BEAR CREEK MINING CORPORATION

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

EXPRESSED IN US DOLLARS

April 20, 2018

Independent Auditor's Report

To the Shareholders of Bear Creek Mining Corporation

We have audited the accompanying consolidated financial statements of Bear Creek Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of income (loss) and comprehensive income (loss), cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Bear Creek Mining Corporation as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Bear Creek Mining Corporation
(An Exploration Stage Company)
Consolidated Statements of Financial Position
US Dollars (000's)

	Note		December 31, 2017		December 31, 2016
ASSETS					
Current assets					
Cash and cash equivalents	7	**$**	**5,481**	$	9,172
Short-term investments			**13,342**		20,608
Receivables and prepaid expenses			**739**		417
Santa Ana settlement award receivable	8		**31,000**		-
			50,562		30,197
Non-current assets					
Equipment and leasehold improvements			**240**		182
Resource property costs	8		**78,239**		78,209
TOTAL ASSETS		**$**	**129,041**	$	108,588
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**1,016**	$	577
Current portion of other liabilities	9		**165**		200
			1,181		777
Non-current liabilities					
Other liabilities	9		**952**		398
Provision for site restoration			**200**		200
			2,333		1,375
EQUITY					
Share capital	10		**286,786**		286,786
Contributed surplus			**32,581**		31,064
Deficit			**(192,659)**		(210,637)
			126,708		107,213
TOTAL LIABILITIES AND EQUITY		**$**	**129,041**	$	108,588

Commitments (Note 13)
Subsequent Events (Note 15)

ON BEHALF OF THE BOARD:

Signed "Catherine McLeod-Seltzer", Director

Signed "Nolan Watson", Director

Bear Creek Mining Corporation
(An Exploration Stage Company)
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31
US Dollars (000's, except share data)

	Note	2017	2016
Operating expenses			
Corani engineering and evaluation costs	8	**$ 8,778**	$ 4,326
Santa Ana arbitration	8	**450**	4,000
Other exploration and evaluation costs	8	**1,279**	1,195
Share-based compensation		**1,517**	852
Wages and management salaries	11	**708**	667
Professional and advisory fees	11	**286**	321
General office expenses		**189**	176
Shareholder information and filing fees		**147**	89
Travel		**70**	63
Loss before other items		**(13,424)**	(11,689)
Other income and expense			
Foreign exchange gain		**174**	211
Finance income		**215**	158
Santa Ana settlement award	8	**31,000**	-
Gain on disposal of assets		**13**	-
Income (Loss) and Comprehensive Income (Loss) for the Year		**$ 17,978**	$ (11,320)
Earnings (Loss) per Share – Basic		**$ 0.17**	$ (0.12)
Earnings (Loss) per Share – Diluted		**$ 0.17**	$ (0.12)
Weighted Average Number of Shares Outstanding - Basic		**103,085,064**	97,415,994
Weighted Average Number of Shares Outstanding - Diluted		**103,737,205**	97,415,994

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

Bear Creek Mining Corporation
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Year Ended December 31
US Dollars (000's)

	Note		2017		2016
Operating Activities					
Income (loss) for the period		**$**	**17,978**	$	(11,320)
Items not affecting cash:					
Amortization			**48**		24
Loss (gain) on investment			**1**		-
Share-based compensation			**1,517**		852
Interest income			**(216)**		(158)
Unrealized foreign exchange gain			**(246)**		(304)
Gain on disposal of assets			**(13)**		-
			19,069		(10,906)
Changes in current assets and liabilities:					
Receivables and prepaid expenses			**(380)**		463
Santa Ana receivable			**(31,000)**		-
Accounts payable and accrued liabilities			**1,037**		(757)
Cash used in operating activities			**(11,274)**		(11,200)
Investing Activities					
Proceeds on disposal of equipment			**13**		-
Purchase of equipment			**(106)**		11
Resource acquisition costs	8		**(30)**		(23)
Reimbursement of acquisition funds	8		**-**		115
Payment of Corani obligation	9		**(100)**		(141)
Short-term investment			**7,239**		(20,607)
Interest received			**274**		61
Cash provided by (used in) investing activities			**7,290**		(20,584)
Financing Activities					
Share capital issued – net			-		21,234
Options exercised			-		16
Cash provided by financing activities			**-**		21,250
Effect of exchange rate change on cash and cash equivalents			**293**		338
Net Decrease in Cash and Cash Equivalents			**(3,691)**		(10,196)
Cash and cash equivalents – Beginning of Period			**9,172**		19,368
Cash and Cash Equivalents – End of Period		**$**	**5,481**	$	9,172

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

Bear Creek Mining Corporation
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
US Dollars (000's, except share data)

	Share Capital (Number of Shares)	Share Capital (Amount)	Contributed Surplus	Deficit	Total
December 31, 2015	**93,107,139**	**$ 265,531**	**$ 30,217**	**$ (199,317)**	**$ 96,431**
Prospectus financing, net of share issuance cost	9,967,050	21,234	-	-	21,234
Options exercised	10,875	21	(5)	-	16
Share-based compensation	-	-	852	-	852
Net loss for the year	-	-	-	(11,320)	(11,320)
December 31, 2016	**103,085,064**	**286,786**	**31,064**	**(210,637)**	**107,213**
Share-based compensation	-	-	1,517	-	1,517
Income for the year	-	-	-	17,978	17,978
December 31, 2017	**103,085,064**	**$ 286,786**	**$ 32,581**	**$ (192,659)**	**$ 126,708**

1. Nature of Business

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

Bear Creek is a public company incorporated in British Columbia, Canada with shares listed on the TSX Venture Exchange. The head office, principal address and records office of the Company are located at 400 Burrard Street, Suite 1400, Vancouver, British Columbia, Canada, V6C 3A6.

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

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

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies presented in Note 3 were consistently applied to all periods presented.

The Board of Directors approved the consolidated financial statements on April 19, 2018.

3. Summary of Significant Accounting Policies

The significant accounting policies described below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

a) Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The principal subsidiaries of the Company, their activities, and their geographic locations as at December 31, 2017 were as follows:

Subsidiary	Principal activity	Location	Ownership interest
BCMC Corani Holdings Ltd.	Holding company	Canada	100%
Bear Creek Resources Company Ltd.	Holding company	Canada	100%
Bear Creek (BVI) Limited	Holding company	British Virgin Islands	100%
Corani Mining Limited	Holding company	British Virgin Islands	100%
Bear Creek Mining S.A.C.	Mineral exploration	Peru	100%
Bear Creek Exploration Company Ltd. and Bear Creek Mining Company Sucursal del Peru	Mineral exploration	Peru	100%
INEDE S.A.C.	Mineral exploration	Peru	100%
Electro Antapata S.A.C.	Mineral exploration	Peru	100%

The transactions among the entities in the consolidated group pertain to the transfer of funds and payment of third party costs. All inter-group balances have been eliminated upon consolidation.

b) Foreign Currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and of all of its subsidiaries is the United States ("US") Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21"). The consolidated financial statements have been presented in US dollars.

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and other short-term highly liquid investments with the original term to maturity of three months or less.

d) Short-term Investments

Short-term investments are investments which are transitional or current in nature, with an original term to maturity greater than three months but less than one year.

e) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss and comprehensive loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are initially measured at fair value with subsequent changes in fair value recognized in other comprehensive income. The Company does not hold any available-for-sale assets.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents, short-term investments and other receivables, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Financial liabilities at amortized cost: Financial instruments held by the Company and classified in this category include accounts payables and accrued liabilities and other liabilities. Accounts payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables and accrued liabilities are measured at amortized cost using the effective interest method.

The effective interest rate method calculates the amortized cost of a financial instrument and allocates interest income or loss over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts and payments over the expected life of the financial instrument.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

f) Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of an asset is derecognized when it is replaced. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period they are incurred.

The major categories of equipment and leasehold improvements are amortized on a straight-line basis as follows:

Exploration and office equipment	10 years
Vehicles	5 years
Leasehold improvements	5 years

The Company allocates the amount initially recognized to each asset's significant components and depreciates each component separately. Residual values, amortization methods and useful lives of the assets are reviewed periodically and adjusted on a prospective basis as required.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other income and losses in the statement of loss and comprehensive loss.

g) Resource Property and Exploration Costs

The Company capitalizes the direct costs of acquiring mineral property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration, evaluation and property maintenance costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are expensed as incurred up to the date of establishing that property costs are economically recoverable, that the project is technically feasible and upon receipt of project development approval from the Board of Directors. The approval from the Board of Directors will be dependent upon the Company obtaining necessary permits and licenses to develop the mineral property. If no economically viable ore body is discovered, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomical or abandoned. Value-added taxes are included in exploration and evaluation costs because the recoverability of these amounts is uncertain.

h) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of loss.

i) Provisions

(i) Decommissioning and restoration provision: Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows and where the effect is material, discounted at a pre-tax discount rate which reflects the risks specific to the liability. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate which reflects the risks specific to the liability.

The liability is also accreted to full value over time through periodic charges to earnings. This unwinding of the discount is charged to financing expense in the statement of loss and comprehensive loss.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

(ii) Other provisions: Provisions are recognized when a current legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate pre-tax rate, risk specific to the liability.

j) Share-Based Compensation

The fair value method of accounting is used for share-based compensation. Under this method, the cost of stock options and other equity-settled share-based payment arrangements are recorded based on the date of grant estimated fair value of each tranche using the Black-Scholes option pricing model and charged to earnings over the vesting period. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of loss and comprehensive loss, with a corresponding adjustment to equity.

Option pricing models require the input of subjective assumptions including the expected price volatility and the expected option life. Changes in these assumptions can materially affect the estimated fair value of the stock options granted.

k) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

l) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury stock method.

4. Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant areas where judgment and estimates are applied include the recoverability of resource property costs, inputs used in accounting for share-based compensation and other liability valuation. Actual results could differ from these estimates.

Management’s key estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates

Significant assumptions relate to, but are not limited to, the following:

i) *Share-based compensation:* The Company provides compensation benefits to employees, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the Company's share price. Historical data is utilized to estimate option exercises and forfeiture behaviour with the valuation model. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

ii) *Impairment of mineral properties:* The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of potential impairment indicators include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

iii) *Other liability valuation:* The Company has agreements with local landowners and the Municipality of Corani which require future payments by the Company. The valuation has been based on assumptions regarding the period of time over which the payments will need to be made as well as the timing of the payments.

5. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC").

The Company did not adopt any new and/or revised standards, amendments and interpretation from January 1, 2017 which had a material effect on its financial position or performance.

The following new standards and amendments to standards have been issued but are not effective during the year ended December 31, 2017:

- IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs; fair value through OCI; and fair value through P&L. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Standard is effective for accounting periods beginning on or after January 1, 2018. The Company does not expect a significant impact of adopting the Standard on its financial statements.

- IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. It is effective for annual periods beginning on or after January 1, 2018. The Standard is not expected to have an impact on the Company.

- IFRS 16 Leases is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this Standard.

6. Financial Instruments

Categories of financial instruments

		December 31, 2017 (000's)		December 31, 2016 (000's)
Financial assets				
Loans and receivable				
Cash and cash equivalents	**$**	**5,481**	$	9,172
Short-term investments		**13,342**		20,608
Santa Ana settlement award receivable		**31,000**		-
Receivables		**614**		332
	$	**50,437**	$	30,112
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	**$**	**1,016**	$	577
Other liabilities		**1,117**		598
	$	**2,133**	$	1,175

a) **Fair value**

The carrying values of the Santa Ana settlement award receivable, receivables, accounts payable and accrued liabilities, and current portion of other liabilities approximate their fair value because of the short-term nature of these instruments. The carrying values of other non-current liabilities also approximate their fair value.

b) **Management of financial risk**

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

i. Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Peru, Canada and the United States, and a portion of its expenses are incurred in Canadian dollars and Peruvian Soles. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and the Peruvian Sol to the US dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At December 31, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars and Peruvian Soles:

	December 31, 2017			
		Canadian Dollars (000's)		**Peruvian Soles (000's)**
Cash and cash equivalents, and short-term investments	$	4,679	$	173
Receivables	$	30	$	115
Accounts payable and accrued liabilities	$	(163)	$	(934)

Based on the above net exposures as at December 31, 2017, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of $362,407 in the Company's income for the year. A 10% depreciation or appreciation of the US dollar against the Peruvian Sol would result in a decrease/increase of $19,928 in the Company's income for the year.

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 cash and cash equivalents, short-term investments and receivables.

The Company's cash and cash equivalents, and short-term investments are held in large Canadian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian banks. These investments mature at various dates over the current operating period.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements by taking into account anticipated cash expenditures for its exploration and other operating activities, and its holdings of cash and cash equivalents, and short-term investments. 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 favourable terms.

As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities and the current portion of other liabilities totalling $982,845, which are expected to be paid over the next twelve months, and the long-term portion of other liabilities of $390,626, which are expected to be paid over the next five years.

iv. Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument 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. Based on the amount of cash and cash equivalents invested as at December 31, 2017 and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/decrease of $27,404 in the interest earned by the Company per annum.

7. Cash and Cash Equivalents

		December 31, 2017 (000's)		December 31, 2016 (000's)
Cash	**$**	2,065	**$**	1,432
Investment savings account		3,416		7,740
	$	5,481	**$**	9,172

8. Resource Property Costs

	Corani Project (000's)	Maria Jose Project (000's)	Total (000's)
Balance at December 31, 2015	$ 77,235	$ 1,066	$ 78,301
Land acquisition costs	23	-	23
Return of acquisition funds	-	(115)	(115)
Balance at December 31, 2016	$ 77,258	$ 951	$ 78,209
Land acquisition costs	30	-	30
Balance at December 31, 2017	**$ 77,288**	**$ 951**	**$ 78,239**

a) Corani Project

The Company has a 100% interest in the project. The Corani project is located in the Department of Puno, Peru.

Corani Engineering and Evaluation Costs:	**Years Ended December 31**	
	2017 (000's)	2016 (000's)
Corani		
Assaying and sampling	**31**	-
Community contributions	**1,483**	434
Detailed engineering	**3,557**	1,101
Consulting and geophysics	**-**	80
Environmental	**129**	98
Maintenance costs	**58**	35
Salary and consulting	**2,116**	1,494
Camp, supplies and logistics	**1,364**	1,059
Travel	**40**	25
Costs for the Year	**$ 8,778**	$ 4,326

b) Maria Jose Project

The Maria Jose Project is located in northern Peru in the Ancash Department. On February 27, 2013, the Company entered into an option agreement to purchase 100% of the Maria Jose Prospect for $4.9 million over a four-year period. In 2015, the Company entered into a formal option and joint venture agreement with a private Peruvian gold producer, Analytica Mineral Services SAC ("AMS"). AMS can earn a 51% interest in the project by completing 2,000 meters of tunneling at its cost. To date, AMS has not completed the 2,000 meters of tunneling. Following AMS earning its 51% interest, the two parties will form a joint venture agreement with standard terms. In December 2015, replacing the February 2013 agreement, Bear Creek and AMS made a negotiated purchase payment of $1.2 million to the underlying property owner to acquire 100% interest in the Maria Jose mineral concessions. There are no royalties; however, under the purchase agreement there is an obligation to pay an additional $2.1 million to the former property owner on commencement of commercial production. This additional payment has no time limit.

c) Santa Ana Project

In December 2004 the Company acquired an option to earn a 100% interest in the Santa Ana silver property in south eastern Peru. The option was exercised in November 2007.

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

Following a series of actions, including Constitutional lawsuits in Peru, known as Amparo, and negotiations to reach an amicable resolution with the Peruvian Government, the Company submitted a Request for Arbitration to The International Center for Settlement of Investment Disputes ("ICSID") against the Republic of Peru pursuant to the terms of the Canada-Peru Free Trade Agreement ("FTA").

An in-person hearing before the Arbitration Tribunal took place in Washington D.C. between September 7 - 14, 2016. In September 2017, the proceedings in the case were officially closed and no further testimony or exhibits will be submitted to the Tribunal by either the Company or the Republic of Peru. On December 1, 2017, the tribunal of arbitration at the ICSID rendered an award in favor of the Company of approximately $31.0 million, which consisted of $18.2 million for compensation costs incurred in Santa Ana, $6.0 million for reimbursement of costs associated with the ICSID arbitration and accrued interest of $6.8 million. The articles of the ICSID Convention provides the opportunity, within 120 days and under limited grounds, for either party to request annulment of the award. Subsequent to December 31, 2017, no annulment was sought by either party. The Company anticipates that it will receive payment from the Peruvian government in 2018. As such, the Company has recorded the $31.0 million as a receivable in the statement of financial position.

d) Sumi Project

The Sumi gold-silver prospect is located in southern Peru and was acquired by staking the mineral concessions in 2011. The Company has a 100% interest in the project. In March 2014, Bear Creek entered into a joint venture agreement with JOGMEC to advance the project. The agreement provides for JOGMEC to earn a 51% interest through investing $2.5 million over a four-year period. Following JOGMEC's earn-in, Bear Creek can elect to maintain its 49% interest or to dilute until reaching 10%, at which time the Company's interest will revert to a 1.0% NSR.

Other exploration and evaluation costs for the years ended December 31, 2017 and 2016 are as follows:

Exploration and Evaluation Costs:	**Years Ended December 31** **2017** **(000's)**	2016 (000's)
Maria Jose		
Community contributions	$ **7**	$ 6
Maintenance costs	**48**	62
Salary and consulting	**49**	63
Supplies and general	**2**	11
	106	142
Santa Ana		
Community contributions	**-**	-
Maintenance costs	**49**	-
Salary and consulting	**214**	243
Supplies and general	**47**	76
	310	319
Sumi		
Community contributions	**30**	71
Drilling and assaying	**646**	95
Geophysics	**14**	15
Maintenance costs	**7**	7
Salary and consulting	**304**	314
Supplies and general	**269**	173
Recovery of costs	**(1,471)**	(681)
	(201)	(6)
Generative		
Maintenance costs	**3**	4
Salary and consulting	**52**	44
Supplies and general	**3**	4
	58	52
Other Properties	**31**	22
Value added tax	**975**	666
Costs for the Year	$ **1,279**	$ 1,195

9. Other Liabilities

During 2011 the Company entered into land purchase agreements with local landowners for surface rights access to the Corani project as well as an agreement to provide the Municipality of Corani with funding for the construction of schools and other improvements to the community as determined by the Municipality of Corani. The total amount owed under the agreements was approximately $3,533,000 of which $1,117,000 remains outstanding as of December 31, 2017. All of the land purchase amounts have been capitalized as mineral properties. All community contributions have been expensed.

		(000's)
Balance as of December 31, 2015	**$**	726
Payments		(141)
Impact of foreign exchange		13
Balance as of December 31, 2016	**$**	598
Payments		(100)
Addition to obligation		597
Impact of foreign exchange		22
Balance as of December 31, 2017	**$**	1,117
Less: current portion		(165)
Long-term portion as of December 31, 2017	**$**	952

The Company's estimated future payments are as follows:

		December 31, 2017 (000's)		December 31, 2016 (000's)
Within one year	**$**	**165**	$	200
After one year but not more than five years		**952**		398
	$	**1,117**	$	598

10. Capital

Authorized share capital

Unlimited number of common shares without par value.

During the year ended December 31, 2017, the Company did not issue any share capital.

During the year ended December 31, 2016 10,875 options were exercised for gross proceeds of $15,812.

On July 26, 2016, the Company closed a bought deal financing through a syndicate of underwriters. The Company received gross proceeds of CDN$29,901,150 ($22,638,161) and issued 9,967,050 common shares. The underwriters received a cash fee equal to 5% of the gross proceeds. Total cost incurred by the Company in connection with the bought deal financing amounted to $1,404,118.

Share Purchase Options

The Company has established a share purchase option plan whereby 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 Company's Board of Directors. The exercise price of an option is determined by the Board of Directors, but it cannot be less than the closing price on the TSX Venture Exchange on the trading date preceding the date of grant, less the maximum discount permitted under TSX policies applicable to share purchase options. Vesting terms for each grant are also set by the Board of Directors but they are generally set with vesting of 25% on the date of grant, 25% six months from the date of grant, 25% one year from the date of grant and 25% eighteen months from the date of grant. The option plan provides that the aggregate number of shares reserved for issuance under the plan which may be made subject to options at any time and from time to time (including those issuable upon the exercise of pre-existing options) shall not exceed 10% of the total number of issued and outstanding shares, on a non-diluted basis, as constituted on the grant date of such options. At December 31, 2017, a total of 3,112,756 options were reserved under the option plan with 7,195,750 options outstanding.

a) Movements in share options

The changes in share options during the year ended December 31, 2017 and the year ended December 31, 2016 were as follows:

	December 31, 2017		December 31, 2016	
	Number of options	**Weighted average exercise price (in CDN$)**	Number of options	Weighted average exercise price (in CDN$)
Outstanding, beginning of the period	7,353,850	2.76	7,842,100	3.66
Granted	2,050,500	2.50	936,000	2.48
Exercised	-	-	(10,875)	1.85
Expired	(2,208,600)	3.69	(913,000)	9.70
Forfeited	-	-	(500,375)	3.61
Outstanding, end of the period	**7,195,750**	**2.40**	**7,353,850**	**2.76**

b) Fair value of share options granted

During the year ended December 31, 2017, the Company granted options to directors, officers, and employees to purchase up to 2,050,500 common shares of the Company at a weighted average exercise price of CDN$2.50 per share.

1,050,500 options vest over a period of 18 months from the date of grant and expire five years from the date of grant. The remaining 1,000,000 options vest 50% at the earlier of a construction decision on the Company's Corani project or two years from the date of grant and the remaining 50% vest at the earlier of commercial production on the Company's Corani project or five years from the date of grant and expire ten years from the date of grant.

During the year ended December 31, 2016, the Company granted options to directors, officers, and employees to purchase up to 936,000 common shares of the Company at a weighted average exercise price of CDN$2.48 per share.

The options vest over a period of 18 months from the date of grant and expire five years from the date of grant.

The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

	2017	2016
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	77.53%	79.35%
Risk-free interest rate	1.47%	0.57%
Expected life of options	5.8 years	4.1 years
Forfeiture rate	3.32%	1.67%
Grant date fair value	CDN $1.53	CDN $1.43

c) Share options outstanding

A summary of the Company's options outstanding as at December 31, 2017 is as follows:

Options Outstanding	Options Exercisable	**Price per Share**	**Remaining contractual life (years)**	**Expiry Date**
1,650,000	1,650,000	CDN$3.25	0.10	February 6, 2018*
250,000	250,000	CDN$1.85	0.59	August 2, 2018
1,200,000	1,200,000	CDN$2.05	1.14	February 21, 2019
1,109,250	1,109,250	CDN$1.41	2.15	February 23, 2020
936,000	936,000	CDN$2.48	3.46	June 17, 2021
1,050,500	525,250	CDN$2.73	4.13	February 16, 2022
1,000,000	-	CDN$2.25	9.76	October 3, 2027
7,195,750	**5,670,500**		**2.98**	

* - expired unexercised subsequent to December 31, 2017

The weighted average exercise price of exercisable options at December 31, 2017 is CDN$2.40.

11. Related Party Transactions

Details of the transactions between the Company and other related parties are disclosed below.

a) Services provided by related parties

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

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

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

	Note	**Years Ended December 31 2017 (000's)**	2016 (000's)
Legal fees – DuMoulin Black LLP	(i)	**$ 77**	$ 247
Legal fees – Estudio Grau S.C.R.L.		**53**	45
Accounting fees		**125**	132
		$ 255	$ 424

(i) $Nil (2016 - $141,350) of the total legal fees, pertaining to the bought deal financing, has been recorded as share issuance costs within equity (Note 10).

Transactions with related parties for goods and services are made on commercial terms. Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2017 included $8,169 (December 31, 2016 - $22,334) which were due to individuals or companies whose officers, directors or partners were also officers or directors of the Company.

b) Compensation of key management personnel

The remuneration of the directors, president and chief executive officer, and the chief operating officer (collectively, the key management personnel) for the years ended December 31, 2017 and 2016 were as follows:

	Note		Years Ended December 31 **2017** (000's)		2016 (000's)
Salaries and directors' fees	(i)	**$**	**878**	$	813
Share-based compensation	(ii)		**1,128**		737
		$	**2,006**	$	1,550

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the year ended December 31, 2017 and 2016.
(ii) Share-based compensation represents the non-cash expense for the year ended December 31, 2017 and 2016, translated at the grant date foreign exchange rate.

12. Segmented Information

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

Total Assets		**December 31, 2017 (000's)**		December 31, 2016 (000's)
Peru	**$**	**111,445**	$	79,590
Canada		**17,596**		28,998
	$	**129,041**	$	108,588

Net Income (Loss)		**December 31, 2017 (000's)**		December 31, 2016 (000's)
Peru	**$**	**20,864**	$	(5,643)
Canada		**(2,886)**		(5,677)
	$	**17,978**	$	(11,320)

13. Commitments

On April 8, 2013 the Company entered into a Framework Agreement for the Sustainable Use of Natural Resources in the Mining Project Corani with the Corani District Municipality and the five communities contained within the District Municipality: Chacaconiza, Quelcaya, Isivilla, Corani-Aconsaya and Aymaňa. Under the agreement, annual payments of Peruvian Sol("S/") 4 million (approximately $1.6 million) over the 23 year project life are to be made into a trust designed to fund community projects. The first yearly payment was dependent on the Company obtaining the Environmental and Social Impact Assessment approval which was received in September 2013. As of December 31, 2017, the Company has made all required payments under the agreement. All future ongoing payments of S/. 4 million per year are dependent on receiving the permit for the construction of the processing facilities and the mining installations.

14. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

		Year ended December 31, 2017 (000's)		Year ended December 31, 2016 (000's)
Income (Loss) before income taxes	$	17,978	$	(11,320)
Canadian federal and provincial income tax rates		26.0%		26.0%
Income tax expense (recovery) based on the above rates		4,674		(2,943)
Non-deductible expenses		834		1,100
Effect of change in Canadian and foreign tax rates		169		1,922
Tax losses expired during the year		65		-
Impact of deferred tax assets not recognized		(4,911)		245
Foreign exchange and other		(831)		(324)
Total income tax expense	$	-	$	-

The components of the Company's deferred income taxes are as follows:

		December 31, 2017 (000's)		December 31, 2016 (000's)
Deferred income tax assets:				
Non-capital losses	$	10,777	$	7,758
Share issue costs and other		4,663		4,193
Property plant and equipment		332		333
Resource properties costs		16,042		24,442
Total deferred tax assets	$	31,814	$	36,726
Deferred income tax liabilities		Nil		Nil

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible The Company has not recognized deferred income tax assets for any temporary differences as their utilization is not considered probable at this time.

Deductible temporary differences, unused tax losses and unused tax credits:

	December 31, 2017 (000's)	December 31, 2016 (000's)	Expiry date range
Non-capital losses	32,513	28,108	See below
Share issue costs and other	16,686	15,070	Not applicable
Property plant and equipment	7,976	2,239	Not applicable
Resource properties	57,323	87,349	Not applicable

At December 31, 2017, the Company has non-capital losses available for carry forward of $32,512,953 which may be applied to reduce future year's taxable income. The loss carry-forwards are in respect of Canadian and Peruvian operations and expire as follows:

	Canada (CAD – 000's)	Peru (Soles – 000's)
2027	2,289	-
2028	1,871	-
2029	2,446	-
2030	4,146	-
2031	2,913	-
2032	7,395	-
2033	4,162	-
2034	1,062	-
2035	-	-
2036	970	-
2037	1,201	-
Indefinite	-	31,854
	28,455	31,854

15. Subsequent Events

On February 26, 2018, the Company granted 795,000 incentive stock options to directors, officers, and employees. The options are exercisable at CDN$2.05 per common share for a period of ten years from the date of grant.

On March 2, 2018, the Company granted 650,000 incentive stock options to an officer. The options are exercisable at CDN$2.05 per common share for a period of ten years from the date of grant.

On March 16, 2018, the Company granted 400,000 incentive stock options to an officer. The options are exercisable at CDN$2.24 per common share for a period of ten years from the date of grant.