BEAR CREEK
MINING CORPORATION

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MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2024

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Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared as of May 29, 2024. This MD&A is intended to help the reader understand the significant factors that influence the Company's performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the condensed interim consolidated financial statements of the Company for the three months ended March 31, 2024. These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The Cautionary Notes near the end of this document are an important part of this MD&A. All dollar amounts are expressed in United States dollars, unless otherwise noted. Additional information relating to the Company, which is not part of this MD&A, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2023, is available on SEDAR+ at www.sedarplus.ca.

The Company's functional currency is the United States dollar, referred to in this MD&A as "$" or "US$". Any amounts reported herein in Canadian dollars are referred to as "C$", in Peruvian soles as "S/" and Mexican pesos as M$.

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

The mining and exploration business involves a high degree of risk, and there can be no assurance that current mine production, exploration, and development projects will be profitable. A description of significant business risks may be found in the Company's AIF for the year ended December 31, 2023, filed on SEDAR+.

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

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

Q1 2024 Highlights

Key milestones include:

- Production of 12,228 oz of gold and 44,040 oz of silver;
- Closing the Restructuring Agreement with Sandstorm Gold Ltd. ("Sandstorm") on January 22, 2024 which included:
- Restructuring the Mercedes metal streams, reducing gold deliverables from 600 to 275 ounces per month and silver deliverables from 100% to nil until April 2028 and increasing the cash payments for both to 25% of spot prices;
- Amending the terms of the $22.5 million Sandstorm Convertible Debenture entered into on December 16, 2021, and extending its maturity date;
- Granting a net smelter return ("NSR") royalty on the Corani asset; and

- Issuing share consideration to Sandstorm.
- Continuing to make substantial technical changes at Mercedes to improve operating performance;
- Enacting measures to overcome historical geotechnical challenges and development deficits at Mercedes;
- Appointing Zoya Shashkova to the position of Chief Financial Officer[1] effective March 18, 2024; and,
- Receiving final approval for the Restructuring Agreement by the TSX Venture Exchange (“TSX-V”) on April 30, 2024.

[1] Fernando Ragone resigned as CFO on March 11, 2024.

Operations

Mercedes Mine

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. Mercedes consists of 69,284 hectares of concessions and the mine has been in continuous operation since 2011, with the exception of a COVID-19 related mandatory closure.

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

The ore processing at Mercedes consists of conventional milling and processing to recover gold and silver. Ore is crushed in three stages and fed to a mill. Milled ore undergoes agitated leaching, counter-current decantation, Merrill-Crowe precipitation, and smelting. A gravity concentration circuit is also present but is generally not used. Recoveries over the 2016 to March 31, 2024 period averaged 95% for gold and 36% for silver. Tailings undergo cyanide detoxification before deposition or being used as backfill in the mine.

Operation Highlights

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	**Year to date March 31, 2024**	Year Ended December 31, 2023
Ore tonnes mined - kt	**106**	134	**106**	497
Tonnes milled – kt	**109**	134	**109**	522
Average gold grade mined – g/t	**3.83**	2.93	**3.83**	2.93
Average gold grade milled – g/t	**3.69**	2.91	**3.69**	2.78
Average silver grade mined - g/t	**40.41**	28.29	**40.41**	32.97
Average silver grade milled - g/t	**37.27**	28.18	**37.27**	31.03
Recovery rate gold - %	**94%**	96%	**94%**	95%
Recovery rate silver - %	**34%**	33%	**34%**	32%
Production:				
Gold oz	**12,228**	12,038	**12,228**	43,860
Silver oz	**44,040**	40,241	**44,040**	167,019

The Mercedes Mine had no lost time incidents ("LTI") and no reportable environmental incidents during the three months ended March 31, 2024.

Mercedes' production in Q1 2024 is comprised of material from four main deposits: Marianas, San Martín, Diluvio and Lupita. A total of 106,365 tonnes of ore was mined, in line with expectations, (Q1 2023: 133,620 tonnes ore mined). The average gold grade mined increased to 3.83 g/t compared with the prior year (Q1 2023: 2.93 g/t), and the average silver grade mined increased to 40.41 g/t from 28.29 g/t in Q1 2023. The San Martin deposit was a key contributor of gold production during the first quarter of 2024. At the close of 2023, mine headings moved into the higher-grade zone of the San Martin deposit. During the reporting quarter, the mine continued to refine the mining and blasting methods used in San Martin to reduce dilution and optimize production while reducing processing costs. San Martin is expected to continue to contribute meaningfully to Mercedes' gold production through the remainder of 2024.

During Q1 2024, the plant processed 109,280 tonnes of ore (Q1 2023: 134,490 t) with an average gold grade of 3.69 g/t (Q1 2023: 2.91g/t) and silver grade of 37.27 g/t (Q1 2023: 28.18 g/t). Gold recovery of 94% in the quarter decreased slightly as compared with Q1 2023 of 96%. The silver recovery increased to 34% (Q1 2023: 33%). As a result, 12,228 ounces of gold and 44,040 ounces of silver were produced in the quarter. (Q1 2023: 12,038 ounces of gold and 40,241 ounces of silver). Management continues to focus on achieving improved results compared to the previous year.

The focus on mine development continued through Q1 2024 with 2,781 meters of development occurring during the period (compared with 1,044 m in Q1 2023).

Overall, mining progress within San Martin improved in Q1 2024 with significant advance in infrastructure development. A vent raise is scheduled to be in operation in San Martin in Q2 2024. The Company also pivoted away from the primary vertical ramp in Marianas in December of 2023, mostly due to poor ground conditions related to a hanging wall fault that was causing significant cost overruns and delays. The decision was made to develop to the north with a lateral ramp into better quality rock. This has allowed infill drilling to continue and will allow the operations to develop into the primary Marianas ore bodies later in 2024 which are expected to be significant contributors of ore in 2025. The operation accelerated development in San Martin adding additional operating faces through Q1 of 2024. San Martin is expected to be the largest contributor of production from Mercedes in 2024.

The Company is also advancing the development of the Rey de Oro deposit. Delineation drilling and the appointment of a development contractor are underway.

The Rey de Oro, Diluvio, and Gap deposits are expected to begin to contribute to production of ore for the second half of 2024.

Tailings Storage Facility 3 ("TSF3") planning continues as the Company waits for permit approval. Permitting for TSF3 continues with the land use change permit issued in Q1 2024, with the payment and submission completed with the Environmental Authority. Contingency plans for underground deposition are being developed in the event further delays are encountered in the permitting process and includes consideration of utilizing old mining areas.

Operating Costs

	Three Months Ended March 31, 2024 (000'$)	Three Months Ended March 31, 2023 (000'$)	**Year To date March 31 2024 (000'$)**	Year Ended December 31, 2023 (000'$)
Labour	**4,875**	3,721	**4,875**	15,119
Operating Materials	**3,866**	4,814	**3,866**	17,561
Maintenance Materials	**1,169**	1,795	**1,169**	5,715
Power	**1,634**	1,582	**1,634**	6,719
Operating Contractors	**6,292**	4,871	**6,292**	21,927
General Expenses	**907**	925	**907**	3,710
Stockpile / FG / WIP Adjustments	(322)	(70)	(322)	67
Other Items	**157**	179	**157**	884
Total Cost	**18,578**	**17,817**	**18,578**	**71,702**
Less: Costs Capitalized as Mine Development Expenditures	(3,022)	(1,765)	**(3,022)**	(11,877)
Total Operating Costs Net of Capitalized Items [1]	**15,556**	**16,052**	**15,556**	**59,825**

1) *Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 21.*

Production costs are incurred primarily in Mexican pesos. Fluctuations in the Mexican peso against the US Dollar negatively impacted costs throughout the quarter. The average exchange rate in Q1 2024 appreciated to 16.97 M$/USD from the Q1 2023 average of 18.66 M$/USD resulting in higher costs on a US$ basis. Peso appreciation was the primary reason for the quarter-on-quarter increase in labour costs by $1.15 million.

The impact of the strengthening peso was offset in Q1 2024, when compared to Q1 2023, by a decrease in operating materials and maintenance, while Mexican contractor costs associated with mine development have increased.

During the first quarter of 2024, the costs of operating and maintenance materials decreased by $0.9 million and $0.6 million respectively, compared to Q1 2023; the cost reduction was mainly due to lower cement consumption by $0.5 million and other operating supplies by $0.4 million, as well as lower maintenance costs for heavy equipment by $0.5 million.

Energy consumption in Q1 2024 compared to Q1 2023 increased by 3%, due to a $0.02 increase per kWh but was partially offset by an 18% decrease in the kWh consumed.

Contractor costs increased by 29% ($1.4 million) mainly due to the increase in the services of operating contractors (21%).

As previously reported, Mercedes changed mining methodology during 2023 in both the Marianas and San Martin deposits to bulk mining. Such methodologies can help reduce mining costs; however, the additional dilution in Marianas proved to be greater than previously anticipated. A significant focus has been applied to control the dilution and to improve reporting grade to the mill during the quarter. The Company continued using long-hole open stoping and cut-and-fill in the remaining operating areas. These methodologies are chosen to align with the structural and geologic characteristics of the deposits.

The Company continues to work on dilution control. During Q1 2024, the focus was on optimized mining methodology as well as implementation of more substantial controls to improve blasting and ground control. The positive impacts on costs, however, were somewhat offset by accelerated development work to open additional higher grade operating faces.

The following table reconciles the mining cost to the Total Operating Costs, Net of Capitalized Items, for the three months ended March 31, 2024.

	Three Months Ended March 31, 2024 (000'$)	**Three Months Ended March 31, 2023 (000'$)**
Mining Cost	10,307	10,660
Plant	3,145	3,211
G&A	1,729	1,342
Overhead	563	760
Refining Charge	134	149
MIC Adjustment	(87)	(53)
Stockpile Adjustment	(235)	(17)
Total Operating Costs, Net of Capitalized Items (1)	**15,556**	**16,052**

1) *Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 22.*

Exploration

The Company continued with an aggressive delineation drilling program and focused on advances within the deposits, especially in San Martin. Delineation drilling continued in Rey de Oro, Marianas, Diluvio, and Lupita. This drilling was required to increase confidence in the resource and reduce risk in the mine plan.

The exploration drilling program restarted during Q4 2023 and continued during Q1 2024 with advances in Marianas Deep, San Martin Displacement and Klondike Displacement. The focus has been on RC pre-collars and diamond drilling with expansion drilling expenditures of $0.7 million in Q1 2024. Additional focus was also placed on delineation continuity drilling with $1.6 million spent during the quarter.

Outlook

The new geological and block models continue to progress and are being prepared for review by external experts, which is expected to occur during Q2 2024. The continued focus on development as well as delineation and exploration drilling combine to support the plans for medium and long-term production. Additionally, specialized technical resources are being applied to better understand the complex geological environment at Mercedes and more precisely guide the exploration efforts. Updates to estimates of mineral reserves and mineral resources are tentatively expected before year end, pending completion of the first phase of the exploration and infill drilling campaign and approval of the models described above.

As a result of anticipated variability in Mercedes' production rates for the remainder of 2024, Bear Creek is not providing 2024 production guidance for the Mercedes Mine.

The Company continues to evaluate the potential impacts of the decree reforming various provisions of Mexico's mining law (the "Decree"), which was published in the Official Gazette and became law on May 9, 2023. Full details are expected once the components of the regulation are enacted. On June 16, 2023 Bear Creek filed an application with the District Court in the state of Sonora, Mexico for a stay (an "Amparo") against the new mining law in respect of the Mercedes mine. The Company received an initial ruling in its favour and is protected from application of the new Mexican mining law while the Mexican government's appeal of the initial ruling by the District Court proceeds through the Collegiate Court (as per normal course). This process is expected to result in a final ruling on the Company's Amparo filing before the end of 2024.

Sandstorm Restructuring Agreement

On January 22, 2024, the Company closed the Restructuring Agreement with Sandstorm Gold and subsidiaries ("Sandstorm") for streams and debt amendments coming in effect on January 1, 2024. The total consideration issued to Sandstorm for the Restructuring Agreement was estimated to be $20.3 million, that, as at January 22, 2024, comprised of:

- Common shares issued (28,767,399 common shares) with a fair value of $4.1 million.
- A 1.0 % net smelter returns royalty on the Company's Corani Project with a fair value of $12.0 million.
- The Company increased the principal amount of the Sandstorm Promissory Note by $4.2 million as an additional consideration.

The Company evaluated the terms of the Restructuring Agreement and determined that it represented a substantial modification to the existing stream and debt agreements and has accounted for the Restructuring Agreement as an extinguishment of the existing agreements and the issuance of new stream and debt agreements. The Company estimated fair values of the contractual stream obligations, the convertible notes including the embedded derivatives, the additional share consideration and of the Corani NSR. The Company recognized a loss on the of the debt restructuring of $8.3 million as at January 22, 2024, comprised of the following:

Component	Book Value at extinguishment	Revised Fair Value	(Gain) / Loss on restructuring
Debt component of amended Convertible Debenture and Promissory Note	$34.1 million	$41.0 million	$6.9 million
Conversion option embedded derivative	$0.1 million	$0.6 million	$0.5 million
Restructured Gold Stream	$21.7 million (previously deferred revenue)	$17.3 million	($4.4 million)
Restructured Silver Stream	$12.7 million	$1.9 million	($10.8 million)
Corani 1% NSR Royalty[1]	$Nil	$12.0 million	$12.0 million
Common shares issued	$Nil	$4.1 million	$4.1 million
Total (Gain) / Loss on debt restructuring			**$8.3 million**

The Company and Sandstorm have also signed the Cross Default Agreement, providing that, if any event of default occurs under any of the Transaction Documents, any or all outstanding obligations become immediately due and payable, all security agreements, charges, pledges, or guarantees shall become immediately enforceable and enforcements proceedings must commence. "Transaction Documents" defined as, collectively, the Sandstorm Stream Agreement, the Sandstorm Convertible Debenture, the Nomad Stream Agreement, and the Sandstorm Promissory Note.

NSR royalty for Corani

The following inputs were used to determine the fair value of the NSR on Corani as at January 22, 2024. The Company used a discounted cash flow model using production inputs from NI 43-101 report and other key commodity inputs. The following key assumptions were applied:

		January 22, 2024
Estimated mine life		15 years
Long-term forecast silver price	**$/oz**	$28.02/oz
Long-term forecast lead price	**$/lb**	$1.20/lb
Long-term forecast zinc price	**$/lb**	$1.46/lb
Discount rate		14.2%

The fair value of the NSR royalty was estimated at $12.0 million. Management has accounted for the consideration given as a reduction to the future value of the Corani mineral interest.

Stream Arrangements

Sandstorm Gold Stream and Restructured Gold Stream

On April 21, 2022, Sandstorm Gold Ltd. ("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. On May 11, 2023, Sandstorm provided the Company with an additional $5 million in exchange for 600 ounces per month for an additional seven months (600 ounces per month for 49 months, totaling 29,400 ounces). After 29,400 ounces have been delivered, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's ("LBMA") PM fix for the day before the delivery date.

On January 22, 2024, pursuant to the Sandstorm Restructuring Agreement and effective January 1, 2024, the Company reduced 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 now receives cash payment equal to 25% (previously 7.5%) of the London Bullion Market Association's PM fix for the day before the delivery date. Prior to the extinguishment of this historical agreement, the gold stream was accounted for as deferred revenue. As of January 22, 2024, the revised gold stream is accounted for at fair value through profit and loss and remeasured each reporting period.

The following inputs were used to determine the fair value of the Restructured Sandstorm Gold Stream as at March 31, 2024 and January 22, 2024. To estimate the value of the Gold Stream, the Company used a discounted cash flow model using the reserves at the Mercedes Mine and an allocated portion of indicated and inferred resources. The following key assumptions were applied:

	January 22, 2024	**March 31, 2024**
Estimated life of Mercedes mine	8 years	8 years
Forward gold price range	$1,952 – $2,393	$1,995 – $2,585
Discount rate	11.7%	11.7%

The Restructured Gold Stream continuity is as follows:

	Total (000'$) $
Balance – January 1, 2023	**-**
Balance – December 31, 2023	**-**
Reclassification from Deferred Revenue	21,709
Gain on Restructuring Agreement	(4,359)
Balance – January 22, 2024	**17,350**
Gold stream deliveries	(1,278)
Debt issue costs	(28)
Change in fair value	2,480
Balance – March 31, 2024	**18,524**
Less: current portion	7,307
Non-Current Portion	11,217

During the three months period ended March 31, 2024, the Company delivered 825 ounces (March 31, 2023 – nil) of refined gold to Sandstorm under the Restructured Gold Stream and recognized total sales revenue of $1.3 million (March 31, 2023 – $nil), including the 25% cash sales. Deliveries in Q1 2023 were 1,800 oz with revenue of $3.4 million, including the 7.5% cash sales and were accounted for against deferred revenue.

Nomad Silver Stream and Restructured Silver Stream

On April 21, 2022, as part of the Mercedes acquisition, the Company assumed a silver stream (the "Nomad Silver Stream") requiring deliveries of 75,000 ounces of silver per quarter until 1.2 million ounces are delivered. After that, the arrangement required the Company to deliver 100% of its silver production until 3.75 million ounces are delivered, after which 30% of Mercedes' silver production was deliverable to Nomad. The Company was paid 20% of the LBMA's 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 value repaid on the liability is variable based on 80% of the silver price (LBMA's silver fix for the day prior to the delivery date) applied to ounces delivered under the contract. As at December 31, 2023, the balance of the Nomad Silver Stream was $12.7 million.

On January 22, 2024, the Company restructured the Nomad Silver Stream and effective January 1, 2024, the Restructured 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 Restructured Silver Stream continues to be a financial liability recorded at fair value through profit or loss.

The following inputs were used to determine the fair value of the Restructured Silver Stream as at March 31, 2024, and January 22, 2024. The Company used a discounted cash flow model using the reserves at the Mercedes Mine and an allocated portion of indicated and inferred resources to value the Restructured Silver Stream. The following key assumptions were applied:

	January 22, 2024	**March 31, 2024**
Estimated life of Mercedes mine	8 years	8 years
Forward silver price range	$22.56-$24.00	$25.39-$27.80
Discount rate	11.7%	11.7%

For the three months period ended March 31, 2024, the Company, in accordance with the Restructuring Agreement made no deliveries (March 31, 2023 - 73,565 ounces) of silver as part of this stream and recorded revenue of $nil (March 31, 2023 - $1.7 million).

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

	Total (000'$)
Balance – January 1, 2023	**15,592**
Silver stream delivery	(5,485)
Change in fair value	2,556
Balance – December 31, 2023	**12,663**
Gain on Restructuring Agreement	(10,819)
Balance – January 22, 2024	**1,844**
Debt issue costs	(4)
Change in fair value	78
Balance – March 31, 2024	**1,918**
Less: current portion	-
Non-Current Portion	1,918

Development Projects

Corani Silver-Lead-Zinc Project

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

On November 5, 2019, the Company announced a summary of the results of work leading to a NI 43-101 compliant feasibility study (the "2019 Report"). The 2019 Report is available on and on the Company's website and on SEDAR+.

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[1] [2]
After tax NPV5	$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

[1] *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.*

[2] *The 2019 Report does not include the effects of the Net Smelter Returns Royalty Agreement between Sandstorm and the Company. Under the Restructuring Agreement, the Company agreed to pay Sandstorm a 1.0% net smelter returns royalty on and over the Corani project which has been valued at $12.0 million.*

2024 Activities

The Company progressed with a geometallurgical test program during the quarter ending March 31, 2024. The geometallurgical program involved drilling 9 holes totaling approximately 1,231 meters, and logging, sampling and assaying the drill core. Assay results were substantially in line with the existing Corani block model. A selection of samples for metallurgical test work were shipped to Base Metallurgical Laboratory in Canada in late 2023 and results are expected to be received in late Q2 or early Q3 2024. The purpose of the geometallurgical program is to establish updated data as the Company prepares to resume Corani project financing efforts.

Social and Environmental

The main activities at the Corani Project site centered around the maintenance and monitoring environment of the camp and the future areas of our mining operations and to comply with the requirements of the Environmental Social Impact Assessment (ESIA).

The Company maintains and continues excellent working relationships with local communities. An important element of this relationship is a Life of Mine Investment Agreement ("LOM Agreement") with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. Under the agreement, the Company will pay S/ 4 million annually, approximately $1 million per year, to a trust to fund community projects. The first installment was paid in 2013. All permits were received by June 2018. As a result, annual payments of S/ 4 million will be made throughout the term of the agreement or as further described in the next paragraph. To date, the Company has paid S/ 25.4 million ($6.8 million) under the terms of the LOM Agreement.

These future obligations were recorded as a liability in June 2018 for a total amount of $11.2 million. As of March 31, 2024, the liability has a remaining balance of $8 million. Cessation or interruptions of operations will cause pro-rata decreases in the applicable 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.

The Company constructed the "Antapata" substation in the area called Pacaje. The Antapata substation will direct electricity to a power line that will supply the Corani Project and provide a reliable power supply connection point to local communities. For 2024 there was a commitment to complete the construction works, connect to the transmission line, and bring the substation into operation, at an additional investment of approximately $2.5 million dollars. After various efforts and dialogues with state entities, the following agreements were concluded:

- The Peruvian government will carry out the connection work at their cost. (The investment by the state is to allow for the substation to become operational and provide additional energy to the area and solve the energy crisis of the province of Carabaya and the urgent needs of the population.)
- The Company will continue with support in relation to detailed engineering and coordination support.

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

Outlook

The Company continues to investigate financing alternatives to fund the development of Corani. Planning for early works and construction continues with an anticipated start of early works towards the end of 2024.

The Company contributes to maintaining roads from the Interoceanic Highway through Tantamaco, Huiquisa, and Corani communities. Continuing support is provided to the authorities to complete the transmission lines, connection and commissioning of the Antapata substation to allow for provision of needed power to the local communities.

Corani Expenditures

During the three months ended March 31, 2024, the Company incurred expenses of $2.1 million on the Corani Project. The details of the expenses incurred are as follows:

Corani Engineering and Evaluation Costs:	**Three Months Ended March 31**	
	2024	2023
	000'$	**000'$**
Community contributions	**297**	338
Detailed engineering	**33**	24
Environmental	**167**	108
Salaries and consulting	**1,135**	898
Camp, supplies, and logistics	**429**	341
Other	**13**	10
Recovery of costs	**-**	(94)
Costs	**2,074**	1,625

IGV

IGV is a Peruvian value added tax amounting to 18% of expenditures for goods or services. Bear Creek Mining S.A.C., the entity that will operate the Corani project, has a contract (the "IGV Contract") with the Ministry of Energy and Mines Peru. Under the terms of the IGV Contract, the Company can recover, on an expedited basis, IGV associated with Corani capital investments described in its approved ESIA and the 2017 Corani Technical Report. From the Corani project acquisition date to March 31, 2024, the Company has recovered a total of S/11.7 million of Corani related IGV, equivalent to approximately $3.2 million.

IGV expense of $0.1 million represents the IGV paid during the quarter ended March 31, 2024. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of March 31, 2024, is $15.8 million (S/ 58million). Of this amount, $4 million is attributable to Bear Creek Mining S.A.C., of which $nil is available for expedited recovery as at March 31, 2024. 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.

Exploration Projects

The Company reduced its exploration activities in Peru to preserve cash and focus on Mercedes. The Company maintains a core exploration staff to manage its existing projects.

Results of Operations

Three months ended March 31, 2024, as compared to the three months ended March 31, 2023

For the three months ended March 31, 2024, the Company recorded a net loss of $17.3 million compared to a net loss of $11.6 million for the three months ended March 31, 2023, an increase in loss of $5.6 million. The Company's net loss per share for the three months ended March 31, 2023, was $0.08, compared to a net loss per share of $0.08 for the comparable period in 2023.

	Three Months Ended March 31		
	2024 (000'$)	**2023 (000'$)**	**Difference (000'$)**
Revenue	27,532	24,281	3,251
Production costs	(16,790)	(14,375)	(2,415)
Depletion amortization and depreciation	(7,403)	(11,166)	3,763
Gross profit (loss)	**3,339**	**(1,260)**	4,599
Operating Expenses			
Corani engineering and evaluation costs	(2,074)	(1,625)	(449)
Share-based compensation	60	(253)	313
Wages and management salaries	(432)	(224)	(208)
Exploration and evaluation costs	(1,294)	(896)	(398)
Professional and advisory fees	(244)	(105)	(139)
General administrative expenses	(851)	(1,532)	681
Loss before other items	**(1,496)**	**(5,895)**	**4,399**
Foreign exchange gain(loss)	(253)	(1,501)	1,248
Interest and accretion expense	(1,910)	(2,569)	659
Gain (loss) on valuation of embedded derivative	(1,396)	742	(2,138)
Gain (loss) on valuation of warrant liability	(694)	-	(694)
Change in fair value of stream arrangements	(2,557)	(1,980)	(577)
Loss on debt restructuring	(8,289)	-	(8,289)
Finance income	60	89	(29)
Loss and comprehensive loss before tax	**(16,535)**	**(11,114)**	**(5,421)**
Net mining law duty and income taxes	(754)	(528)	(226)
Loss and comprehensive loss	**(17,289)**	**(11,642)**	**(5,647)**

During the three months ended March 31, 2024, the Company had revenues of $27.5 million compared to $24.3 million in the comparative period for 2023. The Company sold a total of 12,679 gold ounces at an average price of $2,052/oz during the three months ended March 31, 2024 (2023 – 13,612 gold ounces at an average price of $1,724/oz).

Production cost of sales was $16.8 million in Q1 2024 compared to $14.4 million in Q1 2023. The gross profit from Mercedes' operations was $3.3 million during the three months ended March 31, 2024 compared to a gross loss from operations of $1.3 million in 2023. During the reporting quarter the production costs continued to be negatively impacted by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and steel products (such as grinding media). Indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers were also experienced. The rise in the Mexican peso exchange rate also raised mining contractors' costs.

During the three months ended March 31, 2024, spending on the Corani property was $2.1 million, which was an increase of $0.4 million from $1.6 million incurred during the three months ended March 31, 2023, primarily due to increased environmental and consulting costs. All other Corani related costs were comparable.

Exploration costs incurred on other projects, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, was $1.3 million (2023 - $0.9 million) during the quarter. General and administration costs of $0.9 million were lower by $0.7 million when compared to $1.5 million in Q1 2023 as management focused on cost containment and operational efficiencies. Professional costs increased slightly in Q1 2024 by $0.1 million when compared to Q1 2023 due to tax, audit and legal compliance related costs associated with general corporate matters. The Company's other operating costs were comparable.

During the three months ended March 31, 2024, the Company had a foreign exchange loss of $0.3 million, compared to a loss of $1.5 million during the three months ended March 31, 2023. The foreign exchange loss recognized by the Company is primarily a function of slower appreciation of Mexican Peso compared to the US dollar in Q1 2024. Interest and accretion expense decreased by $0.7 million during Q1 2024 compared to Q1 2023, due to the decreased interest on the $26 million Deferred Payment that was renegotiated into the Note, issued on October 19, 2023, and the Short Term Loan as well as changes in the asset retirement obligation.

The Company fair values the conversion feature of its convertible debentures, and call options granted as part of notes payable at each period end and recorded a loss of $1.4 million (Q1 2023 – gain of $0.7 million) presented as a change in fair value of the derivatives embedded into the Equinox Note and Sandstorm Loan. The major factor impacting this loss was the change in share price of the Company during the quarter.

The Company fair values the warrant liability associated with financing in Q4 2023 and recorded a gain of $0.7 million (Q1 2023 – nil) due to the fluctuations in the Company's share price.

As a part of the debt restructuring, the Company derecognized deferred revenue associated with Sandstorm Gold Purchase Agreement on January 22, 2024, and determined fair value of the

Restructured Sandstorm Gold Stream. Fair value of the Restructured Silver Stream has also been determined as at January 22, 2024. The change in fair value of the Company's stream arrangements as at March 31, 2024 of $2.6 million (as compared with $2.0 million in Q1 2023) is primarily due to change in metals price, remaining deliveries and discount rates utilized.

As at March 31, 2024, the Company recorded a $8.3 million loss on the Restructuring Agreement (Q1 2023 - $nil).

During the three months ended March 31, 2024, the Company recorded a net special mining law and income tax expense of $0.8 million (Q1 2023 – expense of $0.5 million). Special mining law expense/recovery is a special levy of 7.5% based on the extractive activities carried out in Mexico and profits or losses generated from sale of such activities.

The increase in comprehensive loss of $5.6 million in Q1 2024 compared to Q4 2023 was primarily due to the $8.3 million loss on the Restructuring Agreement offset by higher gross profit of $3.3 million.

Summary of Quarterly Results

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

	Revenues ($ millions)	**Loss (income) for the period ($ millions)**	**Basic and fully diluted loss (income) per share**
Q1 2024	$27.5	$17.3	$0.08
Q4 2023	$26.2	$9.9	$0.04
Q3 2023	$18.8	$9.8	$0.06
Q2 2023	$19.9	$7.6	$0.05
Q1 2023	$24.3	$11.6	$0.08
Q4 2022	$24.4	$11.0	$0.07
Q3 2022	$26.5	$7.7	$0.05
Q2 2022	$10.1	$(0.2)	($0.00)

With the acquisition of Mercedes, quarterly results will fluctuate as operating results and metal prices change from period to period. Additional impacts that cause fluctuations in the Company's quarterly results include the timing of vesting and valuations attributable to share-based compensation and derivative liabilities, expenditure levels on exploration projects, and foreign exchange gains or losses related to the Canadian Dollars, Mexican Pesos or Peruvian Sol cash balances as well as one-time charges related restructuring efforts.

Liquidity and Capital Resources

Liquidity Update

During the three months ended March 31, 2024, the Company closed the Restructuring Agreement with Sandstorm with a continued focus on improving liquidity.

At March 31, 2024, cash of $6.3 million consisted of C$0.9 million ($0.7 million), S/ 0.2 million

($0.1 million), M$4.5 million ($0.3 million) with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2024 are expected to be denominated in US dollars. The Company's Mercedes operation expenditures are approximately 40% in US dollars and 60% in Mexican pesos. During the three months ended March 31, 2024, the Company had a cash inflow from operating activities of $6.6 million compared to a cash inflow of $4.0 million in Q1 2023.

Total cash spent on investing activities amounted to $4.5 million related primarily to the payments for mine development at Mercedes (Q1 2023 - $3.6 million).

Total cash flow from financing activities amounted to $0.3 million, primarily related to drawdown from Interim Credit of $1.1 million offset by interest paid $0.7 million during the three months ended March 31, 2024.

Cash as at March 31, 2024 was $6.3 million compared to $3.9 million at December 31, 2023. Not included in cash and cash equivalents as of March 31, 2024 is $2.0 million; this amount is considered restricted and serves as a partial guarantee for future mine closure obligations.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at March 31, 2024:

Expenses in (000'$)	**2024**	**2025**	**2026**	**2027**	**2028 and Beyond**	**Total**
Accounts payable and accrued liabilities	$28,325	-	-	-	$722	$29,047
Provision-Environmental costs	-	-	3,120	2,539	10,508	16,167
Community projects	1,075	1,075	1,075	1,075	12,900	17,200
Other liabilities	57	33	33	680	-	803
Office space leases	70	-	-	-	-	70
Vehicle rentals	266	-	-	-	-	266
Equinox Gold Short Term Loan	1,398					1,398
Streaming Arrangements	5,481	4,641	3,753	3,753	2,815	20,443
Note Payable – Principal	-	-	-	-	19,792	19,792
Note Payable – Interest	1,039	1,385	1,385	1,385	1,098	6,292
Equinox payment - Principal	-	-	-	-	26,632	26,632
Equinox payment – Interest	1,398	1,864	1,864	1,864	1,841	8,831
Debenture – Repayment	-	-	-	-	22,500	22,500
Debenture – Interest	1,181	1,575	1,575	1,575	1,222	7,128
Total as at March 31, 2024	**$40,290**	**$10,573**	**$12,805**	**$12,871**	**$100,030**	**$176,569**

Issued Shares and Share Purchase Options

The Company has established a share purchase option plan (the "Stock Option Plan") and a long-term incentive plan ("LTIP"). Under the Stock Option Plan, which is a "10% rolling 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. 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 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 ("RSUs" and "DSUs", respectively) 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 may, from time to time, award RSUs or DSUs to directors, officers, employees, and in the case of RSUs, consultants. Under the LTIP, which is a "fixed plan", 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.

As at March 31, 2024, the following stock options, RSUs and DSUs were granted:

	March 31, 2024
Issued and outstanding shares	**227,575,785**
Limit under Stock Option Plan and LTIP (10% of issued and outstanding shares)	**22,757,579**
Less stock options under grant and outstanding	**9,666,667**
Less RSU's granted	**1,000,000**
Less DSU's granted	**1,000,000**
Shares reserved under the stock option and LTIP grants	**11,090,912**

	March 31, 2024
RSU & DSU limit under LTIP	**5,000,000**
Less RSUs granted	**1,000,000**
Less DSUs granted	**1,000,000**
RSUs & DSUs available to be granted	**3,000,000**

Non GAAP Measures

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

This MD&A includes disclosure of certain financial measures or ratios, as such terms are used in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure, including Cash Cost, All-In Sustaining Cost ("AISC") and Adjusted Earnings. These Non-GAAP financial measures are not standardized financial measures under IFRS Accounting Standards ("IFRS") and might not be comparable to similar measures presented by other companies. The Company believes that these measures and ratios provide investors with an improved ability to evaluate the prospects of the Company as they provide additional information related to operating performance and are widely used in the mining industry.

The Company has adopted the practice of calculating a performance measure consisting of the net cost of producing an ounce of gold after deducting revenues gained from silver by-product production.

Gold Cash Cost and AISC are calculated net of credits for realized silver revenues and are calculated per ounce of gold sold. The Company adds the governmental royalty of 0.5% for special mining law, third-party net smelter royalties and adjustments for finished goods related to the increase or decrease in remaining inventory to the cost of production. Other adjustments may be made as required.

	Three Months Ended March 31, 2024 000'$	Three Months Ended March 31, 2023 000'$ [2]
Production costs	**$15,556**	**16,052**
Royalty expense	944	840
Inventory adjustment	15	502
By-product silver credits	(1,520)	(912)
Direct Cash Cost	**$14,995**	**$16,482**
Reclamation and remediation	418	311
Sustaining capital expenditures [1]	3,575	2,472
Exploration and evaluation expense	1,150	760
AISC	**$20,138**	**$20,026**
Gold ounces sold	**12,679**	**12,482**
Cash Cost US$ per gold ounce sold	**$1,183**	**$1,320**
AISC US$ per gold ounce sold	**$1,588**	**$1,604**

1) Sustaining capital expenditures consist primarily of underground mine development, building, and other equipment related expenditures.
2) Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.

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

	Three Months Ended March 31, 2024 000'$	Three Months Ended March 31, 2023 000'$[2]
Cost of Goods Sold	**$16,880**	**$14,375**
NSR Adjustment[1]	-	478
Overhead Adjustment	563	760
Inventory Adjustment	(325)	1,781
By-product silver credits	(1,520)	(912)
Other Adjustments	(603)	-
Direct Cash Cost	**$14,995**	**$16,482**

(1) *Certain NSRs were presented as administrative expense in the prior year.*
(2) *Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.*

Total Operating Costs, Net of Capitalized Items

The Total Operating Costs, Net of Capitalized Items is a financial measure that does not have any prescribed meaning by IFRS and therefore, may not be comparable to similar measures presented by other companies. The Company has adopted the practice of calculating these costs to measure its operational performance.

The following table provides the reconciliation of this measure to the applicable cost items, as reported in the consolidated financial statements for the respective period.

	Three Months Ended March 31, 2024 (000'$)	Three Months Ended March 31, 2023 (000'$) [1]
Total Operating Costs, net of Capitalized Items	**$15,556**	**$16,052**
Finished goods adjustment	15	502
Royalties - Extraordinary mining tax	135	123
Overhead adjustment	(563)	(760)
Inventory adjustment	325	(1,781)
Net smelter return royalty	809	239
Accrued obsolete inventory	603	-
Production Costs (Cost of Goods Sold)	**$16,880**	**$14,375**

1) *Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.*

Adjusted Earnings and Adjusted Earnings per Share

Adjusted Earnings and Adjusted Earnings per Share are a Non-GAAP financial measures that are not standardized IFRS and might not be comparable to similar measures presented by other companies. Adjusted Earnings excludes deferred taxes, unrealized foreign exchange, changes in fair values of financial instruments, impairments and reversals due to net realizable values, restructuring and severance, and other items which are significant but not reflective of the underlying operational performance of the Company. We believe these measures are useful to market participants because they are important indicators of the strength of our operations and the performance of our core business.

	Three Months Ended March 31, 2024 (000'$)	Three Months Ended March 31, 2023 (000'$)
Net Income (Loss) for the period	($17,289)	($11,642)
Unrealized foreign exchange gain (loss)	(253)	(1,501)
Change in FV of embedded derivative	(1,396)	742
Change in fair value of stream arrangements	(2,557)	(1,980)
Gain (loss) on valuation of warrant liability	(694)	-
Loss on restructuring agreement	(8,289)	-
Adjusted Earnings	**($4,100)**	**($8,900)**
Millions of shares outstanding	220.6	154.5
Adjusted Earnings per Share	**($0.02)**	**($0.06)**

Related Party Transactions

Compensation of Key Management Personnel

The remuneration of the directors, the Chief Executive Officer, the Chief Operating Officer and Chief Financial Officer (collectively, the key management personnel) was as follows:

	Three Months Ended March 31, 2024 (000'$)	Three Months Ended March 31, 2023 (000'$)
Salaries and directors' fees (1)	**$753**	**$471**
Share-based compensation	**78**	**123**
	$831	**$594**

(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*.

The $0.2 million quarter-on-quarter increase in the key management personnel's compensation is related to the compensation paid to outgoing Chief Financial Officer. Key management personnel were not paid post-employment benefits or other long-term benefits.

At March 31, 2024, $0.1 million (December 31, 2023 - $nil) was due for director fees.

Sandstorm Gold Ltd.

Sandstorm Gold Ltd. ("Sandstorm") is deemed a related party of the Company and owns 19.99% of the Company's issued and outstanding common shares at March 31, 2024. On January 22, 2024, the Company closed the Restructuring Agreement with Sandstorm. Total consideration issued to Sandstorm for debt restructuring is estimated to be $20.8 million, comprised of:

- Common shares issued (28,767,399 common shares) with a fair value of $4.1 million.
- A 1.0 % net smelter returns royalty on the Company's Corani Project with a fair value of $12.0 million.
- The Company increased the principal amount of the Sandstorm Promissory Note by $4.2 million as additional consideration.

Equinox Gold

Equinox Gold is a related party of the Company and currently owns 11.16% of the Company's issued and outstanding common shares. The Company has entered into the Equinox Note and Short Term Loan with Equinox Gold.

Accounting Policies

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 and requires management to make use of accounting estimates. The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances and result in judgments about the carrying value of assets and liabilities. Actual results could differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements, except for the valuation of the Restructuring Agreement with Sandstorm. In determining the effects of the Restructuring Agreement, significant estimation was involved in determining the fair value of the amended stream and debt agreements, as well as the consideration given with respect to the 1% Corani NSR royalty. The significant assumptions are summarized in the Sandstorm Restructuring Agreement section of this MD&A as well as in the notes to the Interim Condensed Consolidated Financial Statements for the first quarter of 2024.

Amendments to IAS 1 – Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled Non-current liabilities with covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of liabilities as current or non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The Company adopted these amendments effective January 1, 2024, applied them retrospectively as required by the transitional provisions of the amendments and included restated consolidated statements of financial position for the comparative periods ended December 31, 2023 and as at January 1, 2023.

Amendments to IAS 1 resulted in a reclassification of equity-settleable convertible notes and warrant liabilities from non-current liabilities to current liabilities as at December 31, 2023 and January 1, 2023. The convertible notes are convertible at the option of the holders upon satisfaction of certain conditions that are beyond the control of the Company. If such conditions are satisfied, the convertible notes would be convertible at the option of the holders and upon conversion, the convertible notes may be settled, at the Company's election, in common shares of the Company, cash or a combination thereof. As a result, the Company does not have the right to defer settlement of the convertible notes for more than 12 months after the end of the reporting periods. Similarly, the Company has share purchase warrants outstanding in which each share purchase warrant is exercisable at the option of the holders into one common share of the Company, and therefore the Company also does not have the right to defer settlement of the warrant liability for more than 12 months after the end of the reporting periods.

Material Accounting Estimates and Judgments

The preparation of the interim condensed 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 of accounting policies, the recoverability of resource properties, uncertain tax positions, mineral resources and reserves, value added taxes, convertible debentures including the Note and the Amended Convertible Debenture, warranty obligation and notes payable including the Sandstorm Promissory Note, streaming arrangements, asset retirement obligations and valuation of certain other obligations. Actual results could differ from these estimates.

Financial Instrument 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 six 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 March 31, 2024, the fair value of conversion feature of the $22.5 million Amended Convertible Debenture and $14.3 million Sandstorm Promissory Note, and the streaming arrangements are measured at fair value using Level 3 inputs. The fair value of the conversion option of the Amended Convertible Debenture and call options of the Sandstorm Promissory Note is determined using partial differential equation model. The fair value of the streaming arrangements is determined based 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 March 31, 2024, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican pesos, and Peruvian Soles.

		March 31 2024	
	Canadian Dollars (000'$)	**Peruvian Soles (000'$)**	**Mexican Pesos (000'$)**
Cash	89	217	4,453
Receivables	39	59,040	229,232
Accounts payable, accrued liabilities and other	(389)	(2,850)	(249,018)
Provision for environmental rehabilitation	-	-	(278,754)
Community project obligation	-	(37,752)	-
Net exposure	**(261)**	**18,655**	**(294,087)**

Based on the above net exposures at March 31, 2024, 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 $20,000 (C$ 27,000) 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 $501,000 (S/1,866,000) 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 $1,772,000 (M$ 29,409,000) 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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure sufficient funds to meet its short-term business requirements by considering anticipated revenues and cash expenditures for its operating activities. The Company will pursue equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on favorable terms.

As at March 31, 2024, the Company's financial liabilities consist of accounts payable & accrued liabilities and the current portion of community projects and other liability, principal and interest payment of convertible debentures, streaming arrangements, lease obligations and note payable totaling $40.3 million, which are expected to be paid over the next twelve months, and the long-term portion of such liabilities of $136.3 million, which are expected to be paid over the next five years. With the current liquidity position, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine in order to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern.

The Company will monitor its cash requirements and the economic conditions closely and may further take steps to improve liquidity via financing or some other methods. The Company has taken various steps to improve liquidity by closing the recent equity financings, issuing the Note, and closed the Sandstorm Restructuring Agreement on January 22, 2024. Management also continues to focus on on-going continuous improvement opportunities at the Mercedes mine.

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 March 31, 2024, the Company had minimal funds invested in interest earning savings accounts.

v. Price risk

The fair value of the Mercedes 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. As at March 31, 2024, a 10% change in the price of gold and silver would have resulted in a change to the stream arrangements liability of approximately $1.9 million.

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 six types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include the convertible debenture.

The Company measures the embedded derivative liability portion of the debt instruments at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to “mark to fair value” the derivative features could significantly affect the results in the statement of comprehensive income. If the Company’s share price had been 20% higher than it was on March 31, 2024 the fair value of the embedded derivative liability of the Company’s debt instruments and warrant liability would have increased by $2.3 million, which would have resulted in the Company recording a combined loss on the fair valuation of the embedded derivative and warrant liability of $4.4 million instead of a loss of $2.1 million.

Management of capital

The Company’s capital management objectives are intended to safeguard the Company’s ability to support the Company’s development and exploration of its mineral properties and support any expansion plans. The Company’s working capital deficiency as at March 31, 2024 was $88.2 million (December 31, 2023, restated under IAS 1 as $89.7 million). Material uncertainty remains in relation to the Company generating necessary cash flow from operations or raising financing in the form of debt or equity, which may give rise to significant doubt about the Company’s ability to continue as a going concern.

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

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

There were no changes in approach to capital management during the three months ended March 31, 2024.

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 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 and timing of future production; (iii) net present value and internal rates of return of the proposed mining operation; (iv) capital costs, including start-up, sustaining capital and reclamation/closure costs; (v) operating costs, including credits from the sale of silver, lead and zinc; (vi) waste to ore ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals; (viii) expected processing recoveries; (ix) expected time frames; (x) prices of metals and minerals; (xi) mine life; (xii) expected exploration and development programs and their timing and success; (xiii) expected taxation rates and structure; (xiv) expected mineralization; and (xvi) adequacy of cash balances. The future performance of Mercedes will depend upon whether the Company is able to realize current estimates, predictions, expectations or beliefs about future events including, without limitation: the estimated amount of Mineral Reserves and Mineral Resources; the anticipated merits of the Mercedes Mine; projected exploration budgets; anticipated future replacement of Mineral Reserves and Mineral Resources; cost estimates used in the 2022 Mercedes Report are reasonably accurate; and that there are no material adverse changes in the price of gold and silver and other metals or general economic and political conditions.

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

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections, and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions, and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, but specifically include, without limitation, risks related to exploration and development programs and their timing and success; risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals and minerals markets; risks relating to fluctuations in the Canadian dollar, Peruvian Sol and Mexican Peso relative to other currencies; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors, changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; the effects of competition in the markets in which the Company operates; operational and infrastructure risks; and the additional risks described in the Company's Annual Information Form for the year ended December 31, 2023, in the 2019 Report in respect of the Corani project dated December 17, 2019, and in the 2022 Mercedes Report dated April 22, 2022 as filed on SEDAR+. 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.

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 for the year ended December 31, 2023, available SEDAR+.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the three months ended March 31, 2024 and this accompanying MD&A.

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.sedarplus.ca.

Approval

The Board of Directors of Bear Creek has approved the disclosure contained in this MD&A.

Additional Information not part of the MD&A

Additional information relating to Bear Creek is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.bearcreekmining.com.