 million in the 4th Quarter of 2022 compared to the 3rd Quarter of 2022 was due to decrease in revenue by $2.1 million during the 4th Quarter 2022. The general administrative costs increased due to the ongoing mine improvement project underway at Mercedes. Non-cash adjustments to the conversion options of convertible debt also led to an increase in loss for the quarter as the Company recorded a gain on such options during the 3rd Quarter 2022 compared to a loss in 4th Quarter of 2022.

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 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.

6) Liquidity and Capital Resources

At December 31, 2022, cash and cash equivalents and short term investments of $3.51 million consisted of CDN$ 1.07 million ($0.79 million), Soles 0.19 million ($0.05 million), Mexican Pesos 1.54 million ($0.08 million), European Euros 0.01 million ($0.01 million) with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2023 are expected to be denominated in US dollars. The Company's Mercedes operation expenditures are approximately 29% in US dollars and 71% in Mexican Pesos. The Company invests cash in Canadian government-backed paper, Peruvian bank time deposits, Mexican bank deposits, and time deposits, or European Euro bank deposits. During the year ended December 31, 2022, the Company had a cash outflow from operating activities of $10.7 million compared to a cash outflow of $18.1 million in the comparative period in 2021.

Total cash spent on investing activities amounted to $16.6 million, primarily related to the payment for the acquisition of Mercedes for $17.6 million and cash acquired with Mercedes of $16.2 million. The payments of community project obligations, capital equipment, expenditures on the Mercedes and Antapata substation were other investing outflows during the period.

Total cash inflow as part of financing activities amounted to $6.7 million, primarily related to the private placement financing and proceeds from note payable during December 31, 2022.

As at December 31, 2022, the Company's net working deficiency was $51.2 million compared to net working capital of $22.5 million at December 31, 2021. Cash and cash equivalents and short-term investments at December 31, 2022 were $3.5 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 Mercedes, which should enable the Company to reduce the working capital deficiency. Not included in cash and cash equivalents as of December 31, 2022, is $1.3 million; this amount is considered restricted and serves as a partial guarantee for future mine closure obligations.

The 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 December 31, 2022 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

The $5 million Note is subject to a covenant, whereby the Company is required to maintain $2.5 million in the form of cash and cash equivalents, undrawn line of credits or unallocated pool of gold and silver at all times until the maturity date of the Note. As at December 31, 2022, the Company has complied with all the conditions of this covenant.

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 $0.5 million 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. The HOA was subsequently revised on March 10, 2023 for payment structure and issuance of shares. The Note will now amortize at a fixed rate of $0.7 million per month, including both principal and interest, during the first year until March 3, 2024 (principal paid equals $0.7 million less the monthly interest accrual payment). Thereafter, the monthly amortization will equal the greater of (i) $0.7 million and (ii) 50% of the free cash flow generated from Mercedes.at a fixed rate of $0.7 million per month during the first year until March 3, 2024 and thereafter at an amount per month equal to the greater of $0.7 million or 50% of the free cash flow generated from Mercedes. In addition to the Note, the Company will issue to Equinox 2,750,000 common shares of the Company instead of issuing warrants to acquire up to 5 million common shares. Issuing the Note and shares is subject to TSX-V approval.

While spreading out 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 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 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 the entire balance of the 39.6 million net proceeds received from the February 2020, January 2021 and June 2022 prospectus offerings of common shares, as shown in the table below.

	Total 2020-2022 Prospectuses	**Total Incurred to date**
	(000's) USD $	**(000's) USD $**
Corani		
Advancement of 138kV/22.9kV Power Line	4,000	1,939
Antapata Substation	1,100	2,209
Develop project access roads	4,500	-
Advance detail Engineering for Earthworks and Process Plant	9,500	12,728
Capital Equipment	8,700	-
Camp Construction and other	9,772	6,431
Community Obligation Retirement and annual payments	2,000	2,152
Mercedes		
Mercedes acquisition cost	-	14,113
Total Corani Property	**$ 39,572**	**$ 39,572**

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 December 31, 2022:

Expenses in (000's)	**2023**	**2024**	**2025**	**2026**	**2027 and Beyond**	**Total**
Accounts payable and accrued liabilities	$31,407	$ -	$ -	$ -	$ 1,035	$32,442
Provision-Environmental costs	-	-	-	-	16,366	16,366
Community projects	1,047	1,047	1,047	1,047	13,613	17,801
Other liabilities	56	33	33	33	704	859
Office space leases	173	-	-	-	-	173
Vehicle rentals	370	-	-	-	-	370
Note payable - Principal	5,000	-	-	-	-	5,000
Note payable - Interest	360	-	-	-	-	360
Equinox payment – Principal [1]	3,457	21,543	-	-	-	25,000
Equinox payment - Interest	3,543	4,395	-	-	-	7,938
Debenture - Repayment	-	-	-	22,500	-	22,500
Debenture - Interest	1,350	1,350	416	-	-	3,116
Total as at December 31, 2022	**$46,763**	**$28,368**	**$1,496**	**$23,580**	**$31,718**	**$131,925**

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 December 31, 2022, the following stock options, RSUs and DSUs were granted:

	December 31, 2022
Issued and outstanding shares	**154,299,318**
Limit under option plan and LTIP (10% of issued and outstanding shares)	**15,429,932**
Less options granted	**8,200,000**
Less RSU's granted	**1,000,000**
Less DSU's granted	**1,000,000**
Shares reserved under the option and LTIP awards	**5,229,932**

	December 31, 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 consisting of 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 December 31, 2022 (000's) $	April 21, 2022 to December 31, 2022 (000's) $
Production cost Mercedes Mine	17,563	43,066
Royalties	365	683
Finished Goods Adjustment	(296)	(1,788)
By-product silver credits	(950)	(2,294)
Cash Cost	**16,682**	**39,667**
Reclamation and Remediation	(217)	274
Sustaining capital expenditures	4,611	13,429
Exploration and evaluation expense	78	742
AISC	**21,154**	**54,112**
Gold ounces sold	**13.612**	**33.254**
Cash Cost US$ per ounce sold	**1,226**	**1,193**
AISC US$ per ounce sold	**1,554**	**1,627**

The column for the year ended December 31, 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 period.

	Three Months Ended December 31, 2022 (000's) $	**April 21, 2022 to December 31, 2022 (000's) $**
Cost of goods sold	**18,035**	**43,310**
NSR adjustment	710	-
Overhead adjustment	1,567	3,696
Inventory adjustment	(2,680)	(4,326)
Silver purchased for stream delivery	-	(782)
By-product silver credits	(950)	(2,294)
Other adjustments	-	63
Cash Cost	**16,682**	**39,667**
Reclamation and Remediation	(217)	274
Sustaining capital expenditures	4,611	13,429
Exploration and evaluation expense	78	742
AISC	**21,154**	**54,112**
Gold ounces sold (koz)	**13.612**	**33.254**
Cash Cost US$ per ounce sold	**1,226**	**1,193**
AISC US$ per ounce sold	**1,554**	**1,627**

The column year ended December 31, 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) was as follows:

	Year Ended December 31			
		2022 (000's)		2021 (000's)
Salaries and directors' fees	**$**	**1,537**	$	1,934
Share-based compensation		**823**		2,203
	$	**2,360**	$	4,137

(i) Key management personnel were not paid post-employment benefits or other long-term benefits.

At December 31, 2022, $nil (December 31, 2021 - $nil) was due for director fees.

9) Accounting Policies

Consolidation

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 at December 31, 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%

Foreign Currencies

The functional currency of the Company and its subsidiaries is the United States ("US") Dollar. Functional currency determinations were conducted by analyzing the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

Transactions in foreign currencies are translated to the entity's functional currency at the exchange rate in effect at the date of the transaction. At balance sheet dates, monetary assets and liabilities denominated in foreign currencies are translated at the period end date exchange rates. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and subsequently amortized through profit or loss using this same exchange rate.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits, and other short-term highly liquid investments with the original term to maturity of three months or less, which are readily available to be converted into cash and are subject to insignificant changes in value.

Short-term Investments

Short-term investments are transitional or current investments with an original term to maturity greater than three months but less than one year.

Financial Instruments

Measurement – Initial Recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period they are incurred. The Company does not have any financial assets or liabilities classified as at FVTPL.

Subsequent measurement of financial assets and liabilities depends on each asset or liability's classification.

Financial Assets

Financial assets that meet the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortized cost include its cash and cash equivalents and accounts receivable.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the related contractual arrangements.
A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another

entity.

The amortized cost of a financial asset or liability is the initial recognition minus principal repayments minus the cumulative amortization, using the effective interest method applied to the difference between the initial amount, payments made and the maturity amount, adjusted for any allowance due to expected credit losses. Interest income is recognized using the effective interest method.

An equity instrument is any contract that evidences a residual interest in an entity's assets after deducting all of its liabilities. Equity instruments issued by the Company are recognized as proceeds received net of direct issue costs.

Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

Resource Property and Exploration Costs

The Company capitalizes the direct costs of acquiring mineral property interests. Option payments are considered acquisition costs if the Company intends to exercise the underlying option.

Property costs in relation to exploration activities are expensed as incurred until such time that the property demonstrates technical feasibility and commercial viability. Upon demonstrating technical, commercial, and legal viability, and subject to an impairment analysis, additional costs for the property are capitalized prospectively as development costs within Resource Property. Technical and commercial viability coincides with the establishment of proven and probable mineral reserves and the approval by the Board of Directors to proceed to development.

If no viable ore body is discovered on a property, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomic or abandoned.

Business combinations

A business combination is when the Company acquires another business by obtaining control of that business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating 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.

To estimate the fair value of the Mercedes Mine mineral property, management utilized a discounted cash flow model incorporating estimates and significant assumptions that included: projected mined ore reserves and resources, projected future production levels, metallurgical recovery estimates, expected future production costs and capital expenditures, future gold prices and the discount rate. Quantities of ore reserves and resources, projected future production levels and metallurgical recovery estimates are based on information compiled by appropriately qualified persons (management's experts).

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 liabilities, 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. The initial accounting for the business is provisionally determined at the end of the reporting period in which the business combination occur. The Company has up to twelve months from the date of the business combination to make changes to the provisional accounting and adjust the fair values of the assets and liabilities acquired.

Streaming arrangements

The accounting for streaming arrangements is dependent on the facts and terms of each of the arrangements.

Gold Prepayment stream - There is variability of the pricing and delivery amount of gold, leading to the Agreement being accounted for as a derivative financial liability measured at fair value through profit or loss. The fair value of the Gold Prepay Agreement is determined based on the net present value of the expected future cash flows and gold deliveries using a discount rate that reflects the time value of money and risks associated with the liability. The interest rate is determined based on the rate implicit in the streaming agreement at the date of acquisition, which is then reassessed to be adjusted according to the risks associated with the liability at each reporting period. The Gold Prepay has been recorded as a net present value of future payments based on the implicit rate. Any changes to fair value are reflected in the consolidated Statement of loss and comprehensive loss.

Silver Stream - As silver production from Mercedes may not be sufficient to satisfy the obligation, the Company may be required to purchase silver on the open market or settle the obligation in cash, therefore this arrangement was accounted for as a derivative financial liability measured at fair value through profit or loss. The fair value of the silver stream is determined based on the net present value of the expected future cash flows and silver deliveries using a discount rate that reflects the time value of money and risks associated with the liability. Any changes to fair value are reflected in the consolidated Statement of loss and comprehensive loss.

Sandstorm Forward Gold Purchase Agreement - The agreement with Sandstorm requires delivery of a proportion of gold from Mercedes. Since the Company will satisfy all delivery requirements through the production at the Mercedes, the agreement met the own use exemption under IFRS 9 and therefore not considered a financial liability. The prepayment from Sandstorm under the agreement is accounted for as deferred revenue.

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.

Deferred revenue of the Company represents advance sales under Gold Purchase Agreement and is recognized as a contract liability under IFRS 15. Deferred revenue arises from up-front payments received by the Company as specified in the Gold Purchase Agreement.

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. Any Net Smelter Returns ("NSRs") or royalties that the Company undertakes are considered as costs to the Company and are recorded in the statement of profit or loss in the period such NSRs are incurred.

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, respectively.

Mine operating supplies represent 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 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, Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits from such assets will flow to the Company and the cost of such assets can be measured reliably. The carrying amount of an asset is derecognized when it is sold, replaced or taken out of service. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period they are incurred.

Once a mineral property has been brought into commercial production, being the ability to consistently maintain production metrics, as determined by management for specific properties, 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 written off 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 the 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 reserves and units produced during the period. 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

The Company allocates the amount initially recognized to each asset's significant components and depreciates each separately. Residual values, amortization methods, and useful lives of the assets are reviewed at each financial period end and adjusted on a prospective basis if required.

Gains and losses on equipment disposals are determined by comparing the proceeds with the asset's carrying amount and are included in the statement of loss and comprehensive loss.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

Generally, deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date that are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the Company controls the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis..

Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant areas where judgment and estimates are applied include application accounting policies, the recoverability of resource property and valuation of certain other obligations as described below. Actual results could differ from these estimates.

Areas of Judgment

Impairment for mineral property, and property and equipment

The application of 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 significant changes in both external and internal sources of information, including factors such as:

- a significant decline in the market value of the Company's share price;
- changes in quantity of the recoverable resources and reserves;
- market and economic conditions impacting the precious metals industry;
- metal prices and forecasts, capital expenditure requirements, expected future operating costs and production volumes;
- and site restoration costs to the end of the mine's life.

Management uses judgment when assessing whether there are indicators of impairment, such as significant changes in future commodity prices or the Company's share price, discount rates, recoverable resources and reserves estimates, or other relevant information that indicates production will not likely occur or may be significantly reduced in the future.

When impairment indicators exist, management estimates the recoverable amount of the cash generating unit ("CGU") and compares it against the CGU's carrying amount. This review is generally performed on a property-by-property basis with each property representing a CGU.

Management has assessed impairment indicators on the Company's mineral properties and property and equipment. The Company has experienced increase in operational and processing costs, which has been offset by rising metal prices and concluded that no impairment indicators exist as of December 31, 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 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. Such estimates require complex geological assessments to interpret the data. Additionally, 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 royalty obligations.

Streaming Arrangements

Gold Prepay Agreement - The gold prepay agreement is recorded at fair value through profit or loss at each reporting period. The fair value of the gold prepay agreement is determined based on the net present value of the expected future gold deliveries using an estimated discount rate, estimated future gold prices and future gold production estimates.

Silver Stream - The silver stream contract is recorded at fair value through profit or loss at each reporting period. The fair value of the silver stream is determined based on the net present value of the expected future silver deliveries using an estimated discount rate, estimated future silver prices, and future silver production estimates.

Convertible debenture and note payable

The conversion option of the debenture is classified as a financial liability due to the variability in its exercise price in accordance with the principles of IAS 32: Financial Instruments - Presentation.

The host liability is accounted for at amortized cost and the embedded derivative liability is accounted for as a financial liability at fair value through profit or loss in accordance with the principles of IFRS 9: Financial Instruments.

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

10) Financial Instrument and Risk Management

		December 31, 2022 (000's)		December 31, 2021 (000's)
Financial assets at amortized cost				
Cash and cash equivalents	$	3,484	$	24,176
Short-term investments		21		22
Receivables		2,440		236
	$	**5,945**	**$**	**24,434**
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	$	32,442	$	902
Community project obligation		9,064		8,849
Other liabilities		859		940
Loan portion of convertible debenture		17,004		-
Loan portion of note payable		4,503		-
Deferred obligation to Equinox		25,729		-
Financial Liabilities at fair value through profit and loss				
Conversion option of Convertible debentures		3,245		-
Prepay and Stream Arrangements		20,558		-
Call option of note payable		190		-
	$	**113,594**	**$**	**10,691**

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer 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 December 31, 2022, the fair value of convertible feature of the Sandstorm debentures and Auramet note payables, and the streaming arrangements 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 Black-Scholes options pricing model. The fair value of the streaming arrangements is determined based on the on the net present value of the expected future cashflows and a discount rate that includes the risk premium.

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

Management of financial risk

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. The functional currency of the Company and its subsidiaries is determined to be US dollar. A significant change in the exchange rates between the US dollar relative to the Canadian 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 not hedged its exposure to currency fluctuations.

At December 31, 2022, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

	December 31, 2022		
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash and cash equivalents & short-term investments	1,074	96	4,216
Receivables	-	12,379	169,310
Accounts payable, accrued liabilities & other	(226)	(989)	(230,927)
Provision for environmental rehabilitation	-	-	(253,494)
Community project obligation	-	(34,984)	-
Net exposure	**848**	**(23,498)**	**(310,895)**

Based on the above net exposures at December 31, 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 $63,000 (C$85,000) in the Company's loss for the year. A 10% depreciation of the US dollar against the Peruvian Sol would result in an increase of approximately $615,000 (S/2,300,000) 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 $1,600,000 (MXN$ 31,000,000) 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 with strong credit ratings. 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.

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 December 31, 2022, the Company's financial liabilities consist of accounts payable & accrued liabilities and the current portion of community projects and other liability, convertible debentures, deferred obligation to Equinox, note payable, and principal lease payments totaling $46.8 million, which are expected to be paid over the next twelve months, and the long-term portion of such liabilities of $85.2 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 December 31, 2022, the Company had minimal funds invested in interest earning savings accounts.

The Company has debt obligations with Secured Overnight Financing Rate ("SOFR") as a benchmark. The variability of the SOFR can have material impact on the results of the Company. During the year ended December 31, 2022, the SOFR ranged between 1.09%-3.62%.

v. Price risk

The fair value of the Streaming Arrangements is correlated to gold and silver prices and to the discount rate. Volatility in the gold and silver prices and the discount rate affects the valuation of the Streaming Arrangements, which in turn affects revenue, earnings, and cash flows.

The price of the Company's common shares and the Company's financial results may be significantly adversely affected by a decline in the price of gold and silver (collectively, the "Metals"). The price of the Metals fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of the Metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing countries throughout the world.

vi. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include the convertible debenture.

The Company measures the derivative liability portion of the convertible debenture at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to "mark to fair value" the derivative features could significantly affect the results in the statement of comprehensive income. If the Company's share price had been C$1.00 higher than it was on December 31, 2022, the fair value of the embedded derivative liability of the Company's convertible debenture would have increased by $10.2 million, which would have resulted in the Company recording a loss on the fair valuation of the derivative liability of $6.7 million instead of the gain of $3.5 million.

Management of capital

The Company's capital management objectives are intended to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and support any expansion plans. The Company's working capital deficiency for the year ended December 31, 2022 was $51.2 million (2021: working capital of $22.5 million). Material uncertainty remains in relation to the Company generating necessary cash flow from operations or raising financing in the form of debt or equity, which may give rise to significant doubt about the Company's ability to continue as a going concern.

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

To effectively manage its capital requirements, the Company has a planning and budgeting process to help determine the immediately available funds to meet its objectives. The Company may issue new shares, seek debt or enter into metal purchase agreements to ensure sufficient working capital to meet its short-term business requirements.

There were no changes in approach to capital management during the year ended December 31, 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, 2022 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 17th, , 2023 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 consolidated financial statements for the year ended December 31, 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 April 17, 2023, 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