BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 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 November 22, 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 nine month period ended September 30, 2023. The Company's interim 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 June 30, 2023, the Company signed and entered into an amended agreement with Equinox to convert the Mercedes Acquisition Payment of approximately $26 million into a convertible debenture (the "Equinox Convertible Debenture"), which was subject to approval from the Company's Shareholders and TSX Venture Exchange ("TSX-V"). On September 21, 2023, the Company held a Special Meeting of Shareholders and 57 percent of shares eligible to be voted were cast and the Resolution was passed by 88.9% of votes cast at the Meeting. The Note of $26.6 million was issued on October 19, 2023 but remains subject to final approval by the TSX-V, which is expected by the year end. The Equinox Convertible Debenture matures on the fifth anniversary of 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. The Company is required to make monthly interest payments in the amount of $0.16 million to Equinox Gold with the balance of the principal and accrued interest payable in full on the Maturity Date. 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 issuance date up until the 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. During the nine months period ended September 30, 2023, the Company accrued a total of $2.2 million as interest payable and paid a total of $1.4 million to Equinox.

On July 21, 2023, the Company completed a non-brokered private placement of 16.7 million common shares for gross proceeds of CDN$8.2 million.

On September 13, 2023, the Company entered into a short term loan via a Promissory Note with Equinox Gold ("Short Term Loan") in the amount of $1.3 million, effective September 7, 2023. The loan bears interest at 13% with interest calculated daily and the outstanding balance (interest and principal) is payable on January 7, 2023.

On September 28, 2023, the Company announced a restructuring of its current stream and debt obligations with Sandstorm Gold Ltd. and its subsidiaries (collectively, "Sandstorm"), which, upon receipt of the regulatory approval from TSX-V, is expected to be effected by way of a restructuring agreement (the "Restructuring Agreement"). Under the Restructuring Agreement, effective January 1, 2024, gold deliveries pursuant to the Sandstorm Gold Stream are expected to be reduced from 600 oz per month to 275 oz per month and silver deliveries pursuant to the Nomad Silver Stream are expected to be fully suspended until April 2028. The Nomad Gold Stream has now been fully completed and no further quarterly gold payments are due in respect thereof. Consideration to Sandstorm in exchange for the stream amendments will consist of a 1.0% net smelter returns ("NSR") royalty on Corani, which contains one of the world's largest fully permitted silver deposits; and payment of up to $10 million in the form of common shares of Bear Creek (each, a "Common Share"), provided that Sandstorm will own no more than 19.99% of Bear

Creek's issued and outstanding Common Shares on a post-closing basis (the "Consideration Shares"). Company is expected to issue common shares to Sandstorm once it gets the approval form TSX-V. If the value of the Bear Creek common shares issued to Sandstorm as consideration under the Restructuring Agreement is less than $10 million (the "Consideration Shortfall"), then Sandstorm has agreed to increase the principal amount of Refinanced Sandstorm Note (as defined below), such that the total value of the issued Bear Creek common shares and the incremental increase in principal amount equals $10 million. The Consideration Shortfall is approximately $4.3 million.

Pursuant to the Restructuring Agreement, Sandstorm is expected to refinance its $22.5 million convertible debenture into a 5-year convertible promissory note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of CDN$0.73 per share (the "Refinanced Sandstorm Note"). The Refinanced Sandstorm Note is expected to have a maturity date of September 22, 2028 and be secured by first lien pledges on the assets of Mercedes, Bear Creek's equity interests in Mercedes and Corani; and Sandstorm is also expected to refinance its $9 million secured loan (the "Sandstorm Secured Loan") that was acquired by a wholly-owned subsidiary of Sandstorm (previously the "Auramet Loan"), into a second 5-year convertible promissory note (the "Second Refinanced Sandstorm Note") on the same terms as the Refinanced Sandstorm Note. As disclosed above, the principal amount of this promissory note is expected to be increased by the amount of the Consideration Shortfall of $4.3 million. In connection with the Restructuring Agreement, Sandstorm has agreed to make up to $8 million in additional credit (the "Interim Credit") available to Bear Creek under the Sandstorm Secured Loan prior to August 31, 2024, subject to certain conditions. Any amounts drawn from the Interim Credit are expected to be added to the principal amount of the Second Refinanced Sandstorm Note. The Restructuring Agreement has been submitted to the TSX-V for conditional approval and is expected to close by the year end. The Company has drawn $3.3 million on this facility as of November 22, 2023.

On October 5, 2023, the Company completed a bought deal financing 27.2 million units, with each unit comprising of one common share and one share purchase warrant (exercisable to redeem one common share until October 5, 2028) for gross proceeds of CDN$9.5 million.

On November 7, 2023, appointed Ms. Sandra Daycock and Ms. Susan Toews as directors of the Company effective immediately. Mr. Brian Peer also joined the Company in the position of Chief Operating Officer.

The Company is revising its 2023 annual production guidance to 39,000 - 45,000 gold equivalent ounces from the guidance issued of 45,000 - 55,000 gold equivalent ounces at the end of Q2 2023, with all other guidance remaining unchanged.

2) Mercedes Mine

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

Mercedes is a mechanized, ramp-access underground mine with five underground mining areas: Marianas, San Martin, Lupita, Diluvio, and Rey de Oro. Ore is hauled to the surface and stockpiled on the surface near the individual portals. Ore from the San Martin, 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 being used as backfill in the mine.

2.1) Operation Highlights

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 30, 2022
Ore tonnes mined - Kt	**123.50**	126.42	**378.62**	209.53
Tonnes milled – kt	**126.21**	148.21	**385.83**	270.18
Average gold grade mined – g/tn	**2.79**	2.92	**2.82**	2.87
Average gold grade milled – g/tn	**2.40**	2.45	**2.58**	2.53
Average silver grade mined - g/tn	**32.18**	27.39	**31.63**	26.46
Average silver grade milled - g/tn	**27.82**	24.39	**29.78**	24.99
Recovery rate gold - %	**93.98%**	95.53%	**94.71%**	95.57%
Recovery rate silver - %	**30.73%**	33.03%	**31.14%**	33.52%
Production:				
Gold oz	**9,154.55**	11,170.40	**30,404.07**	20,965.00
Silver oz	**33,686.20**	38,467.30	**113,754.64**	72,494.00

2.2) Operating Costs

	Three Months Ended September 30, 2023 (000's)	Three Months Ended September 30, 2022 (000's) (2)	**Nine Months Ended September 30, 2023 (000's)**	Nine Months Ended September 30, 2022 (000's) (2)
Labour	**4,418**	3,411	**12,321**	5,930
Operating Materials	**3,672**	4,956	**12,625**	8,675
Maintenance Materials	**1,466**	1,673	**4,198**	3,059
Power	**1,780**	1,509	**5,017**	2,569
Operating Contractors	**5,825**	4,806	**15,069**	8,400
General Expenses	**1,200**	2,500	**2,824**	3,139
Inventory Adjustments	**(78)**	(197)	**(87)**	893
Other Items	**259**	196	**612**	474
Total Cost	**18,542**	18,854	**52,579**	33,139
Less: Costs Capitalized as Mine Development Expenditures	**(3,560)**	(3,493)	**(7,915)**	(7,636)
Total Operating Costs Net of Capitalized Items (1)	**14,982**	15,361	**44,664**	25,503

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 nine months ended September 30, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

One Lost Time Incident ("LTI"), one Restricted Work Incident ("RWI"), and no Medical Treatment Incidents ("MDI") were incurred during the reporting period. No reportable environmental incidents occurred during the reporting period.

During Q3 2023, Mercedes continued to achieve production below the quarterly guidance. Delays in development earlier in the year and associated poor ground conditions in some areas continued to impact Mercedes' operations during Q3 2023, although development began to improve during the quarter. However, poor ground conditions in Marianas required the development of an unplanned bypass ramp and parallel ventilation ramp and the focus on development works continued to manifest in lower grades available to be processed as the Company continued to catch up on development in the mine. Q3 2023 mine development continued to improve sequentially, yielding a 31% (1,364m to 1,791m) increase in development from Q2 2023.

The change to bulk mining methodologies (room and pillar mining at San Martin and sub-level stoping at Marianas) has proven beneficial with the increase in efficiency of the development work as more tons of ore become available per meter of development. However, due to the poor rock quality in some areas, the mining methods in use continue to be evaluated in an effort to minimize excessive dilution. The Company continued using long-hole open stoping and cut and fill in the remaining operating areas. These methodologies are chosen to align with the structural and geologic characteristics of the deposits.

Changes in mining methods implemented from May 2023 onwards have significantly impacted mining costs. The May to September average mining cost per tonne of ore mined has declined by 15% to an average of $68.37 from $80.84 in the year's first four months. The Company aims to reduce the dilution, and thereby significantly reduce the cost per ounce of gold equivalent ounces produced. An improved cost per ounce of gold produced is expected during Q4 2023, focusing on optimized mining methodology, implementation of more substantial supervision and controls to improve blasting and ground control. This cost reduction, however, will be somewhat affected by the accelerated development work being done to open additional higher grade operating faces. 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
July 2023	3,015,304	41,573	72.53
August 2023	3,090,925	40,518	76.29
September 2023	2,860,616	41,414	69.07
Total: May – September 2023	**14,022,867**	**205,112**	**68.37**

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

	Three Months Ended September 30, 2023 (000's)	**Nine Months Ended September 30, 2023 (000's)**
Mining Cost	8,967	28,049
Severance	(77)	(33)
Plant	3,537	9,641
G&A	1,867	4,873
Overhead	562	1,728
Refining Charge	203	493
MIC Adjustment	(112)	(123)
Stockpile Adjustment	35	36
Total Operating Costs, Net of Capitalized Items (1)	**14,982**	**44,664**

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

Tailings Storage Facility 3 ("TSF3") planning continued as the Company waited for permit approval. Permits for TSF3 continue in the permitting process with some delays. However, the land use change permit is expected during Q4 2023, with payment and submission completed with the Environmental Authority. Contingency plans for underground deposition are progressing with consideration of utilizing old mining areas and the use of excess capacity on Tailings Storage Facility 1 ("TSF1"). Contingency plans are being developed to maintain operations if further delays are encountered in the permitting process.

2.3) Exploration

The Company increased delineation drilling during Q3 2023 and focused on advances within the mines. Delineation drilling in Marianas has shown significant intercepts well above reserve grade. Delineation drilling also progressed in Rey de Oro, Diluvio, and Lupita. Ongoing geological interpretation of Marianas and Rey de Oro seeks to understand better the nature and significant upside potential of these deposits.

An aggressive exploration drilling program on Marianas Deep, Marianas Extension, and the San Martin Displacement has been planned and is scheduled to restart in Q4 2023.

2.4) Outlook

The new geological modeling, revised reserve block modeling, mining methodology optimization, and mine sequencing are progressing well. Aggressive delineation drilling is ongoing, providing the Company with the means to convert resources to reserves while continuing with production. The continued focus on development and delineation drilling and the restart of exploration support the plans for medium and long term production. The Company is revising its 2023 annual production guidance to 39,000 - 45,000 gold equivalent ounces from the guidance issued of 45,000 - 55,000 gold equivalent ounces at the end of Q2 2023, with all other guidance remaining unchanged. The Company expects that the impact of the drilling results, mining methodology optimization, implementation of increased supervision, and controls to improve blasting and ground control will put us safely within the expected revised production range.

Overall, mining progress within San Martin was slightly less than expected due to development and service installation delays. However, the causes mentioned above for delays have been principally addressed. Tonnes mined from the San Martin deposit increased from 400 to almost 600 tonnes daily during Q3 2023, with improvement expected in continuing into Q4 2023. The Company is targeting an increase to an average of over 800 tonnes per day in Q4 2023 as the available working faces increase. It is also anticipated that the grade will increase as development enters into the higher grade core of the ore body. The San Martin deposit contains 303,000 tonnes in Measured and Indicated Resources at an average grade of 6.9 g/t gold. It is projected to account for over 50% of Mercedes' gold production in Q4 2023.

The Company will continue with development work in Marianas to provide access to high-grade production areas. The development includes establishing mine services including electricity, ventilation, and dewatering. As well as exploration drilling, additional development is underway to provide good access for continued delineation drilling to convert resources to reserves. The Marianas deposit is expected to strongly contribute to 2024 production and is a vital 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 580,000 ounces of gold to the mine's historical production since 2011. Our understanding of the deposit is evolving with additional delineation drilling and projected surface exploration drilling stepping out both along strike and below the existing Marianas workings. The discovery of several 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 shows a strong potential for additional ore along strike and at depth. The Marianas deposit remains open along strike and depth, and the structural trend continues virtually unexplored for an additional 4 km within the Mercedes' property.

The Company is also advancing the development of the Rey de Oro mine. Delineation drilling and the appointment of a development contractor are underway. Production from Rey de Oro is expected to commence during Q4 2023.

The Company continues to evaluate the potential impacts of the decree reforming various provisions of the Mexico's mining law (the "Decree"), which was published in the Official Gazette and became law on May 9, 2023. Full details are expected once the components of the regulation are enacted. 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.

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.

On September 28, 2023, the Company announced that it has restructured the Sandstorm gold purchase agreement, as part of which beginning January 1, 2024, the Company's obligatory delivery of gold will decrease from 600 ounces to 275 ounces per month. The last delivery is expected to be made in April 2028 and the Company will receive 25% cash payment for all deliveries made to Sandstorm between January 1, 2024 – April 30, 2028.

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
July 2023	600	20,400	1,087	27,118
August 2023	600	19,800	1,057	26,062
September 2023	600	19,200	1,058	25,004
As at September 30, 2023	**10,200**	**19,200**	**$ 17,497**	**$ 25,004**

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 18,000 ounces remaining to be delivered. 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.

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
Q3 2023	900	900	1,796
As at September 30, 2023	**5,400**	**-**	**$ 10,239**

Interest is payable quarterly at a rate of 6.5% of the quarterly gold delivery amounts. During the nine months period ended September 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 September 30, 2023 is $nil as the Company has delivered the obligatory 5,400 ounces required under the agreement.

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.

On September 28, 2023 the Company announced that it has restructured the Nomad silver stream and beginning January 1, 2024, the silver stream deliveries are expected to be fully suspended until April 2028. After April 2028, the Company is expected to commence the deliveries under this stream and will receive cash payments of 25% (Previously 20%) of the silver price applied to 100% of its production with no minimum delivery requirements.

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
Q3 2023	62,233	768,781	3,318,781	1,157
As at September 30, 2023	**431,219**	**768,781**	**3,318,781**	**7,615**

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. As at September 30, 2023, the balance of the silver stream is $13.1 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(1) (2)
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

(1) The 2019 Report economic estimates are based on metal prices of $18.00 per ounce of silver, $0.95 per pound of lead, and $1.10 per pound of zinc and that the Corani Project would be entirely financed by equity and developed on an Engineering, Procurement and Construction Management ("EPCM") basis.
(2) The 2019 Report does not include the effects of the Net Smelter Returns Royalty Agreement between Sandstorm and the Company dated September 28, 2023. Under the agreement, the Company agreed to pay Sandstorm a 1.0% net smelter returns royalty on and over the Corani project.

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 21.4 million Soles ($5.6 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 September 30, 2023, the liability has a remaining balance of $8.7 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 was in the care and maintenance stage through Q3 of 2023 due to the state of emergency in the city of Puno and political unrest. The Company is currently discussing reinitiating the work in Q4 2023 with the Peruvian authorities.

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

Outlook

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

Planning for early works and construction continues with an anticipated start of early works in 2024. The Company continued with a geometallurgical program during Q3 2023. The drilling work and logging, cutting, and assay were completed. Sample selection, shipping, and metallurgical test work commencement in Canada are expected during Q4 2023. Overall assay results from the drilling fell largely in line with the existing Corani block model.

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

Corani Expenditures

During the three and nine months period ended September 30, 2023, the Company incurred expenses of $2.2 million and $5.7 million, respectively, on the Corani Project. The details of the expenses incurred are as follows:

Corani Engineering and Evaluation Costs:	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2023 (000's) $	2022 (000's) $	**2023 (000's) $**	2022 (000's) $
Corani				
Community contributions	**268**	368	**925**	1,042
Drilling	**390**	-	**581**	-
Detailed engineering	**19**	23	**64**	158
Environmental	**122**	60	**235**	241
Geophysics	**-**	18	**-**	59
Maintenance costs	**4**	20	**61**	47
Salaries and consulting	**996**	1,065	**2,754**	3,218
Camp, supplies, and logistics	**411**	485	**1,154**	1,641
Travel	**18**	21	**53**	53
Recovery of costs	**-**	(856)	**(95)**	(1,361)
Costs for the Period	**2,228**	1,204	**5,732**	5,098

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 September 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 $0.4 million represents the IGV paid during the period ended September 30, 2023. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of September 30, 2023, is $15.08 million (57.15 million Soles). Of this amount, $3.55 million is attributable to Bear Creek Mining S.A.C., of which $nil is available for expedited recovery as at September 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.

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.

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 the Company 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.

5) Results of Operations

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

For the three month period ended September 30, 2023, the Company recorded a net loss of $9.78 million compared to a net loss of $7.66 million for the three months ended September 30, 2022, an increase in loss of $2.12 million. The Company's net loss per share for the three months ended September 30, 2023, was $0.06, compared to a net loss per share of $0.05 for the comparable period in 2022.

Management has assessed impairment indicators on the Company's property and equipment. The Company concluded that impairment indicators on the Mercedes mine exist as of September 30, 2023 and therefore was required to update the estimate of the recoverable amount of the Mercedes mine. No impairment charge was taken as the recoverable amount of the Mercedes mine exceeded the carrying value as at September 30, 2023.

	Three Months Ended September 30		
	2023	**2022**	**Difference**
	(000's) $	**(000's) $**	**(000's) $**
Revenue	18,805	26,554	(7,749)
Production costs	(14,347)	(23,721)	9,374
Depletion amortization and depreciation	(11,217)	(5,881)	(5,336)
Gross loss	**(6,759)**	**(3,048)**	**(3,711)**
Operating Expenses			
Corani engineering and evaluation costs	(2,228)	(1,204)	(1,024)
Share-based compensation	(213)	(102)	(111)
Wages and management salaries	(182)	(253)	71
Exploration and evaluation costs	(1,131)	(844)	(287)
Professional and advisory fees	(246)	(117)	(129)
General administrative expenses	(893)	(2,255)	1,362
Loss before other items	**(11,652)**	**(7,823)**	**(3,829)**
Foreign exchange gain	1,291	482	809
Interest expense	(784)	-	(784)
Gain on valuation of conversion option	1,326	2,563	(1,237)
Change in fair value of silver stream and gold prepay	553	(1,582)	2,135
Other expense	(154)	(280)	126
Accretion expense	(640)	(1,678)	1,038
Finance income	39	90	(51)
Loss and comprehensive loss before tax	**(10,021)**	**(8,228)**	**(1,793)**
Net mining law duty and income tax	238	566	(328)
Loss and comprehensive loss	**(9,783)**	**(7,662)**	**(2,121)**

During the three months ended September 30, 2023, the Company had revenues of $18.81 million compared to $26.55 million in the comparative period for 2022. The Company sold a total of 9,815 gold equivalent ounces at an average price of $1,916/oz (2022 – 15,308 gold equivalent ounces at an average price of $1,735/oz) during the three month period ended September 30, 2023 (See Section 7 for further details on the determination of gold equivalent ounces, a Non IFRS measure).

Production costs were $14.35 million in 2023 compared to $23.72 million in 2022. The gross loss from Mercedes' operations was $6.76 million during the three months ended September 30, 2023 compared to a gross loss of $3.05 million in 2022. The Mercedes mine production costs were impacted negatively due to poor ground conditions in some areas of the mine. The production costs were also 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.

During the three months ended September 30, 2023, spending on the Corani property was $2.23 million, which was an increase of $1.03 million from $1.20 million incurred during the three months ended September 30, 2022, primarily due to increase drilling and environmental costs and $nil IGV recoveries during the current quarter compared to recoveries of $0.86 million during comparable period in 2022. 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 $1.13 million (2022 - $0.84 million). General and administration costs of $0.89 million were lower by $1.37 million when compared to $2.26 million in 2022 primarily due to reduced overheads and administrative costs during 2023 as compared to 2022. Professional costs were higher in 2023 by $0.13 million when compared to 2022 due to tax related costs, higher auditing costs that were incurred as a result of increase in scope of work for Mercedes, and general legal costs. The Company's other operating costs were comparable.

During the three months ended September 30, 2023, the Company had a foreign exchange gain of $1.29 million, compared to a gain of $0.48 million during the three months ended September 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 $0.78 million during 2023 compared to 2022, due to the interest accrual on the $26 million Mercedes acquisition payment that was renegotiated into a five year convertible debenture, issued on October 19, 2023 (pending TSX-V approval).

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 $1.33 million (2022 - $2.56 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 gain of $0.55 million during the three months September 30, 2023 (2022 – loss of $1.58 million) due to an increase in projected forward gold and silver prices.

Accretion expense was $0.64 million during 2023 (2022 - $1.68 million). The accretion expense results from the convertible debentures, the asset retirement obligation, and the note payable.

During the three month period ended September 30, 2023, the Company recorded a net special mining law and income tax recovery of $0.24 million (2022 – $0.57 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.

Nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022.

For the nine months period ended September 30, 2023, the Company recorded a net loss of $29.04 million after taxes compared to a net loss of $11.58 million for the nine months ended September 30, 2022, an increase in loss of $17.46 million. The Company's net loss per share for the nine months ended September 30, 2023, was $0.18, compared to a net loss per share of $0.08 for the comparable period in 2022.

Management has assessed impairment indicators on the Company's property and equipment. The Company concluded that impairment indicators on the Mercedes mine exist as of September 30, 2023 and therefore was required to update the estimate of the recoverable amount of the Mercedes mine. No impairment charge was taken as the recoverable amount of the Mercedes mine exceeded the carrying value as at September 30, 2023.

Nine months period Ended September 30			
	2023	**2022**	**Difference**
	(000's) $	**(000's) $**	**(000's) $**
Revenue	**62,976**	**36,635**	**26,341**
Production costs	(43,335)	(25,274)	(18,061)
Depletion amortization and depreciation	(30,986)	(10,720)	(20,266)
Gross profit (loss)	**(11,345)**	**641**	**(11,986)**
Operating Expenses			
Corani engineering and evaluation costs	(5,732)	(5,098)	(634)
Share-based compensation	(713)	(378)	(335)
Wages and management salaries	(670)	(684)	14
Exploration and evaluation costs	(2,280)	(1,366)	(914)
Professional and advisory fees	(702)	(168)	(534)
General administrative expenses	(2,550)	(2,946)	396
Loss before other items	**(23,992)**	**(9,999)**	**(13,993)**
Foreign exchange loss	(1,824)	(2,181)	357
Interest expense	(2,584)	-	(2,584)
Transaction costs	-	(1,881)	1,881
Gain on valuation of conversion option	3,318	5,062	(1,744)
Change in fair value of silver stream and gold prepay	(2,015)	1,144	(3,159)
Other expense	(267)	(182)	(85)
Accretion expense	(3,521)	(3,122)	(399)
Finance income	72	150	(78)
Loss and comprehensive loss before tax	**(30,813)**	**(11,009)**	**(19,804)**
Net mining law duty and income tax	1,771	(568)	2,339
Loss and comprehensive loss	**(29,042)**	**(11,577)**	**(17,465)**

During the nine months ended September 30, 2023, the Company had revenues of $62.98 million compared to $36.64 million 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 nine 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 September 30, 2022 only. The Company sold a total of 32,909 gold equivalent ounces at an average price of $1,914/oz (2022 – 20,868 gold equivalent ounces at an average price of $1,756/oz) during the nine months period ended September 30, 2023 (See Section 7 for further details on the determination of gold equivalent ounces, a Non IFRS measure).

Production costs were $43.34 million in 2023 compared to $25.27 million in 2022. The gross loss from Mercedes' operations was $11.35 million during the nine months ended September 30, 2023 compared to a gross profit of $0.64 million in 2022. The Mercedes mine production costs were impacted negatively due to poor ground conditions in some areas of the mine. The productions costs were also 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.

During the nine months ended September 30, 2023, spending on the Corani property was $5.73 million, which was a decrease of $0.63 million from $5.10 million incurred during the nine months ended September 30, 2022, primarily due to increase in drilling costs and reduced IGV recoveries of $0.10 million during current period compared to recoveries of $1.36 million in comparable period during 2022. 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 $2.28 million (2022 - $1.37 million). General and administration costs of $2.55 million were lower by $0.40 million when compared to $2.95 million in 2022, primarily due to operational feasibility improvements at Mercedes during 2023. Professional costs were higher in 2023 by $0.53 million when compared to 2022 due to tax related costs, higher auditing costs that were incurred as a result of increase in scope of work for Mercedes, and higher legal costs associated with general corporate matters. The Company's other operating costs were comparable.

During the nine months ended September 30, 2023, the Company had a foreign exchange loss of $1.82 million, compared to a loss of $2.18 million during the nine months ended September 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 $2.58 million during 2023 compared to 2022, due to the interest accrual on the $26 million Mercedes acquisition payment that was renegotiated into a five year convertible debenture, issued on October 19, 2023 (pending TSX-V approval).

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 $3.32 million (2022 - $5.06 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. The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a loss of $2.02 million during the nine months September 30, 2023 (2022 – gain of $1.14 million) due to an increase in projected forward gold and silver prices.

Accretion expense was $3.52 million during 2023 (2022 - $3.12 million). The accretion expense results from the 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 nine month period ended September 30, 2023, the Company recorded a net special mining law and income tax recovery of $1.77 million (2022 – duty of $0.57 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.

Summary of Quarterly Results

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

Period	Revenues	Loss (income) for the period (in millions)	Basic and fully diluted loss (income) per share
3rd Quarter 2023	$18.8	$9.8	$0.06
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

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 increase in loss of $2.2 million in Q3 2023 compared to Q2 2023 was due to increase in gross loss by $3.5 million quarter over quarter. Operating expenses during the current quarter increased by $1.8 million primarily due to increased spending on Corani and other exploration projects. These increases in losses are offset by gain during the current quarter of $4.8 million in non cash adjustments of change in fair value of silver stream and gold prepay, accretion, foreign exchange gain/loss, and gain/loss on valuation of embedded derivatives. There is a net special mining law and income tax recovery of $0.2 million in Q3 2023 compared to $2.1 million in Q2 2023.

The decrease in loss of $4.0 million in Q2 2023 compared to the Q1 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 Q1 2023 compared to the Q4 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 production costs 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 Q4 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 Q4 2022.

The increase in loss of $3.3 million in Q4 2022 compared to Q3 2022 was due to decrease in revenue by $2.1 million during Q4 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 Q3 2022 compared to a loss in Q4 2022.

The increase in loss of $7.9 million in Q3 2022 compared to Q2 2022 was due to increased production costs 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 (Q2 2022 - $0.45 million) to support the Mercedes operations, Corani, and other exploration projects. The increase in income of $4.3 million in Q2 2022 compared to Q1 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 Q1 2022. Transaction costs incurred for the purchase of Mercedes totaled $1.7 million during Q2 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 Q1 2022 compared to Q4 2021 was primarily due to a decrease in professional fees of $0.8 million, mostly due to a decrease in the Mercedes mine transaction related costs. The Company did not record an impairment loss in Q1 2022 compared to an impairment loss of $1.0 million in Q4 2021.

6) Liquidity and Capital Resources

At September 30, 2023, cash of $1.7 million consisted of CDN$0.05 million ($0.04 million), Soles 0.24 million ($0.06 million), Mexican Pesos 1.22 million ($0.07 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 40% in US dollars and 60% 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 nine months period ended September 30, 2023, the Company had a cash flow from operating activities of $2.0 million compared to a cash outflow of $9.5 million in the comparative period in 2022.

Total cash spent on investing activities amounted to $12.2 million related to the payments for capital equipment, payment for community obligation commitment, expenditures on the Mercedes commitments and Antapata substation were other investing outflows during the period.

Total cash flow from financing activities amounted to $8.4 million, primarily related to the private placement non brokered financing of $6.1 million, additional $4 million raised from Sandstorm as part of Second Refinanced Sandstorm Note, $1.3 million raised as part of short term loan, and payments for existing debt obligations amounting to $2.6 million during the nine months ended September 30, 2023.

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

The $9 million Secured Loan from Sandstorm 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 Secured Loan. As at September 30, 2023, and as of the date of issuance of these statements, the Company was in breach of this covenant, however the Company has obtained an approval from the creditor to waive the requirements of this covenant.

On June 30, 2023, the Company signed and entered into an amended agreement with Equinox to convert the Mercedes Acquisition Payment of approximately $26 million into Equinox Convertible Debenture, which was subject to approval from the Company's Shareholders and TSX-V. On September 21, 2023, the Company held a Special Meeting of Shareholders and 57 percent of shares eligible to be voted were cast and the Resolution was passed by 88.9% of votes cast at the Meeting. The Note of $26.6 million was issued on October 19, 2023, but remains subject to final approval by the TSX-V, which is expected by the year end. The Equinox Convertible Debenture matures on 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. The Company is required to make monthly interest payments in the amount of $0.16 million to Equinox Gold with the balance of the principal and accrued interest payable in full on the Maturity Date. 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 issuance date up until the Maturity Date, provided that, if at the time of such voluntary prepayment, 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. During the nine months period ended September 30, 2023, the Company accrued a total of $2.2 million as interest payable and paid a total of $1.4 million to Equinox.

On July 21, 2023, the Company completed a non-brokered private placement of 16.7 million common shares for gross proceeds of CDN$8.2 million.

On September 13, 2023, the Company entered into a short term loan via a Promissory Note with Equinox Gold ("Short Term Loan") in the amount of $1.3 million, effective September 7, 2023. The loan bears interest at 13% with interest calculated daily and the outstanding balance (interest and principal) is payable on January 7, 2023.

On September 28, 2023, the Company announced a restructuring of its current stream and debt obligations with Sandstorm, which upon receipt of the regulatory approval from TSX-V, is expected to be effected by way of a Restructuring Agreement. Under the Restructuring Agreement, effective January 1, 2024, gold deliveries pursuant to the Sandstorm Gold Stream are expected to be reduced from 600 oz per month to 275 oz per month and silver deliveries pursuant to the Nomad Silver Stream are expected to be fully suspended until April 2028. The Nomad Gold Stream has now been fully completed and no further quarterly gold payments are due in respect thereof. Consideration to Sandstorm in exchange for the stream amendments will consist of a 1.0% NSR royalty on Corani, which contains one of the world's largest fully permitted silver deposits and payment of up to $10 million in the form of Common Shares, provided that Sandstorm will own no more than 19.99% of Consideration Shares. Sandstorm has agreed to increase the principal amount of Refinanced Sandstorm Note by the $4.3 million Consideration Shortfall.

Pursuant to the Restructuring Agreement, Sandstorm is expected to refinance its $22.5 million convertible debenture into a Refinanced Sandstorm Note, 5-year convertible promissory note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of CDN$0.73 per share. The Refinanced Sandstorm Note is expected to have a maturity date of September 22, 2028 and be secured by first lien pledges on the assets of Mercedes, Bear Creek's equity interests in Mercedes and Corani; and Sandstorm is also expected to refinance its $9 million Sandstorm Secured Loan into a Second Refinanced Sandstorm Note, 5-year convertible promissory note on the same terms as the Refinanced Sandstorm Note. As disclosed above, the principal amount of this promissory note is expected to be increased by the amount of the Consideration Shortfall of $4.3 million. In connection with the Restructuring Agreement, Sandstorm has agreed to make up to $8 million Interim Credit available to Bear Creek under the Sandstorm Secured Loan prior to August 31, 2024, subject to certain conditions. Any amounts drawn from the Interim Credit are expected to be added to the principal amount of the Second Refinanced Sandstorm Note. The Restructuring Agreement has been submitted to the TSX-V for conditional approval and is expected to close by the year end. The Company has drawn $3.3 million on this facility as of November 22, 2023.

On October 5, 2023, the Company completed a bought deal financing 27.2 million units at a price of CDN$0.35 per unit, with each unit comprising of one common share and one share purchase warrant (exercisable to redeem one common share until October 5, 2028) for gross proceeds of CDN$9.5 million.

As at September 30, 2023, the Company's working capital deficiency (current assets less current liabilities) was $66.1 million compared to net $51.2 million at December 31, 2022. While the recent private placement, Equinox Convertible Debenture, Sandstorm Restructuring Agreement and other activities improves the Company's liquidity, 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 interim condensed consolidated financial statements of the Company for the three and nine month period ended September 30, 2023 do not include adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, should the Company be unable to continue as a going concern. These adjustments could be material.

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

Expenses in (000's)	**2023**	**2024**	**2025**	**2026**	**2027 and Beyond**	**Total**
Accounts payable and accrued liabilities	$32,879	-	-	-	$1,069	$33,948
Provision-Environmental costs	-	-	-	-	16,366	16,366
Community projects	-	1,053	1,053	1,053	13,696	16,855
Other liabilities	55	33	33	33	707	861
Office space leases	69	99	-	-	-	168
Vehicle rentals	94	-	-	-	-	94
Equinox short term loan	-	1,357	-	-	-	1,357
Streaming Arrangements [1]	1,435	5,873	5,659	1,397	-	14,364
Note payable – Principal [1]	9,000	-	-	-	-	9,000
Note payable – Interest	249	-	-	-	-	249
Debenture – Principal [1]	-	-	22,500	-	-	22,500
Debenture – Interest	338	1,350	416	-	-	2,104
Equinox Debenture – Principal [2]	897	26,897	-	-	-	27,794
Equinox Debenture – Interest	1,203	3,599	-	-	-	4,802
Total as at September 30, 2023	**$46,219**	**$40,261**	**$29,661**	**$2,483**	**$31,838**	**$150,462**

1) On September 28, 2023, the Company agreed to the Restructuring Agreement, pursuant to which the silver stream deliveries are expected to be suspended until April 2028. Company is also expected to convert the Note payable into a 5 year convertible promissory note, with interest at 7%, and the debenture into a 5 year convertible promissory note with similar terms as the Note payable. The table above has not been adjusted for these changes as the Company is still awaiting approval from the TSX-V.
2) The Equinox principal payment was initially due on October 21, 2022. The Company has entered into an agreement with Equinox and issued a 5 year Convertible Debenture maturing on October 19, 2028. The table above has not been adjusted for this change as the Company is still awaiting approval from the TSX-V.

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-V 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 September 30, 2023, the following stock options, RSUs and DSUs were granted:

	September 30, 2023
Issued and outstanding shares	**171,365,386**
Limit under option plan and LTIP (10% of issued and outstanding shares)	**17,136,539**
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	**6,486,539**

	September 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 gold 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 September 30, 2023 (000's) $	Three Months Ended September 30, 2022 (000's) $	Nine Months Ended September 30, 2023 (000's) $	Nine Months Ended September 30, 2022 (000's) (4) $
Production costs	**14,347**	**23,721**	**43,335**	**25,274**
Net smelter return royalty	(535)	(847)	(1,832)	(848)
Accrued obsolete inventory	(417)	-	(417)	-
Net realizable value	(352)	-	(352)	-
Production costs adjustment 2022 (1)	-	-	-	3,246
Other adjustments	-	(216)	-	63
Direct Cash Cost	**13,043**	**22,658**	**40,734**	**27,735**
Reclamation and remediation	347	264	740	491
Sustaining capital expenditures (2)	4,875	4,409	10,361	8,818
Exploration and evaluation expense	868	658	1,658	664
AISC	**19,133**	**27,989**	**53,493**	**37,708**
Gold equivalent ounces sold (koz) (3)	**9.815**	**15.308**	**32.909**	**20.868**
Cash Cost US$ per gold equivalent ounce sold	**1,329**	**1,480**	**1,238**	**1,329**
AISC US$ per gold equivalent ounce sold	**1,949**	**1,828**	**1,625**	**1,807**

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 81:1 for the three months ended September 30, 2023 (three months ended September 30, 2022 - 88:1) and a ratio of 83:1 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 - 88:1). 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 nine months ended September 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 September 30, 2023	Three Months Ended September 30, 2022	**Nine Months Ended September 30, 2023**	Nine Months Ended September 30, 2022 (2)
Total Operating Costs, net of Capitalized Items	**14,982**	**15,361**	**44,664**	**25,503**
Finished goods adjustment	(313)	(811)	631	(1,492)
Special mining law	90	89	313	180
Overhead adjustment	(562)	(1,745)	(1,728)	(2,130)
Inventory adjustment (1)	(1,154)	9,872	(3,146)	2,365
Interest paid in gold	-	108	-	-
Net smelter return royalty	535	847	1,832	848
Accrued obsolete inventory	417	-	417	-
Net realizable value	352	-	352	-
Production Costs	**14,347**	**23,721**	**43,335**	**25,274**

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 required 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 nine months ended September 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 September 30		**Nine Months Ended September 30**	
	2023 (000's)	2022 (000's)	**2023 (000's)**	2022 (000's)
Salaries and directors' fees (1)	**$ 521**	$ **488**	**$ 1,477**	$ **1,313**
Share-based compensation	**197**	**77**	**652**	**289**
	$ 718	$ **565**	**$ 2,129**	$ **1,602**

(1) The Chief Executive Officer, the President and Chief Operating Officer voluntarily elected to forego their salary for the period of April 1, 2022 to June 30, 2022, totaling $0.18 million.

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

At September 30, 2023, $0.2 million (December 31, 2022 - $nil) was due for director fees.

Sandstorm

Sandstorm is deemed as a related party of the Company and currently owns 9.76% of the Company's issued and outstanding common shares. As at September 30, 2023, the Company has entered into the Restructuring Agreement, $22.5 million Convertible debenture, gold purchase agreement and streams, and $9 million secured loan with Sandstorm. The Company has also completed a non brokered private placement during the nine months period ended September 30, 2023 and raised $6.2 million (CDN$8.2 million) from Sandstorm.

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. Other than the accounting policies included in this section, the accounting policies adopted are consistent with those of the previous financial year. Actual results could differ from these estimates.

<u>Impairment for property and equipment</u>

The application of the Company's accounting policy for impairment of property and equipment requires judgment to determine whether indicators of impairment exist. The review of impairment indicators includes consideration of significant changes in both external and internal sources of information.

Management uses judgment when assessing whether there are indicators of impairment, such as significant changes in future commodity prices or the Company's share price, discount rates, recoverable resources and reserves estimates, capital expenditure requirements, expected future operation costs or other relevant information that indicates production will not likely occur or may be significantly reduced in the future.

When impairment indicators exist, management estimates the recoverable amount of the cash generating unit ("CGU") and compares it against the CGU's carrying amount. This review is generally performed on a property-by-property basis with each property representing a CGU.

Management has assessed impairment indicators on the Company's property and equipment. The Company concluded that impairment indicators on the Mercedes mine exist as of September 30, 2023 and therefore was required to update the estimate of the recoverable amount of the Mercedes mine. No impairment charge was taken as the recoverable amount of the Mercedes mine exceeded the carrying value as at September 30, 2023.

The recoverable amount is based on a fair value less cost to sell model using a discounted cash flow methodology. This plan considers the optimal level of investment, overall production levels taking into account all relevant characteristics of the ore body. Therefore, the most current NI 43-101 reserve and resource model (less production to date) is an appropriate basis for forecasting production output in each future year. Related production costs have been estimated using recent historical rates of spend on a per tonne basis, where appropriate. Capital expenditures have been estimated using current prices to complete project estimates as required to execute the production plan.

Projected future revenues reflect the forecast future production levels at the Mercedes mine as detailed in the plan. These forecasts may include the mining and production of mineralized material that does not currently qualify for inclusion in mineral reserve or mineral resource classification. The fair value arrived at, as described above, is the Company's estimate of fair value for accounting purposes and is not a "preliminary assessment", as defined in Canadian Securities Administrators' National Instrument 43- 101 "Standards of Disclosure for Mineral Projects". Projected future revenues also reflect the Company's estimates of future metals prices, which are determined based on current prices, forward prices and forecasts of future prices prepared by industry analysts. These estimates often differ from current price levels, but the methodology used is consistent with how a market participant would assess future metals prices.

For the September 30, 2023 analysis, estimated 2024, 2025, 2026 and long-term gold prices of $1,922, $1,861, $1,800 and $1,697 per ounce, and silver prices of $23.85, $23.52, $23.02 and $22.60 per ounce were used.

The Company's estimates of future cash costs of production and capital expenditures are based on management's plans for the mine. Costs incurred in currencies other than the U.S. dollar are translated to U.S. dollar equivalents based on long-term forecasts of foreign exchange rates obtained from independent sources of economic data.

The discount rate applied to present value the net future cash flows is based on a real weighted average cost of capital specific to Mexico to account for geopolitical risk. For the September 30, 2023 analysis, a discount rate of 7.2% was used to test the Mercedes mine.

Significant Accounting Estimates and Judgments

In preparing the interim condensed consolidated financial statements, Other than the accounting estimates and judgements used in Section 9, 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 September 30, 2023, the fair value of convertible feature of the $22.5 million Sandstorm convertible debentures and $9 million Secured Loan, 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 September 30, 2023, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

	September 30, 2023		
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash	76	233	1,385
Receivables	27	57,738	177,523
Accounts payable, accrued liabilities and other	(190)	(919)	(279,956)
Provision for environmental rehabilitation	-	-	(236,528)
Community project obligation	-	(36,354)	-
Net exposure	**(87)**	**20,698**	**(337,576)**

Based on the above net exposures at September 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 $7,000 (CDN$ 10,000) 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 $615,000 (S/2,300,000) 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 $2,200,000 (MXN 40,000,000) 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 September 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 $46.2 million, which are expected to be paid over the next twelve months, and the long-term portion of such liabilities of $104.2 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.

Subsequent to September 30, 2023 the Company successfully closed a bought deal financing raising CDN$9.5 million 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. The Company has taken various steps to improve liquidity by closing the recent equity financings, issuing the Equinox Convertible Debenture, is pursuing to close the Sandstorm Restructuring Agreement and improving its mining methodology.

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 September 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 nine months period ended September 30, 2023, the SOFR ranged between 3.68%-5.27%.

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 CDN$1.00 higher than it was on September 30, 2023, the fair value of the embedded derivative liability of the Company’s convertible debenture would have increased by $6.3 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of $3.2 million instead of the gain of $3.1 million.

Management of capital

The Company’s capital management objectives are intended to safeguard the Company’s ability to support the Company’s development and exploration of its mineral properties and support any expansion plans. The Company’s working capital deficiency as at September 30, 2023 was $66.1 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 September 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 November 22, 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