BEAR CREEK MINING CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2024

Table of Contents

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared as of August 26, 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 and six months ended June 30, 2024. These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). This MD&A should also be read in conjunction with the Company's audited consolidated financial statements and annual MD&A for the year ended December 31, 2023. 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.

Q2 2024 Highlights

During the Q2 2024 and to the date of this MD&A, the Company:

- Produced 9,304 oz of gold and 40,893 oz of silver in Q2 2024. Gold and silver production for six months were 21,532 oz and 84,933 oz, respectively;
- Appointed Mr. Donald Mc Iver to the position of Vice President, Exploration and Geology;
- Continued to make technical changes at Mercedes to improve operating performance;
- Enhanced Mercedes' ground control management plan (GCMP) to overcome historical geotechnical challenges and development deficits;
- Completed the North lateral ramp at Marianas, which includes two important pivots, into

the north and central ore bodies planned for late 2024 and 2025 production;

- Completed infrastructure projects at the San Martin deposit, including the new ventilation raise. This will allow acceleration of development by adding additional faces for ore extraction.

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 during the six-months period averaged 94% for gold and 38% for silver. Tailings undergo cyanide detoxification before deposition or being used as backfill in the mine.

Operation Highlights

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	**Year to date June 30, 2024**	Year to date June 30, 2023
Ore tonnes mined - kt	93	121	199	255
Tonnes milled – kt	96	125	205	260
Average gold grade mined – g/t	3.30	2.75	3.58	2.84
Average gold grade milled – g/t	3.23	2.42	3.48	2.67
Average silver grade mined - g/t	34.93	34.73	37.85	31.36
Average silver grade milled - g/t	31.60	33.47	34.62	30.73
Recovery rate gold - %	94%	95%	94%	95%
Recovery rate silver - %	42%	30%	38%	31%
Production:				
Gold oz	**9,304**	9,212	**21,532**	21,250
Silver oz	**40,893**	39,827	**84,933**	80,068

The Mercedes Mine had two lost time incidents (“LTI”) and no reportable environmental incidents during the three and six months ended June 30, 2024.

Mercedes' production in Q2 2024 is comprised of material from three main deposits: San Martín, Diluvio and Lupita. A total of 93,093 tonnes of ore was mined during the quarter, in line with expectations, (Q2 2023: 121,490 tonnes ore mined). For the six months ended June 30, 2024 a total of 199,458 tonnes of ore were mined (H1 2023: 255,110 tonnes). The reduced ore throughput compared with previous periods is primarily a result of the reduction in dilution and the decision to pivot away from the vertical ramp in Marianas (described below). The average gold grade mined during the quarter increased to 3.3 g/t compared with the prior year (Q2 2023: 2.75 g/t), and the average silver grade mined increased slightly to 34.93 g/t from 34.73 g/t in Q2 2023. The gold grade mined during the six months of 2024 of 3.58 g/t was significantly better than the average grade for the comparable period of 2023 (H1 2023: 2.84 g/t). Silver grade improved as well compared to the last year being 37.85 g/t during the six months of 2024 vs 31.36 g/t during the same period of 2023. With the completion of the vent raise in San Martin, mining progress improved in Q2 2024 with significant advance in infrastructure development, adding additional operating faces to be mined through the remainder of the year. 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 has been the largest contributor of production from Mercedes and will continue to contribute meaningfully through the end of 2024.

At the Marianas deposit the Company made the strategic decision in Q1 2024 to discontinue development of the central vertical ramp and to drive a new lateral ramp in substantially more stable rock, which development was completed during Q2 2024. The central vertical ramp was situated in the hanging wall of a significant shear zone, which caused poor ground conditions, contributing to rock stability issues, cost increases and lower production. The new lateral ramp allows for both development to the north ore body of Marianas and for reestablishment of a new central vertical ramp that is offset from the shear zone of the hanging wall. Both areas of development achieved planned goals during Q2 2024, reaching the north ore body pivot and reestablishing a new central ore body vertical ramp pivot. Additionally, three infill drill stations were added, completing two campaigns in Q2 with the last station infill program to be completed at the end of September. Both the north and central ore bodies of Marianas are expected to be significant contributors of ore in the later part of 2024 and in 2025.

During Q2 2024, the plant processed 95,727 tonnes of ore (Q2 2023: 125,140 t) with an average gold grade of 3.23 g/t (Q2 2023: 2.42 g/t) and silver grade of 31.60 g/t (Q2 2023: 33.47 g/t). Gold recovery of 94% in the quarter decreased slightly as compared with Q2 2023 of 95%. The silver recovery increased to 42% (Q2 2023: 30%). As a result, 9,304 ounces of gold and 40,893 ounces of silver were produced in the quarter. (Q2 2023: 9,212 ounces of gold and 39,827 ounces of silver). Silver recovery has shown a marked improvement due to change in the minerology and larger particle sizing, primarily in San Martin.

During the six-month period ending on June 30, 2024 the plant processed 205,007 tonnes of ore (H1 2023: 259,620 tonnes processed) with an average gold grade of 3.48 g/t (H1 2023: 2.67 g/t) and silver grade of 34.62 g/t vs 30.73 g/t during the same period of 2023. Gold recovery decreased slightly to 94% from 95% during the six months of 2023, whereas silver recoveries of 38% increased substantially from 31% achieved during the comparable period of 2023. As a result, 21,532 oz of gold and 84,933 ounces of silver were produced during the first half of 2024 (H1 2023: 21,250 oz of gold and 80,068 oz of silver).

Management continues to focus on first principles both in operations and contractor management and controls. First principles in mining include ground control management plans for all mines with prescribed fortification, proper ventilation raises, first, in San Martin, which witnesses an increase in ore extraction rates. The management team is currently finalizing ventilation designs for the Marianas deposit, where the results similar to those of San Martin are anticipated. Cost control initiatives, including contracts that help to replace aged machinery with equipment that is right sized for the extraction and exploitation of the Marianas ore body, are continuing in an effort to further optimize and improve Mercedes' production results. Subsequent to the quarter-end a new haulage contract, that consolidated both surface and underground operations with one contractor, has been executed. The management team is currently working on the finalization of the mining contract which intends to also consolidate activities and better control dilution.

The focus on mine development continued with 2,569 meters of development occurring during the second quarter and 5,349 meters completed during the six months of 2024 (compared with 2,396 m developed to June 30, 2023).

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, which has experienced delays as a result of implementation of Mexico's new mining law announced in 2023. 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 June 30, 2024 (000'$)	Three Months Ended June 30, 2023 (000'$)	**Six Months Ended June 30, 2024 (000'$)**	Six Months Ended June 30, 2023 (000'$)
Labour	**4,986**	4,181	**9,861**	7,902
Operating Materials	**3,181**	4,139	**7,048**	8,953
Maintenance Materials	**581**	936	**1,750**	2,732
Power	**1,406**	1,656	**3,039**	3,237
Operating Contractors	**6,160**	4,372	**12,451**	9,247
General Expenses	**1,342**	699	**2,249**	1,624
Stockpile / FG / WIP Adjustments	**188**	(60)	**(134)**	(9)
Other Items	**201**	178	**358**	355
Total Cost	**18,044**	16,221	**36,622**	34,037
Less: Costs Capitalized as Mine Development Expenditures	**(2,467)**	(2,592)	**(5,489)**	(4,355)
Total Operating Costs Net of Capitalized Items [1]	**15,577**	13,629	**31,133**	29,682

[1] Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 23.

During the second quarter of 2024, labour costs increased by 20% ($0.8 million) as compared to Q2 2023, primarily as a result of Union Agreement negotiations that take place every two years and occurred during the quarter, and severance payments due to a reduction in the Mercedes work force by 59 employees. Year to date labour costs have also been negatively impacted by the strengthening peso, which appreciated to 17.1 M$/USD as compared to the average of 18.2 M$/USD during the comparable period of 2023.

Operating and maintenance material costs in Q2 2024 decreased by $1 million and $0.4 million during the three and six months ended June 30, 2024 respectively, compared to the three and six months ended June 30, 2023; the decrease in costs during the three months ended was mainly due to lower cement consumption by $0.4 million, fuel by $0.3 million, other operating supplies by $0.3 million, as well as reduction in heavy equipment maintenance costs by $0.3 million. The decrease in the same cost categories in during the six months ended June 30, 2024 is mainly attributable to the lower consumption of cement by $0.9 million, fuel by $0.3 million, reduction in other operating supplies costs by $0.6 million, as well as lower heavy equipment maintenance costs by $0.8 million.

Energy consumption in 2Q 2024 compared to 2Q 2023 decreased by 15%, mainly due to a 20% decrease in kWh consumed as a result of lower volume of ore mined and ore processed. The H1 energy costs are lower for the same reason.

Contractor costs in 2Q 2024 increased significantly by 41% ($1.8 million) compared to 2Q 2023, due to an increase in operations contractor services, primarily mining. Year to date contractor costs increased by 35% ($3.2 million) as compared to 1H 2023, due to the engagement of additional operations contractor services focused on accelerating mine development and reducing dilution.

Mining methodologies continue to be adapted at the Marianas deposit in order to help reduce dilution and mining costs, with particular focus applied during Q2 2024 on controlling and reducing dilution, improving the gold grade reporting to the mill, and implementing 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 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 following table reconciles the mining cost to the Total Operating Costs, Net of Capitalized Items, for the three and six months ended June 30, 2024.

	Three Months Ended June 30, 2024 (000'$)	Three Months Ended June 30, 2023 (000'$)	**Six Months Ended June 30, 2024 (000'$)**	Six Months Ended June 30, 2023 (000'$)
Mining Cost	**9,509**	8,344	**19,816**	19,082
Severance	**-**	122	**-**	44
Plant	**2,821**	2,894	**5,966**	6,104
G&A	**2,070**	1,664	**3,799**	3,006
Overhead	**821**	406	**1,384**	1,165
Refining Charge	**167**	140	**301**	289
MIC Adjustment	**(46)**	41	**(133)**	(9)
Stockpile Adjustment	**235**	18	**-**	1
Total Operating Costs, Net of Capitalized Items (1)	**15,577**	13,629	**31,133**	29,682

1) Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 23.

Exploration

The Company continued with the delineation infill drilling program with a particular focus on Marianas, but also within the Diluvio West, Intermediate, GAP and Barrancas deposits. Results from this drilling are required to increase confidence in the Mineral Resource extensions and reduce risk during reserve conversion and the following mine planning stages.

The mines exploration drilling program continued during Q2 2024 with advances in San Martin displacement, Margarita East, Klondike displacement, Rey de Oro Deep, Diluvio Northwest and Lagunas West. The approach has been using RC drilling for the pre-collars before converting to more expensive diamond drilling through the deeper mineralized sectors located below. Mineral Resource expansion drilling expenditures in Q2 2024 were $0.6 million. Additional attention was also placed on delineation continuity drilling with $0.4 million spent during the quarter.

Outlook

Preparation of upgraded geological and block models is in progress for all Mercedes deposits. These are being prepared for an update on the Mineral Resource to Reserve conversion at increased gold & silver prices, for use in mine planning, production scheduling and subsequent determination of mining costs to be incorporated into a new economic model. The study is being conducted by external experts and is expected to be completed early in Q4 2024. The continued focus on development as well as delineation and exploration drilling, will support the plans for short and medium-term production planning as well as the 2025 budgeting process.

The Company has commenced a program to delineate new prospects, with the potential to lead to new mineral resources proximal to Mercedes' current operations, to be followed by a second phase of work aimed at expanding the existing interpretation of the remainder of the Mercedes concessions with a view to defining key mineralized systems and new mineralization models. This holistic program integrates Machine Learning tools, aeromagnetic survey data, ground-based geochemistry and geological observations with concomitant interpretations. Additionally, specialized geological consultants are being contracted to better understand the complex structural environment of precious metal deposition at Mercedes and more precisely guide ongoing exploration efforts. Several new possible mineralized structures have been identified including a possible parallel structure to the primary Mercedes vein.

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). No development was made with this issue during the reporting period. 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 which came into 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 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. The "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 fair value of the NSR royalty for Corani was determined using comparable market transactions, and the mineral resource estimate for Corani was prepared by third-party qualified persons.

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 carrying 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 June 30, 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:

	June 30, 2024	**January 22, 2024**
Estimated life of Mercedes mine	8 years	8 years
Forward gold price range	\$1,985 – \$2,696	\$1,952 – \$2,393
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	(2,712)
Debt issue costs	(28)
Change in fair value	4,259
Balance – June 30, 2024	**18,869**
Less: current portion	7,668
Non-Current Portion	11,201

During the six months period ended June 30, 2024, the Company delivered 1,650 ounces (June 30, 2023 – nil) of refined gold to Sandstorm under the Restructured Gold Stream and recognized total sales revenue of \$3.6 million (June 30, 2023 – \$nil), including the 25% cash sales.

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 June 30, 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:

	June 30, 2024	**January 22, 2024**
Estimated life of Mercedes mine	8 years	8 years
Forward silver price range	$25.40 - $33.44	$22.56 - $24.00
Discount rate	11.7%	11.7%

For the six months period ended June 30, 2024, the Company, in accordance with the Restructuring Agreement made no deliveries (June 30, 2023 – 149,193 ounces) of silver as part of this stream and recorded revenue of $nil (June 30, 2023 - $3.5 million).

The Company's Restructured 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	207
Balance – June 30, 2024	**2,047**
Less: current portion	-
Non-Current Portion	2,047

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 ended June 30, 2024. The geometallurgical program involved drilling nine 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 with additional samples sent subsequent to the quarter-end to expand variability testing. Final metallurgical results on all submitted samples are expected to be received in late 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/28 million ($8.2 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 June 30, 2024, the liability has a remaining balance of $9.3 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 and six months ended June 30, 2024, the Company incurred expenses of $1.7 million and $3.8 million on the Corani Project. The details of the expenses incurred are as follows:

Corani Engineering and Evaluation Costs:	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2024 (000'$)	2023 (000'$)	**2024 (000'$)**	2023 (000'$)
Community contributions	**344**	319	**641**	657
Drilling	**-**	191	**-**	191
Detailed engineering	**91**	21	**124**	45
Environmental	**(45)**	5	**122**	113
Maintenance Cost	**64**	57	**66**	57
Salaries and consulting	**876**	860	**2,011**	1,758
Camp, supplies, and logistics	**446**	402	**875**	743
Travel & Other	**14**	25	**24**	35
Recovery of costs	**(95)**	(1)	**(95)**	(95)
Total Costs	**1,695**	1,879	**3,768**	3,504

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 June 30, 2024, the Company has recovered a total of S/12 million of Corani related IGV, equivalent to approximately $3.3 million.

IGV expense of $0.1 million represents the IGV paid during the quarter ended June 30, 2024. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of June 30, 2024, is $15.3 million (S/58.5 million). Of this amount, $4 million is attributable to Bear Creek Mining S.A.C., of which $0.1 is available for expedited recovery as at June 30, 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 June 30, 2024, as compared to the three months ended June 30, 2023

For the three months ended June 30, 2024, the Company recorded a net loss of $11.2 million compared to a net loss of $7.6 million for the three months ended June 30, 2023, an increase in loss of $3.6 million. The Company's net loss per share for the three months ended June 30, 2024, was $0.05, same as the net loss per share for the comparable period in 2023.

	Three Months Ended June 30		
	2024 (000'$)	2023 (000'$)	**Difference (000'$)**
Revenue	22,138	19,889	2,249
Production costs	(15,825)	(14,132)	(1,693)
Depletion amortization and depreciation	(8,937)	(8,603)	(334)
Gross profit (loss)	**(2,624)**	(2,846)	**222**
Operating Expenses			
Corani engineering and evaluation costs	(1,695)	(1,879)	184
Share-based compensation	(211)	(247)	36
Wages and management salaries	(329)	(264)	(65)
Exploration and evaluation costs	(1,023)	(254)	(769)
Professional and advisory fees	(331)	(352)	21
General administrative expenses	(968)	(607)	(361)
Loss before other items	**(7,181)**	(6,449)	**(732)**
Foreign exchange gain (loss)	2,252	(1,610)	3,862
Interest and accretion expense	(1,796)	(2,113)	317
Gain (loss) on valuation of embedded derivative	(2,076)	1,249	(3,325)
Gain (loss) on valuation of warrant liability	(872)	-	(872)
Change in fair value of stream arrangements	(1,908)	(589)	(1,319)
Finance income	31	(168)	199
Loss and comprehensive loss before tax	**(11,550)**	(9,680)	**(1,870)**
Income tax recovery (expense)	315	2,063	(1,748)
Loss and comprehensive loss	**(11,235)**	(7,617)	**(3,618)**
Loss per share	**($0.05)**	($0.05)	

During the three months ended June 30, 2024, the Company had revenues of $22.1 million compared to $19.9 million in the comparative period for 2023. The Company sold a total of 9,155 gold ounces at an average price of $2,318/oz during the three months ended June 30, 2024 (2023 – 10,132 gold ounces at an average price of $1,963/oz).

Production cost of sales was $15.8 million in Q2 2024 compared to $14.6 million in Q2 2023. As discussed earlier in this MD&A, increased contractors and labor costs are the primary reasons for the higher production costs in Q2 2024 as compared to the prior year. The gross loss from Mercedes' operations was $2.6 million during the three months ended June 30, 2024 compared to a gross loss from operations of $2.8 million in 2023.

During the three months ended June 30, 2024, spending on the Corani property was $1.7 million, a slight decrease from $1.9 million incurred during the three months ended June 30, 2023, primarily due to decreased consulting costs and higher costs recovery. All other Corani related costs were comparable.

Exploration costs, including maintaining the Company's Peruvian property interests and exploration at Mercedes, was $1 million (2023 - $0.3 million) during the quarter due to increased exploration drilling at Mercedes. General and administration costs in Q2 2024 were higher by $0.8 million when compared to $0.1 million in Q2 2023 primarily due to the increased legal fees associated with negotiating a new Union Agreement and increased insurance costs. Professional costs decreased slightly in Q2 2024 by $0.2 million when compared to Q2 2023. The Company's other operating costs were comparable.

During the three months ended June 30, 2024, the Company had a foreign exchange gain of $2.3 million, compared to a loss of $1.6 million during the three months ended June 30, 2023. The foreign exchange gain recognized by the Company is primarily a function of depreciating Mexican Peso compared to the US dollar in Q2 2024. Interest and accretion expense decreased by $0.3 million during Q2 2024 compared to Q2 2023, due to the decreased interest on the $26 million Deferred Payment that was renegotiated into the Note, issued on October 19, 2023, 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 $2.1 million (Q2 2023 – gain of $1.2 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 loss of $0.8 million (Q2 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 June 30, 2024 of $1.9 million (as compared with $0.6 million in Q2 2023) is primarily due to change in metals price, remaining deliveries and discount rates utilized.

During the three months ended June 30, 2024, the Company recorded income tax recovery of $0.3 million (Q2 2023 – recovery of $2.0 million). The decrease in recovery is caused by the movement in temporary differences in depreciation and amortization.

The increase in comprehensive loss of $3.6 million in Q2 2024 compared to Q2 2023 was primarily due to the $5.5 million increased loss on the valuation of embedded derivatives, stream arrangements and warrant liability as well as the $1.7 million reduction of the tax recovery offset by the positive FX movement of $3.9 million.

Six months ended June 30, 2024, as compared to the six months ended June 30, 2023

For the six months ended June 30, 2024, the Company recorded a net loss of $28.5 million compared to a net loss of $19.3 million for the six months ended June 30, 2023, an increase in loss of $9.3 million. The Company's net loss per share for the six months ended June 30, 2024, was $0.13, compared to a net loss per share of $0.12 for the comparable period in 2023.

	Six Months Ended June 30		
	2024 (000'$)	2023 (000'$)	**Difference (000'$)**
Revenue	49,670	44,171	5,499
Production costs	(32,615)	(28,987)	(3,628)
Depletion amortization and depreciation	(16,340)	(19,769)	3,429
Gross profit (loss)	**715**	(4,585)	**5,300**
Operating Expenses			
Corani engineering and evaluation costs	(3,768)	(3,504)	(264)
Share-based compensation	(151)	(500)	349
Wages and management salaries	(762)	(489)	(273)
Exploration and evaluation costs	(2,317)	(1,150)	(1,167)
Professional and advisory fees	(575)	(457)	(118)
General administrative expenses	(1,817)	(1,658)	(159)
Loss before other items	**(8,675)**	(12,343)	**3,668**
Foreign exchange gain (loss)	2,000	(3,115)	5,115
Interest and accretion expense	(3,708)	(4,681)	973
Gain (loss) on valuation of embedded derivative	(3,472)	1,992	(5,464)
Gain (loss) on valuation of warrant liability	(1,566)	-	(1,566)
Change in fair value of stream arrangements	(4,465)	(2,568)	(1,897)
Loss on debt restructuring	(8,289)	-	(8,289)
Finance income	91	(80)	171
Loss and comprehensive loss before tax	**(28,084)**	(20,795)	**(7,289)**
Income tax recovery (expense)	(440)	1,535	(1,975)
Loss and comprehensive loss	**(28,524)**	(19,260)	**(9,264)**
Loss per share	**($0.13)**	($0.12)	

During the six months ended June 30, 2024, the Company had revenues of $49.7 million compared to $44.2 million in the comparative period for 2023. The Company sold a total of 21,834 gold ounces at an average price of $2,163/oz during the six months ended June 30, 2024 (2023 – 23,095 gold ounces at an average price of $1,913/oz).

Production cost of sales was $32.6 million in 2024 compared to $29 million in 2023, primarily due to the increase in mining contractors' costs. The gross profit from Mercedes' operations was $0.7 million during the six months ended June 30, 2024 compared to a gross loss from operations of $4.6 million in 2023.

During the six months ended June 30, 2024, spending on the Corani property was $3.8 million, which was an increase of $0.3 million from $3.5 million incurred during the six months ended June 30, 2023, primarily due to increased consulting costs. All other Corani related costs were comparable.

Exploration costs, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, was $2.3 million (2023 - $1.2 million) due to increased exploration at Mercedes. General and administration costs of $1.8 million were in line with $1.7 million incurred in 2023. Professional fees increased slightly in 2024 by $0.1 million when compared to Q2 2023 due to tax and legal compliance-related costs associated with general corporate matters. The Company's other operating costs were comparable.

During the six months ended June 30, 2024, the Company had a foreign exchange gain of $2 million, compared to a loss of $3.1 million during the six months ended June 30, 2023. The foreign exchange gain recognized by the Company is primarily a function of depreciation of Mexican Peso compared to the US dollar in 2024. Interest and accretion expense decreased by $1 million during 2024 compared to 2023, due to the decreased interest on the $26 million Deferred Payment that was renegotiated into the Note, issued on October 19, 2023, as well as the FX impact on 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 $3.5 million (2023 – gain of $2 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 the Company's share price during the quarter.

The Company fair values the warrant liability associated with financing in Q4 2023 and recorded a loss of $1.6 million (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 June 30, 2024 of $4.5 million (as compared with $2.6 million in 2023) is primarily due to change in metals price, remaining deliveries and discount rates utilized.

As at June 30, 2024, the Company recorded a $8.3 million loss on the Restructuring Agreement (2023 - $nil).

During the six months ended June 30, 2024, the Company recorded income tax expense of $0.4 million (2023 – recovery of $1.5 million). Income tax expense in the six-months period ended June 30, 2024 is caused primarily by the 7.5% Mexican mining tax accrual.

The increase in comprehensive loss of $9.3 million in 2024 compared to 2023 was primarily caused by the $8.3 million loss on the Restructuring Agreement, change in fair value of embedded derivatives of $5.5 million, $1.6 million loss on valuation of warrant liability and $1.9 million increase of loss on the valuation of the stream arrangements offset mostly by higher gross profit of $5.3 million and foreign exchange gain.

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
Q2 2024	$22.1	$11.2	$0.05
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

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 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 to restructuring efforts.

Liquidity and Capital Resources

Liquidity Update

During the six months ended June 30, 2024, the Company closed the Restructuring Agreement with Sandstorm with a continued focus on improving liquidity.

At June 30, 2024, cash of $3.4 million consisted of C$0.1 million (June 30, 2023 - $0.1 million), S/0.3 million ($0.1 million), M$2.2 million (June 30, 2023 - $0.1 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 six months ended June 30, 2024, the Company had a cash inflow from operating activities of $5.8 million compared to a cash inflow of $7.5 million in 2023.

Total cash spent on investing activities amounted to $5.4 million related primarily to the payments for mine development at Mercedes (2023 - $3.4 million) partially offset by the restricted cash refund of $1.7 million.

Total cash used in financing activities amounted to $0.8 million, primarily related to drawdown from Interim Credit of $1.1 million offset by the interest paid of $1.7 million and lease payments of $0.2 million during the six months ended June 30, 2024.

Cash as at June 30, 2024 was $3.4 million compared to $3.9 million at December 31, 2023.

Subsequent to the quarter-end, funds in the amount of $1,875,000 have been drawn down by the

Company pursuant to the Sandstorm Promissory Note dated January 22, 2024, and will be used for continuing exploration work at Mercedes and general working capital purposes.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at June 30, 2024:

Expenses in (000'\$)	2024	2025	2026	2027	2028 and Beyond	Total
Accounts payable and accrued liabilities	\$26,924	-	-	-	\$713	\$27,637
Provision-Environmental costs	-	-	3,193	2,436	8,597	14,226
Community projects	1,042	1,042	1,042	1,042	12,510	16,678
Other liabilities	55	33	33	654	-	775
Office space leases	29	-	-	-	-	29
Vehicle rentals	173	-	-	-	-	173
Equinox Gold Short Term Loan	1,443	-	-	-	-	1,443
Streaming Arrangements	3,834	5,727	3,785	3,785	3,785	20,916
Note Payable – Principal	-	-	-	-	19,792	19,792
Note Payable – Interest	693	1,385	1,385	1,385	1,130	5,978
Equinox payment - Principal	-	-	-	-	26,632	26,632
Equinox payment – Interest	932	1,864	1,864	1,864	1,864	8,388
Debenture – Repayment	-	-	-	-	22,500	22,500
Debenture – Interest	788	1,575	1,575	1,575	1,203	6,716
Total as at June 30, 2024	**\$35,913**	**\$11,626**	**\$12,877**	**\$12,741**	**\$98,726**	**\$171,883**

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 June 30, 2024, the following stock options, RSUs and DSUs were granted:

	June 30, 2024
Issued and outstanding shares	**227,650,785**
Limit under Stock Option Plan and LTIP (10% of issued and outstanding shares)	**22,765,079**
Less stock options under grant and outstanding	**9,929,167**
Less RSU's granted	**2,622,500**
Less DSU's granted	**1,000,000**
Shares reserved under the stock option and LTIP grants	**9,213,412**

	June 30, 2024
RSU & DSU limit under LTIP	**5,000,000**
Less RSUs granted	**2,622,500**
Less DSUs granted	**1,000,000**
RSUs & DSUs available to be granted	**1,377,500**

On August 2, 2024, subsequent to the end of Q2 2024, the Company issued 200,000 stock options to an employee.

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 June 30		Six Months Ended June 30	
	2024 (000'$)	2023 (000'$)	2024 (000'$)	2023 (000'$)
Production costs(1)	**15,577**	13,629	**31,133**	29,681
Royalty expense	769	679	1,713	1,519
Inventory adjustment	(253)	442	(238)	944
By-product silver credits	(920)	(951)	(2,440)	(1,863)
Direct Cash Cost	**15,173**	14,062	**30,168**	30,544
Reclamation and remediation	426	81	844	392
Sustaining capital expenditures (2)	2,440	3,016	5,984	5,488
Exploration and evaluation expense	832	28	1,982	788
AISC	**18,841**	17,187	**38,979**	37,213
Gold ounces sold	**9,155**	9,658	**21,834**	22,140
Cash Cost US$ per Au oz sold	**1,657**	1,456	**1,382**	1,380
AISC US$ per Au oz sold	**2,058**	1,780	**1,785**	1,681

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

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 June 30		Six Months Ended June 30	
	2024 (000'$)	2023 (000'$)	2024 (000'$)	2023 (000'$)
Cost of Goods Sold	**15,735**	14,612	**32,615**	28,987
NSR Adjustment(1)	-	(478)	-	-
Overhead Adjustment	821	406	1,384	1,166
Inventory Adjustment	151	473	(174)	2,254
By-product silver credits	(920)	(951)	(2,440)	(1,863)
Other Adjustments	(614)	-	(1,217)	-
Direct Cash Cost(2)	**15,173**	14,062	**30,168**	30,544

(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 June 30		Six Months Ended June 30	
	2024 (000'$)	2023 (000'$)	2024 (000'$)	2023 (000'$)
Total Operating Costs, net of Capitalized Items	**15,577**	**13,629**	**31,133**	**29,682**
Finished goods adjustment	(253)	442	(238)	944
Royalties - Extraordinary mining tax	111	100	247	224
Overhead adjustment	(821)	(406)	(1,384)	(1,165)
Inventory adjustment	(151)	(210)	174	(1,994)
Net smelter return royalty	658	577	1,466	1,296
Obsolete inventory	614	-	1,217	-
Production Costs (Cost of Goods Sold)	**15,735**	14,132	**32,615**	28,987

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 June 30		Six Months Ended June 30	
	2024 (000'$)	2023 (000'$)	2024 (000'$)	2023 (000'$)
Net Income (Loss) for the period	(11,235)	(7,617)	(28,524)	(19,260)
Unrealized foreign exchange gain (loss)	2,252	(1,610)	2,000	(3,115)
Change in FV of embedded derivative	(2,076)	1,249	(3,472)	1,992
Change in fair value of stream arrangements	(1,908)	(589)	(4,465)	(2,568)
Gain (loss) on valuation of warrant liability	(872)	-	(1,566)	-
Loss on restructuring agreement	-	-	(8,289)	-
Adjusted Earnings	**(8,631)**	(6,667)	**(12,732)**	(15,569)
Millions of shares outstanding	227.6	154.6	224.1	154.6
Adjusted Earnings per Share	**($0.04)**	($0.04)	**($0.06)**	($0.10)

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 June 30		**Six Months Ended June 30**	
	2024 (000'$)	2023 (000'$)	**2024 (000'$)**	2023 (000'$)
Salaries and directors' fees [(1)]	**304**	343	**1,056**	727
Share-based compensation	**186**	137	**265**	271
	490	480	**1,321**	998

(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 $0.3 million increase in the key management personnel's compensation for the six months ended June 30, 2024, is related to the compensation paid to the outgoing Chief Financial Officer. Key management personnel were not paid post-employment benefits or other long-term benefits.

At June 30, 2024, $0.1 million (December 31, 2023 - $nil) was due for Directors' 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 June 30, 2024. On August 15, 2022, Sandstorm completed the acquisition of Nomad Royalty Company Ltd. 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.

The fair value of the convertible features of the Sandstorm debenture and Equinox debentures are measured using inputs that include level 2 inputs. The fair value of the conversion option of the convertible debentures is estimated using the Black-Scholes option pricing model. Key inputs used include contractual terms of the convertible note, and market-derived inputs including the Company's share price and share price volatility.

The fair value of the warrant liability is measured using inputs that include level 2 inputs. The fair value of the warrants is estimated using the Black-Scholes option pricing model. Key inputs used include contractual terms and market-derived inputs including the Company's share price and share price volatility.

The fair value of the stream arrangements is measured using inputs that include level 3 inputs. The fair value of the Company's stream arrangement is estimated based on the net present value of the expected future cash flows discounted using a market interest rate that reflects the risks associated with the liability. Key inputs include contractual terms, forecasted production at Mercedes, future gold and silver prices, and discount rate associated with the liability.

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 June 30, 2024, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican pesos, and Peruvian Soles.

	June 30, 2024		
	Canadian Dollars (000'$)	Peruvian Soles (000'$)	Mexican Pesos (000'$)
Cash	83	263	2,155
Receivables	-	59,088	217,567
Accounts payable, accrued liabilities and other	(342)	(2,857)	(223,843)
Provision for environmental rehabilitation	-	-	(274,697)
Community project obligation	-	(38,606)	-
Net exposure	**(259)**	**17,888**	**(278,188)**

Based on the above net exposures at June 30, 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 $0.1 million (C$0.1 million) 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 $0.5 million (S/1.8 million) 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 $1.5 million (MXN$ 27.9 million) 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 June 30, 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 $47.4 million, which are expected to be paid over the next twelve months, and the long-term portion of such liabilities of $124.5 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 June 30, 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 June 30, 2024, a 10% change in the price of gold and silver would have resulted in a change to the stream arrangements liability of approximately $2.1 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 June 30, 2024 the fair value of the embedded derivative liability of the Company's debt instruments and warrant liability would have increased by $3.6 million, which would have resulted in the Company recording a combined loss on the fair valuation of the embedded derivative and warrant liability of $8.6 million instead of a loss of $5.0 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 June 30, 2024 was $92.8 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 six months ended June 30, 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 six months ended June 30, 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.