BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on August 28, 2023. This MD&A is intended to help the reader understand the significant factors that influence the Company's performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the interim condensed consolidated financial statements of the Company for the three and six month period ended June 30, 2023. The Company's condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company, which is not part of this MD&A, including the Company's Annual Information Form ("AIF") filed on April 20, 2023, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedarplus.ca.

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

The mining and exploration business involves a high degree of risk, and there can be no assurance that current mine production, exploration, and development projects will be profitable. A description of significant business risks may be found in the Company's AIF for the year ended December 31, 2022, filed on SEDAR.

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

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

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1) Highlights

Corporate Developments:

On May 2, 2023, the Company announced Mr. Anthony Hawkshaw intent to retire from the position of Chief Executive Officer ("CEO") of the Company effective June 5, 2023. Subsequently, the Board of Directors selected Mr. Eric Caba, President and Chief Operating Officer of Bear Creek, to assume the role of President and CEO concurrent with Mr. Hawkshaw's retirement. Mr. Hawkshaw will remain a director and Vice Chair of the Company.

On May 11, 2023, the Company announced that Sandstorm Gold Ltd. ("Sandstorm") advanced an additional $5 million pursuant to an amendment to the gold purchase agreement (the "Gold Purchase Agreement") between the two parties originally dated December 17, 2022 (see Bear Creek Mining news release dated December 17, 2022). Proceeds from the additional stream advance will accelerate access to certain higher-grade areas of the Mercedes mine and for general working capital purposes. The Company will deliver 600 ounces of gold per month for seven months in addition to the original commitment of 25,200 ounces (now 600 ounces per month over 49 months, or 29,400 ounces) in exchange for the $5 million advance.

On June 30, 2023, the Company announced that it has entered into an agreement with Equinox Gold ("Equinox") to refinance the final purchase price installment for Mercedes into a five year, $26 million convertible debenture ("Convertible Debenture"), pending approval from the Company's shareholders on September 21, 2023 and the TSX Venture Exchange ("TSX-V"). The principal as at June 30, 2023 reflects the $25 million deferred payment, less $1.4 million in interest payments plus approximately $2.5 million in accrued interest from October 26, 2022 to June 30, 2023. Upon receipt of the necessary approvals, the revised terms will convert the deferred payment into a secured, interest-bearing Convertible Debenture with a nominal rate of interest equal to 7% per annum and will mature after a term of five years from the issuance date. At any time at or before maturity, the unpaid principal portion may be converted into common shares of the Company by Equinox at a conversion price of C$ 0.73, representing 1.25 times the volume-weighted average price of the common shares of the Company for the 10-day period ending on May 29, 2023.

Commencing October 31, 2023, the Company will make payments of approximately $0.16 million per month, representing the monthly interest portion on the principal. The Company may prepay, without penalty, any portion of the Convertible Debenture before the maturity date. The Convertible Debenture will be secured by a first lien (pari passu with certain security held by Bear Creek's existing creditors) and certain second lien pledges of Bear Creek's equity interests in the holding companies through which Bear Creek holds Mercedes and the Corani silver-lead-zinc deposit in Puno, Peru.

2) Mercedes Mine

On December 16, 2021, the Company announced it agreed to acquire all of the shares of Equinox's subsidiaries that own a 100% interest in Mercedes.

On April 21, 2022 ("Closing Date"), the Company acquired all of the issued and outstanding shares of Equinox's indirect wholly-owned subsidiary, which in turn owns subsidiaries that ultimately own 100% of the Mercedes Mine. As part of this transaction, the Company paid cash consideration of $75 million, including $60 million provided directly to Equinox by Sandstorm Gold Ltd. (“Sandstorm”), and issued 24,730,000 Bear Creek common shares to Equinox. For the $60 million cash consideration that Sandstorm provided directly to Equinox, the Company assumed obligations in the form of a convertible debenture of $22.5 million and a Gold Purchase Agreement (“GPA”) of $37.5 million. The Company was also required to make a deferred cash payment of $25 million on or before October 21, 2022 and pay a 2% Net Smelter Return (“NSR”) on the metal produced from the Mercedes concessions to Equinox. In addition, Elemental Royalties Corp (“Elemental”) acquired a 1% NSR royalty on the Mercedes gold-silver mine in July 2018, payable from the earlier of either a 450,000 ounces of gold production hurdle or July 28, 2022, the Company started making NSR payments on the metal produced from the Mercedes to Elemental from July 28, 2022 onwards.

Under the GPA Bear Creek will sell to Sandstorm 600 ounces of gold per month for 42 months (a total of 25,200 ounces) at a price equal to 7.5% of the London Bullion Market Association’s PM fix on the day before the delivery date. After that, the Company will sell 4.4% of gold produced by Mercedes to Sandstorm at a price equal to 25% of the London Bullion Market Association’s PM fix on the day before the delivery date. Sandstorm will also be granted a right of first refusal on any future royalties, streams, or similar transactions from the Mercedes mining concessions.

Sandstorm provided the Company with $22.5 million on the Closing Date and subscribed to the Convertible Debenture issued by the Company. The Convertible Debenture matures on its third anniversary, bears a 6% coupon, and allows the holder to convert the principal, in whole or in part, into common shares of the Company at any time before maturity at CDN$1.51 per common share. The Convertible Debenture can be prepaid in whole or in part with ten days’ notice.

Mercedes is located in the state of Sonora, northwest Mexico, within the Cucurpe municipality (30 19’47” N latitude and 110 29’02” W longitude). The Mine is located 250 km northeast of Hermosillo, Sonora’s capital city, and 300 km south of Tucson, Arizona, United States.

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

The ore processing at Mercedes consists of conventional milling and processing to recover gold and silver. Ore is crushed in three stages and fed to a mill. Milled ore undergoes agitated leaching, counter-current decantation, Merrill-Crowe precipitation, and smelting. A gravity concentration circuit is also present but is generally not used. Recoveries over the 2016 to 2022 period averaged 95% for gold and 36% for silver. Tailings undergo cyanide detoxification before deposition or are used as backfill in the mine.

2.1) Operation Highlights

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	**Six Months Ended June 30, 2023**	Six Months Ended June 30, 2022
Ore tonnes mined - Kt	**121.49**	83.11	**255.11**	83.11
Tonnes milled – kt	**125.14**	121.97	**259.62**	121.97
Average gold grade mined – g/tn	**2.75**	2.82	**2.84**	2.82
Average gold grade milled – g/tn	**2.42**	2.61	**2.67**	2.61
Average silver grade mined - g/tn	**34.73**	25.52	**31.36**	25.52
Average silver grade milled - g/tn	**33.47**	25.59	**30.73**	25.59
Recovery rate gold - %	**94.53%**	95.61%	**95.06%**	95.61%
Recovery rate silver - %	**29.54%**	34.02%	**31.34%**	34.02%
Production:				
Gold oz	**9,211.54**	9,801	**21,249.52**	9,801
Silver oz	**39,827.31**	34,099	**80,068.44**	34,099

2.2) Operating Costs

	Three Months Ended June 30, 2023 (000,'s)	Three Months Ended June 30, 2022 (000,'s) (2)	**Six Months Ended June 30, 2023 (000,'s)**	Six Months Ended June 30, 2022 (000,'s) (2)
Labour	4,181	2,518	7,902	2,518
Operating Materials	4,139	3,719	8,953	3,719
Maintenance Materials	936	1,386	2,732	1,386
Power	1,656	1,060	3,237	1,060
Operating Contractors	4,372	3,594	9,243	3,594
General Expenses	699	638	1,624	638
Stockpile / FG / WIP Adjustments	60	(561)	(9)	(561)
Other Items	178	236	355	236
Total Cost	**16,221**	**12,590**	**34,037**	**12,590**
Less: Costs Capitalized as Mine Development Expenditures	**(2,592)**	**(4,143)**	**(4,355)**	**(4,143)**
Total Operating Costs Net of Capitalized Items (1)	**13,629**	**8,447**	**29,682**	**8,447**

1) Total Operating Costs, net of Capitalized Items, is a Non-IFRS measurement and is reconciled to production costs in Section 7.
2) The column for three months and six months ended June 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

No Lost Time Incidents ("LTI"), Restricted Work, or Medical Treatment Accidents were incurred during the reporting period. The Mercedes Mine has not had an LTI for over a year. No reportable environmental incidents occurred during the reporting period.

During Q2 2023, Mercedes achieved production below the quarterly guidance. Delays in development work experienced during the Q1 of 2023 impacted Mercedes' operations during Q2 2023. This primarily manifested itself in lower grades available to process as the Company continued to catch up on development in the mine. The factors impeding development in Q1 2023 were substantially improved in the second half of Q2 2023, leading to a 30% increase in development advances quarter over quarter. Additionally, in general, the use of more bulk mining methodologies the Company shifted to increase the efficiency of the development work as more tons of ore become available per meter of development, which effectively leverages the same development to greater effect and contributes to lower operating and all-in sustaining costs.

During Q2 2023, the Company revised the mining methods employed at the Marianas and San Martin deposits, from cut and fill mining at both deposits to room and pillar mining at San Martin and sub-level caving and sub-level stoping at Marianas. The use of long-hole open stoping was also increased in the remaining operating areas. These methodologies better align with the structural and geologic characteristics of these deposits, are less costly and are less dilutive in the case of room and pillar mining.

These changes made in May 2023 onwards have significantly impacted mining costs (Non-IFRS measure). The mining cost per tonne of ore mined has declined by 23% to $61.96 for the May to June period from an average of $80.84 in the year's first four months. The Company expects the mining cost to fall by another $3 to $5 by the end of the year. The table below provides information on the monthly mining costs and the change in per tonne costs due to revised mining methods in May 2023.

	Mine Cost ($)	Tonnes Mined Ore (t)	US$/ton
January 2023	3,058,666	41,427	73.83
February 2023	3,911,065	45,415	86.12
March 2023	3,767,923	46,779	80.55
April 2023	3,288,453	39,883	82.45
Total: January - April 2023	**14,026,107**	**173,504**	**80.84**
May 2023	2,299,807	39,408	58.36
June 2023	2,756,215	42,199	65.31
Total: May - June 2023	**5,056,022**	**81,607**	**61.96**

The following table reconciles the mining cost to the Total Operating Costs, Net of Capitalized Items, for the period ended June 30, 2023.

	Three Months Ended June 30, 2023 (000,'s)	**Six Months Ended June 30, 2023 (000,'s)**
Mining Cost	8,344	19,082
Severance	122	44
Plant	2,894	6,104
G&A	1,664	3,006
Overhead	406	1,165
Refining Charge	140	289
MIC Adjustment	41	(9)
Stockpile Adjustment	18	1
Total Operating Costs, Net of Capitalized Items (1)	**13,629**	**29,682**

1) Total Operating Costs, net of Capitalized Items, is a Non-IFRS measurement and is reconciled to production costs in Section 7.

Design work for Tailings Storage Facility 3 ("TSF3") continues as the Company waits for permit approval. Permits for TSF3 are currently stalled in the permitting process with a delay of 4 months. Contingency plans for underground deposition are being evaluated to maintain operations if significant further delays are encountered. Expected expenditures in 2023 are $1.7 million for the prepurchase of materials, with construction programmed to begin in Q3 2024.

2.3) Exploration

Exploration was delayed during Q2 2023 as the Company focused on operating efficiencies and recovering development advances within the mines. Delineation drilling in Marianas has continued to show significant intercepts well above reserve grade. Geological interpretation of Marianas is ongoing to better understand the nature and significant upside potential of the deposit.

Exploration drilling on Marianas Deep, Marianas Extension, and the San Martin Displacement are scheduled to restart in Q3 2023.

2.4) Outlook

Historically, the Mercedes mine has struggled to meet grade projections in the mine plans. The Company has undertaken a complete review and rework of the geological interpretation of the Mercedes mine. Subsequent to the new geological modeling, revised reserve block modeling and mine sequencing is also in process. Accordingly, the Company advises that its 2023 annual production guidance, issued on February 24, 2023, is being revised to 45,000 from 55,000 ounces gold production until the results of these reworks and revisions are complete and updated production estimates for 2023 can be more accurately forecasted.

An unexpected dip in the ore body geometry of the San Martin deposit has caused a revamp of the mine plan with delays accessing the higher-grade portions of the deposit. Overall mining progress within San Martin continues within expectations. Tonnes mined from the San Martin deposit are expected to double from 400 to 800 tonnes per day during Q3 2023 as the available working faces increase and the grade increases as we access the higher grade core of the ore body. The San Martin deposit contains 289k tonnes in Measured and Indicated Resources at an average grade of 6.6 g/t gold and is projected to account for roughly 50% of Mercedes' gold production in the second half of the year.

The Marianas deposit will be a strong contributor to 2023 production and a key component of the Company's longer-term plans for Mercedes. Marianas is located on the prolific Mercedes structural trend, which has contributed over 3.5 million tonnes of ore and over 580k ounces of gold to the mine's historical production since 2011. As underground delineation drilling continues to better define this deposit and surface exploration drilling begins to step out both along strike and below the existing Marianas workings, our understanding of this deposit and its potential continues to evolve. The discovery of a number of new veins and the intersection of zones of intense structural complexity, including hydrothermal breccias that contain gold mineralization at significantly higher grades than the current reserve grade, indicate that the higher temperature sources of mineralization are being approached. This also indicates a strong potential for additional ore along strike and at depth. The Marianas deposit remains open both along strike and to depth, and the structural trend continues virtually unexplored, for an additional 4 km within the Mercedes' property.

The Company is evaluating the potential impacts of the new mining law in Mexico. Full details will likely be known once the components of the regulation are enacted. Bear Creek has received a stay from the Mexican courts (an Amparo) against the new mining law while the Amparo process continues. A favorable final ruling on the Amparo would protect the Company from the application of the new mining law on the Company. This process will likely take several more months before a final ruling is given.

2.5) Gold Purchase Agreement and streams

Sandstorm Gold Purchase Agreement

On April 21, 2022, Sandstorm provided the Company with $37.5 million. In exchange, the Company agreed to sell to Sandstorm 600 ounces of refined gold per month for 42 months (a total of 25,200 ounces) at a price equal to 7.5% of the London Bullion Market Association's PM fix for the day before the delivery date. On May 11, 2023 Sandstorm provided the Company with an additional $5 million in exchange for 600 ounces per month for an additional seven months (600 ounces per month for 49 months, totaling 29,400 ounces). After 29,400 ounces have been delivered, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's ("LBMA") PM fix for the day before the delivery date.

Deliveries made and outstanding balances are set out in the table below:

Delivery Month	Ounces Delivered	Uncredited ounce balance	Value repaid $ (000's)	Amount outstanding $ (000's)
	-	25,200	-	37,500
May 2022	600	24,600	1,004	36,496
June 2022	600	24,000	1,016	35,480
July 2022	600	23,400	944	34,536
August 2022	1,200	22,200	1,955	32,581
September 2022	-	22,200	-	32,581
October 2022	600	21,600	915	31,666
November 2022	600	21,000	976	30,690
December 2022	600	20,400	1,004	29,686
As at December 31, 2022	**4,800**	**20,400**	**7,814**	**29,686**
January 2023	600	19,800	1,045	28,641
February 2023	600	19,200	1,034	27,607
March 20223	600	18,600	1,059	26,548
April 2023	600	18,000	1,137	25,411
Additions	-	22,200	-	30,411
May 2023	600	21,600	1,121	29,290
June 2023	600	21,000	1,085	28,205
As at June 30, 2023	**8,400**	**21,000**	**$ 14,295**	**$ 28,205**

This agreement was recognized by the Company as deferred revenue to be recognized as revenue over the term of the agreement. As of the Date of this MD&A, the Company has 35 monthly deliveries of 600 ounces remaining. The value repaid represents 92.5% of the value of the metal delivered, which is 600 ounces times the LBMA's PM fix price for the day prior to the metal delivery. On May 11, 2023, the Company announced that Sandstorm advanced an additional $5 million pursuant to an amendment to Gold Purchase Agreement between the two parties originally dated December 17, 2022 (see Bear Creek Mining news release dated December 17, 2022). The Company will deliver 600 ounces of gold per month for seven months in addition to the original commitment of 25,200 ounces (now 600 ounces per month over 49 months, or 29,400 ounces) in exchange for the $5 million advance.

Nomad Royalty Company Ltd. gold prepay agreement

On April 21, 2022 as part of the Mercedes acquisition, the Company assumed a gold prepay agreement with the Nomad Royalty Company Ltd. ("Nomad"). Under the terms of the gold prepay agreement, the Company is required to deliver a notional amount of 1,000 ounces of gold quarterly if the gold price is between $1,350 and $1,650 until 5,400 ounces have been delivered. If the gold price per ounce is above $1,650, the Company must deliver 900 ounces quarterly rather than 1,000 ounces. If the gold price per ounce is below $1,350, the Company must deliver 1,100 ounces rather than 1,000 ounces. Upon assumption on April 21, 2022, the remaining obligation ("Uncredited Balance") under this contract was 5,400 ounces of gold, to be delivered to Nomad.

Deliveries made and outstanding balances are set out in the table below:

Delivery Quarter	Ounces Delivered	Uncredited ounce balance	Value repaid $ (000's)
	-	5,400	-
Q2 2022	900	4,500	1,644
Q3 2022	900	3,600	1,471
Q4 2022	900	2,700	1,623
As at December 31, 2022	**2,700**	**2,700**	**4,738**
Q1 2023	900	1,800	1,769
Q2 2023	900	900	1,936
As at June 30, 2023	**4,500**	**900**	**$ 8,443**

Interest is payable quarterly at a rate of 6.5% of the quarterly gold delivery amounts. During the six months period ended June 30, 2023, 175.5 ounces of gold were delivered as interest. Due to the variability of the pricing and delivery amounts, the gold prepay agreement was determined to be a financial liability recorded at fair value through profit and loss . The value repaid represents 100% of the value of the metal delivered, which is 900 ounces times the LBMA's PM fix price for the day prior to the metal delivery.

The balance of the gold prepay agreement as at June 30, 2023 is $1.8 million and will be fully paid with the quarterly payment in Q3 2023.

Nomad Royalty Company Ltd. silver stream

On April 21, 2022 as part of The Mercedes acquisition, the Company assumed a silver stream requiring deliveries of 75,000 ounces of silver per quarter until 1.2 million ounces are delivered. After that, the Company will deliver 100% of its silver production until 3.75 million ounces are delivered. After 3.75 million ounces are delivered, the mine will deliver 30% of its silver production. The Company is paid 20% of the LBMA's silver fix for the day before delivery.

Deliveries made and outstanding balances are set out in the table below:

Delivery Quarter	Ounces Delivered	Uncredited balance vs 1.2M oz	Uncredited balance vs 3.75M oz	Value repaid (000's)
	-	1,200,000	3,750,000	-
Q2 2022	63,443	1,136,557	3,686,557	1,065
Q3 2022	80,974	1,055,583	3,605,583	1,266
Q4 2022	75,376	980,207	3,530,207	1,290
As at December 31, 2022	**219,793**	**980,207**	**3,530,207**	**3,621**
Q1 2023	73,565	906,642	3,456,642	1,365
Q2 2023	75,628	831,014	3,381,014	1,472
As at June 30, 2023	**368,986**	**831,014**	**3,381,014**	**6,458**

The silver stream was determined to be a financial liability recorded at fair value through profit or loss. The value repaid on the liability is variable based on 80% of the silver price (LBMA's silver fix for the day prior to the delivery date) applied to ounces delivered under the contract. The

Company is obliged to deliver a minimum of 75,000 ounces per quarter until the 1.2 million ounces are delivered. Thereafter, the Company will deliver 100% of its silver production with no minimum delivery requirement until 3.75 million ounces are delivered. As at June 30, 2023, the balance of the silver stream is $14.7 million.

3) Development Projects

3.1) Corani Silver-Lead-Zinc Project

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

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

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

2019 NI 43-101 Technical Report Highlights

	2019 Report*
After tax NPV_5	$531 million
After tax IRR	22.90%
Initial Capital	$579 million
Capital Payback	2.4 years
Ore Processed per Day	27,000 tonnes
AISC per oz silver Life of Mine (“LOM”))	$4.55
Average annual silver production (LOM)	9.6 million oz

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

Social and Environmental

The Company maintains excellent working relationships with local communities. An important element of this relationship is a Life of Mine Investment Agreement (“LOM Agreement”) with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. Under the agreement, the Company will pay 4 million Peruvian Soles (“Soles”) annually, approximately $1 million per year, to a trust to fund community projects. The first installment was paid in 2013. All permits were received by June 2018. As a result, annual payments of 4 million

Soles will be made throughout the term of the agreement or as further described in the next paragraph. To date, the Company has paid 17.4 million Soles ($4.4 million) under the terms of the LOM Agreement.

These future obligations were recorded as a liability in June 2018 for a total amount of $11.2 million. As at June 30, 2023, the liability has a remaining balance of $10.0 million. Cessation or interruptions of operations will cause pro-rata decreases in the annual payments. The annual payment amount is subject to review at the end of the fifth year of production and may change depending on factors that cannot be foreseen at this time.

During September 2018, the Company started construction of the Antapata electrical substation near the town of Macusani, the nearest sizable town to the Corani Project, located on the Interoceanic Highway approximately 30 kilometers directly east of Corani (about 64 kilometers by road). Substation construction and electromechanical assembly are now complete. The Antapata substation will direct electricity to a power line that will supply the Corani Project and provide a reliable power supply connection point to local communities.

Construction to connect to the town of Isivilla began in the first quarter of 2021. Seven of seventeen towers have been mounted. The remaining tower footings are complete, and the materials required to erect the ten remaining towers are warehoused in Juliaca. This project is currently in the care and maintenance stage as there has been a state of emergency in the city of Puno due to political unrest. The Company is discussing reinitiating work in Q4 2023.

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

Outlook

The Company continues to investigate financing alternatives to fund the development of Corani.

The Company expects to continue early works and planning for construction. The Company started a geometallurgical drilling and assaying program during the second quarter of 2023 lasting approximately six months. The drilling work was completed, and logging and cutting are underway at site. Final assay results are expected by the end of August.

The Company contributes to maintaining roads from the Interoceanic Highway through the communities of Tantamaco, Huiquisa, and Corani.

Corani Expenditures

During the three and six months period ended June 30, 2023, the Company incurred expenses of $1.9 million and $3.5 million, respectively, on the Corani Project. The details of the expenses incurred are as follows:

Corani Engineering and Evaluation Costs:	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2023 (000's) $	2022 (000's) $	**2023 (000's) $**	2022 (000's) $
Corani				
Community contributions	**319**	344	**657**	674
Drilling	**191**	-	**191**	-
Detailed engineering	**21**	30	**45**	135
Environmental	**5**	52	**113**	181
Geophysics	**-**	26	**-**	41
Maintenance costs	**57**	27	**57**	27
Salaries and consulting	**860**	1,055	**1,758**	2,153
Camp, supplies, and logistics	**402**	587	**743**	1,156
Travel	**25**	19	**35**	32
Recovery of costs (VAT Recoveries)	**(1)**	(505)	**(95)**	(505)
Costs for the Period	**1,879**	1,635	**3,504**	3,894

4) Exploration Projects

The Company reduced its exploration activities in Peru to preserve cash and focus on Mercedes. The Company maintains a core exploration staff to manage its exploration projects. The Company intends to focus on Corani and Mercedes and has budgeted $0.1 million for exploration at Corani and $2.6 million for exploration at Mercedes.

4.1) Tassa Silver-Gold Prospect

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

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

4.2) Generative Exploration

Generative exploration has been an important part of the business of identifying and acquiring new opportunities. However, due to liquidity issues, the Company's focus on Mercedes, and the advancement of Corani exploration, generative exploration efforts have been reduced. Generative exploration costs are those costs not attributable to a specific project.

IGV

IGV is a Peruvian value added tax amounting to 18% of expenditures for goods or services. Bear Creek Mining S.A.C., the entity that will operate the Corani project, has a contract (the "IGV Contract") with the Ministry of Energy and Mines Peru. Under the terms of the IGV Contract, the Company can recover, on an expedited basis, IGV associated with Corani capital investments described in its approved ESIA and the 2017 Corani Technical Report. From the Corani project acquisition date to June 30, 2023, the Company has recovered a total of 11.5 million Soles of Corani related IGV, equivalent to approximately $3.1 million.

The IGV expense of $0.1 million represents the IGV paid during the period ended June 30, 2023. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of June 30, 2023, is $15.55 million (56.34 million Soles). Of this amount, $3.49 million is attributable to Bear Creek Mining S.A.C., of which $nil is available for expedited recovery as at June 30, 2023. The remaining balance is available for recovery once Corani is in production. IGV credits can be carried forward indefinitely and can be applied to reduce future income taxes or future IGV.

5) Results of Operations

Three months ended June 30, 2023, as compared to the three months ended June 30, 2022.

For the three month period ended June 30, 2023, the Company recorded a net loss of $7.62 million after taxes compared to a net income of $0.20 million for the three months ended June 30, 2022, an increase in loss of $7.82 million. The Company's net loss per share for the three months ended June 30, 2023, was $0.05, compared to a net income per share of $0.00 for the comparable period in 2022.

Three Months Ended June 30	2023 (000's) $	2022 (000's) $	Difference (000's) $
Revenue	19,889	10,081	9,808
Cost of sales	(14,612)	(1,552)	(13,060)
Depletion amortization and depreciation	(8,603)	(4,838)	(3,765)
Gross profit (loss)	**(3,326)**	**3,691**	**(7,017)**
Operating Expenses			
Corani engineering and evaluation costs	(1,879)	(1,635)	(244)
Share-based compensation	(247)	(116)	(131)
Wages and management salaries	(264)	(196)	(68)
Exploration and evaluation costs	(254)	(274)	20
Professional and advisory fees	(352)	(6)	(346)
General administrative expenses	(127)	(548)	421
Income (loss) before other items	**(6,449)**	**916**	**(7,365)**
Foreign exchange loss	(1,610)	(1,854)	244
Interest expense	(689)	-	(689)
Transaction costs	-	(1,703)	1,703
Gain on valuation of conversion option	1,249	2,501	(1,252)
Loss on extinguishment of debt	(49)	-	(49)
Change in fair value of silver stream and gold prepay	(589)	2,726	(3,315)
Other income (expense)	(110)	97	(207)
Accretion expense	(1,424)	(1,399)	(25)
Finance income	(9)	51	(60)
Income (loss) and comprehensive income (loss) before tax	**(9,680)**	**1,335**	**(11,015)**
Net mining law duty and income tax	2,063	(1,133)	3,196
Income (loss) and comprehensive income (loss)	**(7,617)**	**202**	**(7,819)**

During the three months ended June 30, 2023, the Company had revenues of $19.89 million compared to $10.08 in the comparative period for 2022. The increase in revenues was due to the production and sales of gold and silver produced by Mercedes for the full three months in 2023, for the comparable period in 2022, the mine was under Company's operation from the acquisition date of April 21, 2022 to June 30, 2022 only. The Company sold a total of 10,132 gold equivalent ounces at an average price of $1,963/oz (2022 – 5,560 gold equivalent ounces at an average price of $1,832/oz) during the three month period ended June 30, 2023.

Cost of goods sold ("COGS"), excluding depreciation and amortization, was $14.61 million in 2023 compared to $1.55 million in 2022, with a total of $0.58 million being NSR related costs (2022 - $0.34 million). The gross loss from Mercedes operations was $3.33 million during the three months ended June 30, 2023 compared to a gross profit of $3.69 million in 2022. The Mercedes COGS were negatively impacted in 2023 by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and steel products (such as grinding media). We also experienced indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers. The rise in the Mexican peso exchange rate also raised mining and processing costs. The Company has formulated and initiated a new mining plan under which production was shifted to bulk mining methods. This is expected to increase production outputs and lower mining costs moving forward. The Company expects to see positive results due to this change by Q3 2023.

During the three months ended June 30, 2023, spending on the Corani property was $1.88 million, which was an increase of $0.24 million from $1.64 million incurred during the three months ended June 30, 2022, primarily due to increase in wages and salaries, supplies, and general costs. The Company recovered $0.01 million in value-added taxes during the three month period ended June 30, 2023 (2022 – $0.51 million). All other Corani related costs were comparable during the two periods.

Exploration costs incurred on other projects, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, amounted to $0.25 million (2022 - $0.27 million). General and administration costs of $0.13 million were lower by $0.42 million when compared to $0.55 million in 2022 primarily due to reduced overheads and administrative costs during 2023 as compared to 2022, Professional costs were higher in 2023 by $0.35 million when compared to 2022 due to higher auditing costs that were incurred as a result of increase in scope of work for Mercedes. The Company's other operating costs were comparable.

During the three months ended June 30, 2023, the Company had a foreign exchange loss of $1.61 million, compared to a loss of $1.85 million during the three months ended June 30, 2022. The foreign exchange gain or loss recognized by the Company is primarily a function of its Canadian dollar cash holdings, the Company's community project obligation of S/ 4 million per year over the next 20 years, and fluctuations in the Mexican Peso compared to the US dollar. Interest expense increased by $0.69 million during 2023 compared to 2022, due to the interest accrual on the $25 million Mercedes acquisition payment that was renegotiated into a five year convertible debenture on June 30, 2023, as a result of which the Company recorded a one time loss on extinguishment of debt for $0.1 million.

The Company fair values the conversion feature of its convertible debenture, and call options granted as part of the note payable at each period end, and recorded a gain of $1.25 million (2022 - $2.50 million) presented as a change in fair value of the conversion option. The major factor impacting this gain is the drop in share price of the Company during 2023. The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a loss of $0.59 million during the three months June 30, 2023 (2022 – gain of $2.73 million) due to an increase in projected forward gold and silver prices.

Accretion expense was $1.42 million during 2023 (2022 - $1.40 million). The accretion expense results from the Company convertible debentures, the asset retirement obligation, and the note payable. During the comparable period in 2022, the Company also recorded one time transaction costs of $1.70 million, incurred in relation to the acquisition of Mercedes.

During the three month period ended June 30, 2023, the Company recorded a current special mining law recovery of $1.9 million (2022 – current special mining law expense $1.0 million). Special mining law expense/recovery is a special levy of 7.5% based on the extractive activities carried out in Mexico and profits or losses generated from sale of such activities. Deferred income tax recovery was $0.1 million during the three months ended June 30, 2023 (2022 – deferred income tax expense $0.1 million).

Six months ended June 30, 2023, as compared to the six months ended June 30, 2022.

For the six months period ended June 30, 2023, the Company recorded a net loss of $19.26 million after taxes compared to a net loss of $3.91 million for the six months ended June 30, 2022, an increase in loss of $15.35 million. The Company's net loss per share for the six months ended June 30, 2023, was $0.12, compared to a net loss per share of $0.03 for the comparable period in 2022.

Six months period Ended June 30	2023 (000's) $	2022 (000's) $	Difference (000's) $
Revenue	**44,171**	**10,081**	**34,090**
Cost of sales	(28,987)	**(1,552)**	(27,435)
Depletion amortization and depreciation	(19,769)	**(4,838)**	(14,931)
Gross profit (loss)	**(4,585)**	**3,691**	**(8,276)**
Operating Expenses			
Corani engineering and evaluation costs	(3,504)	(3,894)	390
Share-based compensation	(500)	(276)	(224)
Wages and management salaries	(489)	(431)	(58)
Exploration and evaluation costs	(1,150)	(522)	(628)
Professional and advisory fees	(457)	(51)	(406)
General administrative expenses	(1,658)	(690)	(968)
Loss before other items	**(12,343)**	**(2,173)**	**(10,170)**
Foreign exchange loss	(3,115)	(2,664)	(451)
Interest expense	(1,800)	-	(1,800)
Transaction costs	-	(1,881)	1,881
Gain on valuation of conversion option	1,992	2,501	(509)
Loss on extinguishment of debt	(49)	-	(49)
Change in fair value of silver stream and gold prepay	(2,568)	2,726	(5,294)
Other income (expense)	(64)	97	(161)
Accretion expense	(2,881)	(1,444)	(1,437)
Finance income	33	60	(27)
Income (loss) and comprehensive income (loss) before tax	**(20,795)**	**(2,778)**	**(18,017)**
Net mining law duty and income tax	1,535	(1,133)	2,668
Income (loss) and comprehensive income (loss) after tax	**(19,260)**	**(3,911)**	**(15,349)**

During the six months ended June 30, 2023, the Company had revenues of $44.17 million compared to $10.08 in the comparative period for 2022. The increase in revenues was due to the production and sales of gold and silver produced by Mercedes for the full six months in 2023, for the comparable period in 2022 the mine was under Company's operation from the acquisition date of April 21, 2022 to June 30, 2022 only. The Company sold a total of 23,095 gold equivalent ounces at an average price of $1,913/oz (2022 – 5,560 gold equivalent ounces at an average price of $1,832/oz) during the six months period ended June 30, 2023.

Cost of goods sold ("COGS"), excluding depreciation and amortization, was $28.99 million in 2023 compared to $1.55 million in 2022 with a total of $1.30 million being NSR related costs (2022 - $0.34 million). The gross loss from Mercedes operations was $4.59 million during the six months ended June 30, 2023 compared to a gross profit of $3.69 million in 2022. The Mercedes operations were negatively impacted by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and steel products (such as grinding media). We also experienced indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers. The rise in the Mexican peso exchange rate also raised mining and processing costs. The Company has formulated and initiated a new mining plan under which production is shifted to bulk mining methods. This is expected to result in increased production outputs and lower mining costs from Q3 2023 onwards, the Company expects to see positive results due to this change.

During the six months ended June 30, 2023, spending on the Corani property was $3.50 million, which was a decrease of $0.39 million from $3.89 million incurred during the six months ended June 30, 2022, primarily due to a reduction in wages and salaries, supplies, and general costs. The Company recovered $0.10 million in value-added taxes during the six month period ended June 30, 2023 (2022 – $0.51 million). All other Corani related costs were comparable during the two periods.

Exploration costs incurred on other projects, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, amounted to $1.15 million (2022 - $0.52 million). General and administration costs of $1.66 million were higher by $0.97 million when compared to $0.69 million in 2022, primarily due costs incurred in Mexico related to operational improvements at Mercedes during the Q1 2023. Professional costs were higher in 2023 by $0.41 million when compared to 2022 due to higher auditing costs that were incurred as a result of increase in scope of work for Mercedes and higher costs associated with general legal matters. The Company's other operating costs were comparable.

During the six months ended June 30, 2023, the Company had a foreign exchange loss of $3.12 million, compared to a loss of $2.66 million during the six months ended June 30, 2022. The foreign exchange gain or loss recognized by the Company is primarily a function of its Canadian dollar cash holdings, the Company's community project obligation of S/ 4 million per year over the next 20 years, and fluctuations in the Mexican Peso compared to the US dollar. Interest expense increased by $1.80 million during 2023 compared to 2022, due to the interest accrual on the $25 million Mercedes acquisition payment that was renegotiated into a five year convertible debenture on June 30, 2023, as a result of which the Company recorded a one time loss on extinguishment of debt for $0.1 million.

The Company fair values the conversion feature of its convertible debenture, and call options granted as part of the note payable at each period end, and recorded a gain of $1.99 million (2022 - $2.50 million) presented as a change in fair value of the conversion option. The major factor impacting this gain is the drop in share price of the Company during 2023. The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a loss of $2.57 million during the six months June 30, 2023 (2022 – gain of $2.73 million) due to an increase in projected forward gold and silver prices.

Accretion expense was $2.88 million during 2023 (2022 - $1.44 million). The accretion expense results from the Company convertible debentures, the asset retirement obligation, and the note payable. During the comparable period in 2022, the Company also recorded one time transaction costs of $1.88 million, incurred in relation to the acquisition of Mercedes.

During the six month period ended June 30, 2023, the Company recorded a current special mining law recovery of $1.4 million (2022 – current special mining law expense $1.0 million). Special mining law expense/recovery is a special levy of 7.5% based on the extractive activities carried out in Mexico and profits or losses generated from sale of such activities. Deferred income tax recovery was $0.1 million during six months ended June 30, 202 (2022 – deferred income tax expense $0.1 million).

Summary of Quarterly Results

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

Period	Revenues	Loss (income) for the period (in millions)	Basic and fully diluted loss (income) per share
2nd Quarter 2023	$19.9	$7.6	$0.05
1st Quarter 2023	$24.3	$11.6	$0.08
4th Quarter 2022	$24.4	$11.0	$0.07
3rd Quarter 2022	$26.5	$7.7	$0.05
2nd Quarter 2022	$10.1	$(0.2)	($0.00)
1st Quarter 2022	Nil	$4.1	$0.03
4th Quarter 2021	Nil	$6.4	$0.05
3rd Quarter 2021	Nil	$3.5	$0.03

The principal recurring factors that cause fluctuations in the Company's quarterly results include the timing of vesting and valuations attributable to share-based compensation, expenditure levels on exploration projects, production expenses and sales, and foreign exchange gains or losses related to the Canadian dollar or Peruvian Sol cash balances. With the acquisition of Mercedes, quarterly results will fluctuate as operating results, and metal prices change from period to period.

The decrease in loss of $4.0 million in the 2nd Quarter of 2023 compared to the 1st Quarter of 2023 was due to reduced loss for the non-cash adjustments of change in fair value of silver stream and gold prepay of $1.39 million, offset by increase in gain on valuation of embedded derivatives of $0.51 million. There is a net deferred special mining law recovery of $2.06 million in Q2 2023 compared to a net deferred special mining law expense of $0.53 million in Q1 2023.

There was an increase in loss of $0.6 million in the 1st Quarter of 2023 compared to the 4th Quarter of 2022. The Company's general administrative costs decreased by $1.1 million. The Company has invested in improving the operational efficiency of the Mercedes mine operations and expects to see further improvements during the fiscal year 2023. There were increases in interest expense by $1.11 million, accretion expense by $0.48 million, and depreciation, depletion and amortization by $4.28 million. These increases were offset by decrease in cost of sales by $3.66 million and net income tax and mining law recovery of $0.1 million compared to net income tax and mining law duty of $1.1 million during 4th Quarter 2022. Further non-cash adjustments to the conversion options of convertible debt and call options of the note payable incurred a gain of $0.7 million compared to a loss of $1.5 million during 4th Quarter 2022.

The increase in loss of $3.3 million in the 4^{th} Quarter of 2022 compared to the 3^{rd} Quarter of 2022 was due to decrease in revenue by $2.1 million during the 4^{th} Quarter 2022. The general administrative costs increased due to the ongoing mine improvement project underway at Mercedes. Non-cash adjustments to the conversion options of convertible debt also led to an increase in loss for the quarter as the Company recorded a gain on such options during the 3^{rd} Quarter 2022 compared to a loss in 4^{th} Quarter of 2022.

The increase in loss of $7.9 million in the 3^{rd} Quarter of 2022 compared to the 2^{nd} Quarter of 2022 was due to increased cost of sales and increased depletion, amortization and depreciation during the quarter. The Company incurred an operating loss of $3.0 million compared to an operating profit of $3.7 million in the previous quarter for Mercedes operations. The Company also incurred incremental general and administration costs of $2.18 million ($2^{nd}$ Quarter 2022 - $0.45 million) to support the Mercedes operations, Corani, and other exploration projects.
The increase in income of $4.3 million in the 2nd Quarter of 2022 compared to the 1st Quarter of 2022 was due to the acquisition of Mercedes. The Company had revenues of $10.1 million and gross profit of $3.7 million compared to $nil and $nil, respectively, in the 1st Quarter of 2022. Transaction costs incurred for the purchase of Mercedes totaled $1.7 million during the 2nd Quarter of 2022. Foreign exchange loss increased by $1.04 million. The Company recorded changes in the fair value of the conversion option of the convertible debenture and the long-term debt that increased income for the period by $5.2 million. The current and deferred income tax expense was $1.13 million during the quarter.

The decrease in loss of $2.3 million in the 1^{st} Quarter of 2022 compared to the 4^{th} Quarter of 2021 was primarily due to a decrease in professional fees of $0.8 million, mostly due to a decrease in Mercedes mine transaction related costs. The Company did not record an impairment loss in the 1^{st} Quarter of 2021 compared to an impairment loss of $1.0 million in the 4^{th} Quarter of 2021.

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

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

6) Liquidity and Capital Resources

At June 30, 2023, cash and cash equivalents and short term investments of $5.0 million consisted of CDN0.16 million ($0.12million), Soles 0.20 million ($0.05 million), Mexican Pesos 11.96 million ($0.70 million) with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2023 are expected to be denominated in US dollars. The Company's Mercedes operation expenditures are approximately 29% in US dollars and 71% in Mexican Pesos. The Company invests cash in Canadian government-backed paper, Peruvian bank time deposits, Mexican bank deposits, and time deposits, or European Euro bank deposits. During the six months period ended June 30, 2023, the Company had a cash flow from operating activities of $7.5 million compared to a cash outflow of $10.2 million in the comparative period in 2022.

Total cash spent on investing activities amounted to $3.4 million related to the payments for capital equipment, expenditures on the Mercedes commitments and Antapata substation were other investing outflows during the period.

Total cash outflow as part of financing activities amounted to $2.6 million, primarily related to the $1.4 million payment for the Equinox convertible debenture, $0.7 million for Sandstorm convertible debenture and $0.2 million for Auramet promissory note.

Cash and cash equivalents and short-term investments at June 30, 2023 were $5.0 million compared to $3.5 million at December 31, 2022. Not included in cash and cash equivalents as of June 30, 2023, is $1.7 million; this amount is considered restricted and serves as a partial guarantee for future mine closure obligations.

On October 26, 2022, the Company announced that it had reached a Heads of Agreement ("HOA") with Equinox to amortize over two years the payment of the final $25 million purchase price installment for Mercedes. The HOA contemplates converting the payment into a promissory note (the "Note") with a maturity date (the "Maturity Date") of October 21, 2024, and monthly principal and interest payments commencing in February 2023. Monthly payments will be the greater of US$500,000 or half of consolidated free cash flow, as defined in the HOA. Interest will be applied at 12.5% plus the greater of 2.5% or the 90-day average Secured Overnight Financing Rate ("SOFR"). In addition, the Company will grant Equinox Gold warrants to acquire up to 5 million common shares of the Company. The Warrants may be converted at any time over six years, starting six months after being granted at a 15% premium to the 5-day volume weighted average price of the shares on the grant date. The HOA was subsequently revised on March 10, 2023 for payment structure and issuance of shares. As per the revised HOA, the Note will amortize at a fixed rate of US$700,000 per month during the first year until March 3, 2024 and thereafter at an amount per month equal to the greater of US$700,000 or 50% of the free cash flow generated from Mercedes. In addition to the Note, the Company will issue to Equinox 2,750,000 common shares of the Company instead of issuing warrants to acquire up to 5 million common shares. Issuing the Note and shares is subject to TSX-V approval. During the six months period ended June 30, 2023, the Company accrued a total of $2.5 million as interest payable and paid a total of $1.4 million to Equinox as part of this proposed HOA. On June 30, 2023, the Company entered into an amended agreement with Equinox to convert the Deferred Payment of approximately $26 million (comprising the initial $27.3 million and accrued interest of $2.5 million, adjusted for $1.4 million of prior payments) into a convertible debenture (the "Equinox Convertible Debenture"), pending Company's shareholder and TSX-V statutory approval. The Equinox Convertible Debenture will mature five years from the issuance date (" Maturity Date"), with all of outstanding, accrued and unpaid interest due on this date. Interest will accrue monthly on the unpaid Equinox Convertible Debenture balance at a rate equal to 7% per annum, amounting to approximately $0.16 million per month with repayments of interest expected to start in October 2023. At any time prior to maturity, Equinox may elect to convert the Equinox Convertible Debenture into common shares of the Company at a price of CDN$0.73 per share the "Equinox Conversion Price". The Company may elect to prepay any portion of the Equinox Convertible Debenture at any time after the second anniversary of the debenture until Maturity Date, provided that, if at the time of such voluntary prepayment, the volume weighted average price ("VWAP") of the Company's common shares for the 10 trading day ending on the last trading day before the date of such prepayment is greater than the Equinox Conversion Price, a top up cash payment representing the option value from the difference between those amounts shall be paid by the Company to Equinox in addition to the voluntary prepayment amount.

The $5 million Note is subject to a covenant, whereby the Company is required to maintain $2.5 million in the form of cash and cash equivalents, undrawn line of credits or unallocated pool of gold and silver at all times until the maturity date of the Note. As at June 30, 2023, the Company has complied with all the conditions of this covenant. The Company is currently negotiating the terms of the agreement to convert this $5 million note into a five year convertible debenture.

As at June 30, 2023, the Company's working capital deficiency (current assets less current liabilities) was $57.5 million compared to net $51.2 million at December 31, 2022. By spreading out the $26 million Equinox payment and the $5 million Note (pending final approval from the Company's Shareholders and TSX-V for the Equinox payment, and finalization of definitive documentation for the $5 million Note) the Company will be able to significantly improve its working capital position.

These interim condensed consolidated financial statements were prepared following accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for at least twelve months from June 30, 2023 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

While spreading out the $26 million Equinox payment, pending approval from the Company's shareholders and TSX-V, improves the Company's liquidity, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes in order to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern. On July 21, 2023, the Company raised CDN$8.2 million ($6.2 million) via private placements in order to meet its short-term obligations and continue as a going concern. The Company has also implemented a new mining plan to increase productivity and lower cost of sales by shifting to a bulk mining methodology. The Company expects to see positive results from operations from the 3rd Quarter 2023 onwards, leading to improved liquidity.

The interim condensed consolidated financial statements do not include adjustments to the carrying values and classifications of assets and liabilities, which could be material should the Company be unable to continue as a going concern.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at June 30, 2023:

Expenses in (000's)	**2023**	**2024**	**2025**	**2026**	**2027 and Beyond**	**Total**
Accounts payable and accrued liabilities	$32,648	-	-	-	$1,103	$33,751
Provision-Environmental costs	-	-	-	-	16,366	16,366
Community projects	1,101	1,101	1,101	1,101	14,313	18,717
Other liabilities	58	33	33	33	774	931
Office space leases	141	101	-	-	-	242
Vehicle rentals	196	-	-	-	-	196
Streaming Arrangements	4,642	5,501	5,198	1,239	-	16,580
Note payable – Principal [1]	5,000	-	-	-	-	5,000
Note payable – Interest	282	-	-	-	-	282
Equinox debenture - Principal [2]	899	26,839	-	-	-	27,738
Equinox Debenture – Interest	1,201	3,590	-	-	-	4,791
Debenture – Principal	-	-	-	22,500	-	22,500
Debenture – Interest	675	1,350	416	-	-	2,441
Total as at June 30, 2023	**$46,843**	**$38,515**	**$6,748**	**$24,873**	**$32,556**	**$149,535**

1) The Note payable is currently being negotiated into a five year convertible debenture, the terms of this agreement are currently being finalized with Sandstorm.
2) The Equinox principal payment was initially due on October 21, 2022. On March 20, the Company revised the terms of the deferred payment into a two-year note bearing interest of 12.5% plus the greater of the Term Secured Overnight Financing Rate or 2.5%. The note would amortize at $0.7M monthly, including principal and interest. The Company entered into an agreement with Equinox on June 30, 2023 to convert this payment into a five year Convertible Debenture, pending the approval of the Company's shareholders through a vote scheduled for September 21, 2023 and subsequent approval by the TSX, Venture Exchange.

Issued Shares and Share Purchase Options

The Company has established a share purchase option plan (the "Stock Option Plan") and a long-term incentive plan ("LTIP"). Under the Stock Option Plan, the Board of Directors may, from time to time, grant options to directors, officers, employees, or consultants. Options granted must be exercised no later than ten years from the date of grant or such lesser period as determined by the Board of Directors. Under the Stock Option Plan, the exercise price of an option cannot be lower than the closing price on the TSX Venture Exchange on the trading date preceding the grant date, less the maximum discount permitted under TSX policies applicable to share purchase options. The Board of Directors also sets vesting terms for each grant. The Stock Option Plan provides that the aggregate number of shares reserved for issuance under the plan (including shares issuable upon the exercise of existing options and restricted or deferred share units issuable under the Company's Long Term Incentive Plan) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis, as constituted on the grant date of such options. Under the LTIP, the Board of Directors may, from time to time, award RSUs or DSUs to directors, officers, employees, and in the case of RSUs, consultants. Under the LTIP, the maximum number of shares the Company is entitled to issue from treasury for payments regarding awards of DSUs and RSUs is an aggregate of 5,000,000 shares. The Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

As at June 30, 2023, the following stock options, RSUs and DSUs were granted:

	June 30, 2023
Issued and outstanding shares	**154,640,386**
Limit under option plan and LTIP (10% of issued and outstanding shares)	**15,464,039**
Less options granted	**8,650,000**
Less RSU's granted	**1,000,000**
Less DSU's granted	**1,000,000**
Shares reserved under the option and LTIP awards	**4,814,039**

	June 30, 2023
RSU & DSU limit under LTIP	**5,000,000**
Less RSUs granted	**1,000,000**
Less DSUs granted	**1,000,000**
RSU & DSU available to be granted	**3,000,000**

7) Non IFRS Measurements

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

Cash Cost and AISC are financial measures that do not have any prescribed meaning by IFRS and therefore, may not be comparable to similar measures presented by other companies. The Company has adopted the practice of calculating a performance measure consisting of the net cost of producing an ounce of g old equivalent, meaning gold ounces plus the gold equivalent of silver ounces, after deducting revenues gained from silver by-product production. Gold Equivalent Cash Cost and Gold Equivalent AISC are calculated net of credits for realized silver revenues and are calculated per ounce of gold sold. The Company adds the governmental royalty of 0.5% for special mining law and adjustments for finished goods related to increase or decrease in remaining inventory to the cost of production.

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

	Three Months Ended June 30, 2023 (000's) $	Three Months Ended June 30, 2022 (000's) (4) $	Six Months Ended June 30, 2023 (000's) $	Six Months Ended June 30, 2022 (000's) (4) $
Production costs	**14,612**	**1,552**	**28,987**	**1,552**
Net smelter return royalty	(1,057)	343	(1,296)	343
Cost of sales adjustment 2022 (1)	-	3,246	-	3,246
Other adjustments	-	278	-	278
Direct Cash Cost	**13, 555**	**5,419**	**27,691**	**5,419**
Reclamation and Remediation	81	228	392	228
Sustaining capital expenditures (2)	3,016	4,408	5,488	4,408
Exploration and evaluation expense	28	5	789	5
AISC	**16,680**	**10,060**	**34,360**	**10,060**
Gold equivalent ounces sold (koz) (3)	**10.132**	**5.560**	**23.094**	**5.560**
Cash Cost US$ per gold equivalent ounce sold	**1,337.84**	**974.64**	**1,199.06**	**974.64**
AISC US$ per gold equivalent ounce sold	**1,646.27**	**1,809.35**	**1,487.83**	**1,809.35**

1) Q2 2022 requires a costing adjustment in the form of a true-up for production costs, the effects of this adjustment were reversed in Q3 2022.
2) Sustaining capital expenditures mainly consist of underground mine development, building, and other equipment related expenditures.
3) Gold equivalent ounces contain both gold and silver, whereby the silver has been converted to gold for the calculation of gold equivalent ounces, sold at a ratio of 85:1 for the three months ended June 30, 2023 (three months ended June 30, 2022 - 89:1) and a ratio of 84:1 for the six months ended June 30, 2023 (six months ended June 30, 2022 - 89:1). The ratios used for the conversion of the silver ounces to gold equivalent is calculated by dividing the gold price by silver price, using the last LBMA PM price as at the respective period end dates.
4) The column for three months and six months ended June 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

Total Operating Costs, net of Capitalized Items

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

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022 (2)	**Six Months Ended June 30, 2023**	Six Months Ended June 30, 2022 (2)
Total Operating Costs, net of Capitalized Items	**13,629**	8,447	**29,682**	8,447
Finished goods adjustment	442	1,014	944	1,014
Special mining law	100	91	224	91
Overhead adjustment	(406)	(383)	(1,165)	(383)
Inventory adjustment (1)	(210)	(7,510)	(1,994)	(7,510)
Interest paid in gold	-	(107)	-	(107)
Net smelter return royalty	1,057	-	1,296	-
Production Costs	**14,612**	**1,552**	**28,987**	**1,552**

1) Inventory and costs of sales adjustments at refinery refer to the adjustments made in relation to the Company's gold and silver balances at the intercompany level and at Asahi given that the Company and Asahi maintain a rolling forward balance for gold and silver in order to meet Company's delivery obligations to the existing customers, which sometimes entail borrowing gold and silver from Asahi. Q2 2022 requires a costing adjustment in the form of a true up for production costs, the effects of this adjustment were reversed in Q3 2022.
2)The column for three months and six months ended June 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

8) Related Party Transactions

Compensation of Key Management Personnel

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

	Three Months Ended June 30		**Six Months Ended June 30**	
	2023 (000's)	2022 (000's)	**2023 (000's)**	2022 (000's)
Salaries and directors' fees	**$ 343**	$ 353	**$ 727**	$ **825**
Share-based compensation	**137**	88	**271**	**212**
	$ 480	$ 441	**$ 998**	$ **1,037**

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

At June 30, 2023, $nil (December 31, 2022 - $nil) was due for director fees.

9) Accounting Policies

The preparation of the interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those disclosed within and applied in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2022.

10) Financial Instrument and Risk Management

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value hierarchy establishes six levels in which to classify the inputs of valuation techniques used to measure fair values.

- Level 1 - quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).
- Level 3 - inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party

As at June 30, 2023, the fair value of convertible feature of the Sandstorm debentures and Auramet note payables, and the streaming arrangements are measured at fair value using Level 3 inputs. The fair value of the conversion option of the convertible debenture and call options of the note payable is determined using Black-Scholes options pricing model. The fair value of the streaming arrangements is determined based on the on the net present value of the expected future cashflows and a discount rate that includes the risk premium.

The carrying values of cash, receivable, and accounts payable and accrued liabilities approximate fair value due to their short terms to maturity.

Management of financial risk

i. Currency risk

The Company is exposed to financial risk due to changes in foreign exchange rates. The Company operates in Peru, Mexico, and Canada, and a portion of its expenses are incurred in Canadian dollars, Mexican pesos, and Peruvian Soles. The functional currency of the Company and its subsidiaries is determined to be US dollar. A significant change in the exchange rates between the US dollar relative to the Canadian dollar, Mexican Peso to the US dollar, and the Peruvian Sol to the US dollar could affect the Company's operations, financial position, and cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2023, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

		June 30, 2023	
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash	180	193	39,919
Receivables	-	56,932	168,120
Accounts payable, accrued liabilities and other	(581)	(1,013)	(270,796)
Provision for environmental rehabilitation	-	-	(245,109)
Community project obligation	-	(39,648)	-
Net exposure	**(401)**	**16,464**	**(307,866)**

Based on the above net exposures at June 30, 2023, and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the Canadian dollar would result in an increase of approximately $40,000 (CDN$ 5,000) in the Company's loss for the period. A 10% depreciation of the US dollar against the Peruvian Sol would result in an increase of approximately $453,000 (S/1,646,000) in the Company's loss for the period. A 10% depreciation of the US dollar against the Mexican Peso would result in an increase of approximately $1,800,000 (MXN 31,000,000) in the Company's loss for the period. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar, Soles, or Mexican Pesos would have the opposite effect.

ii. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of the cash, short-term investments, and receivables.

The Company's cash is held in major Canadian chartered banks and accredited Mexican and Peruvian financial institutions with strong credit ratings. Short-term investments (including those presented as cash) consist of financial instruments issued by Canadian or Peruvian banks. These investments mature at various dates over the next twelve months.

iii. Liquidity risk

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

As at June 30, 2023, the Company's financial liabilities consist of accounts payable & accrued liabilities and the current portion of community projects and other liability, principal and interest payment of convertible debentures, streaming arrangements, lease obligations and note payable totaling $46.8 million, which are expected to be paid over the next twelve months, and the long-term portion of such liabilities of $102.8 million, which are expected to be paid over the next six years. With the current liquidity position, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes Mine in order to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern.

The Company is in the process of improving its working capital by updating its mine production plan and shifting to a bulk mining methodology which is expected to increase production output and reduce cost of sales moving forward. As at the date of this MD&A, the Company successfully raised $6.2 million ($4.2 million subsequent to June 30, 2023) via private placement financing to improve the Company's liquidity. The Company will monitor its cash requirements and the economic conditions closely and may further take steps to improve liquidity via financing or some other methods.

iv. Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. At June 30, 2023, the Company had minimal funds invested in interest earning savings accounts.

The Company has debt obligations with SOFR as a benchmark. The variability of the SOFR can have a material impact on the results of the Company. During the six months period ended June 30, 2023, the SOFR ranged between 4.26% - 5.09%.

v. Price risk

The fair value of the Streaming Arrangements is dependent on the gold and silver prices and the discount rate. Volatility in the gold and silver prices and the discount rate affects the valuation of the Streaming Arrangements, which in turn affects revenue, earnings, and cash flows.

The price of the Company's common shares and the Company's financial results may be significantly adversely affected by a decline in the price of gold and silver (collectively, the

“Metals”). The price of the Metals fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company’s control, including but not limited to, the sale or purchase of the Metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing countries throughout the world.

vi. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises six types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include the convertible debenture.

The Company measures the embedded derivative liability portion of the convertible debenture at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to “mark to fair value” the derivative features could significantly affect the results in the statement of comprehensive income. If the Company’s share price had been C$1.00 higher than it was on June 30, 2023, the fair value of the embedded derivative liability of the Company’s convertible debenture would have increased by $23.0 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of $5.54 million instead of the gain of $1.88 million.

Management of capital

The Company’s capital management objectives are intended to safeguard the Company’s ability to support the Company’s development and exploration of its mineral properties and support any expansion plans. The Company’s working capital deficiency as at June 30, 2023 was $57.5 million (2022: $51.2 million). Material uncertainty remains in relation to the Company generating necessary cash flow from operations or raising financing in the form of debt or equity, which may give rise to significant doubt about the Company’s ability to continue as a going concern.

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

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

There were no changes in approach to capital management during the period ended June 30, 2023.

11) Forward-Looking Information

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: (i) the amount of mineral reserves and mineral resources; (ii) the amount of future production; (iii) net present value and internal rates of return of the proposed mining operation; (iv) capital costs, including start-up, sustaining capital and reclamation/closure costs; (v) operating costs, including credits from the sale of silver, lead and zinc; (vi) waste to ore ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals; (viii) expected processing recoveries; (ix) expected time frames; (x) prices of metals and minerals; (xi) mine life; (xii) expected exploration and development programs and their timing and success; (xiii) expected taxation rates and structure; (xiv) expected mineralization; and (xvi) adequacy of cash balances. The future performance of Mercedes will depend upon whether the Company is able to realize current estimates, predictions, expectations or beliefs about future events including, without limitation: the estimated amount of Mineral Reserves and Mineral Resources; the anticipated merits of the Mercedes Mine; projected exploration budgets; anticipated future replacement of Mineral Reserves and Mineral Resources; cost estimates used in the 2022 Mercedes Report are reasonably accurate; and that there are no material adverse changes in the price of gold and silver and other metals or general economic and political conditions.

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

All forward-looking statements are based on the Company's current beliefs as well as various assumptions made by and information currently available to them. These assumptions include, without limitation: (i) the presence of and continuity of metals at projects at modeled grades; (ii) the capacities of various machinery and equipment; (iii) the availability of personnel, machinery, and equipment at estimated prices; (iv) exchange rates; (v) metals and minerals sales prices; (vi) appropriate discount rates; (vii) tax rates and royalty rates applicable to the proposed mining operation; (viii) the availability of financing and expected terms; (ix) financing structure and costs; (x) anticipated mining losses and dilution; (xi) metals recovery rates, (xii) reasonable contingency requirements; and (xiii) receipt of regulatory approvals and permits on acceptable terms. Although management considers these assumptions and estimates to be reasonable based on available information, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward-looking statements, such as estimates of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. Cost information is prepared using current estimates, but the time for incurring costs will be in the future, and it is assumed costs will remain stable over the relevant period.
By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections, and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans,

objectives, expectations, anticipations, estimates, assumptions, and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, but specifically include, without limitation, risks related to exploration and development programs and their timing and success; risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals and minerals markets; risks relating to fluctuations in the Canadian dollar, Peruvian Sol and Mexican Peso relative to other currencies; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors, changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; the effects of competition in the markets in which the Company operates; operational and infrastructure risks; and the additional risks described in the Company's Annual Information Form for the year ended December 31, 2022 in the feasibility study technical report for the Corani project dated December 17, 2019, and the 2022 Mercedes Report dated April 22, 2022 as filed on the SEDAR website (available at www.sedarplus.ca). The foregoing list of factors that may affect future results is not exhaustive.

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

12) Cautionary Note to US Investors

The Company prepares its disclosure in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Terms relating to mineral resources and mineral reserves in this document are defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards for Mineral Resources and Mineral Reserves 2014. Information contained in this document and the documents incorporated by reference herein containing descriptions of the Company’s mineral properties, including estimates of mineral resources and mineral reserves, may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. For additional information please see the Cautionary Note to United States Investors on the Company’s Annual Information Form dated April 17th, , 2023 available on www.sedarplus.ca.

13) 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, 2022 and this accompanying MD&A.

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

Approval

On August 28, 2023, the Board of Directors of Bear Creek approved the disclosure contained in this MD&A.

Additional Information not part of the MD&A

Additional information relating to Bear Creek is available on SEDAR at www.sedarplus.ca