BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on April 20, 2016 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2015. All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company, including the Company's annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Bear Creek's business is the acquisition, exploration and development of precious and base metal properties located in Peru. In addition to its ongoing exploration activities, the Company is advancing its 100%-owned Corani silver-lead-zinc project towards development and seeking to resolve the legal issues regarding the Santa Ana silver project in order to place the project back on the development path. Bear Creek has no revenues from its mineral properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations.

Except where otherwise indicated, Bear Creek's exploration programs and pertinent disclosure of a technical or scientific nature are prepared by or prepared under the direct supervision of Andrew Swarthout, P.Geo., President and CEO, who serves as the Qualified Person under the definitions of National Instrument 43-101 ("NI 43-101").

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1) Forward-Looking Information

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: (i) the amount of mineral reserves and mineral resources; (ii) the amount of future production over any period; (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) strip ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals and minerals; (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; (xv) adequacy of cash balances; and (xvi) resolution of disputes with the Peruvian Government. 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 “optimistic”, "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 or its consultants' 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 the project at modeled grades; (ii) the capacities of various machinery and equipment; (iii) the availability of personnel, machinery and equipment at estimated prices; (iv) exchange rates; (v) metals and minerals sales prices; (vi) appropriate discount rates; (vii) tax rates and royalty rates applicable to the proposed mining operation; (viii) the availability of financing and expected terms; (ix) financing structure and costs; (x) anticipated mining losses and dilution; (xi) metals recovery rates, (xii) reasonable contingency requirements; and (xiii) receipt of regulatory approvals on acceptable terms. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward looking statements, such as statements of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. The cost information is also prepared using current values, but the time for incurring the 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 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 financial statements and management's discussion and analysis for the year ended December 31, 2015, in the feasibility study technical report for the Corani project dated July 17, 2015 as filed on the SEDAR website (available at www.sedar.com), and in its most recent annual information form. The foregoing list of factors that may affect future results is not exhaustive.

When relying on the forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. 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.

2) Current Year Highlights

Corani Project:

On June 2, 2015, the Company announced the results of an updated and optimized feasibility study for its 100% owned Corani silver-lead-zinc deposit (the "2015 Corani FS"). A Technical Report (as defined in National Instrument 43-101) supporting the FS results was filed on SEDAR on July 17, 2015.

The 2015 Corani FS reflects significant modifications to the processing and construction designs of the Corani operation as envisioned in the Company's 2011 Feasibility Study, including: dry-stacking of the tailings resulting in elimination of the tailings impoundment and fresh water storage dams; revision of the mine sequencing plan resulting in improvements in recoveries; reconfiguration of infrastructure layouts; and equipment selection for certain areas of the processing facility. As a result, total capital costs have been reduced, the proposed Corani operation is more efficient, and its physical and environmental footprint has been diminished. The 2015 Corani FS has defined a large, low-cost, low-impact operation that the Company believes will benefit shareholders and local and national Peruvian stakeholders alike. For details regarding the 2015 Corani FS, see section 3.1

After completing the 2015 Corani FS, the Company undertook an exploratory investigation of possible Corani project-financing scenarios. Feedback from a range of potential participants, including lenders, off-take partners, development banks, equity markets, and streaming partners, aligned closely with the Company's internal conclusions that the project was financeable although the current market conditions are not optimal. As a result of the feedback received, the plans for Corani during the coming months are to continue to maintain the excellent community relationships Bear Creek has worked hard to foster, and to continue to de-risk the project by acquiring key permits in preparation for an application for the Construction Permit which is ultimately required to commence development. The Company's goal is to ensure the necessary components are in place to make sound and nimble decisions for Corani when the opportunity arises; namely more favorable market conditions and a far less dilutive financing. Considering Corani's long operations life span and silver reserves, the Company believes the project can be financed, but will require significant upfront capital access and improved metal and share prices to justify a development decision.

Importantly, in late 2015 Bear Creek submitted modifications (based on the results of the Corani FS) to its Environmental and Social Impact Assessment ("ESIA") originally approved in September 2013. In January 2016, Bear Creek received approval of the modified ESIA from the Peruvian Ministry of Energy and Mines; a key milestone for the Corani project and an important component of the eventual Construction Permit.

Santa Ana Project:

The Santa Ana arbitration, being heard at the International Centre for Settlement of Investment Disputes ("ICSID") is proceeding on schedule. Through this arbitration, the Company is seeking full reparation for, among other things, the Peruvian Government's expropriation of Santa Ana as well as resulting damages to the Corani project. The total damage award being sought, including interest, is $525M. Bear Creek's Memorial (the initial statement of claim) was filed on May 29, 2015. The Government of Peru submitted its counter-memorial on October 6, 2015, and the Company submitted its reply to Peru's counter-memorial in early January 2016. Peru's rejoinder to the latest filing was submitted to ICSID on April 13th, and a final submission from the Company will be filed in late May 2016. The final hearings before the ICSID arbitration tribunal will take place in Washington D.C. on September 8 - 16, 2016, with three days held in reserve in the event it is determined that more hearing time is required. Following the hearings, the tribunal will commence its deliberations. An award on Bear Creek's case is anticipated within the second half of 2017, although there is no prescribed deadline for the tribunal's ruling.

For more details see section 3.2

Maria Jose Project:

As previously reported, the Company (through its Peruvian subsidiary INEDE) decided to seek an appropriate partner to advance this highly prospective district in order to preserve the Company's cash. The Company previously reported that an earn-in agreement has been entered into with a private Peruvian gold producer to explore and develop this gold-quartz vein system. The Company has signed a definitive joint venture agreement with Analytica Mineral Services S.A.C. ("AMS"); a proven Peruvian tunneling contractor and gold producer. AMS will complete 2,000 meters of tunneling and cross-cuts in the vein systems within one year, at its sole cost, in order to earn a 51% undivided interest in the mineral concessions. Following AMS earning its 51% interest, the two parties will form a joint venture agreement with standard terms including shared pro-rata costs going forward and standard dilution clauses should either party not participate in funding. AMS continues to negotiate the required surface rights before commencing permitting for the tunnel work. Due to delays in acquiring surface rights from the local community, tunneling is not expected to start until the second half of 2016.

In December 2015, based on positive field results from the Maria Jose project, the Company (through INEDE) and AMS signed an agreement with the underlying owner of the Maria Jose property to acquire the underlying owner's company that holds the rights to the Maria Jose property for $1.2M, which effectively extinguished the underlying option agreement and gives 100% control of the project to INEDE and AMS (subject to an earn-in obligation).

Other Corporate Activities:

The Company continues taking measures to reduce its overall costs while maintaining its excellent community relations, moving the permitting process forward at Corani, and continuing the Santa Ana arbitration. Previously reported were a staff reduction of approximately 40% and a consolidation of office and warehousing space resulting in annual savings of $1.5M. As announced in its news release of January 27, 2016, the Company is preparing to replace a significant percentage of the cash component of director and management compensation with non-cash alternatives. On March 22, 2016 the Company's board of directors approved a Long Term Incentive Plan (the "LTIP") that will provide for the grant of restricted and/or deferred share units to eligible directors, employees and consultants. The LTIP is subject to shareholder and regulatory approval. The Company anticipates a treasury balance of approximately $10M at the end of December 31, 2016.

3) Development Projects

3.1) Corani Silver-Lead-Zinc Project

The 100%-owned Corani silver-lead-zinc project ("Corani") is located in the Andes Mountains approximately 160 kilometers southeast of Cusco, Peru at elevations from 4,800 to 5,100 meters above sea level. The project consists of twelve mineral concessions that form a contiguous block of ground covering approximately 5,700 hectares.

Current Developments at Corani

During the year ended December 31, 2015, the Company incurred expenses of $7.2 million on the Corani project. Included in this total are engineering costs of $2.1 million; camp, supplies and logistics of $2.0 million; community contribution activities totaling $1.2 million; and salaries and consulting of $1.6 million.

The Company had $77.2 million of capitalized acquisition costs related to the Corani project as of December 31, 2015 (December 31, 2014 $77.2 million).

The Company has budgeted total expenditures for the Corani project of $4.3 million for 2016, which includes surface rights acquisitions and community contributions, permitting and camp costs.

The Company updated its feasibility study on Corani (the 2015 Corani FS) in 2015. A number of economic studies of the Corani deposit have been conducted in the past, including a feasibility study entitled, Corani Project, Form 43-101F1 Technical Report, Feasibility Study, dated December 22, 2011 (the "2011 Corani FS"). An ESIA was approved by the government of Peru in 2013 and modifications to the ESIA reflecting the results of the 2015 Corani FS were approved by the Peruvian Ministry of Energy and Mines in January 2016.

Summary of 2015 Corani Feasibility Study

- Proven and probable mineral reserves of 228 million ounces of silver, 2.77 billion pounds of lead, and 1.78 billion pounds of zinc.

- Base case after tax net present value ("NPV") at $644 million at a 5% discount rate with an after tax internal rate of return ("IRR") of 20.6%. Capital payback of 3.6 years at base case metal prices.

- Average annual payable silver production estimated at 13.4 million ounces per year for the first five years and 8.4 million ounces per year over the life-of-mine ("LOM").

- All-in Sustaining cash cost ("AISC") of $0.10 per ounce for the first five years and $4.09 per ounce over the LOM.

- Initial capital cost of $625 million and sustaining capital expenditures of $39 million.

- Mine life expected to be 18 years.

- Mill capacity is expected to be 22,500 tonnes per day.

- Stripping ratio is expected to be 1.68:1 (waste:ore).

Highlights of the 2015 Corani Feasibility Study and a Comparison to 2011 Corani Feasibility Study

The 2015 Corani Feasibility Study was led by M3 Engineering and Technology Corporation ("M3"), Tucson, AZ, with support by Global Resource Engineering ("GRE"), Denver, CO, and others.

	2015 Corani Feasibility Study Results	**2011 Corani Feasibility Study Results**	**Variance**
NPV (million) (1)	$644 million	$463 million	$181 million
IRR (2)	20.6%	17.6%	3.0%
Payback period (3)	3.6 years	3.8 years	(0.2) years
Total capital	$664 million	$718 million	$(54) million
Initial capital	$625 million	$574 million	$(51) million
Sustaining capital	$39 million	$144 million	$(105) million
AISC (4) per oz. Silver (by-product) – Yr. 1-5	$0.10	$(0.09)	$0.19
AISC (4) per oz. Silver (by-product) – LOM	$4.09	$4.56	$(0.47)
AISC (4) per oz. Silver (co-product) – LOM	$11.26	$10.69	$0.57
Contained Silver (oz.)	228 million	270 million	(42) million
Contained Lead (lbs.)	2,768 million	3,113 million	(345) million
Contained Zinc (lbs.)	1,784 million	1,697 million	87 million
Contained Silver equivalent (oz.)	449 million	497 million	(48) million
Silver recovery	71.9%	64.2%	7.7%

Lead recovery	62.8%	71.1%	(8.3)%
Zinc recovery	60.1%	51.6%	8.5%
Avg. annual silver production – LOM (oz)	8.4 million	8.4 million	No change
Stripping ratio	1.68	1.69	(1)
Mine life (extraction)	18 years	18 years	No change
Mine life (processing)	18 years	20 years	(2) years
Mill capacity (tonnes per day)	22,500	22,500	No change

(1) 5% discount rate, after tax, at base case metal prices ($20/oz. silver, $0.95/lb. lead, and $1.00/lb. zinc.

(2) After tax, at base case metal prices.

(3) After tax

(4) All-in sustaining costs are per payable oz., and are calculated as cash operating costs + sustaining capital costs + reclamation and closure costs + social costs.

Key Modifications Included in the 2015 Feasibility Study

The 2015 Corani FS reflects significant modifications to the processing and the construction designs of the Corani operation as envisioned in the 2011 Corani FS.

Optimized Processing:

Dry-stacking of tailings: The change to dry-stacking of concentrator tailings is the most significant optimization in the 2015 Corani FS and had a substantial effect on the project economics as well as the physical and environmental footprint of the proposed operation. Dry-stacking eliminates the need for the tailings dam and one of the fresh water storage dams, and co-disposal of the tailings and waste-rock eliminates one of the waste rock dump sites envisioned in the 2011 Corani FS. Dry-stacking involves filtering the tailings to remove water, which is then recycled to the concentrator, reducing the water requirements. The filtered tailings are then mixed with waste rock and stacked in "lifts" within already-approved waste rock disposal sites. Dry-stacking technology is used successfully at various mining operations world-wide, including the Cerro Lindo silver-base metal mine in Peru. Dry-stacking creates a smaller, more efficient project footprint and reduces the total capital requirements for Corani, elimination of the tailings dam and the reduction of the project footprint will save time and lower the engineering costs associated with securing a mine permit.

Primary crusher and grinding mills: The selection of the primary crusher, from a gyratory to a jaw reduced the amount of earthwork and the footprint required, which resulted in capital expenditure ("CapEx") savings. The sizes for both the Semi-Autogenous Grinding ("SAG") and ball mills remained relatively unchanged, however, the size of the motors for both mills increased from 5,500 kW to 7,000 kW due to the additional grinding test work results.

Flotation: The elimination of the 3rd cleaner scavenger and the change of the 2nd cleaner mechanical cells to one column cell reduced the equipment footprint and also provided CapEx savings for both lead and zinc circuits. The change to a column cell for the 2nd stage cleaners will also allow maximization of lead and zinc grades in each circuit respectively.

Regrind mills: The change of the regrind mills from ball mills to tower mills reduced the footprint of the equipment and resulted in additional CapEx savings.

Optimized Mine Sequence and Improvements in Recoveries:

Mine Sequencing: The mine sequencing plan has been modified in order to complete mining from the Corani Este pit in the 6th year to begin accepting co-disposal of waste rock and filtered tailings. This allows for shorter haul distances and eliminates or reduces the size of the waste dump facilities, which is expected to result in lower operating costs, easier permitting and reduced final mine closure costs. Although the revised mine sequencing adds approximately $17 million in pre-production stripping, the increase in capital expenditure is outweighed by the expected operating and capital cost benefits.

Metallurgy and Recoveries: Significant improvements were made in the understanding of metal recovery stemming from a thorough analysis of the metallurgical test work data and the associated geochemical data base. Previously, ore within each metallurgical type was treated fairly homogenously. The present method provides a more accurate estimation of recovery based upon observable geochemical and geological criteria, resulting in a continuous metallurgical recovery model that was applied to each block of the block model. This present predictive model resulted in higher-confidence in the estimation of metallurgical recoveries that led to improvements in mine planning by focusing upon higher recovery blocks and, in some cases, eliminating mineralized blocks from the optimized mine plan, as further described below.

Average Recoveries (LOM) and Payable Metals			
		2015 Corani Feasibility Study	**2011 Corani Feasibility Study**
Lead Concentrate	Lead	62.80%	71.11%
	Silver	67.10%	60.29%
Zinc Concentrate	Zinc	60.10%	51.58%
	Silver	4.83%	3.90%
Total	Silver	71.93%	64.19%
	Lead	62.80%	71.11%
	Zinc	60.10%	51.58%
Total Payable Metals	Silver	151 million oz.	160 million oz.
	Lead	1,652 million lbs.	2,102 million lbs.
	Zinc	910 million lbs.	743 million lbs.

Life of Mine expected silver and zinc recoveries increased by approximately 8% as compared to the 2011 Corani FS. Because of the better understanding of metallurgical recoveries and the present predictive model, some of the transitional materials (mixed oxide and sulfide) exhibiting lower metallurgical recoveries were eliminated from the mine plan , reducing the silver reserves by approximately 15.5% but only reducing the payable silver by 5.6% from 160 million oz. in the 2011 Corani FS to 151 million oz. in the 2015 Corani FS, thus achieving the objective of higher efficiencies in mining and processing. Further optimization is commonly experienced as mines and concentrators are ramped up and placed into commercial operation.

Optimized Layout:

The 2015 Corani Feasibility Study optimizations include various layout modifications that benefit the project economics. The crusher was relocated to create shorter and more efficient haul profiles. One waste dump (the East Dump) has been eliminated and pit backfilling has been accelerated beginning in Year 6. Additionally, the South Water pond is no longer necessary due to reduction in water consumption with the dry tailings disposal method which recycles water removed from filtered tailings.

Importantly, as a result of the optimized layout, the Corani mine and processing infrastructure is entirely located on land to which Bear Creek owns 100% of the surface rights.

Key Financial and Technical Metrics

The 2015 Corani FS was prepared using cost bids, estimates and production forecasts provided by qualified engineering consulting groups led by M3 with significant contributions by GRE and Tom Shouldice (metallurgical consultant).

Base Case Assumptions:

The following key assumptions were used in the 2015 and 2011 Feasibility Studies:

	2015 Corani Feasibility Study	**2011 Corani Feasibility Study**
Average Annual Ore Production LOM (tonnes)	7,650,000	7,875,000
Overall Silver Recovery (into lead and zinc concentrate)	71.9%	64.2%
Overall Lead Recovery (into lead concentrate)	62.8%	71.1%
Overall Zinc Recovery (into zinc concentrate)	60.1%	51.6%
Total Processed (tonnes)	137,698,000	156,130,000
Average Mill Silver Grade	51.6 g/t	53.8 g/t
Average Mill Lead Grade	0.91%	0.90%

Average Mill Zinc Grade	0.59%	0.49%
Payable oz. of Silver (net of smelter payment terms)	151.1 million	160.2 million
Payable lbs. of Lead (net of smelter payment terms)	1.7 billion	2.1 billion
Payable lbs. of Zinc (net of smelter payment terms)	911 million	745 million
Overall stripping ratio (waste:ore)	1.68:1	1.69:1
Life of Mine (ore extraction)	18 years	18 years
Life of Mine (processing)	18 years	20 years

The 2015 Corani FS financial model is based on silver, lead and zinc prices of $20.00/oz., $0.95/lb. and $1.00/lb. respectively, which represented, upon the date of publication of the FS, the three-year backward and two-year forward metal prices, weighted 60:40, in keeping with the Company's policy and industry standards. (Metal prices used in the 2011 Corani FS were $18.00/oz. silver, $0.85/lb. lead and $0.85/lb. zinc). The financial model also incorporates all current Peruvian tax and royalty rates.

Project Economics and Sensitivity:

Case	**IRR**	**NPV (1) @5% (000's)**	**NPV (1) @0% (000's)**
Base Case (2)	20.6%	$643,643	$1,211,582
Recoveries + 10%	24.4%	$844,712	$1,530,396
Recoveries -10%	16.5%	$441,929	$891,671
Metal Prices +10%	25.0%	$882,180	$1,590,981
Metal Prices -10%	15.7%	$403,557	$829,492
Initial Capital Cost +10%	18.3%	$592,897	$1,167,725
Initial Capital Cost -10%	23.4%	$693,687	$1,253,555
Spot Metal Prices (3)	13%	$283,322	$637,357

(1) NPV after tax.

(2) Base case calculated using metal prices of $20/oz. silver, $0.95/lb. lead, and $1.00/lb. zinc.

(3) Spot prices on April 20, 2016 were $17/oz. silver, $0.80/lb. lead, and $0.87/lb. zinc.

The operating efficiencies resulting from the optimized Corani mine design and mine plan had a significant effect on the economics of the project. The Net Present Value (after tax and at a 5% discount rate) increased by 39% from $463 million in the 2011 Corani Feasibility Study to $644 million in the 2015 Corani Feasibility Study, and the Internal Rate of Return increased from 17.6% in 2011 to 20.6%.

Capital and All-In Sustaining Costs:

Initial capital costs are estimated at $625 million in the 2015 Corani FS compared with $574 million in the 2011 Corani FS. The increase in estimated initial capital is primarily a result of cost escalation and increased expenditures related to construction of roads, a power line and the mine camp, as well as increases in the cost of mine construction (including additional pre-production stripping), partially offset by capital savings stemming from elimination of the tailings dam. Sustaining capital costs were substantially reduced to $39 million in the 2015 Corani FS compared to $144 million in the 2011 Corani FS. Decreases in ongoing mining costs (as a result of leasing of equipment), ongoing process plant and tailings dam capital requirements contributed to this significant reduction in sustaining capital. The net effect of these changes is a decrease in total capital requirements of $54 million. All-in sustaining costs per ounce of silver (net of base metal credits) are estimated in the 2015 Corani FS to be $0.10 for the first five years of the operation and $4.09 over the mine life. In the 2011 Corani FS these metrics were ($0.09) and $4.56 respectively. On a co-product basis, the all-in sustaining costs, as calculated in the 2015 Corani FSdy, are well below both the base case metal prices used herein and the spot silver, lead and zinc prices on June 1, 2015.

Corani Reserve and Resources Estimates

2015 Corani Feasibility Mineral Reserves									
					Contained Metal			**Equivalent Ounces**	
Category	**Tonnes (000's)**	**Silver g/t**	**Lead %**	**Zinc %**	**Silver Million oz.**	**Lead Million lb.**	**Zinc Million lb.**	**Eq. Silver M oz.**	**Eq. Silver g/t**
Proven	19,855	69.1	1.09	0.72	44.1	478.7	313.4	82.5	129.2
Probable	117,843	48.6	0.88	0.57	184.3	2,289.2	1,470.7	366.5	96.8
Proven & Probable	137,698	51.6	0.91	0.59	228.0	2,768.0	1,784.0	449	101.4

2011 Corani Feasibility Mineral Reserves		
	Contained Metal	**Equivalent Ounces**

Category	Tonnes (000's)	Silver g/t	Lead %	Zinc %	Silver Million oz.	Lead Million lb.	Zinc Million lb.	Eq. Silver M oz.	Eq. Silver g/t
Proven	30,083	66.6	1.04	0.60	64.4	690.4	399.9	115.7	119.6
Probable	126,047	50.7	0.87	0.47	205.6	2,422.6	1,297.7	381.5	94.1
Proven & Probable	156,130	53.8	0.90	0.49	270.0	3,113.0	1,697.6	497.2	99.1

2015 Corani Feasibility Study Mineral Resources in Addition to Reserves							
					Contained Metal		
Category	**Tonnes (000's)**	**Silver g/t**	**Lead %**	**Zinc %**	**Silver Million oz.**	**Lead Million lb.**	**Zinc Million lb.**
Measured	14,360	32.01	0.34	0.19	14.8	108.4	61.6
Indicated	83,749	25.37	0.37	0.28	68.3	682.2	512.8
Measured & Indicated	98,109	26.34	0.37	0.27	83.1	790.6	574.4
Inferred	39,953	37.20	0.58	0.40	47.8	510.6	352.4

2011 Corani Feasibility Study Mineral Resources in Addition to Reserves							
					Contained Metal		
Category	**Tonnes (000's)**	**Silver g/t**	**Lead %**	**Zinc %**	**Silver Million oz.**	**Lead Million lb.**	**Zinc Million lb.**
Measured	10,878	17.5	0.38	0.33	6.1	91.1	79.1
Indicated	123,583	20.8	0.38	0.29	82.6	1,035.3	790.1
Measured & Indicated	134,461	20.5	0.38	0.29	88.7	1,126.4	869.2
Inferred	49,793	30.0	0.46	0.28	48.0	509.4	305.2

The 2015 Corani FS re-calculated an estimate of Mineral Reserves and Mineral Resources contained within the Corani deposit based on the optimized mine plan and utilizing updated metal prices. No new drill data (beyond that which was used in the 2011 Corani FS) were incorporated into the Mineral Reserve and Mineral Resource estimates above. As a result of the metal price updates and mine plan revisions included in the 2015 Corani FS, primarily the elimination of 2 years' production of low-grade transitional materials (mixed oxide and sulfide), Proven and Probable silver reserves decreased 15.5% (from 270 million oz. to 228 million oz.) in comparison to the 2011 Corani FS. As discussed above however, improvements in the recovery of silver offset the majority of this reduction in silver reserves, such that the payable silver was reduced only 5.6% from 160 million oz. in the 2011 Corani FS to 151 million oz. in the 2015 Corani FS.

Social and Environmental

The Company believes it has maintained good working relationships with the local communities and has continued to operate development activities at Corani without interruption. One of the areas of primary focus for the coming year will be to build on the positive relations with the local communities as the project is advanced. The Company owns 100% of the surface rights covering the mine, waste dumps and plant. The Company is working with the Peruvian government to provide the access rights for the ancillary facilities including the access roads and power.

Importantly, the Company completed a Life of Mine Investment Agreement in June 2013. This agreement was entered into with the District of Carabaya, five surrounding communities, and relevant, ancillary organizations specifying investment commitments over the project life, including the pre-production period. Under the agreement, annual payments are to be made into a trust designed to fund community projects totaling 4 million nuevos soles per year (approximately $1.3 million per year), beginning with the first installments in 2013. Payments will remain constant throughout the pre-development phase and during production. Cessation or interruptions of operations will cause a pro-rata decrease in the annual disbursements. As an integral part of the LOM agreement, a trust or foundation structure is established for approval of investments and disbursement of funds. Each of the five communities (Corani (Aconsaya), Chacaconiza, Quelcaya, Isivilla, and Aymaña) has agreed to the formation of committees which will consider and approve investment projects for the benefit of the communities, such as schools, medical facilities, roads, or other infrastructure. The amounts of the total annual investment to be directed towards each community is agreed to and defined in the agreement. Bear Creek is an oversight member of the trust and will assist towards the success of the projects; however, the Company will have no voting powers. In this structure, Bear Creek's intent is to appoint independent members with community social responsibility experience and credibility in order to provide oversight of the foundation's functions in meeting its commitments to the communities and all of its members. To date, the Company has paid the 2013 community contributions of four million nuevos soles. 2014 and future community contribution payments are contingent upon certain permits being received from the Peruvian government.

The Company has assisted the communities in forming independent cooperatives for their alpaca breeding and wool fiber businesses. Bear Creek is proud of the results which are now generating significantly improved fiber quality and the region was recently recognized as a producer of the finest wools and weaving products in Peru. In addition, the Company has helped the cooperatives to establish direct marketing contacts with Europe, eliminating the historical middle man transactions and increasing the value of their sales by as much as 400%.

The Company will continue to cultivate the social license it has earned with the Corani communities by maintaining the open, honest, and transparent relationships it has established and by continuing its funding of the community trust established through the LOM Agreement.

The Corani project is designed to meet and, in many ways exceed, international standards of environmental compliance. The design and operating improvements incorporated in the 2015 Corani FS required only a modification of the existing approved ESIA, without the necessity for additional public hearings, as they are entirely located within the previously approved project footprint. Furthermore, as the environmental impact of the proposed Corani operation has been reduced as a result of the modifications described above, the Company anticipates final permitting timelines will shorten and costs will be lower than previously anticipated. The Corani ESIA was modified in late 2015, and the Company received approval of the revised ESIA, which incorporates the optimizations and modifications included in the 2015 Corani FS, from the Peruvian Ministry of Energy and Mines in January 2016.

Going Forward

Bear Creek's plans for the Corani project are to focus on preparing for development of the project beginning with critical permits which include water permit, power line alignment permits, access road and mine plan permits. Early works, including site access construction, power line construction, and pre-production stripping could be undertaken given additional access to funding. Efforts are being made for the Peruvian government to fund power and access may provide for the start of early works. Following approval of the modified ESIA in early 2016, the Company has commenced the process of seeking additional permits for Corani, principally water uses (of which the amended ESIA formed a key component). The Company is also continuing the evaluation of potential mine financing options in order to allow it to make appropriate and informed decisions once market conditions and commodity prices improve. The goal of these activities is to ensure Bear Creek has the information, permits, approvals and relationships in place to consider a production decision pending issuance of a construction permit as early as year-end 2016.

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

All of Bear Creek's exploration programs and pertinent disclosure of a technical or scientific nature are prepared by or prepared under the direct supervision of Andrew Swarthout, P.Geo., President and CEO, a Qualified Person ("QP") as defined in NI 43-101.

The 2015 Corani Feasibility Study was prepared by a team of independent engineering consultants. Daniel Neff, PE, of M3 acted as the Independent QP as defined by NI 43-101 and additionally is the QP responsible for the market studies, infrastructure, process plant capital and operating costs, economic analysis, conclusions and recommendations portions of the study. Tom Shouldice, PEng, independent consultant, is the QP for the metal recoveries and metallurgical testing sections. Rick Moritz, MMSA, Principal Mining and Process Engineer, of GRE is the QP for portions of the metallurgical analysis. Terre Lane, MMSA, Principal Mining Engineer, of GRE is the QP for the resource and reserve estimation and mining methods and mine capital and operating cost portions of the study. Laurie Tahija, PE, of M3 is the QP for the plant process engineering portion of the study. Chris Chapman, PE of GRE is the QP for the geotechnical, environmental, infrastructure, waste stockpile and tailings designs were prepared by. Each of these individuals has read and approves the respective scientific and technical disclosure contained herein.

The methods used in determining and reporting the mineral reserves and resources presented herein are consistent with the CIM Best Practices Guidelines. Numbers may not total due to rounding.

Assumptions used in the 2015 Corani Feasibility Study Mineral Reserve estimate and economic analysis by GRE and M3 are:

- Silver Price=$20.00/oz.; Lead Price=$0.95/lb.; Zinc Price=$1.00/lb.
- Variable NSR cut-off values from $11/tonne to $23/tonne at different times in the production schedule to manage mill requirements and maximize project economics.
- Metallurgical testing of the Corani ore started in 2005 and over 500 batch floatation tests were completed since. The previous interpretation of test results was a classification of recovery performance into 4 "metallurgical types" from 9 mineralization ore codes applying an average recovery to each metallurgical type. These groups exhibited a large variation in flotation recovery. Recent analysis of metallurgical test work indicates that recovery is strongly related to the presence and/or absence of oxide minerals. Using advanced statistical methods (including classification cluster analysis and nonparametric regression analysis), zinc grade, mineralogy from geologic logs, and elevation were identified as good

indicators of oxidation and as a result, good predictors of recovery. These parameters were used to develop statistical numerical models to much more accurately predict recovery. Validation testing shows the new model projections of recovery closely fit all available metallurgical test work data.

- The new recovery model was used for pit optimization, mine planning, and production scheduling. The overall result was approximately 8% increase in silver and zinc recovery and an 8% decrease in lead recovery from those cited in the 2011 Feasibility Study.

The Mineral Resource pit shell is a Whittle pit based on the following input assumptions:

- Silver Price=$30.00/oz.; Lead Price=$1.425/lb.; Zinc Price=$1.50/lb.
- Mixed oxide material that was not economic by flotation processing was not included in the Mineral Reserves, however, this material is included in the Mineral Resources.
- The Mineral Resource cut-off was $9.49/tonne processing cost, plus $1.51 G&A cost which represents the internal process cut-off.
- The potentially leachable mixed oxide material that fell within the Mineral Resource pit shell was included as a silver resource cut-off grade of 15g/tonne and block elevation above 4900 meters.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

All diamond drilling at Corani has been performed using HQ diameter core with recoveries averaging greater than 95%. Core is logged and split on site under the supervision of Bear Creek geologists. Sampling is done on two-meter intervals and samples are transported by Company staff to Juliaca, Peru for direct shipping to ALS Chemex, Laboratories in Lima, Peru. ALS Chemex is an ISO 9001:2000-registered laboratory and is preparing for ISO 17025 certification. Silver, lead, and zinc assays utilize a multi-acid digestion with atomic absorption ("ore-grade assay method"). The QC/QA program includes the insertion every 20th sample of known standards prepared by SGS Laboratories, Lima. A section in Bear Creek's website is dedicated to sampling, assay and quality control procedures.

Total cash cost per ounce of silver is calculated in accordance with a standard approved by The Silver Institute, a nonprofit international association that draws its membership from across the breadth of the silver industry. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Total cash cost includes mine site operating costs such as mining, processing, administration, and treatment and refining charges, but is exclusive of amortization, reclamation, capital, exploration costs and taxes on income. Total cash costs are reduced by lead and zinc by-product revenues, and then divided by silver ounces sold to arrive at total cash cost of per ounce of silver, net of by-product revenues.

The Company has elected to follow the Silver Institute's cash cost standard, and has therefore excluded reclamation costs from its calculation of total cash cost per ounce of silver.

The foregoing disclosure regarding the Corani project contains forward-looking statements that are based on a number of assumptions which may prove to be incorrect, including but not limited to: the availability of financing of the Company's Corani project; the Company's ability to attract and retain skilled staff; the estimated timeline for the development of the Corani project; the supply and demand for, and the level and volatility of the price of silver, lead and zinc; the timing of the receipt of regulatory and governmental approvals, the supply and availability of consumables and services; the accuracy of the Company's resource and reserves estimates and the geological and metallurgical assumptions (including the size, grade and recoverability of mineral resources and reserves) and operational and price assumptions on which the resource estimates are based; market competition; the Company's ongoing relations with its employees and local communities; and general business and economic conditions. There is also no certainty that the results of the FS will ever be realized. Should one or more of the risks or uncertainties involved in forward-looking statements relating to the FS materialize, or should the assumptions underlying the FS prove incorrect, actual results of the FS may vary materially from those anticipated, believed, estimate or expected. See also "Forward-Looking Information" above.

3.2) Santa Ana Silver Project

The 100%-owned Santa Ana silver project ("Santa Ana") is located 120 kilometers southeast of the city of Puno, Department of Puno, Peru at an elevation of 4,150 to 4,300 meters. The project encompasses 5,400 hectares of mineral concessions. An updated feasibility study on Santa Ana, which incorporated three-stage crushing of ores, was completed on January 19, 2011. Further development of the project has been postponed pending resolution of the legal matter discussed below.

The Santa Ana Project contains Proven and Probable Mineral Reserves totaling 63.2 million ounces of silver as well as Measured and Indicated Resources containing 72.8 million ounces of silver and Inferred Resources of 28.2 million ounces of silver. Bear Creek acquired the mining concessions in full compliance with Peruvian law, as is confirmed by Supreme Decree 083, issued by the President of Peru and the Council of Ministers on November 29, 2007. Bear Creek performed significant exploration work and undertook a comprehensive Environmental and Social Impact Assessment shortly thereafter.

On June 25, 2011 the Company learned by publication in the Official Gazette “El Peruano” that the Peruvian Government issued Supreme Decree DS-032-2011 (the "2011 Supreme Decree") that reversed Supreme Decree DS-083-2007 issued in 2007, (the "2007 Supreme Decree") which granted the Company the right to acquire title to and operate on the mineral concessions covering the Santa Ana Project within an area 50 kilometers of the Peruvian territorial boundaries. The 2011 Supreme Decree rescinded, without legal grounds or an opportunity to be heard, the Company's rights to operate on the concessions; however, the titles to the concessions continue to be held by the Company.

If the Company is able at some point in the future to reach an amicable resolution of its dispute with the Peruvian Government, an increasingly unlikely outcome, the Santa Ana Project, which is supported by the local communities surrounding the proposed mine site, would create 2,500 direct and indirect jobs in the southern Puno Region, and would bring important infrastructure improvements to the area. The Santa Ana Project would also provide approximately $330 million in federal taxes, much of which would benefit local communities.

Substantially all detailed engineering and project development activities at Santa Ana have been completed, but any remaining work has been placed on hold since the third quarter of 2011, pending resolution of the Company’s legal actions against the Peruvian Government.

Background of legal action at Santa Ana, Recently Developments and Project Status

On July 12, 2011, the Company commenced a constitutional lawsuit in Peru, known as an "Amparo", against the Peruvian Government. The objective of the Amparo is to seek a determination that the 2011 Supreme Decree violates the Company’s rights under the Peruvian Constitution and is therefore unlawful. The Company maintains that there was no basis for rescinding the 2007 Supreme Decree which had granted the Company title to and the rights to operate on the mineral concessions comprising the Santa Ana Project in full accordance with Peruvian Constitutional law. The Amparo hearing was held on June 6, 2013, and on May 12, 2014, as set forth more fully below, the Lima First Constitutional Court issued a ruling in the Company’s favor holding that the Peruvian Government, among other things, had violated the Company’s constitutional rights and that all rights should be returned to the Company as per the 2007 Supreme Decree. The Peruvian Government appealed that decision. In connection the international arbitration proceeding described below, as required by the Free Trade Agreement between Canada and Peru ("Canada-Peru FTA"), the Company desisted from the Amparo action it had commenced against the Peruvian Government with respect to the 2011 Supreme Decree.

On September 5, 2011 the Company received notice of a civil lawsuit filed by the Peruvian Ministry of Energy and Mines (the "MEM") against the Company claiming that the titles to its Santa Ana mineral concessions were not acquired in accordance with Peruvian law (the "MEM Civil Case"). The Company has formally submitted arguments in its defense, and requested the removal of the judge selected to hear the case due to a conflict of interest. In November 2011, the request to seek removal of the judge was granted by the court. The Company and its Peruvian legal counsel strongly maintain that the grounds of the MEM Civil Case are without merit. In October 2012, the judge ruled that the civil case was inadmissible because the government’s Civil Case improperly comingled administrative and legal claims.

On February 5, 2013, the Company was informed that the judge had dismissed the MEM Civil Case. This claim had two aspects, one related to administrative acts (the State) and other linked to relations between individuals. The dismissal was based on that, together, these two aspects cannot be treated at the Civil Courts and therefore it would have to become inadmissible. The Company was also informed that the MEM appealed the judge's decision to the Peruvian Superior Court. The Peruvian Superior Court confirmed the dismissal with regards to the administrative issues, and ordered that the process regarding the issues between individuals be initiated. Regarding this decision of the Peruvian Superior Court, the Company initiated an Amparo Action, separately, against the Peruvian Superior Court for, among other things, the violation of the Company's right to due process under the Peruvian Constitution. The court refused to admit the Company's Amparo and the Company appealed this decision. In connection with the international arbitration proceeding described below, the Company has since waived this appeal in its Amparo action, and has formally desisted from the Amparo action it had commenced in connection with the Superior Court's decision dismissing some claims in the MEM Civil Case while permitting others to proceed.

On February 6, 2014, the Company officially notified the Peruvian Government with a Notice of Intent to Submit a Claim to Arbitration ("Notice of Intent"), under the Canada-Peru FTA. In the Notice of Intent, the Company advised Peru that the dispute arises out of, among other things, the enactment by the Peruvian Government on June 25, 2011, of Supreme Decree 032 rescinding the Company's rights to operate the Santa Ana Project and which resulted in a complete stoppage of activities at Santa Ana and significant damages to the Company. Peru's actions constitute violations of the Canada-Peru FTA, Peruvian and international law.

The Notice of Intent was a necessary step in order to preserve the Company's rights to initiate arbitration should a resolution with the Peruvian Government not be reached. The filing of the Notice of Intent also initiated a six-month consultation period between the parties during which time they were to continue to attempt to amicably settle the dispute. Because no amicable settlement resulted during that six-month period, the Company initiated international arbitration proceedings against Peru in accordance with the Canada-Peru FTA.

On May 12, 2014, the Company was informed that the Lima First Constitutional Court rendered its ruling regarding the Amparo action brought by the Company against the Peruvian Government challenging the constitutionality of the Supreme Decree N° 032-2011-EM., which rescinded the Company's rights to operate on its Santa Ana mineral concessions. The decision states unequivocally and unconditionally that:

- Bear Creek's constitutional rights were violated;
- The Company's rights are unconditionally returned as stipulated under Supreme Decree N° 083-2007-EM, which originally granted the right to Bear Creek, as a foreign company, to operate the Santa Ana concessions, located within the 50 kilometer border zone of Peru;
- Bear Creek is recognized as title holder of the Santa Ana's mining concessions and therefore, is enabled to perform all the rights arising from said titles; and
- The Court reaffirms that the Santa Ana project is in the National interest of Peru.

The Peruvian Government appealed this decision. As discussed in the Company's previous MD&A, with respect to the above-referenced proceeding, as required by the Canada-Peru FTA and in order to pursue the international arbitration process described above, the Company, through local counsel, made a submission to the Peruvian court desisting from this legal proceeding on August 11, 2014. Bear Creek's voluntary dismissal was approved by the Court of Appeals on October 23, 2014, declaring the proceeding concluded.

On August 11, 2014, and after the six-month negotiation period under the Canada-Peru FTA had expired without the parties reaching an amicable resolution of the dispute despite many meetings between the Company and the Peruvian Government to that end, the Company submitted a Request for Arbitration to The International Center for Settlement of Investment Disputes ("ICSID") against the Republic of Peru pursuant to the terms of the Canada-Peru FTA. While Bear Creek remains committed to continuing discussions with the Peruvian Government to resolve and settle the dispute relating to the Santa Ana mining project, commencing the arbitration proceedings at ICSID was necessary to preserve the Company's rights under the Canada-Peru FTA.

On January 12, 2015, the Company participated in the first procedural meeting called by the ICSID arbitration tribunal, which addressed an agenda comprised of largely procedural matters. Following the first procedural meeting, the ICSID tribunal issued Procedural Order No. 1 on January 27, 2015, addressing the procedural issues discussed during the meeting. Set forth below is a summary of the tribunal's material decisions in P.O. No. 1:

- Bear Creek will submit its legal memorial on the merits, witness statements, expert witness statements and supporting documentation by May 29, 2015; (completed)
- The Government of Peru will have 130 days to submit its counter-memorial and lodge jurisdictional objections, if any; (completed)
- Bear Creek will have 94 days to submit its reply on the merits and counter-memorial on jurisdiction, if any; (completed)
- The Government of Peru will have 94 days to submit its rejoinder on the merits and reply on jurisdiction, (completed)
- Bear Creek will then have 45 days to submit its rejoinder on jurisdiction, if any;
- A process for non-disputing party submissions (*amicus* submissions), if any, is scheduled for the period June 9, 2016 – July 21, 2016; and
- The final hearings before the ICSID arbitration tribunal will take place in Washington D.C. on September 8 - 16, 2016.

The Company submitted its memorial on the merits on May 29 2015 and is seeking full reparation for, among other things, the Peruvian Government's expropriation of Santa Ana as well as resulting damages to the Corani project. In its Memorial on the Merits, the Company articulated factual and legal arguments supporting its claims against the Peruvian Government. In its Memorial on the Merits, the Company calculated the damages sustained with respect to the expropriation of Santa Ana as the Fair Market Value ("FMV") of the Santa Ana project on the date immediately prior its expropriation by the Government. The Company estimated the FMV of the Santa Ana Project at US$ 224.2 million as of June 23, 2011 using the discounted cash flow analysis ("DCF), excluding interest. The Company also estimated the damages to Corani resulting from Peru's expropriation of Santa Ana at $170.6 million, excluding interest. Accordingly, the Company requested that the Tribunal award it the sum of $522.2 million, which includes pre-award interest of 5.0% per annum, compounded annually, up to the estimated date of the award (March 15, 2017). The Government of Peru has submitted its counter-memorial on October 6, 2015, and the Company submitted its reply to Peru's counter-memorial in early January 2016. Peru's rejoinder to the latest filing was submitted to ICSID in mid-April and a final submission from the Company will be filed in late May 2016.

The aforementioned filings are available on ICSID's website at https://icsid.worldbank.org/apps/ICSIDWEB/cases/Pages/casedetail.aspx?CaseNo=ARB/14/21&tab=DOC.

During the year ended December 31, 2015, the Company incurred expenditures of $0.3 million on the Santa Ana project, in addition to ongoing legal related costs associated with its submissions for its international arbitration case amounting to $2.4 million in the year ended December 31, 2015. The Company has budgeted costs of $2.9 million in 2016 for the Santa Ana project and arbitration case.

4) Exploration Projects

Due to current market conditions, the Company continues its reduced exploration focus to preserve its cash position. It has reduced its exploration activities to a minimum in order to preserve cash, while still maintaining its obligation requirements under Joint Venture ("JV") agreements. As a part of this effort, the position of VP Exploration was eliminated in 2014 and the exploration staff was reduced by 50%, maintaining a core group in order to manage the Company's joint venture exploration projects. In addition, the Company has obtained a good joint venture partner for its Maria Jose gold project in order to further reduce exploration costs. As a result of these initiatives, the annual exploration expenditures have been reduced from approximately $4 million per year to less than $1.9 million in 2015. The company has budgeted $0.4 million in 2016.

4.1) Maria Jose Prospect

Maria Jose is located in the Department of Ancash, 140 kms NNW of Lima. The project is comprised of Cretaceous to Paleocene diorites and granitoids of the Coastal Batholith hosting a system of east-west to northeast trending, 45° to steeply north dipping, mesothermal quartz veins and shear zones containing high gold grade - silver values. At surface, the five main east-west veins can be traced for approximately 500 meters; however, shallow cover is prevalent in the district and the possibility of much longer strike lengths is being investigated by shallow trenching and sampling. The total vein lengths observed is approximately 54km. The observed veins range in thickness from 0.20 meters to 34.5 meters with average widths of ~1 meter. Exposed vein intersections reach up to 34.5 meters, averaging 27.2 g/t gold. To date, mapping and channel sampling (237 samples) of seven veins yielded values ranging from 1.0 g/t to 233 g/t gold. In one of the veins ("Mari"), systematic channel sampling performed on the Mari vein exposed 158 meters of strike length with an average grade of 19 g/t gold over a true average width of 0.84 meters.

In early 2015, the Company entered into an earn-in agreement with a private Peruvian gold producer to explore and develop this gold-quartz vein system. The Company has signed a formal option and joint venture agreement with Analytica Mineral Services SAC ("AMS"); a successful Peruvian tunneling contractor and gold producer. AMS will complete 2,000 meters of tunneling and cross-cuts in the vein systems within one year, at its sole cost, in order to earn a 51% undivided interest in the mineral concessions. Following AMS earning its 51% interest, the two parties will form a joint venture agreement with standard terms. The primary purpose of this alliance was to reduce Bear Creek's exploration costs while maintaining a meaningful ownership in partnership with a solid partner.

Under the original option agreement (subsequently renegotiated and now effectively exercised) with a private Peruvian third party, Bear Creek Mining was to acquire 100% of Maria Jose (3,500 hectares) by making escalating payments totaling $4 million over 4 years. Instead, in December 2015, Bear Creek and its exploration partner, AMS made a negotiated purchase payment of $1.2M to the underlying owner acquiring a 100% interest in the company holding the mineral concessions. As a result, the Company and AMS now jointly own a 100% interest in the

Maria Jose concessions. There are no underlying royalties; however, under the purchase agreement, BCMC and AMS are obligated to pay an additional $2.1M on commencement of commercial production. This additional payment has no time limits.

Currently, AMS is negotiating surface rights agreements with the local community. Negotiations have been delayed due to competing offers made by a private Peruvian family seeking to gain control of the surface rights covering the Company's optioned mineral concessions. The Company, and its legal counsel, believe that the effort to obtain control over another party's mineral rights is illegal and the Company is working with the community to resolve this matter as quickly as possible in order to initiate the tunneling program.

$0.7 million was spent on exploration on the Maria Jose project during the year ended December 31, 2015.

4.2) Le Yegua Copper-Gold-Molybdenum Prospect

The La Yegua copper-gold-molybdenum prospect is located in central Peru approximately 20 kilometers northeast of the Los Chancas copper/gold/molybdenum deposit in a prolific porphyry copper belt also containing the Las Bambas, Huaquira, Constancia, Tintaya and Antapaccay deposits.

In October 2010, Bear Creek entered into a joint venture agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") to advance the La Yegua Project to phase II drilling. The agreement provides for JOGMEC to earn a 51% interest through investing $3M over a three year period. JOGMEC has met its earn-in expenditures and acquired an undivided 51% interest in the project. To date, the Company has elected to not contribute its pro-rata share in exploration drilling and has diluted its interest to 36%. Under the agreement, the Company can dilute its interest until reaching 10%, at which time the Company's interest will revert to a 1.0% NSR. Presently, JOGMEC has earned a 64% interest in La Yegua through direct funding of drilling.

Various drilling campaigns totaling 6,633 meters have been completed by JOGMEC. Copper mineralization was encountered in numerous intercepts on the order of 60 to 115 meters grading on the tenure of 0.2-0.4% Cu and up to 100 ppm Mo. The mineralization is not felt to be economic under current market conditions. JOGMEC is actively seeking partners to further advance exploration prior to making a decision expected in May 2016 on whether or not to continue the joint venture. Bear Creek will concurrently determine its ongoing interest in the 100% owned La Yegua concessions.

4.3) Sumi Gold Prospect

The Company acquired a 100% interest in the Sumi gold prospect by staking in 2011. Sumi is comprised of 1,200 hectares located in the gold-silver tertiary-age epithermal belt in central Peru. The prospect exhibits alteration and mineralization typical of a volcanic-sediment hosted, high and low-sulfidation precious metals system with a copper-gold porphyry potential source. To date, 111 surface rock chip samples have been collected at Sumi. Assay results for the 111 samples have returned precious metal values including 15.65 g/t gold and 156 g/t silver in a vein-breccia structure over widths of 0.3 to 2.0 meters and 12.1 g/t gold and 102 g/t silver over 2 meter widths in a silicified volcano-sedimentary rock. See the Company's news release dated October 11, 2011. Based upon favorable surface mapping and geochemical sampling, a phase I drilling program was performed in the fourth quarter of 2012 consisting of five diamond drill holes totaling 1,105.3 meters. Highlights of the results are:

- Drill hole SU-5 returns 17 meters averaging 3.6 g/t Au and 3.2 g/t Ag from 50.65 to 68 meters depth.
- Drill hole SU-2 returns 50 meters averaging 0.98 g/t Au and 5.1 g/t Ag from 124 to 174 meters depth.
- Drill hole SU-1 returns 10 meters averaging 4.4 g/t Au from 69.9 to 80 meters depth.
- Three cyanide extraction bottle roll tests on drill core ground to 85% passing minus 200 mesh averaged 86.6% gold recovery; two tests on higher sulfide content samples yielded less than 40% recoveries.

In March 2014, Bear Creek entered into a joint venture agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") to advance phase II drilling to test additional blind vein-breccia targets plus a possible buried Cu porphyry source underlying the large epithermal mineralization footprint exposed at the surface. The agreement provides for JOGMEC to earn a 51% interest through investing $2.5 million over a three year period. Following JOGMEC's earn-in, Bear Creek can elect to maintain its 49% interest or to dilute until reaching 10%, at which time the Company's interest will revert to a 1.0% NSR.

Currently, one diamond drill hole is in progress which is estimated to total 600 meters. The program is limited to only one hole thus far due to delays in negotiating surface agreements with the community holding the majority of the surface rights over the target area. Drilling thus far has encountered encouraging porphyry copper (gold) style alteration; however, assay results are pending.

Negotiations of the remaining surface rights are in progress to acquire community agreements with results expected in the third quarter of 2016. Contingent upon the negotiations, additional drilling will be planned in the thereafter. Access rights to the remaining untested target area have proven to be very challenging and the future of the joint venture depends on successfully acquiring access.

4.4) Generative Exploration

Generative exploration has historically been a crucial part of the business of identifying and acquiring new opportunities. However, as a part of the Company's focus on the Corani and Santa Ana Projects, generative exploration efforts have been temporarily reduced. Generative exploration costs are those costs not attributable to a specific Bear Creek project. When Bear Creek defines a project as a distinct exploration target, it is then accounted for as a separate project.

IGV

IGV ("Impuesto General a las Ventas" - Peruvian value added tax) expense of $0.9 million represents IGV that was paid to the Peruvian Government during the year ended December 31, 2015. This amount is expected to be recoverable when the Company generates future revenues in Peru.

Since the Company is in the exploration stage and there is no assurance that future revenues will be generated in Peru, IGV has been expensed as incurred. IGV is denominated in Peruvian soles, with the total cumulative amount of IGV paid by the Company as of December 31, 2015 being $12.3 million (41.8 million soles). IGV credits can be carried forward indefinitely.

Other Properties

Other properties are exploration properties which management has decided are not a priority or which management has chosen not to pursue and, therefore, has terminated option agreements.

5) Results of Operations

Year ended December 31, 2015 as compared to the year ended December 31, 2014.

For the year ended December 31, 2015 the Company incurred a net loss of $14.8 million as compared to a net loss of $16.9 million for the year ended December 31, 2014, a decrease of $2.1 million. The Company's loss per share for 2015 was $0.16, as compared to a loss per share of $0.18 for 2014.

During the year ended December 31, 2015, spending on the Corani property decreased by $0.3 million to $7.2 million from $7.4 million. Despite the cost of the Corani FS being prepared in the current year, the Corani costs were lower in the current year because of the efforts of the Company to reduce expenses to core necessities only. The Santa Ana arbitration costs increased by $1.6 million to $2.4 million from $0.8 million as the Company submitted its memorial and other arbitration documents in 2015. The Santa Ana costs were higher due to the cost associated with the international arbitration. The increase in costs in the arbitration was offset by a decrease of $2.4 million in exploration and evaluation costs relating to other properties and a $0.8 million decrease in share-based compensation expense. The decrease in share-based compensation was due to the lower share price and lower number of options granted in 2015 as compared to 2014.

Three months ended December 31, 2015 as compared to the three months ended December 31, 2014.

For the three months ended December 31, 2015 the Company incurred a net loss of $2.9 million and a loss per share of $0.03 compared to a net loss of $3.4 million and loss per share of $0.04 for the three months ended December 31, 2014. The decrease in loss reflects the Company's focus to reduce its expenditures on its projects.

During the three months ended December 31, 2015, the spending decreased on the Corani property ($1.0 million) and exploration and evaluation costs relating to other properties ($0.2 million) while the spending on the Santa Ana arbitration increased ($0.8 million) in comparison to the three months ended December 31, 2014.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS applicable to interim financial statements, and are expressed in US dollars. The presentation currency is the US dollar.

Period	Revenues	Loss for the period (in millions)	Basic and fully diluted loss per share
4th Quarter 2015	Nil	$2.9	$0.03
3rd Quarter 2015	Nil	$3.3	$0.04
2nd Quarter 2015	Nil	$4.0	$0.04
1st Quarter 2015	Nil	$4.6	$0.05
4th Quarter 2014	Nil	$3.4	$0.04
3rd Quarter 2014	Nil	$5.0	$0.05
2nd Quarter 2014	Nil	$3.9	$0.04
1st Quarter 2014	Nil	$4.6	$0.05

The increase in loss in the 3rd quarter of 2014 relates primarily to increase of focus on engineering optimization with the Corani project as well as legal costs related to the Company's negotiations related to its Santa Ana dispute.

The principal factors that can cause fluctuations in the Company's quarterly results include the timing and valuations attributable to stock option grants, expenditure levels on exploration projects, impairment losses on exploration projects and foreign exchange gains or losses related to Canadian dollar cash balances.

Selected Annual Information

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the years ended December 31, 2015, 2014 and 2013. The presentation currency is the US dollar.

	2015	2014	2013
Revenues	Nil	Nil	Nil
Loss for the year (in millions)	$14.8	$16.9	$20.9
Loss per share (basic and diluted)	$0.16	$0.18	$0.23
Total assets (in millions)	$98.7	$112.8	$128.5
Total non-current financial liabilities (in millions)	$0.5	$0.7	$1.1
Dividends declared	Nil	Nil	Nil

6) Liquidity and Capital Resources

Of the $19.4 million in cash and cash equivalents and short term investments, as of December 31, 2015, approximately $5.0 million (CDN$6.8 million and Soles 0.3 million) was denominated in Canadian dollars and Peruvian soles, with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2016 are expected to be denominated in US dollars. The Company generally invests its cash and cash equivalents in either Canadian government backed paper or in Canadian chartered bank corporate paper with short-term maturities.

As of December 31, 2015, the Company's net working capital was $18.6 million compared to net working capital of $33.5 million as of December 31, 2014. Cash and cash equivalents at December 31, 2015 totaled $19.4 million compared to $34.3 million as of December 31, 2014.

The $14.9 million decrease in cash and cash equivalents principally resulted from expenditures for land acquisitions, engineering, exploration, arbitration and other operating activities during the year, net of working capital adjustments.

The Company believes its current cash balances are sufficient to fund its planned exploration and corporate overhead activities for at least the next twelve months. The Company has budgeted expenditures of $8.8 million for 2016. Construction of the Corani mine will require financing either by way of share issuance, debt financing and/or by other financing alternatives to satisfy the projected $625 million capital requirement for the Corani project (capital estimate derived from the July 2015 feasibility study).

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

The following table summarizes the contractual maturities of the Company's financial liabilities, and operating and capital commitments at December 31, 2015:

(000's)	2016	2017	2018	2019	2020 and Beyond	Total
Accounts payable and accrued liabilities	$ 1,334	$ -	$ -	$ -	$ -	$ 1,334
Provisions	-	-	-	-	200	200
Other liabilities	262	120	96	96	152	726
Operating leases	79	71	74	-	-	224
	$ 1,675	$ 191	$ 170	$ 96	$ 352	$ 2,484

As of April 20, 2016, the Company had 93,107,139 outstanding common shares. The Company also had 7,842,100 share purchase options outstanding with a weighted average exercise price of CDN$3.66.

7) Related Party Transactions

a) Trading Transactions

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director or partner.

	Nature of transactions
DuMoulin Black LLP	Legal fees
Estudio Grau S.C.R.L.	Legal fees
Avisar Chartered Accountants	Accounting fees

The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

		Year Ended December 31		
		2015 (000's)		2014 (000's)
Legal fees	**$**	**254**	$	195
Accounting fees		**135**		164
	$	**389**	$	359

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2015 included $17,793 (December 31, 2014 - $38,308) which were due to individuals or companies whose officers, directors or partners were also officers or directors of the Company.

b) Compensation of Key Management Personnel

The remuneration of the directors, chief executive officer, president and chief operating officer, chief financial officer and vice president of operations (collectively, the key management personnel) during the year ended December 31, 2015 and 2014 were as follows:

			Year Ended December 31		
	Note		**2015 (000's)**		2014 (000's)
Salaries and directors' fees	(i)	**$**	**824**	$	818
Share-based compensation	(ii)		**692**		1,441
		$	**1,516**	$	2,259

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the year ended December 31, 2015 and 2014.

(ii) Share-based compensation represents the non-cash expense for the year ended December 31, 2015 and 2014, translated at the grant date foreign exchange rate.

8) Key Accounting Estimates and Judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses. Management's critical accounting estimates are summarized below:

Asset carrying values and impairment assessment

In accordance with the Company's accounting policy each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs of disposal and value in use.

The determination of fair value less costs of disposal and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the income statement.

Determination of the fair value of stock-based compensation

The fair value of share-based compensation granted is computed to determine the relevant charge to the statement of operations. In order to compute this fair value the Company uses the Black-Scholes option pricing model, which requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility and the risk free rate.

9) Financial Instruments

The Company's financial instruments as at December 31, 2015 consist of cash and cash equivalents, short-term investments, receivables, accounts payable and accrued liabilities, and other liabilities. The fair value of these instruments approximates their carrying value. There were no off-balance sheet financial instruments.

Cash and cash equivalents other than the minor amounts held in Peruvian soles consist solely of cash deposits with major Canadian banks.

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

10) Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2014 and this accompanying MD&A (together, the "Annual Filings").

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

Approval

The Audit Committee of Bear Creek has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to Bear Creek is available on SEDAR at www.sedar.com