

**BEAR CREEK MINING CORPORATION**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2019**

**EXPRESSED IN US DOLLARS**

**(Unaudited)**

**Bear Creek Mining Corporation**

**Interim Condensed Consolidated Statements of Financial Position**

US Dollars (000's)

	Note	March 31, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 28,605	\$ 34,957
Short-term investments		6,846	5,770
Receivables and prepaid expenses		1,723	684
		<b>37,174</b>	<b>41,411</b>
<b>Non-current assets</b>			
Restricted cash	5	627	-
Property and equipment	6	1,153	805
Resource property costs	7	89,569	89,552
Right-of-use assets	3	1,365	-
<b>TOTAL ASSETS</b>		<b>\$ 129,888</b>	<b>\$ 131,768</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,153	\$ 831
Current portion of community projects obligation	8	1,379	1,187
Current portion of other liabilities	9	43	66
Current portion of lease liabilities	3	581	-
		<b>3,156</b>	<b>2,084</b>
<b>Non-current liabilities</b>			
Community projects obligation	8	9,044	9,852
Other liabilities	9	1,098	1,068
Lease liabilities	3	784	-
Provision for site restoration		200	200
		<b>14,282</b>	<b>13,204</b>
<b>EQUITY</b>			
Share capital	10	286,786	286,786
Contributed surplus		35,578	34,462
Deficit		(206,758)	(202,684)
		<b>115,606</b>	<b>118,564</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 129,888</b>	<b>\$ 131,768</b>

ON BEHALF OF THE BOARD:

Signed "Catherine McLeod-Seltzer", Director

Signed "Erfan Kazemi", Director

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

**Bear Creek Mining Corporation**

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

For the three months ended March 31

US Dollars (000's, except share data)

(Unaudited)

	Note	2019	2018
<b>Operating expenses</b>			
Corani engineering and evaluation costs	7	\$ 2,269	\$ 1,332
Santa Ana arbitration		-	65
Other exploration and evaluation costs	7	620	176
Share-based compensation	10	1,116	550
Wages and management salaries	11	202	193
Professional and advisory fees		43	50
General office expenses		84	54
Shareholder information and filing fees		54	60
Travel		21	25
<b>Loss before other items</b>		<b>(4,409)</b>	<b>(2,505)</b>
<b>Other income and expense</b>			
Foreign exchange gain (loss)		83	(98)
Finance income		252	50
Interest on Santa Ana settlement		-	400
<b>Loss and Comprehensive Loss for the Period</b>		<b>\$ (4,074)</b>	<b>\$ (2,153)</b>
<b>Loss per Share – Basic and Diluted</b>		<b>\$ (0.04)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Shares Outstanding</b>		<b>103,085,064</b>	<b>103,085,064</b>

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

**Bear Creek Mining Corporation**

**Interim Condensed Consolidated Statements of Cash Flows**

For the three months Ended March 31

US Dollars (000's)  
(Unaudited)

	Note	2019	2018
<b>Operating Activities</b>			
Loss for the period		\$ (4,074)	\$ (2,153)
Items not affecting cash:			
Amortization		137	12
Accretion of community projects obligation	8	247	-
Corani obligation	9	(1)	-
Accretion of lease liabilities	3	2	-
Share-based compensation	10	1,116	550
Interest on Santa Ana settlement		-	(400)
Finance income		(252)	(50)
Unrealized foreign exchange gain		139	90
		(2,686)	(1,951)
Changes in current assets and liabilities:			
Receivables and prepaid expenses		(1,032)	531
Accounts payable and accrued liabilities		321	(216)
Cash used in operating activities		(3,397)	(1,636)
<b>Investing Activities</b>			
Purchase of equipment	6	(365)	(36)
Resource acquisition costs	7	(17)	(3)
Payment of community projects obligation	8	(1,031)	-
Payment of Corani obligation	9	(10)	-
Short-term investment		(1,041)	1
Interest on short-term deposits		244	38
Restricted cash	5	(627)	-
Cash used in investing activities		(2,847)	-
<b>Financing Activities</b>			
Principal lease payments	3	(122)	-
Cash used in financing activities		(122)	-
<b>Effect of exchange rate change on cash and cash equivalents</b>		<b>14</b>	<b>5</b>
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>(6,352)</b>	<b>(1,631)</b>
Cash and cash equivalents – Beginning of Period		34,957	5,481
<b>Cash and Cash Equivalents – End of Period</b>		<b>\$ 28,605</b>	<b>\$ 3,850</b>

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

**Bear Creek Mining Corporation****Interim Condensed Consolidated Statements of Changes in Equity***US Dollars (000's, except share data)**(Unaudited)*

	Share Capital (Number of Shares)	Share Capital	Contributed Surplus	Deficit	Total
<b>December 31, 2017</b>	<b>103,085,064</b>	<b>286,786</b>	<b>32,581</b>	<b>(192,659)</b>	<b>126,708</b>
Share-based compensation	-	-	550	-	550
Net loss for the period	-	-	-	(2,153)	(2,153)
<b>March 31, 2018</b>	<b>103,085,064</b>	<b>286,786</b>	<b>33,131</b>	<b>(194,812)</b>	<b>125,105</b>
<b>December 31, 2018</b>	<b>103,085,064</b>	<b>286,786</b>	<b>34,462</b>	<b>(202,684)</b>	<b>118,564</b>
Share-based compensation	-	-	1,116	-	1,116
Loss for the period	-	-	-	(4,074)	(4,074)
<b>March 31, 2019</b>	<b>103,085,064</b>	<b>286,786</b>	<b>35,578</b>	<b>(206,758)</b>	<b>115,606</b>

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

## Bear Creek Mining Corporation

# Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019

US Dollars  
(Unaudited)

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## 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.

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

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

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

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## 2. Basis of Preparation

### Statement of Compliance

The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year except as described in Note 3 below.

The Board of Directors approved the consolidated financial statements on May 23, 2019.

### Basis of Measurement

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

### Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances and result in judgments about the carrying value of assets and liabilities. Actual results could differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2018, except for the judgments and assumptions applied by the Company for the adoption of IFRS 16, as described in Note 3 below.

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### **3. Changes in Accounting Policies**

IFRS 16 *Leases* sets out the principles for recognition, measurement, presentation, and disclosure of leases. It eliminates the classification of leases as either operating or finance leases required by IAS 17 and introduces a single lessee accounting model.

The Company leases various office spaces, warehouses, equipment and vehicles. As at the date of the adoption of IFRS 16, most of the Company's leases for office spaces and warehouses were for short periods or were nearing expiry. The leases for vehicles are generally for three to twelve months with an option to renew at the end of the respective terms. Up until December 31, 2018, all leases of the Company were classified as operating leases and payments made were charged directly to profit or loss.

From January 1, 2019, leases are recognized as a right-to-use asset with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low value assets comprise office equipment.

The Company adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules were therefore recognized in the opening balance sheet on January 1, 2019.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard.

- Account for leases with a remaining term of less than 12 months as of January 1, 2019 as short-term leases;
- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for lease payments as an expense and not recognize a right-to-use asset if the underlying asset is of low dollar value; and
- Use hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to its vehicle leases in Peru, the lease of certain warehouses in Peru and an office space in Canada. Even though such assets are leased for a short period, management considers all facts and circumstances that create an economic incentive to exercise extension options for such leases. The Company estimated the term of all its leases to be completed by the end of its fiscal year 2020. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 10%. The associated right-of-use assets were measured at the value of the lease liability. As a result, on January 1, 2019, the Company recognized total lease liabilities and right-of-use assets of \$0.83 million.

**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****March 31, 2019**US Dollars  
(Unaudited)

A continuity of the Company's lease liabilities and right-of-use assets is as follows:

	<b>Office space and Warehouse (000's)</b>	<b>Vehicles (000's)</b>	<b>Total (000's)</b>
<b>Lease Liabilities</b>			
Balance as of December 31, 2018	-	-	-
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Payments	(35)	(87)	(122)
Accretion expense	-	2	2
Impact of foreign exchange	2	-	2
<b>Balance as of March 31, 2019</b>	<b>818</b>	<b>547</b>	<b>1,365</b>
Less: current portion	(249)	(332)	(581)
Long-term portion as of March 31, 2019	<b>569</b>	<b>215</b>	<b>784</b>

	<b>Office space and Warehouse (000's)</b>	<b>Vehicles (000's)</b>	<b>Total (000's)</b>
<b>Right-of-Use Assets</b>			
Balance as of December 31, 2018	-	-	-
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Amortization	(69)	(50)	(119)
Impact of foreign exchange	1	-	1
<b>Balance as of March 31, 2019</b>	<b>783</b>	<b>582</b>	<b>1,365</b>



**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****March 31, 2019**US Dollars  
(Unaudited)**4. Cash and Cash Equivalents**

	<b>March 31, 2019 (000's)</b>	December 31, 2018 (000's)
Cash	<b>12,254</b>	4,585
Term deposits and other Investment accounts	<b>16,351</b>	30,372
	<b>28,605</b>	34,957

**5. Restricted Cash**

On January 17, 2019 The Company posted a guarantee of \$1,254,416 with the Peruvian Ministry of Energy and Mines in accordance with the Mine Closure Plan approved on September 12, 2018. The guarantee was provided by an insurance company. The Company provided a certificate of deposit in the induser's name for \$627,208. The certificate of deposit is considered to be restricted cash. The Company is required to post additional guarantees each January 17th between 2019 and 2036 according a schedule within the Mine Closure Plan.

As of the date of these financial statements, no significant environment disturbance has been caused by development of the Corani mine and there is no obligation for restoration and rehabilitation.

**6. Property and Equipment**

	<b>Exploration and Other Equipment (000's)</b>	<b>Office Equipment (000's)</b>	<b>Land (000's)</b>	<b>Total (000')</b>
Balance - December 31, 2017	222	18	-	240
Additions	589	-	31	620
Amortization	(49)	(6)	-	(55)
Balance - December 31, 2018	762	12	31	805
Additions	<b>352</b>	-	<b>13</b>	<b>365</b>
Amortization	<b>(16)</b>	<b>(1)</b>	-	<b>(17)</b>
Balance – March 31, 2019	<b>1,098</b>	<b>11</b>	<b>44</b>	<b>1,153</b>

Additions to Property and Equipment during the three month period ended March 31, 2019 include 345 thousand for the Antapata substation construction, 7 thousand for other exploration equipment and 13 thousand for surface rights acquisition.

**Bear Creek Mining Corporation**

**Notes to Interim Condensed Consolidated Financial Statements**

**March 31, 2019**

*US Dollars  
(Unaudited)*

**7. Resource Property Costs**

	Exploration and Other (000's)	Office (000's)	Total (000's)
Balance at December 31, 2017	77,288	951	78,239
Land acquisition costs	93	-	93
Community projects obligation (Note 8)	11,220	-	11,220
Balance at December 31, 2018	88,601	951	89,552
Land acquisition costs	17	-	17
Balance at March 31, 2019	88,618	951	89,569

**a) Corani Project**

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

<b>Corani Engineering and Evaluation Costs:</b>	<b>Three Months Ended March 31</b>	
	<b>2019 (000's)</b>	<b>2018 (000's)</b>
<b>Corani</b>		
Assaying and sampling	5	-
Community contributions	332	135
Drilling	195	-
Detailed engineering	164	242
Environmental	57	6
Maintenance costs	4	9
Salaries and consulting	972	576
Camp, supplies and logistics	513	351
Travel	27	13
<b>Costs for the Period</b>	<b>2,269</b>	<b>1,332</b>

**b) Maria Jose Project**

The Maria Jose Project is located in the Ancash Department, Peru. On February 27, 2013, the Company entered into an option agreement to purchase 100% of the Maria Jose Project for \$4.9 million over a four-year period. In 2015, the Company entered into an 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. AMS initiated the required tunneling work during December 2018. Following AMS earning its 51% interest, the two parties would form a joint venture. In December 2015, replacing the February 2013 agreement, Bear Creek and AMS entered into a new agreement and made a payment of \$1.2 million, in proportion to their respective future joint venture interests, to the underlying property owner to acquire 100% interest in the Maria Jose mineral concessions. Under the purchase agreement there is an obligation to pay an additional \$2.1 million to the former property owner. The \$2.1 million is payable by the Company and AMS in proportion to their respective joint venture interests upon commencement of commercial production.

AMS has secured surface rights agreements with the local community and has built an access road to the tunnel portal sites. Tunneling work began during December 2018. The Maria Jose tunneling program is designed to test the continuity of gold mineralization and define resources for potential production.

**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****March 31, 2019**US Dollars  
(Unaudited)**e) Other Exploration and Evaluation Costs**

Other exploration and evaluation costs were as follows:

<b>Exploration and Evaluation Costs:</b>	<b>Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>(000's)</b>	<b>(000's)</b>
<b>Maria Jose</b>		
Community contributions	1	1
Maintenance costs	2	-
Salaries and consulting	51	10
Supplies and general	4	-
	<b>58</b>	<b>11</b>
<b>Santa Ana</b>		
Salaries and consulting	-	17
	<b>-</b>	<b>17</b>
<b>Sumi</b>		
Community contributions	-	4
Geophysics	-	2
Salaries and consulting	-	50
Supplies and general	-	75
Recovery of costs	-	(142)
	<b>-</b>	<b>(11)</b>
<b>Generative</b>		
Salaries and consulting	128	10
Supplies and general	17	1
	<b>145</b>	<b>11</b>
<b>Other Properties</b>	<b>10</b>	<b>1</b>
<b>Value added tax</b>	<b>407</b>	<b>147</b>
<b>Costs (recoveries) for the Period</b>	<b>620</b>	<b>176</b>

**Bear Creek Mining Corporation**

**Notes to Interim Condensed Consolidated Financial Statements**

**March 31, 2019**

*US Dollars  
(Unaudited)*

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**8. Community Projects Obligation**

On April 8, 2013 the Company entered into a Framework Agreement for the Sustainable Use of Natural Resources in the Mining Project Corani (the "Framework Agreement") with the Corani District Municipality and the five communities contained within the District Municipality: Chacaconiza, Quelcaya, Isivilla, Corani-Aconsaya and Aymaña. The Framework Agreement included 22 annual payments of Peruvian Sol ("S/") 4 million to be made into a trust designed to fund community projects upon the Company receiving the permit for the construction of the processing facilities and the mining installations. Such permit was received on June 27, 2018 and as a result, the Company recognized the present value of these payments discounted at 10% as an obligation in 2018. As at March 31, 2019, the Company's gross community projects obligation under the Framework Agreement was S/ 80.6 million (\$24.3 million).

A continuity of the Company's community projects obligation per the Framework Agreement is as follows:

	<b>(000's)</b>
Balance as of December 31, 2017	-
Initial recognition	11,220
Payment	(406)
Accretion expense	558
Impact of foreign exchange	(333)
Balance as of December 31, 2018	11,039
Payment	(1,031)
Accretion expense	247
Impact of foreign exchange	168
<b>Balance as of March 31, 2019</b>	<b>10,423</b>
Less: current portion	(1,379)
<b>Long-term portion as of March 31, 2019</b>	<b>9,044</b>

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

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**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****March 31, 2019**US Dollars  
(Unaudited)**9. Other Liabilities**

During 2011 the Company entered into land purchase agreements 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 \$3.43 million of which \$1.14 million remains outstanding as of March 31, 2019. All of the land purchase amounts have been capitalized as mineral properties. All community contributions have been expensed.

	<b>(000's)</b>
<b>Balance as of December 31, 2017</b>	1,117
Payments	(130)
Addition to obligation	188
Impact of foreign exchange	(41)
<b>Balance as of December 31, 2018</b>	1,134
Payments	(10)
Addition to obligation	(1)
Impact of foreign exchange	18
<b>Balance as of March 31, 2019</b>	1,141
Less: current portion	(43)
<b>Long-term portion as of March 31, 2019</b>	1,098

The Company's estimated future payments are as follows:

	<b>March 31, 2019 (000's)</b>	December 31, 2018 (000's)
Within one year	43	66
After one year but not more than five years	1,098	1,068
	<b>1,141</b>	1,134

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019

US Dollars  
(Unaudited)

10. Capital

Authorized share capital

Unlimited number of common shares without par value.

During the three months ended March 31, 2019 and the year ended December 31, 2018, the Company did not issue any common shares.

Share Purchase Options

The Company has established a share purchase option plan (the "Stock 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 or in the case of certain executive officers upon the achievement of certain objectives or the passage of time. 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. At March 31, 2019, a total of 7,900,750 stock options were under grant, leaving 2,407,756 options, including restricted or deferred share units reserved for issuance under the option plan.

a) Movements in share options

The changes in share options during the period ended March 31, 2019 and the year ended December 31, 2018 were as follows:

	March 31, 2019		December 31, 2018	
	Number of options	Weighted average exercise price (in CDN\$)	Number of options	Weighted average exercise price (in CDN\$)
Outstanding, beginning of the period	7,290,750	2.14	7,195,750	2.40
Granted	1,880,000	1.50	1,995,000	2.08
Expired	(1,270,000)	2.06	(1,900,000)	3.07
<b>Outstanding, end of the period</b>	<b>7,900,750</b>	<b>2.00</b>	<b>7,290,750</b>	<b>2.14</b>

b) Fair value of share options granted

On February 1, 2019, the Company granted 1,805,000 incentive stock options to directors, officers and employees. The options are exercisable at CDN\$1.50 per common share for a period of ten years from the date of grant and vest over five years from the date of grant.

On March 6, 2019, the Company granted 75,000 incentive stock options to a director. The options are exercisable at CDN\$1.41 per common share for a period of ten years from the date of grant and vest over 18 months.

During the year ended December 31, 2018, the Company granted options to directors, officers, and employees to purchase up to 1,995,000 common shares of the Company at a weighted average exercise price of CDN\$2.08 per share. Of these, 945,000 options vest over a period of 18 months from the date of grant and expire ten years from the date of grant. The remaining 1,050,000 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.

**Bear Creek Mining Corporation****Notes to Interim Condensed Consolidated Financial Statements****March 31, 2019***US Dollars  
(Unaudited)*

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

	<b>2019</b>	2018
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	73.68%	75.23%
Risk-free interest rate	1.92%	2.13%
Expected life of options	8.4 years	8.0 years
Grant date fair value	CDN \$1.06	CDN \$1.53

During the three months ended March 31, 2019, the Company recognized \$1.1 million (2018 - \$0.6 million) as share-based payments expense based on the graded vesting schedule of the granted stock options.

## c) Share options outstanding

A summary of the Company's options outstanding as at March 31, 2019 is as follows:

Options Outstanding	Options Exercisable	Price per Share	Remaining contractual life (years)	Expiry Date
1,091,250	1,091,250	CDN\$1.41	0.90	February 23, 2020
920,000	920,000	CDN\$2.48	2.22	June 17, 2021
1,032,500	1,032,500	CDN\$2.73	2.88	February 16, 2022
1,000,000	-	CDN\$2.25	8.52	October 3, 2027
777,000	582,750	CDN\$2.05	8.92	February 26, 2028
650,000	-	CDN\$2.05	8.93	March 2, 2028
400,000	-	CDN\$2.24	8.97	March 16, 2028
150,000	75,000	CDN\$1.92	9.21	June 12, 2028
1,805,000	838,750	CDN\$1.50	9.85	February 1, 2029
75,000	18,750	CDN\$1.41	9.94	March 6, 2029
<b>7,900,750</b>	<b>4,559,000</b>		<b>6.42</b>	

The weighted average exercise price of exercisable options at March 31, 2019 is CDN\$2.03.

