BEAR CREEK MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

EXPRESSED IN US DOLLARS

Independent auditor's report

To the Shareholders of Bear Creek Mining Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Bear Creek Mining Corporation and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property and equipment for the Mercedes mine cash generating unit (CGU). *Refer to note 2 – basis of preparation and note 7 – Property and equipment to the consolidated financial statements.* As at December 31, 2023, the total carrying amount of property and equipment amounted to $124 million, of which a significant portion related to the Mercedes Mine CGU. The carrying amount of property and equipment is reviewed by management for impairment at each reporting date. When impairment indicators exist, management estimates the recoverable amount of the 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. The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount. Management concluded that impairment indicators on the Mercedes mine CGU existed as at September 30, 2023, and therefore was required to determine the recoverable amount of the Mercedes mine CGU. The recoverable amount of the Mercedes mine CGU was based on a fair value	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the Mercedes mine CGU, which included the following: – Tested the appropriateness of the fair value less costs to sell method used by management. – Tested the underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions by (i) comparing future metal prices with external market and industry data; (ii) comparing expected future production costs and expected capital expenditures to recent actual production and capital costs incurred; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the projected mined ore reserves and resources, metallurgical recovery estimates and projected contained gold and silver. As a basis for using this work, the competence, capabilities, and objectivity of management's experts was evaluated, the work performed was

less costs to sell method using a discounted cash flow model.

The determination of the recoverable amount included the following significant assumptions: projected mined ore reserves and resources, metallurgical recovery estimates and projected contained gold and silver, expected future production costs, expected capital expenditures, future metal prices and discount rate.

Management's estimates of projected mined ore reserves and resources, metallurgical recovery estimates and projected contained gold and silver are based on information compiled by qualified persons (management's experts).

No impairment charge was taken as the recoverable amount of the Mercedes mine CGU exceeded the carrying value as at December 31, 2023.

We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the recoverable amount of the Mercedes Mine CGU, which involved significant judgment by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.

– Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the discounted cash flow model, and the reasonableness of the discount rate used within the model.

- Tested the disclosures made in the consolidated financial statements with regard to the impairment assessment of the Mercedes mine CGU.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2024

Bear Creek Mining Corporation

Consolidated Statements of Financial Position

US Dollars (000's)

	Note		December 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash		**$**	**3,903**	$	3,484
Short-term investments			**21**		21
Inventory	5		**10,249**		24,595
Receivables	4		**7,413**		5,736
Prepaid expenses and deposits			**1,967**		2,105
Tax receivables			**914**		1,544
			24,467		37,485
Non-current assets					
Restricted cash	6		**1,653**		1,304
Property and equipment	7		**124,129**		147,239
Resource property costs	8		**88,717**		88,704
Right-of-use assets			**344**		421
Tax receivables			**1,800**		-
TOTAL ASSETS		**$**	**241,110**	$	275,153
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	9	**$**	**28,282**	$	31,407
Current portion of community projects and other obligation	14, 15		**1,134**		1,102
Current portion of deferred revenue	11		**14,964**		13,059
Current portion of prepay and stream arrangements	12		**5,697**		9,880
Current portion of lease liabilities			**286**		362
Taxes payable			**720**		2,414
Short term loan	16		**1,354**		-
Note payable	17		**14,324**		4,693
Mercedes acquisition payment	3, 10		**-**		25,729
			66,761		88,646
Non-current liabilities					
Accounts payable	9		**713**		1,035
Community projects obligation	14		**8,082**		8,017
Convertible debenture and note	10		**45,443**		20,249
Deferred revenue	11		**6,745**		16,627
Prepay and stream arrangements	12		**6,966**		10,678
Deferred tax liabilities	24		**1,119**		1,639
Warrant liability	18		**1,937**		-
Other liabilities	15		**765**		804
Provision for site restoration	13		**16,183**		13,293
			154,714		160,988
EQUITY					
Share capital	19		**362,864**		352,019
Shares to be issued			**-**		107
Contributed surplus			**39,916**		39,443
Deficit			**(316,384)**		(277,404)
			86,396		114,165
TOTAL LIABILITIES AND EQUITY		**$**	**241,110**	$	275,153

Going Concern (Note 1)
Subsequent Events (Note 26)

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

ON BEHALF OF THE BOARD: Signed "Catherine McLeod-Seltzer", Director Signed "Kevin Morano", Director

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

Bear Creek Mining Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the Year Ended December 31

US Dollars (000's, except share data)

	Note		Year Ended December 31 2023		2022
Revenue	20	**$**	**89,148**	$	61,038
Production costs	21		**(59,302)**		(43,310)
Depletion, amortization, and depreciation			**(42,105)**		(17,605)
Gross Profit (Loss)			**(12,259)**		123
Operating expenses					
Corani engineering and evaluation costs	8a		**(7,922)**		(6,669)
Other exploration and evaluation costs	8b		**(2,612)**		(1,705)
Share-based compensation			**(950)**		(994)
Wages and management salaries	22		**(685)**		(1,362)
Professional and advisory fees			**(1,363)**		(381)
General and administrative expenses			**(2,972)**		(5,595)
Loss before other items			**(28,763)**		(16,583)
Other income and expense					
Foreign exchange loss			**(3,159)**		(2,898)
Transaction costs	3		**-**		(1,904)
Interest and accretion expense	10,13,17		**(9,199)**		(4,097)
Gain on valuation of conversion option	10, 17		**3,863**		3,563
Gain on valuation of warrant liability	18		**638**		-
Change in fair value of prepay and stream arrangements	12		**(3,091)**		1,125
Other expense			**(591)**		(313)
Loss on extinguishment of debt			**(318)**		-
Finance income			**270**		208
Comprehensive Loss for the Year before Taxes		**$**	**(40,350)**	$	(20,899)
Current income tax recovery (expense)			**849**		(1,912)
Deferred income tax recovery			**521**		208
Comprehensive Loss for the Year			**(38,980)**		(22,603)
Loss per Share – Basic and Diluted		**$**	**(0.23)**	$	(0.16)
Weighted Average Number of Shares Outstanding			**168,575,722**		143,931,329

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

Bear Creek Mining Corporation

Consolidated Statements of Cash Flows

For the Year Ended December 31

US Dollars (000's)

	Note		**2023**		2022
Operating Activities					
Loss for the year		**$**	**(38,980)**	$	(22,603)
Items not affecting cash:					
Share-based compensation			**950**		994
Share for services	19		**106**		744
Depletion, depreciation, and amortization			**42,105**		17,605
Depreciation and amortization in evaluation costs and general and administrative expenses			**441**		620
Interest and accretion expense	10, 13,17		**9,199**		4,097
Accretion of community projects obligation	14		**901**		839
Finance income			**(90)**		(186)
Unrealized foreign exchange loss			**2,367**		1,031
Change in fair value of prepay and stream arrangements	12		**3,091**		(1,125)
Gain on valuation of conversion option	10, 17		**(3,863)**		(3,563)
Gain on valuation of warrant liability	18		**(638)**		-
Financing costs	18		**201**		-
Adjustment to Corani obligation	15		**(25)**		(13)
Deferred income tax recovery			**(521)**		(210)
			15,244		(1,770)
Changes in current assets and liabilities:					
Deferred revenue, prepay and stream arrangements	11, 12		**(18,963)**		(16,481)
Receivables and prepaid expenses			**(1,539)**		(6,920)
Accounts payable and accrued liabilities			**(3,700)**		22,074
Inventory			**10,422**		(9,572)
Taxes payable			**(2,925)**		1,950
Cash used in operating activities			**(1,461)**		(10,719)
Investing Activities					
Purchase of equipment	7		**(15,013)**		(12,847)
Resource acquisition costs	8		**(13)**		(16)
Payment of community projects and Corani obligation	14, 15		**(1,115)**		(1,109)
Cash impact of the Mercedes acquisition	3		**-**		(1,328)
Net cash paid for Mercedes commitments and receivables			**-**		(1,154)
Interest received			**90**		186
Restricted cash	6		**(349)**		(339)
Cash used in investing activities			**(16,400)**		(16,607)
Financing Activities					
Share capital issued, net of any share issuance costs	17		**12,585**		2,734
Debt extinguishment costs			**(270)**		-
Proceeds from note payable			**8,998**		4,662
Proceeds from short term loan			**1,300**		-
Interest paid	10,16,17		**(2,374)**		-
Payment made to Equinox Gold	10		**(1,400)**		-
Principal payments on leases			**(499)**		(683)
Cash provided by financing activities			**18,340**		6,713
Effect of exchange rate change on cash			**(60)**		(79)
Net Increase (Decrease) in Cash			**419**		(20,692)
Cash – Beginning of Year			**3,484**		24,176
Cash – End of Year		**$**	**3,903**	$	3,484

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

Consolidated Statements of Cash Flows

For the Year Ended December 31

US Dollars (000's)

Supplemental Cash Flow Information	Note		**2023**		2022
Additions to lease liabilities		**$**	**(250)**	$	401
Issuance of Deferred Share Units ("DSUs")			**(422)**		-
Mercedes acquisition cost financed by Convertible Debenture			**-**		22,500
Mercedes Acquisition cost financed by Gold Purchase agreement			**-**		37,500

Bear Creek Mining Corporation

Consolidated Statements of Changes in Equity

US Dollars (000's, except share data)

	Share Capital (Number of Shares)	Share Capital	Shares to be issued	Contributed Surplus	Deficit	Total
December 31, 2021	124,273,132	326,730	-	38,653	(254,801)	110,582
Shares issued for the Mercedes acquisition	24,730,000	21,712	-	-	-	21,712
Share offerings	3,542,160	2,772	-	-	-	2,772
Share issuance costs	-	(37)	-	-	-	(37)
Shares issued for services	1,445,693	637	107	-	-	744
Share-based compensation	-	-	-	995	-	995
Vesting of RSUs	308,333	205	-	(205)	-	-
Loss for the year	-	-	-	-	(22,603)	(22,603)
December 31, 2022	**154,299,318**	**352,019**	**107**	**39,443**	**(277,404)**	**114,165**
December 31, 2022	154,299,318	352,019	107	39,443	(277,404)	114,165
Private placement (Note 19)	16,725,000	6,220	-	-	-	6,220
Bought deal financing (Note 18 & 19)	27,200,000	4,358	-	-	-	4,358
Shares issued for services	341,068	213	(107)	-	-	106
Share issuance costs	-	(368)	-	-	-	(368)
Issuance of DSUs	168,000	422	-	(477)	-	(55)
Share-based compensation	-	-	-	950	-	950
Loss for the year	-	-	-	-	(38,980)	(38,980)
December 31, 2023	**198,733,386**	**362,864**	**-**	**39,916**	**(316,384)**	**86,396**

1. Nature of Business and Going Concern

Bear Creek Mining Corporation ("Bear Creek" or the "Company") is a public company incorporated in British Columbia, Canada. Its common shares are listed on the TSX Venture Exchange ("TSX-V") in Canada and the Bolsa de Valores de Lima in Peru under the symbol "BCM" and are posted for trading on the OTCQX Market in the U.S. under the symbol "BCEKF" and on the Börse Frankfurt in Germany under the symbol "OU6". The Company's head office, and principal address is 733 Seymour Street, Suite 3200, Vancouver, British Columbia, Canada, V6B 0S6.

Bear Creek is engaged in the production and sale of gold and silver, as well as other related activities, including exploration and development of precious and base metal properties in Peru and Mexico.

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. The Company relies on financing activities and cash flow from the Mercedes mine to carry out its exploration plans and commitments, development activities, administrative overhead, and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These factors include profitable production at the Mercedes mine, the ability to complete the development of the Company's Corani Project in Peru, and profitably operate or dispose of the Corani Project.

Ownership interests in mineral properties involve risks due to the difficulties in determining and obtaining clear title to claims and the potential for problems to arise due to these difficulties. The Company has investigated the ownership of its mineral properties, and, to the best of its knowledge, ownership of its interests is in good standing.

Going Concern

These consolidated financial statements were prepared following accounting principles applicable to a going concern, which assumes the Company will be able to continue operations for at least twelve months from December 31, 2023 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at December 31, 2023, the Company had cash of $3.9 million (December 31, 2022: $3.5 million) and a working capital ("WC") (current assets less current liabilities) deficiency of $42.3 million (December 31, 2022: $51.2 million). For the year ended December 31, 2023, the Company incurred a loss of $39.0 million (December 31, 2022: $22.6 million) and had cash outflows from operating activities of $1.5 million (December 31, 2022: outflow of $10.7 million).

During the current year and subsequent to year end the Company did the following to address their liquidity issues:

On September 28, 2023, the Company announced a restructuring of its current stream and debt obligations with Sandstorm Gold Ltd. and its subsidiaries (collectively, "Sandstorm"), which was effected by way of a restructuring agreement (the "Restructuring Agreement") which closed on January 19, 2024 (Note 26). Under the Restructuring Agreement, effective January 1, 2024, gold deliveries pursuant to the Sandstorm Gold Stream are reduced from 600 oz per month to 275 oz per month until April 2028, and silver deliveries pursuant to the Nomad Silver Stream are fully suspended until April 2028. Thereafter, the Company is expected to deliver 100 percent of its silver production to Nomad with no minimum delivery requirements. With the final delivery in Q3, 2023, the Nomad Gold Stream has been fully completed and no further quarterly gold payments are due in respect thereof. Consideration to Sandstorm in exchange for the stream amendments consists of a 1.0% net smelter returns ("NSR") royalty on Corani; and payment of up to $10 million in the form of common shares of Bear Creek.

Pursuant to the Restructuring Agreement, Sandstorm agreed to refinance its $22.5 million convertible debenture (Note 10) into a 5-year convertible promissory note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of C$0.73 per share (the "Amended Convertible Debenture"). The Amended Convertible Debenture has a maturity date of September 22, 2028 and is secured by first lien pledges on the assets of Mercedes and Bear Creek's equity interests in both Mercedes and Corani. Sandstorm also refinanced its $9 million secured loan (the "Sandstorm Secured Loan") (Note 17) that was acquired by a wholly-owned subsidiary of Sandstorm (previously the "Auramet Loan"), into a second 5-year convertible promissory note ("Sandstorm Promissory Note) on the same terms as the Amended Convertible Debenture.

The Restructuring Agreement closed on January 22, 2024 and is pending final approval from the TSX-V.

While the Equinox Note, Sandstorm Restructuring Agreement and other activities improves the Company's liquidity, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine in order to avoid seeking additional financing, which gives rise to significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, should the Company be unable to continue as a going concern. These adjustments could be material.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The Board of Directors approved these consolidated financial statements on April XX, 2024.

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The functional currency of the Company and its subsidiaries is the US Dollar. These consolidated financial statements are presented in US dollars unless otherwise noted.

Material Accounting Policies

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company has the ability or right to cause variable returns from or is exposed to variable returns from its involvement with an entity and can affect those returns through its ability to direct the entity's activities. During the year ended December 31, 2023, the Company dissolved its wholly owned subsidiary, 1336991 BC Ltd.

The subsidiaries of the Company, their activities, and their geographic locations at December 31, 2023 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%
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 (Cayman) Ltd	Holding	Cayman	100%
Premier Gold Mines (Netherlands) Cooperatie U.A.	Holding	Netherlands	100%
Premier Gold Mines (Netherlands) B.V.	Holding	Netherlands	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 made by analyzing the currency of the primary economic environment in which the entity operates. These consolidated financial statements are presented in US dollars.

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.

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.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date. If there are indicators of impairment, the asset's recoverable amount is estimated to determine the extent of any impairment. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets impaired in prior periods are tested for possible reversal of impairment at each reporting date. If the impairment has reversed, the asset's carrying amount is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of an impairment loss is recognized in the statement of income (loss) and comprehensive income (loss).

Provisions

(i) Decommissioning and restoration provision: the cost of future obligations to retire an asset including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations is initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk adjusted pre-tax discount rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate.

The liability is also accreted to full value over time through periodic charges to earnings as a finance expense in the statement of income (loss) and comprehensive income (loss).

The cost of decommissioning and restoration represents part of the cost of acquiring the asset's future benefits; therefore, the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings on the same basis as the underlying asset.

(ii) Other provisions: provisions are recognized when a current legal or constructive obligation exists as a result of past events and settling the obligation will require a reliably estimable outflow of resources. Provisions are discounted using a pre-tax risk-adjusted interest rate.

Share-based compensation

The fair value method of accounting is used for share-based compensation. Under this method, the cost of stock options and other equity-settled share-based payment arrangements such as Restricted Share Units ("RSUs") and Deferred share units ("DSUs") are recorded on the date of grant at estimated fair value using the Black-Scholes option pricing model. This cost is charged as compensation expense to earnings over the vesting period. Compensation expense is recognized over the vesting period based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the statement of loss and comprehensive loss.

Option pricing models require subjective assumptions, including the expected price volatility of the underlying instrument, assumed interest rates, and the expected option life. Changes, over time, in these assumptions can materially affect the estimated fair value of stock options or other equity-settled instruments granted.

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, metallurgical recovery estimates, expected future production costs, expected capital expenditures, future metal prices, discount rate and the projected contained gold and silver.

Projected levels of contained gold and silver, projected mined ore 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 occurs. 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.

Nomad Gold Stream (the "Gold Prepay Agreement") – There is variability of the pricing and delivery amount of gold (Note 13), 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 Agreement 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.

Nomad Silver Stream (the "Nomad 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 Nomad 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 "Sandstorm Gold Stream" or the "Gold Purchase Agreement") - The agreement with Sandstorm requires delivery of a proportion of gold from the Mercedes Mine (Note 12). Since the Company will satisfy all delivery requirements through the production at the Mercedes Mine, the agreement met the own use exemption under IFRS 9 and therefore is 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.

Impairment for property and equipment

The application of the Company's accounting policy for impairment of 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.

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, capital expenditure requirements, expected future operation costs 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 property and equipment. The Company concluded that insufficient impairment indicators on the Mercedes mine exist as of December 31, 2023 and therefore was not required to update the estimate of the recoverable amount of the Mercedes mine.

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.

Loss per share

Basic loss per share is computed by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise, or contingent issuance of securities only when such conversion, exercise, or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents is reflected in diluted earnings per share by applying the treasury stock method. The treasury stock method calculates the dilutive effect of share options assuming that the proceeds to be received on the exercise of share options are applied to repurchase common shares at the average market price of the period.

Segmented information

The Company manages its segmented information and continuously reviews the information that aids the decision-making process for the officers of the Company.

The Company considers any component of the Company to be a segment:

(i) that engages in business activities from which it may earn revenues and/or incur expenses;
(ii) whose operating results are reviewed regularly by the entity’s chief operating decision maker; and
(iii) for which discrete financial information is available.

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 property and equipment. The Company concluded that impairment indicators on the Mercedes mine CGU existed as of September 30, 2023 and therefore was required to update the estimate of the recoverable amount of the Mercedes mine GCU. No impairment charge was taken as the recoverable amount of the Mercedes mine CGU exceeded the carrying value as at September 30, 2023.

To estimate the fair value of the Mercedes Mine CGU, management utilized a discounted cash flow model incorporating estimates and significant assumptions that included: projected mined ore reserves and resources, metallurgical recovery estimates, expected future production costs, expected capital expenditures, future metal prices, discount rate and the projected contained gold and silver.

Management has assessed impairment indicators on the Company's mineral properties and property and equipment, and concluded that no impairment indicators exist as of December 31, 2023.

Impairment for resource property

At each reporting period-end, management applies judgment in assessing whether there are any indicators of impairment relating to its resource properties. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include:

(i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed;
(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(iv) sufficient data exists to indicate that the carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale.

Management has assessed impairment indicators on the Company's resource property and has concluded that no impairment indicators exist as of December 31, 2023.

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.

The Company's estimates of future cash costs of production and capital expenditures are based on management's plans for the mine. Costs incurred in currencies other than the US dollar are translated to US dollar equivalents based on long-term forecasts of foreign exchange rates obtained from independent sources of economic data.

The discount rate applied to present value the net future cash flows is based on a real weighted average cost of capital specific to Mexico to account for geopolitical risk.

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.

Value added taxes

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

Convertible debenture 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 (Note 11 & 17). 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.

Streaming arrangements

Nomad Gold Stream – 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 (Note 13).

Nomad 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 (Note 13).

Asset retirement obligation

The Company's provision for reclamation and closure costs represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, the timing of the cash flows associated with the future costs, inflation, and movements in foreign exchange rates when liabilities are anticipated to be settled in a currency other than US$. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, whether closure plans achieve intended reclamation goals, the emergence of new restoration techniques, or experience at other mine sites, local inflation rates, and foreign exchange rates. The expected timing of expenditures can also change, for example, in response to changes in mineral reserves, production rates, or economic conditions.

The Company's assumptions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate and changes in any of the aforementioned factors can result in a material change to the provision recognized by the Company.

3. Mercedes Acquisition

On April 21, 2022 ("Closing Date"), the Company acquired all of the issued and outstanding shares of Equinox Gold'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 Gold by Sandstorm Gold Ltd. ("Sandstorm"), and issued 24,730,000 Bear Creek common shares to Equinox Gold. For the $60 million cash consideration that Sandstorm provided directly to Equinox Gold, the Company assumed obligations in the form of a convertible debenture (Note 10) and forward gold contract (Note 11). The Company was also required to make a deferred payment (the "Deferred Payment") of $25 million on or before October 21, 2022, the terms of which were renegotiated to convert it into a five year interest-bearing promissory note (Note 10), and pay a 2% Net Smelter Return on the metal produced from the Mercedes concessions to Equinox Gold.

Management determined that the Mercedes acquisition was a business combination with the Company as acquirer. Transaction costs incurred in respect of the acquisition totaling $1.9 million were expensed and presented as transaction costs in the consolidated statements of loss.

The acquisition date fair value of the consideration paid for the acquisition of Mercedes consisted of the following:

	April 21, 2022 (000's) $
Cash consideration [1]	$ 75,000
Shares issued [2]	$ 21,712
Deferred cash obligation [3]	$ 23,833
Working capital Adjustment payment	$2,569
Total consideration	**$ 123,114**

1. The total cash consideration consisted of $15 million paid by the Company and $60 million provided by Sandstorm (Note 10,11).
2. The Company issued 24.73 million shares to Equinox Gold. These shares were valued using the Company's April 21,2022 closing share price at C$1.10 per share and translated to USD using an exchange rate of 1.2529.
3. The Company has a Deferred Payment obligation of $25 million payable to Equinox Gold before October 21, 2022. This deferred consideration was presented as a discounted amount on the balance sheet using a discount rate of 10%. The Deferred Payment has been renegotiated and restructured as interest-bearing promissory note (Note 1 and Note 10).

The table below presents the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Net Assets (Liabilities) acquired	**April 21, 2022 (000's) $**
Cash	16,241
Inventory	10,033
Prepaid expenses	615
Income tax receivable	1,557
Value added tax and other receivables	5,294
Property and equipment	73,664
Mineral property	73,687
Accounts payable and accrued liabilities	(13,492)
Income tax payable	(575)
Deferred income tax	(1,851)
Gold purchase agreement	(10,040)
Provision for environmental rehabilitation	(11,709)
Silver stream agreement	(20,310)
Total Fair Value of Net Asset (Liabilities) acquired	**123,114**

The fair value estimates for the silver stream arrangement and gold prepay agreement were determined by a cash flow model using a 5% discount rate, future gold prices ranging from $1,725 -$1,944 per ounce of gold, future silver prices ranging from $21- $24 per ounce of silver, estimated future production schedule, and costs of operations.

The fair value estimates for the environmental rehabilitation obligation was determined by a cash flow model using an 8.86% discount rate and inflation rate of 4%, both adjusted for the economic environment in Mexico, where expenditures related to this obligation is expected to be incurred.

The fair value of inventory was estimated using the lower of cost or net realizable value of the inventory items. The fair value of cash, prepaid expenses, accounts payable and accrued liabilities, and income tax payable were assessed and deemed to equal the net book value as at the Closing Date. The fair value of the property plant and equipment acquired was valued using a depreciated replacement cost approach.

The fair value of property and equipment was valued using a depreciated replacement costs approach, for which the Company used an expert to carry out such valuations. The significant assumptions used within this valuation were useful life, depreciation profile and residual percentages of the property and equipment.

The fair value estimates for mineral properties were valued using a discounted cash flow approach.

Significant assumptions used in the analysis for mineral property valuation were as follows:

Gold Prices	$1,636 -$1,961
Gold Contained Ounces	0.25 million
Gold Recovery Rate	95.5%
Gold Grade	3.79 grams per tonne
Silver Prices	$20-$27
Silver Contained Ounces	1.92 million
Silver Recovery Rate	40%
Silver Grade	29.28 grams per tonne
Discount Rate	5%
Projected Mined Ore Reserves and Resources	2,037 kilo tonnes
Capital Expenditure	$34.9 million
Per Unit Operating Costs	
Mine Administration and Underground	$45.31
Plant	$22.68
Site Overhead	$12.38
General & Administration	$3.95

4. Receivables

The Company has one customer outside of its current selling arrangements (Note 11 & 12) and the majority of the trade receivable balances relate to that one customer.

	December 31, 2023 (000's) $	December 31, 2022 (000's) $
Trade receivables	**1,155**	2,440
Value added taxes and other receivables	**6,258**	3,296
	7,413	5,736

5. Inventory

The inventory balance at December 31, 2023 relates to the materials, finished goods, and work in process inventory at the Mercedes mine. During the year ended December 31, 2023, the Company recognized $59.3 million (2022 – $43.8 million) in cost of goods sold.

	December 31, 2023 (000's) $	December 31, 2022 (000's) $
Materials and Supplies (i)	**7,485**	8,724
Mineral inventory (ii)	**2,514**	15,554
Work in process (iii)	**250**	260
Current Ore Stockpiles (iv)	**-**	57
	10,249	24,595

(i) Materials and 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.

(ii) Mineral inventory contains finished goods inventory in the form of gold or silver.

(iii) 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.

(iv) Ore is accumulated in stockpiles that are subsequently processed into gold and silver in a saleable form. Milled ore undergoes agitated leaching, counter current decantation Merrill-Crowe precipitation and smelting.

6. Restricted Cash

Under the Corani Mine Closure Plan the Company must provide a closure guarantee. Consequently, the Company provides an insurance deposit for expected closure costs. On January 9, 2023, the Company posted an insurance policy for $6.6 million with the Peruvian Ministry of Energy and Mines to cover the five-year cumulative mine closure guarantee. The Company provided a certificate of deposit in the insurer's name for $1.65 million.

As of the date of these consolidated financial statements, no significant environmental disturbance has been caused due to the activities conducted on the Corani Project. The Company assumed a restoration obligation estimated at $0.20 million upon acquiring the Corani Project.

7. Property and Equipment

	Mineral Property (000's) $	Exploration and Other Equipment (000's) $	Total (000') $
Balance – December 31, 2021	45	6,895	6,940
Fair value of net assets acquired (Note 3)	73,687	73,664	147,351
Additions	12,982	1,518	14,500
Change in estimate (Note 13)	710	-	710
Amortization and depletion	(11,953)	(10,153)	(22,106)
Foreign exchange	(156)	-	(156)
Balance – December 31, 2022	**75,315**	**71,924**	**147,239**
Additions	12,941	2,531	15,472
Change in estimate (Note 13)	(287)	-	(287)
Amortization and depletion	(19,507)	(18,788)	(38,295)
Balance – December 31, 2023	**68,462**	**55,667**	**124,129**

8. Resource Property Costs

	Corani Project (000's) $
Balance at December 31, 2021	88,688
Land acquisition costs	16
Balance at December 31, 2022	**88,704**
Land acquisition costs	**13**
Balance at December 31, 2023	**88,717**

a) Corani Project

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

Corani Engineering and Evaluation Costs: **Year Ended December 31**

	2023 (000's) $	2022 (000's) $
Corani		
Community contributions	**1,222**	1,396
Drilling	**767**	-
Detailed engineering	**147**	181
Environmental	**307**	302
Geophysics	**-**	72
Maintenance costs	**77**	53
Salaries and consulting	**3,806**	4,230
Camp, supplies, and logistics	**1,615**	2,168
Travel	**76**	90
Recovery of costs	**(95)**	(1,823)
Costs for the year	**7,922**	6,669

b) Other Exploration and Evaluation Costs (Recoveries)

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

Total other exploration and evaluation costs incurred during the year ended December 31, 2023, were $2.6 million (2022 - $1.7 million).

The Company expenses the value added tax it pays during the exploration phase. During the year ended December 31, 2023 the total value added taxes paid were $0.7 million (2022 - $0.6 million). The Company also received a total of $0.2 million in the form of Peruvian value added taxes refunds (2022 - $1.8 million).

9. Accounts payable and accrued liabilities

	December 31, 2023 (000's) $	December 31, 2022 (000's) $
Trade payables	**26,772**	30,877
Other payables	**2,223**	1,565
Total	**28,995**	32,442
Less: Current portion	**(28,282)**	(31,407)
Non-Current portion	**713**	1,035

10. Convertible Debenture and Note

Sandstorm Convertible Debenture

On April 21, 2022, as part of the Mercedes acquisition (Note 3), Sandstorm provided the Company with $22.5 million in exchange for a convertible debenture (the "Sandstorm Convertible Debenture"). The Sandstorm Convertible Debenture matures on April 21, 2025, bears a 6% coupon, and allows the holder, at their option, to convert the principal, in whole or in part, into common shares of the Company at any time before maturity at a conversion price of C$1.51 per common share. Interest is calculated and payable quarterly in arrears on the last day of a calendar quarter. The Sandstorm Convertible Debenture can be prepaid in whole or in part with ten days' notice.

The Sandstorm Convertible Debenture is comprised of a host loan (the "Sandstorm Debenture") and an embedded derivative liability. The embedded derivative liability arises from the election right of the holder to convert the principal into common shares of the Company (the "Sandstorm Conversion Option"). On initial recognition, the Sandstorm Conversion Option was calculated first using the Black-Scholes options pricing model with the residual value being assigned to the Sandstorm Debenture. The Sandstorm Debenture is subsequently measured at amortized cost whereas the Sandstorm Conversion Option is measured at fair value with changes being recorded in profit or loss at the end of the period.

The fair value of the Sandstorm Conversion Option on April 21, 2022 was initially estimated to be $6.74 million, with the remaining value of $15.76 million allocated to the Sandstorm Debenture.

The assumptions used to determine the fair value of the Sandstorm Conversion Option on initial recognition and December 31, 2023 are set in the table out below.

	December 31, 2022	December 31, 2023
Risk-free interest rate	3.94%	3.88%
Expected dividend yield	0.00%	0.00%
Stock price	C$0.76	C$0.18
Expected stock price volatility	77.87%	88.92%
Expected life in years	2.30	1.30

On January 22, 2024 the Company entered into the Restructuring Agreement with an effective date of January 1, 2024 with respect to the Sandstorm Debenture (Note 1 and Note 26).

Equinox Note

On June 30, 2023 the Company executed an agreement with a subsidiary of Equinox Gold, to convert the Deferred Payment of $26 million owed to Equinox Gold in respect of the Company's acquisition of Mercedes, into a five year convertible interest-bearing promissory note (the "Note"), The principal amount of approximately $26 million (the "Principal") reflects the Deferred Payment less $1.4 million in prior payments and approximately $2.5 million in interest accrued since October 26, 2022. The Note matures on the date that is five years following the date of its issuance (the "Maturity Date") with all of the outstanding Principal and accrued and unpaid interest due on the Maturity Date. Interest will accrue monthly on the unpaid Principal at a rate equal to 7% per annum starting on the last day of the month following the month of issuance of the Note and on the last day of each month thereafter, at an approximate amount of US$152,000 per month. At any time at or prior to the Maturity Date, the unpaid Principal may be converted into Common Shares at a price per share equal to C$0.73 (the "Conversion Price").

On October 19, 2023, the Company issued a secured convertible promissory note in the amount of $26,632,458 (the "Equinox Note") to defer the Note payable to Equinox Gold. The Equinox Note bears interest at a rate of 7% per annum and will mature on October 19, 2028 (the "Maturity Date"). It also allows the holder, at their option, to convert the principal, in whole or in part, into common shares of the Company at any time before maturity at a conversion price of C$0.73 per common share. Interest is calculated and payable monthly in arrears on the last day of a calendar month.

The Equinox Note comprises a host loan (the "Equinox Debenture") and an embedded derivative liability. The embedded derivative liability arises from the election right of the holder to convert the principal into common shares of the Company (the "Equinox Conversion Option"). On initial recognition, the Equinox Conversion Option was calculated first using the Black-Scholes options pricing model with the residual value being assigned to the Equinox Debenture. The Equinox Debenture is subsequently measured at amortized cost whereas the Equinox Conversion Option is measured at fair value with changes being recorded in profit or loss at the end of the period.

The fair value of the Equinox Conversion Option on October 19, 2023 was initially estimated to be $2.33 million, with the remaining value of $24.30 million allocated to the Equinox Debenture. As at December 31, 2023, the Equinox Conversion Option was estimated to have a fair value of $1.85 million. The assumptions used to determine the fair value of the Equinox Conversion Option on initial recognition and December 31, 2023 are set in the table out below.

	October 19, 2023	**December 31, 2023**
Risk-free interest rate	4.34%	3.17%
Expected dividend yield	0.00%	0.00%
Stock price	C$0.21	C$0.18
Expected stock price volatility	65.92%	69.87%
Expected life in years	5.0	4.8

A continuity of the Sandstorm Convertible Debenture and Equinox Note is as follows:

	Debenture (000's) $	**Conversion Option (000's) $**	**Total (000's) $**
Balance - December 31, 2021	-	-	-
Additions (Note 3)	**15,760**	**6,740**	**22,500**
Interest paid	(934)	-	(934)
Accretion	2,178	-	2,178
Change in fair value of conversion option	-	(3,495)	(3,495)
Balance - December 31, 2022	**17,004**	**3,245**	**20,249**
Note	24,301	2,331	26,632
Interest paid	(1,661)	-	(1,661)
Interest accrued	1,723	-	1,723
Accretion	2,171	-	2,171
Change in fair value of conversion option	-	(3,671)	(3,671)
Balance – December 31, 2023	**43,538**	**1,905**	**45,443**

On September 28, 2023, the Company announced that it agreed to restructure the Sandstorm Convertible Debenture into the Amended Convertible Debenture (Note 1 and Note 26). The Amended Convertible Debenture upon issuance will bear interest at 7% per annum, be convertible into common shares of the Company at a strike price of C$0.73 per share and have a maturity date of September 22, 2028. The Restructuring Agreement closed on January 22, 2024 and is subject to final approval from the TSX-V (Note 26).

11. Deferred Revenue

Sandstorm Gold Stream

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 ("Sandstorm Gold Stream"). After 42 months, the Company would sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's PM fix for the day before the delivery date. As the Company is able to satisfy all of the delivery requirements through production from the Mercedes mine, the own use exemption is met and the contract is accounted for under the deferred revenue model. On April 21, 2022, $37.5 million was recognized by the Company as deferred revenue to be recognized as revenue over the term of the agreement.

On May 11, 2023, under an amended agreement, the Company received an additional $5 million from Sandstorm and in return the Company is contracted to now deliver 600 ounces of gold per quarter until 29,400 ounces of gold (instead of 25,200 ounces as disclosed above) have been delivered. All other terms of the original agreement remain the same.

On September 28, 2023, pursuant to the Restructuring Agreement and effective January 1, 2024, the Company is expected to reduce its refined gold delivery obligation to Sandstorm from 600 ounces per month to 275 ounces per month, until the last delivery under this agreement is made in April 2028. The Company is also expected to receive cash payment equal to 25% (previously 7.5%) of the London Bullion Market Association's PM fix for the day before the delivery date.

In consideration of these changes to the Sandstorm Gold Stream, the Company is expected to provide the following to Sandstorm:

- a 1.0% net smelter returns ("NSR") royalty on Corani; and
- payment of up to $10 million in the form of common shares of the Company, provided that Sandstorm will own no more than 19.99% of Bear Creek's issued and outstanding Common Shares on a post-closing basis (the "Consideration Shares").

As the value of the common shares issued to Sandstorm as consideration under the Restructuring Agreement is less than $10 million (the "Consideration Shortfall"), Sandstorm has agreed to increase the principal amount of the Sandstorm Promissory Note (Note 26) by $4.3 million.

The Restructuring Agreement closed on January 22, 2024 and is subject to final TSX-V approval (Note 26).

During the year ended December 31, 2023, the Company delivered 7,200 ounces of refined gold to Sandstorm and recognized a total sales revenue of $14.0 million, including the 7.5% cash sales. As of December 31, 2023, the Company has delivered a total of 12,000 ounces of gold to Sandstorm as part of this agreement.

A schedule of the Sandstorm Gold Stream is as follows:

	Total (000's) $
Balance - December 31, 2021	**-**
Additions (Note 3)	37,500
Delivery of gold - Principal	(7,814)
Balance - December 31, 2022	**29,686**
Additions	5,000
Delivery of gold - Principal	(12,977)
Balance – December 31, 2023	**21,709**
Less: current portion	(14,964)
Non-Current Portion	6,745

12. Prepay and Stream Arrangements

Nomad Gold Stream

On April 21, 2022 as part of the Mercedes acquisition (Note 3), the Company assumed a gold prepay agreement with Nomad Royalty Corp. (“Nomad”). Under the terms of the gold prepay agreement (“Nomad Gold Stream”), 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. Interest is payable quarterly at a rate of 6.5% of the quarterly gold delivery amounts. Due to the variability of the pricing and delivery amounts, the Nomad Gold Stream was determined to be a financial liability recorded at fair value through profit and loss. During the year ended December 31, 2023, the Company delivered 2,700 ounces of gold and recognized revenue of $5.17 million (2022 - $3.1 million).

The Company’s Nomad Gold Stream is as follows:

	Total (000’s) $
Balance - December 31, 2021	**-**
On inception (Note 3)	10,040
Delivery of gold - Principal	(4,738)
Delivery of gold - Interest	(308)
Change in fair value	(28)
Balance - December 31, 2022	**4,966**
Delivery of gold - Principal	(5,165)
Delivery of gold - Interest	(336)
Change in fair value	535
Balance – December 31, 2023	**-**

The Company recognizes revenue and amortizes the gold prepay liability when the customer obtains control of the gold, being the date when the gold is delivered to the customer. As of December 31, 2023, the Company has delivered the entire balance of 5,400 ounces of gold as part of this arrangement and has no further delivery obligations as part of this agreement.

Nomad Silver Stream

On April 21, 2022, as part of the Mercedes acquisition (Note 3), the Company assumed a silver stream arrangement (“Nomad Silver Stream”) requiring deliveries of 75,000 ounces of silver per quarter until 1.2 million ounces are delivered. After that, the Company is contracted to deliver 100% of its silver production until 3.75 million ounces are delivered. After 3.75 million ounces are delivered, the mine will deliver 30% of its silver production. The Company is paid 20% of the LBMA silver fix for the day before delivery. The Nomad Silver Stream was determined to be a financial liability recorded at fair value through profit or loss. The principal repayment on the liability is variable based on 80% of the silver price applied to ounces delivered under the contract. For the year ended December 31, 2023, the Company delivered 291,792 ounces of silver as part of this stream and recorded revenue of $6.9 million (2022 - $4.5 million), 20% of which was cash based and remaining being recorded as part of the amortization of Nomad Silver Stream. As of December 31, 2023, the Company has delivered a total of 511,585 ounces of silver as part of this arrangement.

On September 28, 2023, the Company announced that it has agreed to restructure the Nomad Silver Stream and effective January 1, 2024, the silver stream deliveries were fully suspended until April 2028. After April 2028, the Company is expected to resume deliveries under this stream arrangement and will receive cash payments of 25% (previously 20%) of the silver price applied to 100% of its production with no minimum delivery requirements.

The Restructuring Agreement closed on January 22, 2024 and is subject to final TSX-V approval (Note 26).

The following inputs were used to determine the fair value by calculating the net present value of the future cash flows of the Nomad Silver Stream at inception and year end date of December 31, 2023:

	December 31, 2022	**December 31, 2023**
Discount rate[(1)]	5.00%	7.21%
Forward silver price range	$22- $24	$23-$26
Expected repayment term	3.25 years	2.25 years

(1) The discount rate used to fair value the Nomad Silver Stream is based on the rate used for the preparation of the technical report for Mercedes.

The Company's Nomad Silver Stream continuity is as follows:

	Total (000's) $
Balance - December 31, 2021	**-**
On inception (Note 3)	**20,310**
Silver stream delivery	(3,621)
Change in fair value	(1,097)
Balance - December 31, 2022	**15,592**
Silver stream delivery	(5,485)
Change in fair value	2,556
Balance –December 31, 2023	**12,663**
Less: current portion	(5,697)
Non-Current Portion	6,966

The Company recognizes revenue and amortizes the silver stream liability when the customer obtains control of the silver, being the date when the silver is delivered to the customer.

13. Asset Retirement obligation

On April 21, 2022, as part of the Mercedes acquisition (Note 3), the Company assumed provision for environmental rehabilitation resulting from an ownership interest in a mill, mining equipment, and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities generally include costs for decommissioning the mill complex and related infrastructure, ensuring the physical and chemical stability of the tailings area, post-closure site security, and monitoring costs. The Company considers such factors as changes in laws and regulations and requirements under existing permits in determining the estimated costs. Such analysis is performed on an ongoing basis.

The Company estimates that the undiscounted future value of the cash flows required to settle the closure provision is $20.8 million (2022 - $16.17 million) for the Mercedes mine. The Company expects these cash flows outflows to begin in 2026. In calculating the 2023 estimate, management used the Mexican risk-free interest rate of 9.4% (2022 – 9.0%), Mexican inflation rate of 5.5% (2022 – 4.9%), and US inflation rate of 4.5%, and a forecasted Mexican inflation rate of 3.2%.

A reconciliation of the discounted provision is provided below:

	Total (000's) $
Balance – December 31, 2021	**200**
Addition (Note 3)	11,709
Accretion	238
Adjustment due to inflation and discount rate	710
Foreign exchange	436
Balance – December 31, 2022	**13,293**
Accretion	1,256
Adjustment due to inflation and discount rate	(287)
Foreign exchange	1,921
Balance – December 31, 2023	**16,183**

14. Community Projects Obligation

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

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

As at December 31, 2023, the total undiscounted obligation remaining under the Framework Agreement was $17.2 million.

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

	Total (000's) $
Balance as of December 31, 2021	**8,848**
Payment	(1,077)
Accretion expense	839
Impact of foreign exchange	454
Balance as of December 31, 2022	**9,064**
Payment	(1,082)
Accretion expense	901
Impact of foreign exchange	276
Balance as of December 31, 2023	**9,159**
Less: current portion	(1,077)
Long-term portion	**8,082**

15. Other Liabilities

In 2011, the Company entered into land purchase agreements with local landowners for surface rights access to the Corani project and an agreement to provide the Corani Municipality with funding to build schools and other improvements to the community as determined by the Corani Municipality. The total amount owed under the agreements was approximately $3.47 million, of which $0.8 million remains outstanding as of December 31, 2023.

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

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

	Total (000’s) $
Balance as of December 31, 2021	**940**
Payments	(32)
Revaluation of obligation	(13)
Impact of foreign exchange	(36)
Balance as of December 31, 2022	**859**
Payments	(33)
Revaluation of obligation	(25)
Impact of foreign exchange	21
Balance as of December 31, 2023	**822**
Less: current portion	(57)
Long-term portion	**765**

The Company’s estimated future payments are as follows:

	December 31, 2023 (000’s) $	December 31, 2022 (000’s) $
Within one year	**57**	55
After one year but not more than five years	**765**	804
	822	859

16. Short Term Loan

On September 13, 2023, the Company entered into a short term loan via a Promissory Note with Equinox Gold (“Short Term Loan”) in the amount of $1.3 million, effective September 7, 2023. The loan bears interest at 13% with interest calculated daily and the outstanding balance (interest and principal) is callable by Equinox Gold as of January 7, 2024. No call notice has been received by the Company as at the date of these statements and the balance remains outstanding.

A continuity of the Short Term Loan is as follows:

	Total (000’s) $
Balance – December 31, 2022	**-**
Proceeds	1,300
Interest accrued	54
Balance – December 31, 2023	**1,354**

17. Note Payable

On July 28, 2022, the Company entered into a promissory note (“Note”) with Auramet in connection with a $5 million loan facility (“Facility”).

On July 28, 2023, the first anniversary of the Note, the Facility came due. In accordance with the Facility, the Company may repay the principal amount, in minimum incremental amounts of $1.0 million, either in whole or in part, from time to time without penalty, subject to any accrued interest. The Facility was subject to an original issue discount fee of 2.5%, which was deducted from the advance of the Facility. Interest was to accrue on the unpaid principal amount at a rate of 6.00% per annum plus the greater of (i) the USD Secured Overnight Financing Rate or (ii) 1.00% per annum, payable quarterly in arrears. The Company incurred a total of $0.4 million in expenses related to the Note.

On April 27, 2023, the Note was assigned to Sandstorm and the principal amount of the Note was increased to $9 million via two payments of $1 million and $3 million, respectively (Sandstorm Secured Loan). The Sandstorm Secured Loan is subject to a covenant, whereby the Company is required to maintain $2.5 million in the form of cash, 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, 2023, the Company was in compliance with this covenant. As of the date of these financial statements, under the Restructuring Agreement, the Company is no longer subject to this covenant.

Pursuant to the Restructuring Agreement announced on September 28, 2023 (Note 1), the Company and Sandstorm agreed to convert the $9 million Sandstorm Secured Loan into a note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of C$0.73 per share (the “Sandstorm Promissory Note”). Sandstorm has also agreed to make up to $8 million in additional credit (the “Interim Credit”) available to Bear Creek under this agreement prior to August 31, 2024, subject to certain conditions. Any amounts drawn from the Interim Credit are expected to be added to the principal amount of the 5-year convertible promissory note. As at December 31, 2023, Company has drawn $5 million from the Interim Credit.

The Restructuring Agreement closed on January 22, 2024 and is subject to final TSX-V approval (Note 26).

The Company has paid a total of $0.2 million as interest to Sandstorm during the year ended December 31, 2023.

As partial consideration for the Note, the Company entered into an offtake agreement (the “Auramet Offtake Agreement”) with Auramet whereby the Company agreed to sell to Auramet 100% of the outturn from the Mercedes mine less the amount of gold and silver sold by the Company under existing royalty and stream agreements (the “Applicable Product”) until the Note is paid in full and, after that, 50,000 troy ounces of the Applicable Product. During the year ended December 31, 2023, the Company delivered a total of 32,552 ounces of gold and recognized revenue of $62.8 million (2022 - $27.7 million) as part of the Offtake Agreement.

The Company also granted Auramet European style call options to purchase additional ounces of gold as set out below:

Ounces	Strike Price	Expiration Date
625	US$1,975/Oz	April 26, 2023
625	US$1,975/Oz	July 27, 2023
625	US$1,975/Oz	October 27, 2023
625	US$1,975/Oz	December 27, 2023

The call options that expired on April 26, 2023 and July 27, 2023 were not exercised. On October 27, 2023 and December 27, 2023, Auramet exercised the options to purchase a total of 1,250 ounces of gold at a strike price of $1,975/oz. As at December 31, 2023, there are no outstanding call options as part of this agreement.

The call options are accounted for as a derivative. The fair value of the call options is determined using the Black-Scholes options pricing model at each period end date. The following assumptions were used in estimating the initial fair value of $0.3 million for the call option on July 28, 2022 with the remaining value of $4.4 million allocated to the Note.

	December 31, 2022	December 31, 2023
Risk-free interest rate	4.41%	-
Spot price of Gold	1,814	-
Expected gold volatility	17.9% - 20.6%	-
Expected life in years	0.32 – 0.99	-

A continuity of the Note Payable is as follows:

	Note (000,'s) $	Call Option (000's) $	Total (000's) $
Balance - December 31, 2021	-	-	-
Proceeds	**4,404**	**258**	**4,662**
Interest paid	(211)	-	(211)
Accretion	310	-	310
Change in fair value of call option	-	(68)	(68)
Balance - December 31, 2022	**4,503**	**190**	**4,693**
Additions	8,998	-	8,998
Interest paid	(562)	-	(562)
Accretion	537	-	537
Interest accrual	848	-	848
Change in fair value of call option	-	(190)	(190)
Balance –December 31, 2023	**14,324**	**-**	**14,324**

18. Warrant Liability

On October 5, 2023, the Company completed a bought deal financing 27,200,000 units at $0.25 per unit, with each unit comprising of one common share and one share purchase warrant for gross proceeds of $6.9 million (C$9.5 million) (Note 19). Each share purchase warrant is exercisable for a price of C$0.42 to redeem one common share of the Company until the expiry date of October 5, 2028.

On initial recognition, these warrants were estimated to have a fair value of $2.6 million. As at December 31, 2023, these warrants were estimated to have a fair value of $1.9 million. The assumptions used to determine the fair value of the warrant liability on initial recognition and December 31, 2023 are set in the table out below.

	October 5, 2023	**December 31, 2023**
Risk-free interest rate	4.29%	3.17%
Expected dividend yield	0.00%	0.00%
Stock price	C$ 0.22	C$ 0.18
Expected stock price volatility	84.27%	85.90%
Expected life in years	5.0	4.8

Costs in the amount of $0.2 million related to the issuance of warrants were expensed and reported as Other Expenses.

19. Capital

Authorized and Issued Share Capital

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

2023 Activity

On July 21, 2023 the Company closed a non-brokered private placement financing with Sandstorm, a related party of the Company, and raised $6.2 million (C$8.2 million) by issuing 16,725,000 common shares at the closing rate of $0.37 (C$0.49) per share.

On October 5, 2023, the Company completed a bought deal financing 27,200,000 units at $0.25 per unit, with each unit comprising of one common share and one share purchase warrant for gross proceeds of $6.9 million (CDN$9.5 million). Each share purchase warrant is exercisable for a price of C$0.42 to redeem one common share of the Company until the expiry date of October 5, 2028 (Note 18).

During the year ended December 31, 2023, a total of 341,068 common shares were issued to a consultant of the Company for services rendered at a fair value of $0.21 million.

During the year ended December 31, 2023, the Company recognized $0.95 million (2022 - $0.76 million) as share-based payments expense based on the graded vesting schedule of the stock options and restricted share unit ("RSUs") grants.

On December 7, 2023, the Company cash-settled the third and final tranche of vested RSUs awarded to its directors, officers, and employees on April 22, 2020.

On December 8, 2023, the Company issued a total of 168,000 common shares to its directors and officers upon vesting of the DSUs awarded on April 26, 2021.

2022 Activity

On April 21, 2022, the Company completed the acquisition of the Mercedes mine from Equinox Gold and issued 24,730,000 common shares of the Company to Equinox Gold. These shares were part of the total consideration paid for the acquisition of the Mercedes mine and were valued at the closing rate of $0.88 (C$1.10) per share.

On June 10, 2022, the Company completed the private placement financing and issued 3,542,160 common shares at $0.78 (C$1.00) for gross proceeds of $2,772,449 (C$3,542,160). The Company incurred a total of $37,096 in share issuance costs.

During the year ended December 31, 2022, the Company issued a total of 1,445,693 common shares to a consultant of the Company for services rendered at a fair value of $0.64 million. The Company accrued an additional $0.11 million for the shares to be issued to the consultant subsequent to December 31, 2022.

During the year ended December 31, 2022, the Company issued 308,333 common shares to its directors, officers, and employees upon vesting of one-third of the RSUs awarded on April 22, 2020.

Stock Options Plan

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

Stock Options

On June 26, 2023, the Company granted 450,000 stock options to an officer of the Company, with each stock option exchangeable for one common share of the Company. The options granted are exercisable for a period of 10 years at an exercise price of C$0.45 per stock option. Options vest 1/3rd on grant date and 1/3rd on every grant date anniversary for the next two years. The Company calculated a fair value of $125,683 for these stock options using Black Scholes Options pricing model.

On November 30, 2023, the Company granted 900,000 stock options to an officer of the Company, with each stock option exchangeable for one common share of the Company. The options granted are exercisable for a period of 10 years at an exercise price of C$0.19 per stock option. These options have the following vesting schedule:

Number of Options	Optionee	Vesting
500,000	Employee	50% on grant date, 50% on first anniversary
150,000	Directors	25% on grant, 25% on each 6 month anniversary
250,000	Consultant	Vest in full on end date of consulting agreement
900,000		

The Company calculated a fair value of $104,104 for these stock options using Black Scholes Options pricing model.

The assumptions used to determine the fair value of the options granted during the year are set in the table out below:

	December 31, 2023
Risk-free interest rate	3.47%
Expected dividend yield	0.00%
Stock price	C$0.27
Expected stock price volatility	78.73%
Expected life in years	10.0

The changes in share options during the year ended December 31, 2023, and the year ended December 31, 2022, were as follows:

	December 31, 2023		**December 31, 2022**	
	Number of options	**Weighted average exercise price (in CDN$)**	Number of options	Weighted average exercise price (in CDN$)
Outstanding, beginning of the year	**8,200,000**	**1.36**	5,620,500	2.07
Granted	**1,350,000**	**0.27**	3,750,000	0.69
Cancelled	**-**	**-**	(150,000)	1.78
Expired	**-**	**-**	(1,020,500)	2.73
Outstanding, end of the year	**9,550,000**	**1.27**	**8,200,000**	**1.36**

A summary of the Company's stock options outstanding as at December 31, 2023 is as follows:

Options Outstanding	**Options Exercisable**	**Price per Share**	**Remaining contractual life (years)**	**Expiry Date**
1,000,000	1,000,000	C$2.25	3.76	October 3, 2027
670,000	670,000	C$2.05	4.16	February 26, 2028
650,000	650,000	C$2.05	4.17	March 2, 2028
400,000	400,000	C$2.24	4.21	March 16, 2028
150,000	150,000	C$1.92	4.45	June 12, 2028
1,430,000	1,430,000	C$1.50	5.09	February 1, 2029
75,000	75,000	C$1.41	5.18	March 6, 2029
75,000	75,000	C$2.58	5.85	November 6, 2029
3,750,000	2,233,333	C$0.69	8.96	December 15, 2032
450,000	150,000	C$0.45	9.49	June 26, 2033
900,000	287,500	C$0.19	9.92	November 30, 2033
9,550,000	**7,120,833**		**5.77**	

RSU's

As at December 31, 2023, the Company had a total of nil incentive RSU's outstanding following the cash settlement of the remaining 308,334 RSUs on December 8, 2023.

The changes in RSU's during the year ended December 31, 2023, and the year ended December 31, 2022, were as follows:

	December 31, 2023	December 31, 2022
	Number of RSU's	Number of RSU's
Outstanding, beginning of the year	**308,334**	616,667
Vested and settled in cash	**(308,334)**	(308,333)
Outstanding, end of the year	**-**	308,334

DSU's

The Company issued a total of 168,000 common shares to its directors and officers upon vesting of the 275,000 DSUs. As at December 31, 2023, the Company had a total of 725,000 incentive DSU's outstanding.

	December 31, 2023	December 31, 2022
	Number of DSU's	Number of DSU's
Outstanding, beginning of the year	**1,000,000**	1,000,000
Vested and issued shares	**(275,000)**	-
Outstanding, end of the year	**725,000**	1,000,000

As at December 31, 2023 and December 31, 2022, the following stock options, RSUs and DSUs were under grant and available for issuance:

	December 31, 2023	December 31, 2022
Issued and outstanding shares	**198,733,386**	154,299,318
Options allowed	**19,873,339**	15,429,932
RSU & DSU limit	**5,000,000**	5,000,000
Options outstanding	**9,550,000**	8,200,000
RSUs granted	**1,000,000**	1,000,000
RSU's outstanding	**-**	308,334
DSU's granted	**1,000,000**	1,000,000
DSU's Outstanding	**725,000**	1,000,000
RSU's & DSU's available	**3,000,000**	3,000,000
Options available for issuance	**8,323,339**	5,229,932

20. Revenue

The Company's revenues are primarily from sales of gold and silver. These products are sold to Nomad (Note 12), Auramet (Note 17) and Sandstorm (Note 11).

The revenue for the year ended December 31, 2023 is shown below:

	Year Ended	
	December 31, 2023 (000's) $	December 31, 2022 (000's) $
Nomad Stream - gold revenue (Note 12)	**5,501**	5,046
Nomad Stream - silver revenue (Note 12)	**6,856**	4,526
Sandstorm Forward gold revenue (Note 11)	**14,029**	8,447
Auramet - gold revenue (Note 17)	**62,763**	27,670
Asahi - gold revenue	**-**	15,349
	89,148	61,038

21. Production Costs

The production costs for the year ended December 31, 2023 is shown below:

	Year Ended	
	December 31, 2023 (000's) $	December 31, 2022 (000's) $
Raw materials and consumables	**26,774**	20,020
Salaries and benefits	**14,094**	9,333
Contractors and outside services	**14,588**	6,023
Other expenses	**6,716**	3,518
Silver/gold purchase	**1,129**	782
Changes in inventory	**(4,000)**	3,634
	59,302	43,310

22. Related Party Transactions

Compensation of key management personnel

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

	Year Ended	
	December 31, 2023 (000's) $	December 31, 2022 (000's) $
Salaries and directors' fees[(1)]	**1,801**	1,537
Share-based compensation	**865**	823
	2,666	2,360

(1) In recognition of the Company's focus on cash preservation, certain Directors entitled to compensation under the Directors' Compensation Plan waived their retainer and per meeting fees for the entirety of the financial year ended December 31, 2023 and 2022.

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

As at December 31, 2023, $nil (December 31, 2022 - $nil) was due for director fees.

Sandstorm

Sandstorm is deemed as a related party of the Company and currently owns 8.42% of the Company's issued and outstanding common shares. As at December 31, 2023, the Company has entered into the Restructuring Agreement (Note 1 and Note 26), Convertible Debenture (Note 10), Deferred Revenue (Note 11), Streaming Arrangement (Note 12), and Note Payable (Note 16) with Sandstorm. The Company has also completed a non-brokered private placement during the year ended December 31, 2023 and raised $6.2 million (C$8.2 million) from Sandstorm.

23. Segmented Information

The Company's business consists of four reportable segments being Mercedes, Corani, other exploration projects and corporate.

The following is an analysis of the long-term assets by geographical area:

Long -Term Assets	**December 31, 2023 (000's) $**	December 31, 2022 (000's) $
Peru	**93,144**	92,824
Mexico	**118,472**	139,818
Canada	**5,027**	5,026
	216,643	237,668

Results for year ended December 31, 2023

Net Loss (income)		Revenue (000's)	Cost of Sales & other operational costs (000's)	Depletions, Depreciation & Amortization (000's)	Exploration expenses (000's)	Other expenses (income) (000's)	Net (Income)/loss (000's)
Mercedes	**$**	**(89,148)**	61,269	42,105	1,674	6,269	**22,169**
Corani		**-**	-	-	7,922	453	**8,375**
Other exploration projects		**-**	-	-	938	-	**938**
Corporate		**-**	8,949	-	-	(1,451)	**7,498**
	$	**(89,148)**	**70,218**	**42,105**	**10,534**	**5,271**	**38,980**

Results for year ended December 31, 2022

Net Loss (income)		Revenue (000's)	Cost of Sales & other operational costs (000's)	Depletions, Depreciation & Amortization (000's)	Exploration expenses (000's)	Other expenses (income) (000's)	Net (Income)/loss (000's)
Mercedes	**$**	(61,038)	48,315	17,605	712	3,577	9,171
Corani		-	128	-	6,669	562	7,359
Other exploration projects		-	-	-	993	-	993
Corporate		-	4,310	-	-	770	5,080
	$	**(61,038)**	**52,753**	**17,605**	**8,374**	**4,909**	**22,603**

24. Income Taxes

The schedule for current and deferred income tax expense is as follows:

		December 31, 2023 (000's)		December 31, 2022 (000's)
Current income tax and special mining expense	**$**	**(849)**	$	1,912
Deferred income tax and special mining recovery		**(521)**		(208)
Total income tax expense (recovery)		**(1,370)**		1,704

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes.

These differences result from the following items:

		Year ended December 31, 2023 (000's)		Year ended December 31, 2022 (000's)
Loss before income taxes	**$**	**(38,980)**	$	(20,899)
Canadian federal and provincial income tax rates		**27.0%**		27.0%
Income tax recovery based on the above rates		**(10,525)**		(5,643)
Non-deductible items (net)		**1,137**		1,166
Effect of change in Canadian and foreign tax rates		**1,143**		(1,753)
Impact of deferred tax assets not recognized		**19,931**		7,782
Change in estimates		**(1,678)**		-
Foreign exchange and other		**(11,378)**		152
Total income tax expense	**$**	**(1,370)**	$	1,704

The components of the Company's recognized deferred income taxes are as follows:

		December 31, 2023 (000's)		December 31, 2022 (000's)
Deferred income tax assets (liabilities)				
Non-capital losses	**$**	**3,180**	$	8,200
Share issue costs and other		**1,032**		1,216
Property plant and equipment		**(2,713)**		(8,252)
Unrealized foreign exchange		**(2,835)**		(3,018)
Resource properties costs		**220**		215
Total deferred tax assets (liabilities)	**$**	**(1,116)**	$	(1,639)

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences become deductible. The Company has not recognized deferred income tax assets for any temporary differences as their utilization is not considered probable at this time.

Deductible temporary differences, unused tax losses, and unused tax credits:

	December 31, 2023 (000's)	December 31, 2022 (000's)	Expiry date range
Non-capital losses	**93,069**	37,690	See below
Share issue costs and other	**60,310**	55,371	Not applicable
Property plant and equipment	**109,747**	103,007	Not applicable
Resource properties	**-**	-	Not applicable

As at December 31, 2023, the Company has non-capital losses available for carry forward of $104.4 million, which may be applied to reduce future year's taxable income.

These unrecognized loss carry-forwards are in respect of Canadian and Peruvian operations and expire as follows:

	Canada (USD – 000's)	Mexico (USD – 000's)	Peru (USD - 000's)
2027	1,731	-	-
2028	1,414	-	-
2029	1,849	-	-
2030	3,135	-	-
2031	2,202	-	-
2032	5,591	21,952	-
2033	3,147	24,700	-
2034	803	-	-
2035	1,331	-	-
2036	4,712	-	-
2037	479	-	-
2038	1,398	-	-
2039	1,595	-	-
2040	3,214	-	-
2041	3,841	-	-
2042	4,254	-	-
2043	6,575		
Indefinite	-	-	10,522
	47,271	46,652	10,522

25. Financial Instruments and Risk Management

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, 2023, the fair value of the Sandstorm Conversion Option, Equinox Conversion Option, and the streaming arrangements are measured at fair value using Level 3 inputs. The fair value of the Sandstorm Conversion Option (Note 10) and Equinox Conversion Option (Note 16) is 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, 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, 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, 2023, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

	December 31, 2023		
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash	206	393	975
Receivables	58	58,652	220,427
Accounts payable, accrued liabilities and other	(278)	(1,739)	(260,911)
Provision for environmental rehabilitation	-	-	(270,006)
Community project obligation	-	(36,974)	-
Net exposure	**(14)**	**20,332**	**(309,515)**

Based on the above net exposures at December 31, 2023, 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 $1,000 (C$ 1,400) in the Company's loss for the period. A 10% depreciation of the US dollar against the Peruvian Sol would result in an increase of approximately $550,000 (S/2,000,000) in the Company's loss for the period. A 10% depreciation of the US dollar against the Mexican Peso would result in an increase of approximately $1,800,000 (M$ 30,000,000) in the Company's loss for the period. 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, short-term investments, and receivables.

The Company's cash is 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) consist of financial instruments issued by Canadian or Peruvian banks. These investments mature at various dates over the next twelve months.

iii. Liquidity risk (Note1)

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.

The following table summarizes the contractual maturities of the Company's financial liabilities, operating and capital commitments at December 31, 2023:

Expenses in (000's)	**2024**	**2025**	**2026**	**2027**	**2028 and Beyond**	**Total**
Accounts payable and accrued liabilities (Note 9)	$28,282	-	-	-	713	$28,995
Provision-Environmental costs (Note 13)	-	-	4,016	3,269	13,527	20,812
Community projects (Note 14)	1,077	1,077	1,077	1,077	12,928	17,236
Other liabilities (Note 15)	57	33	33	33	669	825
Office space leases	119	-	-	-	-	119
Vehicle rentals	355	-	-	-	-	355
Equinox Gold Short Term Loan (Note 1)	1,357	-	-	-	-	1,357
Streaming Arrangements [1] (Note 12)	5,697	5,620	1,345	-	-	12,662
Note Payable – Principal [1] (Note 16)	13,998	-	-	-	-	13,998
Note Payable – Interest (Note 16)	325	-	-	-	-	325
Debenture – Principal [1] (Note 10)	-	22,500	-	-	-	22,500
Debenture – Interest (Note 10)	1,350	416		-	-	1,766
Equinox Debenture – Principal (Note 10)	-	-	-	-	26,632	26,632
Equinox Debenture – Interest (Note 10)	1,864	1,864	1,864	1,864	1,491	8,947
Total as at December 31, 2023	**$54,481**	**$31,510**	**$8,335**	**$6,243**	**$55,960**	**$156,529**

1) On September 28, 2023, the Company announced the Restructuring Agreement, pursuant to which the silver stream deliveries will be cancelled until April 2028. Company also agreed with Sandstorm to convert the Note Payable into a 5 year convertible promissory note, with interest at 7%, and the Convertible Debenture into a 5 year convertible promissory note with similar terms as the Note payable. The Restructuring Agreement closed on January 22, 2024, however, the table above has not been adjusted for these changes as the Company is awaiting final TSX-V approval (Note 26).

On July 5, 2023, the Company agreed to convert the Mercedes Acquisition Payment into a 5-year Equinox Promissory Note. On September 28, 2023, the Company agreed to a Restructuring Agreement with Sandstorm to refinance its existing convertible debenture into 5 year convertible promissory note maturing in April 2028 (previously April 2025), convert the note payable into a 5 year convertible promissory note, and defer the Nomad Silver Stream deliveries until April 2028 (Note 1 and Note 26). The Restructuring Agreement closed on January 22, 2024 and is awaiting final TSX-V approval.

While the recent private placement, Equinox Convertible Debenture, Sandstorm Restructuring Agreement, bought deal financing and other activities improves the Company's liquidity, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine in order to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern (Note 1).

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, 2023, the Company had minimal funds invested in interest earning savings accounts.

The Company has debt obligations with SOFR as a benchmark. The variability of the SOFR can have a material impact on the results of the Company. During the year ended December 31, 2023, the SOFR ranged between 3.68% – 5.36%.

v. Price risk

The fair value of the Streaming Arrangements is dependent on the gold and silver prices and 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 debentures (Note 10).

The Company measures the embedded derivative liability portion of the convertible debentures at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive loss and comprehensive loss. This requirement to "mark to fair value" the derivative features could significantly affect the results in the statement of loss and comprehensive loss. If the Company's share price had been C$1.00 higher than it was on December 31, 2023, the fair value of the embedded derivative liability of the Company's convertible debentures (Note 10) would have increased by $35.4 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of $29.7 million instead of the gain of $3.8 million.

26. Subsequent Events

On January 4, 2024, the Company issued a total of 500,000 stock options to an officer of the Company. The options granted are exercisable for a period of 10 years at an exercise price of CDN$0.175 per stock option. Options vest 1/3rd on grant date and 1/3rd on every grant date anniversary for the next two years.

On January 22, 2024, the Company closed the Restructuring Agreement with Sandstorm with the following Stream and Debt Amendments coming in effect on January 1, 2024 as a result:

Stream Amendments

- Gold deliveries pursuant to the Sandstorm Gold Stream are to be reduced from 600 oz per month to 275 oz per month until April 2028
- Silver deliveries pursuant to the Nomad Silver Stream are to be fully suspended until April 2028

- Cash payments for streamed ounces increase to 25% of spot price on all gold (fixed and tail) and silver deliveries (previously 7.5% on fixed gold deliveries and 20% on all silver deliveries)

In consideration for the Stream Amendments, the Company issued the following consideration to Sandstorm:

28,767,399 common shares of the Company to Sandstorm at a fair value of C$0.27 per Common Share for an aggregate value of approximately C$7,767,198 or $5,751,350 (such issuance of Common Shares brings Sandstorm's ownership interest in the Company to approximately 19.99% of the outstanding Common Shares) and granted Sandstorm a 1.0% net smelter returns royalty (the "Royalty Agreement") on and over the Corani property; and increased the principal amount of the Sandstorm Promissory Note (as defined below) by $4,248,650.

The Restructuring Agreement closed on January 22, 2024 and is subject to final TSX-V approval.

Debt Amendments

The Company amended the principal terms of the Sandstorm Convertible Debenture (Note 10) to issue the Amended Convertible Debenture (Note 1) such that: (i) the maturity date was extended to September 22, 2028, (ii) the interest rate of 6.0% was amended to 7.0%, and (iii) the conversion price of C$1.51 per Common Share was amended to C$0.73 per Common Share, such that the principal amount of $22,500,000 may be converted, in whole or in part and at Sandstorm's election, into approximately 41,625,000 Common Shares (subject to exchange rate fluctuations), provided that a conversion of principal to Common Shares under the amended Sandstorm Convertible Debenture may not cause Sandstorm's ownership interest in the Company to exceed 19.99%. All other material terms and conditions of the Amended Convertible Debenture will be substantially similar to the Sandstorm Convertible Debenture.

The Company refinanced a $14,373,000 Sandstorm Secured Loan (Note 17) issued by the Company to an affiliate of Sandstorm, by entering into a new Sandstorm Promissory Note with a principal amount equal to up to $21,642,612. Such principal amount is comprised of (i) $14,768,962, being the current principal and accrued interest owing under the Sandstorm Secured Loan (including $5,373,000 advanced between September 30, 2023 and the closing of the Restructuring Agreement); and (ii) $4,248,650.33, being the Consideration Shortfall (Note 11) As a covenant, the Company was 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 Sandstorm Secured Loan. Under the Restructuring Agreement, the Company is no longer subject to this covenant.

The Restructuring Agreement closed on January 22, 2024 and is subject to final TSX-V approval.