

**BEAR CREEK MINING CORPORATION**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2020**

**EXPRESSED IN US DOLLARS**

**(Unaudited)**

**Bear Creek Mining Corporation****Interim Condensed Consolidated Statements of Financial Position**

US Dollars (000's)  
(Unaudited)

	Note	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 24,844	\$ 10,902
Short-term investments		21	11,173
Receivables and prepaid expenses		1,012	901
		<b>25,877</b>	<b>22,976</b>
<b>Non-current assets</b>			
Restricted cash	4	627	627
Property and equipment	5	4,631	3,917
Resource property costs	6	89,607	89,592
Right-of-use assets	8	534	901
		<b>121,276</b>	<b>118,013</b>
<b>TOTAL ASSETS</b>		<b>\$ 121,276</b>	<b>\$ 118,013</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,183	\$ 1,349
Current portion of community projects obligation	7	1,112	1,205
Current portion of other liabilities		65	67
Current portion of lease liabilities	8	353	593
		<b>2,713</b>	<b>3,214</b>
<b>Non-current liabilities</b>			
Community projects obligation	7	8,665	9,840
Other liabilities		1,170	1,249
Lease liabilities	8	131	279
Provision for site restoration	4	200	200
		<b>12,879</b>	<b>14,782</b>
<b>EQUITY</b>			
Share capital	9	300,975	287,035
Contributed surplus		36,530	36,623
Deficit		(229,108)	(220,427)
		<b>108,397</b>	<b>103,231</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 121,276</b>	<b>\$ 118,013</b>

Subsequent Events (Note 12)

ON BEHALF OF THE BOARD:

Signed "Catherine McLeod-Seltzer", Director

Signed "Erfan Kazemi", Director

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

**Bear Creek Mining Corporation**

**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**

For the Three and Nine Months Ended September 30

US Dollars (000's, except share data)  
(Unaudited)

		Three Months Ended September 30		Nine Months Ended September 30	
	Note	2020	2019	2020	2019
<b>Operating expenses</b>					
Corani engineering and evaluation costs	6	\$ 1,989	\$ 2,768	\$ 6,211	\$ 9,014
Other exploration and evaluation costs	6	299	504	898	1,785
Share-based compensation	9	439	384	824	1,965
Wages and management salaries	10	225	203	664	634
Professional and advisory fees		408	51	952	135
General office expenses		53	56	156	174
Shareholder information and filing fees		93	35	220	115
Travel		-	17	16	51
<b>Loss before other items</b>		<b>3,506</b>	<b>4,018</b>	<b>9,941</b>	<b>13,873</b>
<b>Other income and expense</b>					
Foreign exchange gain		(667)	(356)	(1,082)	(220)
Finance income		(21)	(161)	(178)	(629)
<b>Loss and Comprehensive Loss for the Period</b>		<b>\$ 2,818</b>	<b>\$ 3,501</b>	<b>\$ 8,681</b>	<b>\$ 13,024</b>
<b>Loss per Share – Basic and Diluted</b>		<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.08</b>	<b>\$ 0.13</b>
<b>Weighted Average Number of Shares Outstanding</b>		<b>112,330,734</b>	<b>103,085,064</b>	<b>110,389,401</b>	<b>103,085,064</b>

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

**Bear Creek Mining Corporation**

**Interim Condensed Consolidated Statements of Cash Flows**

For the Nine Months Ended September 30

US Dollars (000's)  
(Unaudited)

	Note	2020	2019
<b>Operating Activities</b>			
Loss for the period		\$ (8,681)	\$ (13,024)
Items not affecting cash:			
Amortization		582	503
Accretion of community projects obligation	7	732	769
Corani obligation		47	133
Accretion of lease liabilities	8	67	20
Change in estimate of lease liabilities			(20)
Share-based compensation		824	1,965
Finance income		(178)	(629)
Unrealized foreign exchange gain		(1,085)	(222)
		(7,692)	(10,505)
Changes in current assets and liabilities:			
Receivables and prepaid expenses		(62)	(1,078)
Accounts payable and accrued liabilities		(19)	390
Cash used in operating activities		(7,773)	(11,193)
<b>Investing Activities</b>			
Purchase of equipment	5	(1,009)	(1,790)
Resource acquisition costs	6	(15)	(32)
Payment of community projects and land obligations		(1,153)	(1,216)
Short-term investment		11,107	(4,265)
Interest received		190	644
Restricted cash	4	-	(627)
Cash provided by (used in) investing activities		9,120	(7,286)
<b>Financing Activities</b>			
Public offering (net of cash issuance cost)	9	11,617	-
Exercise of stock options	9	1,405	-
Principal payments on leases	8	(549)	(452)
Cash provided by (used in) financing activities		12,473	(452)
<b>Effect of exchange rate change on cash and cash equivalents</b>		<b>122</b>	<b>67</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>13,942</b>	<b>(18,864)</b>
Cash and cash equivalents – Beginning of Period		10,902	34,957
<b>Cash and Cash Equivalents – End of Period</b>		<b>\$ 24,844</b>	<b>\$ 16,093</b>

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

**Bear Creek Mining Corporation**

**Interim Condensed Consolidated Statements of Changes in Equity**

*US Dollars (000's, except share data)  
(Unaudited)*

	Share Capital (Number of Shares)	Share Capital (000's) \$	Contributed Surplus (000's) \$	Deficit (000's) \$	Total (000's) \$
<b>December 31, 2018</b>	<b>103,085,064</b>	<b>286,786</b>	<b>34,462</b>	<b>(202,684)</b>	<b>118,564</b>
Share-based compensation	-	-	1,965	-	1,965
Loss for the period	-	-	-	(13,024)	(13,024)
<b>September 30, 2019</b>	<b>103,085,064</b>	<b>286,786</b>	<b>36,427</b>	<b>(215,708)</b>	<b>107,505</b>
<b>December 31, 2019</b>	<b>103,229,064</b>	<b>287,035</b>	<b>36,623</b>	<b>(220,427)</b>	<b>103,231</b>
Public offering	7,905,000	12,522	-	-	12,522
Share issuance cost	-	(904)	-	-	(904)
Exercise of stock options	1,305,250	1,405	-	-	1,405
Fair value of options exercised	-	917	(917)	-	-
Share-based compensation	-	-	824	-	824
Loss for the period	-	-	-	(8,681)	(8,681)
<b>September 30, 2020</b>	<b>112,439,314</b>	<b>300,975</b>	<b>36,530</b>	<b>(229,108)</b>	<b>108,397</b>

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

## **Bear Creek Mining Corporation**

### **Notes to Interim Condensed Consolidated Financial Statements**

**September 30, 2020**

*US Dollars  
(Unaudited)*

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#### **1. Nature of Business**

Bear Creek Mining Corporation's ("Bear Creek" or the "Company") business is in the acquisition, exploration, and development of precious and base metal properties in Peru.

Bear Creek is a public company incorporated in British Columbia, Canada. Its common shares are listed on the TSX Venture Exchange in Canada, and the Bolsa de Valores de Lima in Peru under the symbol "BCM", and are posted for trading on the OTCQX Market in the U.S. under the symbol "BCEKF" and on the Börse Frankfurt in Germany under the symbol "OU6". The head office, principal address, and records office of the Company are at 400 Burrard Street, Suite 1400, Vancouver, British Columbia, Canada, V6C 3A6.

The business of mining and exploration involves a high degree of risk, and there can be no assurance that current exploration and development projects will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its exploration plans and commitments, development activities, administrative overhead, and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These factors include the discovery of economically recoverable reserves, the ability to complete the development of such reserves, and future profitable production or proceeds from the disposition of mineral resources.

Ownership interests in mineral properties involve risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests is in good standing.

The novel coronavirus ("COVID-19") has caused many countries to implement measures to reduce the spread of the virus. On March 15, 2020, the President of Peru issued a national state of emergency decree that closed the country's borders, limited transportation within the country, and required most people to work from home. The stay at home decree was lifted on June 30, 2020, while the state of emergency remains in place until November 30, 2020. On September 26, 2020, the government of Peru announced the partial initiation of phase four of its economic reactivation plan on October 1, 2020. The government of Peru announced on September 29, 2020, it was opening its borders to flights from Colombia, Ecuador, Panamá, Paraguay, Uruguay, Bolivia, and Chile. On October 22, 2020, the government of Peru announced it would broaden air travel to include travel originating within eight hours' flying time of Lima. Travelers will require a negative result for a COVID-19 RT-PCR test within 72 hours of flight departure and will also have to quarantine upon arrival for 14 days. Sunday quarantine is no longer in effect in areas previously subject to the all-day quarantine, while personal vehicle use on Sundays is still restricted throughout the country. The Company's offices in Lima and Vancouver remain closed and the employees of the Company have continued to work from home. Staff levels and travel to the Corani Property continue to be restricted. A staff of twelve to thirteen remains on-site for 30 day rotations at the Corani Property rather than the pre-COVID-19 turnaround of two weeks. The Company anticipates that staffing levels will return to pre-COVID levels in November 2020 as the Peruvian authorities reduce travel restrictions in the Puno region. Management can not predict the effect of the COVID-19 virus on the Company's future business plans, financial position, cash flows, and results of operations.

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#### **2. Basis of Preparation**

##### **Statement of Compliance**

The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year

## Bear Creek Mining Corporation

### Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020

US Dollars  
(Unaudited)

The Board of Directors approved the interim condensed consolidated financial statements on November 20, 2020.

#### Basis of Measurement

These interim condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in US dollars unless otherwise noted.

#### Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and 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 for the year ended December 31, 2019.

#### New accounting standards not yet adopted

##### *Property, Plant and Equipment*

Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. The Company is in the process of assessing the impact of the adoption of this amendment. None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company.

### 3. Cash and Cash Equivalents

	September 30, 2020 (000's) \$	December 31, 2019 (000's) \$
Cash	804	550
Cash equivalents	24,040	10,352
	<b>24,844</b>	10,902

### 4. Restricted Cash

The Company has an estimated future obligation of \$2,539,779 in respect of the Corani Mine Closure Plan. The Company has obtained a guarantee from an insurance company for this amount. The Company has provided a certificate of deposit in the insurer's name for \$627,208 to partially support the guarantee. The certificate of deposit is considered to be restricted cash.

The Company may be required to post additional guarantees or obtain additional third-party guarantees every year until 2036 according to a schedule within the Mine Closure Plan.

**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****September 30, 2020**US Dollars  
(Unaudited)

As of the date of these financial statements, no significant environmental disturbance has been caused due to the activities conducted on the Corani Project. The Company assumed a restoration obligation estimated at \$200,000 upon acquisition of the Corani Project.

**5. Property and Equipment**

	<b>Exploration and Other Equipment (000's) \$</b>	<b>Office Equipment (000's) \$</b>	<b>Land (000's) \$</b>	<b>Total (000') \$</b>
Balance - December 31, 2018	762	12	31	805
Additions	3,211	-	14	3,225
Amortization	(109)	(4)	-	(113)
Balance - December 31, 2019	<b>3,864</b>	<b>8</b>	<b>45</b>	<b>3,917</b>
Additions	803	-	-	803
Amortization	(87)	(2)	-	(89)
<b>Balance – September 30, 2020</b>	<b>4,580</b>	<b>6</b>	<b>45</b>	<b>4,631</b>

During the period ended September 30, 2020, additions to Property and Equipment included \$0.75 million for the Antapata substation construction (year ended December 31, 2019 - \$2.74 million). The capitalized cost of the Antapata substation is not amortized as the asset is still under construction and not in use.

**6. Resource Property Costs**

	<b>Corani Project (000's) \$</b>	<b>Maria Jose Project (000's) \$</b>	<b>Total (000's) \$</b>
Balance at December 31, 2018	88,601	951	89,552
Land acquisition costs	40	-	40
Balance at December 31, 2019	88,641	951	89,592
Land acquisition costs	15	-	15
<b>Balance at September 30, 2020</b>	<b>88,656</b>	<b>951</b>	<b>89,607</b>



## Bear Creek Mining Corporation

### Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020

US Dollars  
(Unaudited)

#### a) Corani Project

The Company has a 100% interest in the Corani Project located in Peru. Costs incurred during the period are described in the following table.

Corani Engineering and Evaluation Costs:	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
	(000's)	(000's)	(000's)	(000's)
	\$	\$	\$	\$
<b>Corani</b>				
Community contributions	371	474	1,141	1,309
Drilling	-	111	-	387
Detailed engineering	92	545	554	2,475
Environmental	27	43	100	131
Maintenance costs	29	7	32	55
Salaries and consulting	1,106	1,060	3,241	3,167
Camp, supplies and logistics	355	502	1,111	1,411
Travel	9	26	32	79
<b>Costs for the Period</b>	<b>1,989</b>	<b>2,768</b>	<b>6,211</b>	<b>9,014</b>

#### b) Other Exploration and Evaluation Costs

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

The Company expenses the value added tax it pays during the exploration phase. During the nine months ended September 30, 2020, the total value added taxes paid were \$0.4 million (2019 - \$1.2 million).

## 7. Community Projects Obligation

The Company is a party to a Framework Agreement for the Sustainable Use of Natural Resources in the Mining Project Corani (the "Framework Agreement") with the Corani District Municipality and the five communities contained within the District Municipality: Chacaconiza, Quelcaya, Isivilla, Corani-Aconsaya, and Aymaña. The Framework Agreement was for an initial payment (the "Initial Payment") and 22 successive payments (the "Successive Payments") of Peruvian Sol ("S/") 4 million to be made into a trust designed to fund community projects.

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

As at September 30, 2020, the total undiscounted obligation under the Framework Agreement was \$21.13 million.

**Bear Creek Mining Corporation**

**Notes to Interim Condensed Consolidated Financial Statements**

**September 30, 2020**

*US Dollars  
(Unaudited)*

The Company's discounted community projects obligation per the Framework Agreement is as follows:

	(000's) \$
Balance as of December 31, 2018	11,039
Payment	(1,206)
Accretion expense	1,034
Impact of foreign exchange	178
Balance as of December 31, 2019	11,045
Payment	(1,121)
Accretion expense	732
Impact of foreign exchange	(879)
<b>Balance as of September 30, 2020</b>	<b>9,777</b>
Less: current portion	(1,112)
<b>Long-term portion as of September 30, 2020</b>	<b>8,665</b>

**8. Leases**

The Company's lease liabilities and right-of-use assets are as follows:

	Office Space and Warehouse (000's) \$	Vehicles (000's) \$	Total (000's) \$
<b>Lease Liabilities</b>			
Balance - December 31, 2018	-	-	-
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Payments	(277)	(352)	(629)
Accretion expense	17	18	35
Change in estimate	(20)	-	(20)
Foreign exchange translation effect	(1)	4	3
<b>Balance - December 31, 2019</b>	<b>570</b>	<b>302</b>	<b>872</b>
Additions	83	62	145
Payments	(253)	(296)	(549)
Accretion expense	31	36	67
Change in Estimate	(20)	-	(20)
Foreign exchange translation effect	(13)	(18)	(31)
<b>Balance – September 30, 2020</b>	<b>398</b>	<b>86</b>	<b>484</b>
Less: current portion	(267)	(86)	(353)
Long-term portion	131	-	131

**Bear Creek Mining Corporation**

**Notes to Interim Condensed Consolidated Financial Statements**

**September 30, 2020**

*US Dollars  
(Unaudited)*

<b>Right-of-Use Assets</b>	<b>Office space and Warehouse (000's) \$</b>	<b>Vehicles (000's) \$</b>	<b>Total (000's) \$</b>
Balance - December 31, 2018	-	-	-
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Amortization	(267)	(315)	(582)
<b>Balance - December 31, 2019</b>	<b>584</b>	<b>317</b>	<b>901</b>
Additions	83	62	145
Amortization	(219)	(274)	(493)
Change in Estimate	(20)	-	(20)
Foreign exchange translation effect	1	-	1
<b>Balance – September 30, 2020</b>	<b>429</b>	<b>105</b>	<b>534</b>

**9. Capital**

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

On February 6, 2020, the Company issued 7,905,000 common shares at a price of CDN\$2.10 per share for gross proceeds of CDN\$16.6 million (\$12.52 million). The underwriters who purchased the shares received a cash fee equal to 6% of the gross proceeds. Additional costs of \$0.15 million were also incurred in connection with the financing.

During the period ended September 30, 2020, a total of 1,305,250 incentive stock options were exercised for gross proceeds of \$1.41 million (CDN\$1.93 million). The average market price for the options exercised during the period ended September 30, 2020 is CDN\$2.45. A total of 14,000 incentive stock options, exercisable at CDN\$1.41, expired without being exercised.

<b>Options Exercised</b>	<b>Exercise Price (CDN\$)</b>	<b>Gross Proceeds (CDN\$)</b>	<b>Gross Proceeds (USD\$)</b>
933,250	1.41	1,315,882	948,475
300,000	1.50	450,000	333,439
32,000	2.05	65,600	48,787
40,000	2.48	99,200	73,923
<b>1,305,250</b>		<b>\$ 1,930,682</b>	<b>\$ 1,404,624</b>

On September 30, 2020, the Company had a total of 6,512,500 incentive stock options outstanding at a weighted average exercise price of CDN\$2.13 per option. Of these, 5,325,000 options had vested as of September 30, 2020 and were available for exercise at a weighted average price of CDN\$2.13 per option.

## Bear Creek Mining Corporation

### Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020

US Dollars  
(Unaudited)

On April 22, 2020, the Company granted 1,000,000 Restricted Share Units (“RSUs”) to the directors and officers of the Company. The RSUs vest one-third each on April 22, 2021, 2022, and 2023 (the “Vesting Dates”) and entitle the holders to receive common shares of the Company equal to the number of RSU’s vesting on each Vesting Date. The fair value of the RSUs was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	RSUs
Expected dividend yield	0.00%
Expected stock price volatility	79.64%
Risk-free interest rate	0.34%
Expected life	Based on vesting
Grant date fair value	\$0.47

During the period ended September 30, 2020, the Company recognized \$0.43 million (2019 - \$1.97 million) as share-based payments expense based on the graded vesting schedule of the granted stock options and \$0.39 million (2019 - \$Nil) as share-based payments expense based on the graded vesting schedule of the granted RSUs.

#### 10. Related Party Transactions

##### Compensation of key management personnel

The remuneration of the Directors, President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and the Senior Vice President of Project Delivery (collectively, “key management personnel”) were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
	(000’s)	(000’s)	(000’s)	(000’s)
Salaries and directors’ fees	\$ 407	\$ 385	\$ 1,203	\$ 1,167
Share-based compensation	422	360	802	1,910
	\$ 829	\$ 745	\$ 2,005	\$ 3,077

Any amounts that might be owed at any time to key management personnel would be unsecured, non-interest bearing, and due on demand. As at September 30, 2020, \$65,750 (December 31, 2019 - \$nil) was due to key management personnel for unpaid salaries or director fees.

#### 11. Segmented Information

The Company’s business consists of a single reportable segment being mineral exploration and development. Details on a geographic basis are as follows:

	September 30, 2020	December 31, 2019
	(000’s)	(000’s)
<b>Total Assets</b>		
Peru	\$ 105,263	\$ 111,885
Canada	16,013	6,128
	\$ 121,276	\$ 118,013

**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****September 30, 2020***US Dollars  
(Unaudited)*

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	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Net Loss</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>
Peru	\$ 2,039	\$ 2,895	\$ 5,987	\$ 10,647
Canada	779	606	2,694	2,377
	\$ 2,818	\$ 3,501	\$ 8,681	\$ 13,024

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**12. Subsequent Events**

The Company was informed by Peru's National Tax Administrator ("SUNAT") on November 6, 2020 that its application for early recovery of IGV submitted on October 30, 2020 for Soles 745,359 (approximately \$207,910) was approved.