

**BEAR CREEK MINING CORPORATION  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED MARCH 31, 2022**

***Introduction***

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on May 30, 2022, and should be read in conjunction with the interim condensed consolidated financial statements of the Company for the three months ended March 31, 2022, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements. All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company, including the Company's Annual Information Form ("AIF"), is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

Bear Creek's business is acquiring, exploring, developing, and operating precious and base metal properties. In Peru, the Company is advancing its 100%-owned Corani silver-lead-zinc project towards development, and has other early-stage exploration projects.

On April 21, 2022, the Company acquired a 100% interest in the Mercedes gold and silver mine in the state of Sonora, Mexico.

The business of mining and exploration involves a high degree of risk, and there can be no assurance that current operations, exploration and development programs will result in profitable mining operations. A description of significant business risks may be found in the Company's AIF for the year ended December 31, 2021.

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

Except as indicated below, information provided in this document related to the Company's mineral projects is based on work programs and initiatives conducted under the supervision of Andrew Swarthout, AIPG Certified Professional Geologist, a director of the Company or Eric Caba, SME Registered Member, who are Qualified Persons ("QP's") as defined in NI 43-101. Mr. Swarthout is a director of the Company and Mr. Caba is the Chief Operating Officer of the Company.

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### 1) Current Highlights

#### Corporate Developments:

On April 21, 2022 (“Closing Date”), the Company completed the acquisition of Mercedes Mine from Equinox Gold Corp. (“Equinox”). As part of this transaction the Company paid cash consideration of \$75 million, including \$60 million provided by Sandstorm Gold Ltd. (“Sandstorm”), and issued 24,730,000 Bear Creek common shares to Equinox. The Company is obligated to make a deferred cash payment of \$25 million during the fourth quarter of 2022 and pay 2% Net Smelter Return on the metal produced from the Mercedes concessions to Equinox.

On April 22, 2022, the Company filed a Technical Report (as defined in National Instrument 43-101) for the Company's recently acquired Mercedes gold-silver mine located in Sonora, Mexico. The Technical Report dated April 22, 2022 and entitled “NI 43-101 Technical Report, Mercedes Gold-Silver Mine, Sonora, Mexico, provides an independent audit of the Mineral Reserves and Mineral Resources identified at Mercedes as of December 31, 2021 and was prepared on behalf of the Company by BBA Engineering Inc. and G Mining Services Inc.

On May 26, 2022, the Company announced that it was placed on the Default List as a result of the British Columbia Securities Commission’s (the “BCSC”) concerns regarding the credentials of certain independent third party consultants to act as qualified persons under *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* (“NI 43-101”) in respect of certain chapters of the technical report dated April 22, 2022 and entitled “NI 43-101 Technical Report, Mercedes Gold-Silver Mine, Sonora, Mexico” (the “2022 Mercedes Report”). The Company has undertaken to provide alternative qualified persons to take responsibility for the chapters of the technical report co-authored by the consultants in question and to prepare and file an amended technical report on the Mercedes mine (the “Amended Mercedes Report”). The Company estimates that the Amended Mercedes Report will be filed within approximately 30 days.

On May 17, the Company announced a non-brokered private placement of six million shares at \$1 per common share for proceeds of up to CDN \$6 million (\$ 4.69 million), updating the share pricing of the May 5 announcement. Share sale proceeds will be used for working capital.

The Peruvian government extended the COVID-19 medical state of emergency until August 29, 2022. The Lima office staff have returned to the office on a full schedule. Staff at Corani remain on 28-day rotations rather than the pre-COVID-19 turnaround of two weeks. The Company's Vancouver office remains closed. Mercedes' operational staff has returned to pre-pandemic rotations, and the office staff is now working onsite. Management cannot predict the effect of the COVID-19 virus on the Company's future business plans, financial position, cash flows, and results of operations.

### **Corani Silver-Lead-Zinc Project:**

Technical, environmental, and social due diligence activities by potential sources of financing to develop Corani were mostly completed by the fourth quarter. Consultant site visits remain and are subject to pandemic protocols.

Early works continued along with detailed engineering work to finalize the plant design and CAPEX estimates were completed. Earthwork infrastructure, design, development, and water management were also completed. Project execution plan optimization and procurement activities are in progress.

The construction of the Antapata substation is complete. The regulatory compliance and permitting process is underway and should conclude by Q3 2022 after the electricity regulator audit. Construction of the transmission line connecting the substation to the town of Isivilla started in December 2020. To date, seven towers have been mounted. In October 2021, the Company received the archeological permit and regional monitoring approval to build the remaining ten towers. Construction of the ten additional towers began in November 2021. All tower footings are complete. Steel infrastructure, fibre optic and copper cables have been purchased and warehoused on site.

Costs related to the Corani early works program, except work on the Antapata substation and power distribution system, are charged to operations in the consolidated financial statements. Under the Company's accounting policy, technical feasibility and commercial viability are achieved upon establishing proven and probable reserves and upon the board of directors' approval to proceed with the development of a project. Development costs incurred for Corani after such approval will be capitalized

For more details, see section 3.1

## **2) Mercedes Mine Acquisition**

On December 16, 2021, the Company announced it entered a definitive agreement to acquire all shares of Equinox Gold Corp's subsidiaries that own 100% interest in the Mercedes mine ("Mercedes").

On April 21, 2022 ("Closing Date"), the Company completed the acquisition of Mercedes from Equinox Gold Corp. ("Equinox"). As part of this transaction the Company paid cash consideration of \$75 million, including \$60 million provided by Sandstorm Gold Ltd. ("Sandstorm"), and issued 24,730,000 Bear Creek common shares to Equinox. The Company is obligated to make a deferred cash payment of \$25 million during the fourth quarter of 2022 and pay 2% Net Smelter Return on the metal produced from the Mercedes concessions to Equinox.

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

Under the terms of the Gold Purchase Agreement, Sandstorm provided the Company with \$37.5 million in cash on the Closing Date and in exchange Bear Creek will sell to Sandstorm 600 ounces of refined gold per month for 42 months (a total of 25,200 ounces) at a price equal to 7.5% of the spot gold price at the time of delivery. Thereafter, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the spot price at the time of delivery. Sandstorm will also be granted a right of first refusal on any future royalties, streams, or similar transactions from Mercedes production.

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

On May 26, 2022 the Company was placed on the Reporting Issuers in Default List by the BCSC as a result of the BCSC's concerns regarding the credentials of certain independent third-party consultants to act as qualified persons under *National Instrument 43-101* in respect of certain chapters of the 2022 Mercedes Report.

The Company has undertaken to provide alternative qualified persons to take responsibility for the chapters of the technical report co-authored by the consultants in question and to prepare and file the Amended Mercedes Report. The Company estimates that the Amended Mercedes Report will be filed within approximately 30 days. Pending the filing of the Amended Mercedes Report, the estimates of mineral reserves and resources set out in the Company's press release dated April 22, 2022 and the Company's Annual Information Form dated April 26, 2022 are not supported by a compliant technical report, and should not be relied on until they have been verified and supported by an amended technical report.

Mercedes is located in the state of Sonora, northwest Mexico, within the Cucurpe municipality (30 19'47" N latitude and 110 29'02" W longitude). The Mine is located 250 km northeast of Hermosillo, Sonora's capital city, and 300 km south of Tucson, Arizona, United States. The Mercedes Mine began production in 2011, and up to December 31, 2021 had processed 6,191 million tonnes grading 4.24 grams per tonne of gold and 47.4 grams per tonne of silver yielding approximately 824,000 ounces of gold and 3,479,000 ounces of silver.

Mercedes is a fully mechanized, ramp-access, underground mine with five underground mining areas; Mercedes, Barrancas, Lupita, Diluvio, and Rey de Oro. Ore is hauled to the surface via the main ramps and stockpiled on the surface near the individual portals. Ore from the Barrancas, Lupita, Diluvio, and Rey de Oro mines is subsequently hauled to a common stockpile area near the jaw crusher. While the Reserve Estimate has all areas mined by mechanized cut and fill methods, long-hole stoping is employed to improve economics where ground conditions and ore volume permit.

The processing facilities at Mercedes are based upon conventional milling with Merrill-Crowe recovery of gold and silver. Ore is crushed in three stages and fed to a mill operated in a closed circuit with cyclones. Milled ore undergoes gravity concentration, agitated leaching, counter current decantation, Merrill-Crowe zinc precipitation, and smelting. Tailings undergo cyanide detoxification before tailing dam deposition or use in backfilling mined out stopes. Recoveries over the 2016 to 2020 period have been 95% for Gold and 39% for Silver.

### 3) Development Projects

#### **3.1) Corani Silver-Lead-Zinc Project**

The 100%-owned Corani silver-lead-zinc project ("Corani") is located in the Andes Mountains, approximately 160 kilometers southeast of Cusco, Peru, at roughly 4800 meters above sea level. The Corani Project consists of twelve mineral concessions that form a contiguous block of ground covering approximately 6,000 hectares.

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

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

#### *2019 NI 43-101 Technical Report Highlights*

	2019 Report*
After tax NPV <sub>5</sub>	\$531 million
After tax IRR	22.90%
Initial Capital	\$579 million
Capital Payback	2.4 years
Ore Processed per Day	27,000 tonnes
AISC per oz silver Life of Mine ("LOM"))	\$4.55
Average annual silver production (LOM)	9.6 million oz

\* The 2019 Report economic estimates are based on metal prices of \$18.00 per ounce of silver, \$0.95 per pound of lead, and \$1.10 per pound of zinc and that the Corani Project would be entirely financed by equity and developed on an Engineering, Procurement and Construction Management ("EPCM") basis

## ***Social and Environmental***

The Company maintains excellent working relationships with local communities. An important element of this relationship is a Life of Mine Investment Agreement (“LOM Agreement”) with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. Under the agreement, the Company will make annual payments of 4 million Peruvian Soles (“Soles”), approximately \$1 million per year, to a trust to fund community projects. The first installment was paid in 2013. Subsequent installments were contingent upon certain permits being received. All permits were received by June 2018, and as a result, annual payments of 4 million Soles will be made throughout the term of the agreement. To-date the Company has paid 13.4 million Soles (\$3.8 million) under the terms of the LOM Agreement.

These future obligations were recorded as a liability in June 2018. Cessation or interruptions of operations will cause pro-rata decreases in the annual payments. The annual payment amount is subject to review at the end of the fifth year of production and may change depending on factors that cannot be foreseen at this time.

During September 2018, the Company started construction of the Antapata electrical substation near the town of Macusani, the nearest sizable town to the Corani Project, located on the Interoceanic Highway approximately 30 kilometers directly east of Corani (about 64 kilometers by road). Substation construction and electromechanical assembly are now complete. The Antapata substation will direct electricity to a power line that will supply the Corani Project and provide a consistent power supply to local communities. Current community consumption is estimated at 2MW, with an additional 3MW of demand expected within the next fifteen years. The substation will initially transform 138kV to 22.9kV for an initial capacity of 6 MW, upgradable to 8 MW.

Construction to connect to the town of Isivilla began in the first quarter of 2021. Seven of seventeen towers have been mounted. The remaining tower footings are complete and materials required to erect the ten remaining towers were warehoused on site. The Company expects the high-tension line to be completed by the end of Q3 2022, after inspections, permitting, testing, and linking to the local electrical grid. The Government of Peru approved a 16 million Soles (approximately \$4.21million) budget to upgrade the local residential electrical grid in Corani. The Corani infrastructure contract was awarded, and engineering work began during the third quarter of 2021, with completion expected by year-end 2022. The government awarded an additional contract to upgrade the Carabaya province local grid, and work started in February 2022. Completion of the electrical grid infrastructure is expected in 2023.

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

## ***Outlook***

The Company continues working with financial institutions to arrange financing alternatives to fund the Corani Project development.

The Company expects to continue the development of early works. Project planning will continue in preparation for the construction to finalize detailed contracting strategies and schedules.

The Company will begin upgrading roads from the Interoceanic Highway through the communities of Tantamaco, Huiquisa and Corani and eventually to the Corani mine site once Macusani municipal road work is completed. The municipal work was delayed due to the seasonal poor

weather during the first quarter. Road upgrades will improve access for residents, reduce road hazards and provide a route for the transport of heavy construction equipment to the Corani site.

The Company built additional camp infrastructure to meet increased contractor activity, requiring necessary quarantine and social distancing measures to meet COVID-19 health and safety protocols. The Company increased health monitoring stations and provided medical assistance and health training during individual household visits. The overall effect and duration of the Covid virus remain unknown as at the date of this MD&A. As a result, the Company cannot predict this virus's impact on its business plans.

### **Corani Expenditures**

During the three months ended March 31, 2022, the Company incurred expenses of \$2.26 million on the Corani Project. Included in this total are community contribution activities totaling \$0.33 million; detailed engineering costs of \$0.11 million; salaries and consulting of \$1.1 million; camp supplies and logistics of \$0.60 million; and other costs of \$0.12 million. The Company also made a 4 million Sol (\$1.08 million) payment under the Life of Mine Investment Agreement.

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

## **4) Exploration Projects**

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

### **4.1) Tassa Silver-Gold Prospect**

Tassa is a gold and silver exploration project located in the district of Ubinas, within the Sanchez Cerro Province in the Moquegua region. The project consists of 1,200 hectares within three concessions.

On February 24, 2020, the Company optioned the Tassa property to Teck Peru S.A. ("Teck"). Under the agreement, Teck may earn a 51% interest in the property by incurring \$3 million in expenditures. The Company would hold a 49% interest in a joint venture company ("JV") that would own the Tassa concessions' rights. By incurring an additional \$6 million in expenditures, Teck may increase its ownership of the JV to 70%. Prior to the formation of the JV, the Company may elect to surrender its 49% interest for a 2.5% NSR royalty that would reduce to a 1.5% NSR in exchange for a cash payment to Bear Creek of \$1.25 million. In February 2022, the company met with communities to ensure their agreement that it fulfilled its remediation and social

commitments before Teck began their exploration work. Teck has engaged local communities and has started the exploration drilling permitting process.

#### **4.2) Generative Exploration**

Generative exploration has been an important part of the business of identifying and acquiring new opportunities. However, due to the Company's focus on advancing the Corani Project for several years and up to March 31, 2022 generative exploration efforts have been reduced. Generative exploration costs are those costs not attributable to a specific project.

#### ***IGV***

IGV is a value added tax amounting to 18% of expenditures for goods or services. Bear Creek Mining S.A.C., the entity that will operate the Corani project, has a contract (the "IGV Contract") with the Ministry of Energy and Mines Peru ("MEM"). Under the terms of the IGV Contract, the Company can recover, on an expedited basis, IGV associated with its Corani capital investments described in the approved ESIA and the 2017 Corani Technical Report. The Company recovered 5.29 million Soles of Corani related IGV, equivalent to approximately \$1.52 million through May 17, 2022. IGV related to expenditures not outlined under the IGV Contract are expensed.

The IGV expense of \$0.18 million represents IGV paid during the three months ended March 31, 2022 and either not recovered under the IGV Contract or were related to expenditures falling outside of the IGV Contract. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of March 31, 2022, is \$16.57 million (61.23 million Soles). Of this amount, \$4.81 million is attributable to Bear Creek Mining S.A.C., of which \$1.91 million is available for expedited recovery. Subsequent to the period ended March 31, 2022, the Company has recovered 1.24 million Soles (approximately \$0.33 million) of Corani related IGV that was available for expedited recovery. The remaining balance is available for recovery once Corani is in production. IGV credits can be carried forward indefinitely and can be applied to reduce future income taxes or future IGV.

### **5) Results of Operations**

#### ***Three months ended March 31, 2022, as compared to the three months ended March 31, 2021***

For the three months ended March 31, 2022, the Company incurred a net loss of \$4.11 million compared to a net loss of \$4.12 million for the three months ended March 31, 2021, a decrease of \$0.01 million. The Company's loss per share for the three months ended March 31, 2022, was \$0.03, compared to a loss per share of \$0.03 for the comparable period in 2021.



<b>Operating Expenses (Three Months Ended March 31)</b>	<b>2022</b> <b>(000's) \$</b>	<b>2021</b> <b>(000's) \$</b>	<b>Difference</b> <b>(000's) \$</b>
Corani engineering and evaluation costs	2,259	3,258	(999)
Share-based compensation	160	288	(128)
Wages and management salaries	274	218	56
Exploration and evaluation costs	248	460	(212)
Shareholder information and filing fees	75	104	(29)
Professional and advisory fees	182	293	(111)
General administrative expenses	63	57	6
Travel	6	3	3
<b>Loss before other items</b>	<b>3,267</b>	<b>4,681</b>	<b>(1,414)</b>
Foreign exchange (gain)/loss	809	(548)	1,357
Accretion Expense	45	25	20
Finance income	(8)	(39)	31
<b>Loss and comprehensive loss</b>	<b>4,113</b>	<b>4,119</b>	<b>(6)</b>

During the three months ended March 31, 2022, spending on the Corani property was \$2.26 million, which was an decrease of \$1.00 million from the \$3.26 million incurred during the three months ended March 31, 2021, primarily due to a decrease of \$1.17 million in detailed engineering, a decrease of \$0.03 million in supplies and general costs, partially offset by an increase of \$0.09 million in community contribution, an increase of \$0.02 million in geophysics costs and an increase of \$0.10 in environmental costs.

Exploration costs incurred on other projects, including the maintenance of the Company's Peruvian entities, amounted to \$0.25 million (2021 - \$0.46 million), and IGV paid during the three months ended March 31, 2021, was \$0.18 million (2021 - \$0.34 million). The Company's exploration costs were lower primarily due to the decreased IGV paid during the quarter and reduced spending on other exploration projects. The Company's professional and advisory fees decreased by \$0.11 million and the share based compensation decreased by \$0.13 million. The Company's other operating costs were comparable during the two periods.

During the three months ended March 31, 2022, the Company had a foreign exchange loss of \$0.81 million, compared to a gain of \$0.55 million during the three months ended March 31, 2021. The foreign exchange gain or loss recognized by the Company is primarily a function of its Canadian dollar cash holdings and the Company's community project obligation of S/ 4 million per year over the next 20 years.

## Summary of Quarterly Results

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

Period	Revenues	Loss for the period (in millions)	Basic and fully diluted loss per share
1 <sup>st</sup> Quarter 2022	Nil	\$4.1	\$0.03
4 <sup>th</sup> Quarter 2021	Nil	\$6.4	\$0.05
3 <sup>rd</sup> Quarter 2021	Nil	\$3.5	\$0.03
2 <sup>nd</sup> Quarter 2021	Nil	\$7.8	\$0.06
1 <sup>st</sup> Quarter 2021	Nil	\$4.1	\$0.03
4 <sup>th</sup> Quarter 2020	Nil	\$3.8	\$0.03
3 <sup>rd</sup> Quarter 2020	Nil	\$2.8	\$0.03
2 <sup>nd</sup> Quarter 2020	Nil	\$2.4	\$0.02

The principal recurring factors that cause fluctuations in the Company's quarterly results include the timing of vesting and valuations attributable to share-based compensation, expenditure levels on exploration projects, and foreign exchange gains or losses related to the Canadian dollar or Peruvian Sol cash balances.

The decrease in loss of \$2.3 million in the 1<sup>st</sup> Quarter of 2022 compared to the 4<sup>th</sup> Quarter 2021 was primarily due to decrease in professional advisory fees of \$0.8 million mostly due to decrease in the Mercedes mine transaction related costs. Also the Company did not record any impairment loss in 1<sup>st</sup> Quarter of 2021 when compared to an impairment loss of \$1.0 million in the 4<sup>th</sup> Quarter of 2021.

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

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

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

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

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

The increase in loss of \$0.4 million in the 3rd Quarter 2020 compared to the 2nd Quarter 2020 was due to higher share-based compensation and a lower foreign exchange gain.

The decrease in loss of \$1.1 million in the 2nd Quarter 2020 as compared to the 1st Quarter 2020 was due to a foreign exchange gain of \$1.1 million during Q2 2020 due to the movement of the Canadian dollar and the Peruvian Sol exchange rates relative to the US dollar during the period. There was a slight reduction in the Company's exploration activity due to the continued COVID-19 measures; however, the Company incurred additional costs due to its efforts to finance the Corani Project's development, offsetting the reduced exploration activity..

## **6) Liquidity and Capital Resources**

At March 31, 2022, the \$19.8 million in cash and cash equivalents and short term investments consisted of CDN\$ 0.09 million (\$0.07 million), Soles 0.95 million (\$0.26 million), with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2022 are expected to be denominated in US dollars. The Company invests cash in Canadian government-backed paper, Canadian chartered bank corporate paper with short-term maturities, Peruvian bank time deposits, or Peruvian chartered bank commercial paper with short-term maturities. During the three months ended March 31, 2022, the Company had a cash outflow from operating activities of \$2.5 million compared to a cash outflow of \$3.8 million in the comparative period in 2021.

Total cash spent on investing activities amounted to \$1.7 million, primarily related to the payments of community project obligation and expenditures on the Antapata substation.

Total cash spent on financing activities amounted to \$0.2 million, primarily related to principal payments on existing leases.

As of March 31, 2022, the Company's net working capital was \$17.9 million compared to net working capital of \$22.5 million as of December 31, 2021. Cash and cash equivalents and short-term investments at March 31, 2022 totaled \$19.8 million compared to \$24.2 million as of December 31, 2021. Not included in cash and cash equivalents as of March 31, 2022, is \$1.3 million; this amount is considered restricted and serves as a partial guarantee for \$5.21 million for future mine closure obligations. The Company believes its current cash balances are sufficient to fund its planned exploration, development, and corporate overhead activities for at least the next twelve months.

The Company has used approximately \$20.6 million of the net proceeds received of \$36.8 million from the February 2020 and January 2021 prospectus offerings, of common shares, as set out in the table below.

Corani Property	Total 2020 and 2021 Prospectus'	Total Incurred to date
	USD \$	USD \$
Advancement of 138kV/22.9kV Power Line	4,000,000	1,720,137
Antapata Substation	1,100,000	2,024,464
Develop project access roads	4,500,000	-
Advance detail Engineering for Earthworks and Process Plant	9,500,000	10,773,936
Capital Equipment	8,700,000	-
Camp Construction and other	7,000,000	3,990,408
Community Obligation Retirement	2,000,000	2,151,515
<b>Total Corani Property</b>	<b>\$ 36,800,000</b>	<b>\$ 20,660,460</b>

The business of mining and exploration involves a high degree of risk. There can be no assurance that current exploration and development programs will result in profitable mining operations in the future. The Company has had no source of revenue and has significant cash requirements to fund its development project capital requirements, continue with its exploration programs, administrative overhead and maintain its mineral properties.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at March 31, 2022:

(000's)	2022	2023	2024	2025	2026 and Beyond	Total
Accounts payable and accrued liabilities	\$1,068	\$ -	\$ -	\$ -	\$ -	\$1,068
Provisions	-	-	-	-	200	200
Community projects	-	1,081	1,081	1,081	15,130	18,373
Other liabilities	59	35	35	35	807	971
Office space leases	96	44	-	-	-	140
Vehicle rentals	288	-	-	-	-	288
<b>Total as at March 31, 2022</b>	<b>\$1,511</b>	<b>\$1,160</b>	<b>\$1,116</b>	<b>\$1,116</b>	<b>\$16,137</b>	<b>\$21,040</b>
Equinox payment	40,000	-	-	-	-	40,000
Debenture Repayment	-	-	-	22,500	-	22,500
Debenture Interest	943	1,350	1,350	407	-	4,050
<b>Total as at May 30, 2022</b>	<b>\$40,943</b>	<b>\$1,350</b>	<b>\$1,350</b>	<b>\$22,907</b>	<b>-</b>	<b>\$66,550</b>

Accounts payable and accrued liabilities increased by \$167 thousand since December 31, 2021, mainly due detailed engineering contractor, and substation related payables.

## **Issued Shares and Share Purchase Options**

The Company's Long Term Incentive Plan ("LTIP") provides that the aggregate number of shares reserved for issuance under the plan (including shares issuable upon the exercise of existing options and restricted or deferred share units issuable under the Company's LTIP) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis on the grant date of such options. Pursuant to the LTIP, the Board of Directors may, from time to time, award restricted share units ("RSUs") or DSUs to directors, officers, employees, and in the case of RSUs, consultants. Under the LTIP, the maximum number of shares the Company is entitled to issue from treasury for payments in respect of awards of DSUs and RSUs together is 5,000,000 shares. The number of shares issuable under the Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

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

	<b>March 31, 2022</b>
Issued and outstanding shares	<b>124,273,132</b>
Limit under option plan and LTIP (10% of issued and outstanding shares)	<b>12,427,313</b>
Less options under grant	<b>4,450,000</b>
Less RSU's under grant	<b>1,000,000</b>
Less DSU's under grant	<b>1,000,000</b>
Shares available for issuance under the option and LTIP	<b>5,977,313</b>

  

	<b>March 31, 2022</b>
RSU & DSU limit under LTIP	<b>5,000,000</b>
Less RSUs under grant	<b>1,000,000</b>
Less DSUs under grant	<b>1,000,000</b>
RSU & DSU available for issuance	<b>3,000,000</b>

## **7) 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) for the three months ended March 31, 2022, and 2021 were as follows:

	Note	<b>Three Months Ended March 31</b>	
		<b>2022</b> <b>(000's)</b>	<b>2021</b> <b>(000's)</b>
Salaries and directors' fees	(i)	<b>\$ 471</b>	<b>\$ 402</b>
Share-based compensation		<b>123</b>	<b>269</b>
		<b>\$ 594</b>	<b>\$ 671</b>

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

- (ii) Share-based compensation represents the non-cash expense, translated at the grant date foreign exchange rate.

Any amounts that might be owed at any time to key management personnel would be unsecured, non-interest bearing, and due on demand. As at March 31, 2022, \$48,750 (December 31, 2021 - \$nil) was due to key management personnel for unpaid salaries or director fees.

## **8) Key Accounting Estimates and Judgments**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those disclosed within and applied in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2021.

### ***Financial Instruments***

As at March 31, 2022, the Company's financial instruments consist of cash and cash equivalents, short-term investments, restricted cash, accounts payable and accrued liabilities, community projects obligation, and other liabilities. The fair value of these instruments approximates their carrying value. There were no off-balance sheet financial instruments.

The Company's cash and term investments are held in Canadian and Peruvian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian and Peruvian banks. These investments mature at various dates over the current operating period.

The Company does not use derivative or hedging instruments to reduce its exposure to foreign currency exchange rates for the Canadian dollar or Peruvian Sol.

### ***Management of Capital***

The Company's capital management objectives are to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and the acquisition of other mineral projects.

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

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

There were no changes to the Company's approach to capital management during the period ended March 31, 2022

## 9) Forward-Looking Information

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: (i) the amount of mineral reserves and mineral resources; (ii) the amount of future production; (iii) net present value and internal rates of return of the proposed mining operation; (iv) capital costs, including start-up, sustaining capital and reclamation/closure costs; (v) operating costs, including credits from the sale of silver, lead and zinc; (vi) waste to ore ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals; (viii) expected processing recoveries; (ix) expected time frames; (x) prices of metals and minerals; (xi) mine life; (xii) expected exploration and development programs and their timing and success; (xiii) expected taxation rates and structure; (xiv) expected mineralization; and (xvi) adequacy of cash balances. The future performance of the Mercedes mine will depend upon whether the Company is able to realize current estimates, predictions, expectations or beliefs about future events including, without limitation: the estimated amount of Mineral Reserves and Mineral Resources; the anticipated merits of the Mercedes Mine; projected exploration budgets; anticipated future replacement of Mineral Reserves and Mineral Resources; cost estimates; and that there are no material adverse changes in the price of gold and silver and other metals or general economic and political conditions.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

All forward-looking statements are based on the Company's current beliefs as well as various assumptions made by and information currently available to them. These assumptions include, without limitation: (i) the presence of and continuity of metals at projects at modeled grades; (ii) the capacities of various machinery and equipment; (iii) the availability of personnel, machinery, and equipment at estimated prices; (iv) exchange rates; (v) metals and minerals sales prices; (vi) appropriate discount rates; (vii) tax rates and royalty rates applicable to the proposed mining operation; (viii) the availability of financing and expected terms; (ix) financing structure and costs; (x) anticipated mining losses and dilution; (xi) metals recovery rates, (xii) reasonable contingency requirements; and (xiii) receipt of regulatory approvals on acceptable terms. Although management considers these assumptions and estimates to be reasonable based on available information, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward-looking statements, such as estimates of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. Cost information is prepared using current estimates, but the time for incurring costs will be in the future, and it is assumed costs will remain stable over the relevant period.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections, and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions, and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, but specifically include, without limitation, risks related to exploration and development programs and their timing and success; risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals and minerals markets; risks relating to fluctuations in the Canadian dollar and Peruvian Sol relative to other currencies; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors, changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; the effects of competition in the markets in which the Company operates; operational and infrastructure risks; and the additional risks described in the Company's Annual Information Form for the year ended December 31, 2021, and in the feasibility study technical report for the Corani project dated December 17, 2019 as filed on the SEDAR website (available at [www.sedar.com](http://www.sedar.com)). The foregoing list of factors that may affect future results is not exhaustive.

Investors and others should carefully consider the foregoing factors and other uncertainties and potential events when relying on forward-looking statements. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

#### **10) Cautionary Note to US Investors**

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



## **11) Disclosure Controls and Procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim condensed consolidated financial statements for the quarter ended March 31, 2022, and this accompanying MD&A (together, the "Interim Filings").

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

### **Approval**

On May 30, 2022, the Audit Committee of Bear Creek approved the disclosure contained in this MD&A.

### **Additional Information**

Additional information relating to Bear Creek is available on SEDAR at [www.sedar.com](http://www.sedar.com)