BEAR CREEK MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

EXPRESSED IN US DOLLARS

Independent auditor's report

To the Shareholders of Bear Creek Mining Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Bear Creek Mining Corporation and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the Financial Statement Discussion and Analysis.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dean Larocque.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 16, 2020

Bear Creek Mining Corporation

Consolidated Statements of Financial Position

US Dollars (000's)

	Note		December 31, 2019		December 31, 2018
ASSETS					
Current assets					
Cash and cash equivalents	7	**$**	**10,902**	$	34,957
Short-term investments			**11,173**		5,770
Receivables and prepaid expenses			**901**		684
			22,976		41,411
Non-current assets					
Restricted cash	8		**627**		-
Property and equipment	9		**3,917**		805
Resource property costs	10		**89,592**		89,552
Right-of-use assets	5		**901**		-
TOTAL ASSETS		**$**	**118,013**	$	131,768
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**1,349**	$	831
Current portion of community projects obligation	11		**1,205**		1,187
Current portion of other liabilities	12		**67**		66
Current portion of lease liabilities	5		**593**		-
			3,214		2,084
Non-current liabilities					
Community projects obligation	11		**9,840**		9,852
Other liabilities	12		**1,249**		1,068
Lease liabilities	5		**279**		-
Provision for site restoration	8		**200**		200
			14,782		13,204
EQUITY					
Share capital	13		**287,035**		286,786
Contributed surplus			**36,623**		34,462
Deficit			**(220,427)**		(202,684)
			103,231		118,564
TOTAL LIABILITIES AND EQUITY		**$**	**118,013**	$	131,768

Subsequent Events *(Note 8, 13 and 17)*

ON BEHALF OF THE BOARD:

Signed "Catherine McLeod-Seltzer", Director

Signed "Erfan Kazemi", Director

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

Bear Creek Mining Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31

US Dollars (000's, except share data)

	Note	2019	2018
Operating expenses			
Corani engineering and evaluation costs	10	**$ 12,538**	$ 8,258
Other exploration and evaluation costs (recoveries)	10	**2,283**	(10)
Share-based compensation	13	**2,256**	1,881
Wages and management salaries	14	**849**	800
Professional and advisory fees	14	**201**	369
General office expenses		**245**	208
Shareholder information and filing fees		**151**	195
Travel		**79**	73
Loss before other items		**18,602**	11,774
Other income and expense			
Foreign exchange gain		**(89)**	(321)
Finance income		**(770)**	(330)
Interest on Santa Ana settlement	10	**-**	(1,098)
Loss and Comprehensive Loss for the Year		**$ 17,743**	$ 10,025
Loss per Share – Basic and Diluted		**$ 0.17**	$ 0.10
Weighted Average Number of Shares Outstanding		**103,102,620**	103,085,064

Bear Creek Mining Corporation

Consolidated Statements of Cash Flows

For the Year Ended December 31

US Dollars (000's)

	Note	2019	2018
Operating Activities			
Loss for the year		$ **(17,743)**	$ (10,025)
Items not affecting cash:			
Amortization		**695**	53
Loss on investment		**-**	1
Accretion of community projects obligation	11	**1,034**	558
Corani obligation	12	**156**	188
Accretion of lease liabilities	5	**35**	-
Change in estimate of lease liabilities	5	**(20)**	
Share-based compensation	13	**2,256**	1,881
Interest on Santa Ana settlement	10	**-**	(1,098)
Finance income		**(770)**	(330)
Unrealized foreign exchange (gain) loss		**70**	(135)
		(14,287)	(8,907)
Changes in current assets and liabilities:			
Receivables and prepaid expenses		**185**	32
Santa Ana settlement	10	**-**	31,000
Interest on Santa Ana settlement	10	**-**	1,098
Accounts payable and accrued liabilities		**225**	(184)
Cash provided by (used in) operating activities		**(13,877)**	23,039
Investing Activities			
Purchase of equipment	9	**(3,351)**	(619)
Resource acquisition costs	10	**(40)**	(93)
Payment of community projects obligation	11	**(1,206)**	(406)
Payment of Corani obligation	12	**(21)**	(130)
Short-term investment		**(5,331)**	6,604
Interest received		**788**	351
Restricted cash	**8**	**(627)**	-
Cash provided by (used in) investing activities		**(9,788)**	5,707
Financing Activities			
Principal payments on leases	5	**(629)**	-
Proceeds from exercise of stock options	13	**154**	-
Cash used in financing activities		**(475)**	-
Effect of exchange rate change on cash and cash equivalents		**85**	730
Net Increase (Decrease) in Cash and Cash Equivalents		**(24,055)**	29,476
Cash and cash equivalents – Beginning of Year		**34,957**	5,481
Cash and Cash Equivalents – End of Year		$ **10,902**	$ 34,957

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

Bear Creek Mining Corporation

Consolidated Statements of Changes in Equity

US Dollars (000's, except share data)

	Share Capital (Number of Shares)	Share Capital	Contributed Surplus	Deficit	Total
December 31, 2017	**103,085,064**	**286,786**	**32,581**	**(192,659)**	**126,708**
Share-based compensation	-	-	1,881	-	1,881
Loss for the year	-	-	-	(10,025)	(10,025)
December 31, 2018	**103,085,064**	**286,786**	**34,462**	**(202,684)**	**118,564**
Exercise of stock options	144,000	154	-	-	154
Fair value of options exercised	-	95	(95)	-	-
Share-based compensation	-	-	2,256	-	2,256
Loss for the year	-	-	-	(17,743)	(17,743)
December 31, 2019	**103,229,064**	**287,035**	**36,623**	**(220,427)**	**103,231**

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

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

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

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Company applied IFRS 16 as of January 1, 2019 (Note 5). Other than the related changes described in Note 5, the accounting policies adopted are consistent with those of the previous financial year.

The Board of Directors approved the consolidated financial statements on April 16, 2020.

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 has the ability or right to cause variable returns from or is exposed to variable returns from its involvement with an entity and has the ability to affect those returns through its ability to direct the activities of the entity.

The principal subsidiaries of the Company, their activities, and their geographic locations as at December 31, 2019 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.	Electrial Power Distribution	Peru	100%

All transactions and balances among the entities in the consolidated group are eliminated upon consolidation.

b) Foreign Currencies

The functional currency of the Company and of all of its subsidiaries is the United States (“US”) Dollar. 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 are 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 balance sheet dates are translated at the period end date exchange rates. Non-monetary items which are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and subsequently amortized through profit or loss using this same exchange rate.

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

Measurement – Initial Recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss (“FVTPL”). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred. The Company does not have any financial assets or liabilities classified as at FVTPL.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Financial Assets

Financial assets that meet the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments plus the cumulative amortization, using the effective interest method applied to the difference between the initial amount and the maturity amount, adjusted for any allowance due to losses or gains. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost include its cash and cash equivalents, and certain receivables.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as proceeds received net of direct issue costs.

Derecognition

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party under a 'pass-through' arrangement;
- And either (a) the Company has transferred substantially all risks and rewards of the asset, or (b) the Company retains legal title but has contractually or otherwise transferred the associated economic risks and rewards.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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, when it is probable that future economic benefits from such assets will flow to the Company and the cost of such assets can be measured reliably. The carrying amount of an asset is derecognized when it is replaced or taken out of service. 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:

Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	5 years
Leasehold improvements	5 years
Right-of-use assets	Term of the leases

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 at each financial period end and adjusted on a prospective basis, if required.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included 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.

Property costs in relation to exploration activities are expensed as incurred until such time that the property demonstrates technical feasibility and commercial and legal viability. Upon demonstrating technical, commercial and legal viability, and subject to an impairment analysis, additional costs for the property are capitalized prospectively as development costs within Resource Property Costs. Technical, commercial and legal viability coincides with the establishment of proven and probable mineral reserves and the approval by the Board of Directors to proceed to development.

If no viable ore body is discovered on a property, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomical or abandoned.

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 potential cash flow generating units ("CGU's"). 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 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 income (loss) and comprehensive income (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 as a finance expense in the statement of income (loss) and comprehensive income (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 on the same basis as the underlying asset. The corresponding cost of decommissioning and restoration represents part of the cost of acquiring the future benefits of the operations.

(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 a reliably estimated outflow of resources will be required to settle the obligation. Where material, provisions are discounted using a pre-tax risk adjusted interest rate specific to the obligation.

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 on the date of grant at estimated fair value using the Black-Scholes option pricing model. This cost is charged as compensation expense to earnings over the vesting period. Compensation expense is recognized over the 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. The Company recognises the impact of the revision to original estimates, if any, in the statement of loss and comprehensive loss.

Option pricing models require the input of subjective assumptions including the expected price volatility of the underlying instrument, assumed interest rates and the expected option life. Changes, over time, in these assumptions can materially affect the estimated fair value of stock options or other equity-settled instruments granted and the corresponding charge to loss.

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 related income tax is recognized directly in equity.

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

In general, deferred tax is recognized on temporary differences 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 that 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 such 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) Loss per Share

Basic loss per share is computed by dividing 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. The treasury stock method calculates the dilutive effect of share options assuming that the proceeds to be received on the exercise of share options are applied to repurchase common shares at the average market price of the period.

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 valuation of certain other obligations as described below. Actual results could differ from these estimates.

Key estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Critical accounting estimates

Significant assumptions relate 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 the District of Carabaya, the Municipality of Corani, five surrounding communities, local landowners and relevant, ancillary organizations which require future payments by the Company. The valuation of these future obligations has been based on assumptions regarding the period of time over which the payments will be made.

iv. *Lease obligations:* The Company has recognized obligations for its vehicle and warehouse leases in Peru. The recognition of such lease obligations requires the Company to estimate the term of the leases and the Company's incremental borrowing rate.

5. Changes in accounting policy

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. 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. Therefore, the adjustments arising from the new leasing rules were 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;
- Application of 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
- The use of 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 and office space in Peru and an office 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. Upon adoption, the Company estimated the term of all its leases to be completed by the end of its 2020 financial year. The period of the leases entered into subsequent to the adoption of the IFRS 16 was determined based on the terms of the related agreements. 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. The right-of-use assets are subsequently amortized based on the terms of their leases.

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

Lease Liabilities	Office space and Warehouse (000's)	Vehicles (000's)	Total (000's)
Balance as of December 31, 2018	-	-	-
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Payments	(277)	(352)	(629)
Accretion expense	17	18	35
Change in estimate	(20)	-	(20)
Impact of foreign exchange	(1)	4	3
Balance as of December 31, 2019	570	302	872
Less: current portion	(291)	(302)	(593)
Long-term portion as of December 31, 2019	279	-	279

Right-of-Use Assets	Office space and Warehouse (000's)	Vehicles (000's)	Total (000's)
Balance as of December 31, 2018	**-**	**-**	**-**
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Amortization	(267)	(315)	(582)
Balance as of December 31, 2019	**584**	**317**	**901**

6. Financial Instruments

		December 31, 2019 (000's)		December 31, 2018 (000's)
Financial assets at amortized cost				
Cash and cash equivalents	**$**	**10,902**	$	34,957
Short-term investments		**11,173**		5,770
Receivables		**251**		265
	$	**22,326**	$	40,992
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	**$**	**1,349**	$	831
Community project obligation		**11,045**		11,039
Other liabilities		**1,316**		1,134
	$	**13,710**	$	13,004

a) **Fair value**

As at December 31, 2019, the carrying values of all of the Company's financial assets and financial liabilities 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 due to changes in foreign exchange rates. The Company operates in Peru and Canada, and a portion of its expenses are incurred in Canadian dollars and Peruvian Soles. A significant change in the exchange rates between the Canadian dollar relative to the US dollar and the Peruvian Sol to the US dollar could have an affect 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, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars and Peruvian Soles:

	December 31, 2019	
	Canadian Dollars (000's)	**Peruvian Soles (000's)**
Cash and cash equivalents, and short-term investments	1,479	291
Receivables	20	121
Accounts payable and accrued liabilities	(263)	(6,004)

Based on the above net exposures as at December 31, 2019, 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 approximately $95,000 in the Company's loss for the year. A 10% depreciation or appreciation of the US dollar against the Peruvian Sol would result in a decrease/increase of approximately $168,000 in the Company's loss 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 or Peruvian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) 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 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 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 favourable terms.

As at December 31, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities and the current portion of other liabilities totalling $1.4 million, which are expected to be paid over the next twelve months, and the long-term portion of and other liabilities of $1.25 million, which are expected to be paid over the next five years. The Company also has community projects obligation for an annual payment of Peruvian Sol 4 million for each of the next 20 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 in instruments earning interest as at December 31, 2019 and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/decrease of approximately $108,000 in the interest earned by the Company per annum.

c) **Management of capital**

The Company's objectives of capital management 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 capital of the Company 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 or seek debt to ensure that there is sufficient working capital to meet its short-term business requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2019.

7. Cash and Cash Equivalents

	December 31, 2019 (000's)	December 31, 2018 (000's)
Cash	**$ 550**	$ 4,585
Term deposits and other Investment accounts	**10,352**	30,372
	$ 10,902	$ 34,957

8. 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 Corani 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 insurer'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 to a schedule within the Mine Closure Plan. On January 17, 2020, the Company provided an additional guarantee of $1,285,363.

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

9. Property and Equipment

	Exploration and Other Equipment (000's) $	Office Equipment (000's) $	Land (000's) $	Total (000') $
Balance - December 31, 2017	222	18	-	240
Additions	589	-	31	620
Amortization	(49)	(6)	-	(55)
Balance - December 31, 2018	762	12	31	805
Additions	3,211	-	14	3,225
Amortization	(109)	(4)	-	(113)
Balance – December 31, 2019	**3,864**	**8**	**45**	**3,917**

Additions to Property and Equipment during the year ended December 31, 2019 include $2.74 million for the Antapata substation construction, $0.28 million for leasehold improvements, $0.19 million for other exploration equipment and $0.01 million for surface rights acquisition.

10. Resource Property Costs

		Corani Project (000's)		Maria Jose Project (000's)		Total (000's)
Balance at December 31, 2017	$	77,288	$	951	$	78,239
Land acquisition costs		93		-		93
Community projects obligation (Note 11)		11,220		-		11,220
Balance at December 31, 2018	$	88,601	$	951	$	89,552
Land acquisition costs		40		-		40
Balance at December 31, 2019	**$**	**88,641**	**$**	**951**	**$**	**89,592**

a) Corani Project

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

Corani Engineering and Evaluation Costs:	Years Ended December 31	
	2019 (000's)	2018 (000's)
Corani		
Assaying and sampling	**418**	5
Community contributions	**2,041**	1,772
Detailed engineering	**3,601**	1,220
Environmental	**162**	130
Geophysics	**8**	-
Maintenance costs	**54**	68
Salaries and consulting	**4,227**	3,398
Camp, supplies and logistics	**1,910**	1,599
Travel	**117**	66
Costs for the Year	**$ 12,538**	$ 8,258

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"), whereby AMS could earn a 51% interest in the project by completing 2,000 meters of tunneling at its cost. The Company and AMS made a payment of $1.2 million, in proportion of their expected joint venture interests, to the underlying project owner to acquire 100% interest in the Maria Jose Project during 2015. The joint venture has an additional obligation to pay $2.1 million upon commencement of commercial production to the former property owner.

On December 3, 2019 the Company signed an agreement with Minera Castor S.A.C ("MICASAC"), an affiliate of AMS, whereby it exchanged a net smelter return ("NSR") royalty in the Maria Jose Project for its 49% interest under the joint venture agreement. The NSR ranges between 0% and 9% depending on the amount of gold ounces produced and the price of gold. A royalty of 1% would be earned for annual production of at least 30,000 ounces with average price of gold of at least $1,400 per ounce, and 9% royalty would be earned for annual production of 90,000 ounces of gold at an average price of $1,300 per ounce or higher.

c) Santa Ana Project

In 2011 the Peruvian Government rescinded the Company's rights to exploit the Santa Anna Project. After failing to reach an amicable resolution with the government Bear Creek submitted a Request for Arbitration to The International Center for Settlement of Investment Disputes (ICSID"). On December 1, 2017, the ICSID determined that the government's actions amounted to an indirect expropriation of the Company's rights and rendered an award in favor of the Company of approximately $31.0 million. Interest accrued on the settlement amount at 5% per annum, compounded quarterly.

On November 13, 2018, the Company received S/ 108.4 million ($32.1 million) with respect to the settlement of the ICSID arbitration award from the Peruvian Government. The award amount included interest of $1.1 million.

In November 2018, the Company received from the Peruvian Government, $0.24 million in negotiable credits as reimbursement of property payments that the Company had made with respect to Santa Ana (Note 10d). These credits may be applied against future annual concession payments in Peru or may be sold to other parties.

During the year ended December 31, 2019, the Company relinquished all Santa Ana mineral concessions. Technical documents and the drill cores were also returned to the Peruvian Government.

d) Other Exploration and Evaluation Costs (Recoveries)

Other exploration and evaluation costs for the years ended December 31, 2019 and 2018 are as follows:

Exploration and Evaluation Costs:	**Years Ended December 31** **2019** **(000's)**	2018 (000's)
Maria Jose		
Community contributions	**$ 8**	$ 9
Maintenance costs	**29**	7
Salaries and consulting	**183**	71
Supplies and general	**17**	4
	237	91
Santa Ana		
Maintenance costs	**-**	49
Salaries and consulting	**-**	113
Supplies and general	**-**	10
Recovery of costs (Note 10c)	**-**	(243)
	-	(71)
Sumi		
Community contributions	**-**	10
Drilling and assaying	**-**	-
Geophysics	**-**	13
Maintenance costs	**-**	6
Salaries and consulting	**-**	152
Supplies and general	**-**	96
Recovery of costs	**-**	(237)
	-	40
Other Exploration and Evaluation Costs [1]		
Maintenance costs	**33**	33
Salaries and consulting	**406**	38
Supplies and general	**77**	22
	516	93
Value added tax	**1,530**	(163)
Costs (recoveries) for the Year	**$ 2,283**	$ (10)

1. Other exploration and evaluation costs include administrative expenses for minding and managing the Company's Peruvian affiliates and concession payments which are not directly attributable to the Company's Corani and Maria Jose projects.

11. Community Projects Obligation

On April 8, 2013 the Company had 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 Aymaňa. The Framework Agreement was for an initial payment (the “Initial Payment”) and 22 successive payments (the “Successive Payments”) of Peruvian Sol (“S/”) 4 million to be made into a trust designed to fund community projects. The Initial Payment was dependent on the Company obtaining the Environmental and Social Impact Assessment approval which was received in September 2013. Bear Creek made the initial payment in 3 tranches (between 2014 and 2015). The Successive Payments of S/. 4 million per year were dependent on the Company receiving the permit for the construction of the processing facilities and the mining installations.

Permits for the construction of the processing facilities and the mining installations were received in 2018 and as a result the Company recognized a liability for the remaining Successive Payments and capitalized the corresponding cost within Resource Property Costs (Note 10). The gross community obligation under the Framework Agreement was S/ 85.3 million, which discounted at a pre-tax rate of 10% resulted in an initial liability of $11.2 million.

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

	(000’s)
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	(1,206)
Accretion expense	1,034
Impact of foreign exchange	178
Balance as of December 31, 2019	**11,045**
Less: current portion	(1,205)
Long-term portion as of December 31, 2019	**9,840**

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.

12. 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 $3.47 million of which $1.32 million remains outstanding as of December 31, 2019. 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, 2017	**$**	1,117
Payments		(130)
Addition to obligation		188
Impact of foreign exchange		(41)
Balance as of December 31, 2018	**$**	1,134
Payments		(21)
Revaluation of obligation		156
Impact of foreign exchange		47
Balance as of December 31, 2019	**$**	1,316
Less: current portion		(67)
Long-term portion as of December 31, 2019	**$**	1,249

The Company's estimated future payments are as follows:

		December 31, 2019 (000's)		December 31, 2018 (000's)
Within one year	**$**	**67**	$	66
After one year but not more than five years		**1,249**		1,068
	$	**1,316**	$	1,134

13. Capital

Authorized share capital

Unlimited number of common shares without par value.

During the year ended December 31, 2019, the Company issued 144,000 common shares at CDN$1.41 per share as a result of exercise of stock options. No common shares were issued during the year ended December 31, 2018.

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 lower 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.. 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 December 31, 2019, a total of 7,831,750 stock options were under grant, leaving 2,491,156 options or restricted or deferred share units that are reserved for issuance under the option plan or the restricted or deferred share unit plans. The Company has not issued any restricted or deferred share units.

a) Movements in share options

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

	December 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 year	7,290,750	2.14	7,195,750	2.40
Granted	1,955,000	1.54	1,995,000	2.08
Exercised	(144,000)	1.41	-	-
Cancelled	(70,000)	2.16	-	-
Expired	(1,200,000)	2.05	(1,900,000)	3.07
Outstanding, end of the year	**7,831,750**	**2.02**	**7,290,750**	**2.14**

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.

On November 6, 2019, the Company granted 75,000 incentive stock options to a director. The options are exercisable at CDN$2.58 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.

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:

	2019	2018
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	73.70%	75.23%
Risk-free interest rate	1.91%	2.13%
Expected life of options	8.41 years	8.0 years
Grant date fair value	CDN $1.09	CDN $1.53

During the year ended December 31, 2019, the Company recognized $2.26 million (2018 - $1.88 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 December 31, 2019 is as follows:

Options Outstanding	Options Exercisable	**Price per Share**	**Remaining contractual life (years)**	**Expiry Date**
947,250	947,250	CDN$1.41	0.15	February 23, 2020[1]
920,000	920,000	CDN$2.48	1.46	June 17, 2021
1,032,500	1,032,500	CDN$2.73	2.13	February 16, 2022
1,000,000	500,000	CDN$2.25	7.76	October 3, 2027
777,000	777,000	CDN$2.05	8.16	February 26, 2028
650,000	-	CDN$2.05	8.18	March 2, 2028
400,000	-	CDN$2.24	8.21	March 16, 2028
150,000	150,000	CDN$1.92	8.45	June 12, 2028
1,805,000	1,077,500	CDN$1.50	9.10	February 1, 2029
75,000	37,500	CDN$1.41	9.19	March 6, 2029
75,000	18,750	CDN$2.58	9.86	November 6, 2029
7,831,750	**5,460,500**		**5.81**	

1. The insiders of the Company were subject to a trading blackout on February 23, 2020. In accordance with the provisions of the Company's Stock Option Plan, the expiry date of these options is extended to a date that is 10 trading days following the lifting of the trading blackout. As of the date of these financial statements, the trading blackout remains in place and the revised expiry date for these stock options is unknown.

The weighted average exercise price of exercisable options at December 31, 2019 is CDN$2.04.

14. Related Party Transactions

Compensation of key management personnel

The remuneration of the directors, president and chief executive officer, chief financial officer, chief operating officer and the vice president of project development (collectively, the key management personnel) were as follows:

	Note	Years Ended December 31 **2019** **(000's)**	2018 (000's)
Salaries and directors' fees	(i)	**$ 1,536**	$ 1,408
Share-based compensation	(ii)	**2,215**	1,764
		$ 3,751	$ 3,172

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

Amounts due to key management personnel are unsecured, non-interest bearing and due on demand. As at December 31, 2019 $nil (December 31, 2018 - $1,134) was due to key management personnel for unpaid director fees.

15. 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, 2019 (000's)**	December 31, 2018 (000's)
Peru	**$ 111,885**	$ 124,078
Canada	**6,128**	7,690
	$ 118,013	$ 131,768

Net Loss	**December 31, 2019 (000's)**	December 31, 2018 (000's)
Peru	**$ 14,818**	$ 6,587
Canada	**2,925**	3,438
	$ 17,743	$ 10,025

16. 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, 2019 (000's)		Year ended December 31, 2018 (000's)
Loss before income taxes	**$**	**(17,743)**	$	(10,025)
Canadian federal and provincial income tax rates		**27.0%**		27.0%
Income tax recovery based on the above rates		**(4,791)**		(2,707)
Non-deductible items (net)		**2,161**		(3,642)
Effect of change in Canadian and foreign tax rates		**(1,739)**		(65)
Impact of deferred tax assets not recognized		**872**		4,596
Foreign exchange and other		**3,497**		1,818
Total income tax expense	**$**	**-**	$	-

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

		December 31, 2019 (000's)		December 31, 2018 (000's)
Deferred income tax assets:				
Non-capital losses	**$**	**13,449**	$	14,032
Share issue costs and other		**4,870**		4,201
Property plant and equipment		**404**		385
Resource properties costs		**18,559**		17,792
Total deferred tax assets	**$**	**37,282**	$	36,410
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, 2019 (000's)	December 31, 2018 (000's)	Expiry date range
Non-capital losses	28,295	39,318	See below
Share issue costs and other	16,532	10,703	Not applicable
Property plant and equipment	20,724	12,944	Not applicable
Resource properties	62,984	67,891	Not applicable

At December 31, 2019, the Company has non-capital losses available for carry forward of $28.3 million which may be applied to reduce future year's taxable income. These unrecognized loss carry-forwards are in respect of Canadian and Peruvian operations and expire as follows:

	Canada (CAD – 000's)	Peru (Soles – 000's)	Canada (USD - 000's)	Peru (USD - 000's)
2027	2,289	-	1,763	-
2028	1,870	-	1,440	-
2029	2,446	-	1,883	-
2030	4,146	-	3,192	-
2031	2,913	-	2,242	-
2032	7,395	-	5,693	-
2033	4,162	-	3,204	-
2034	1,063	-	818	-
2035	-	-	-	-
2036	970	-	747	-
2037	44	-	34	-
2038	1,849	-	1,424	-
2039	2,074	-	1,598	-
Indefinite	-	14,130	-	4,257
	31,221	14,130	24,038	4,257

17. Subsequent Events

On February 6, 2020, the Company issued 7,905,000 common shares at a price of CDN$2.10 per share for gross proceeds of CDN$16.6 million. The underwriters who purchased the shares received a cash fee equal to 6% of the gross proceeds.

A total of 130,000 incentive stock options were exercised at CDN$1.41 per share, for gross proceeds of CDN$0.18 million.

On February 24, 2020 the Company optioned its 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. The Company would hold a 49% interest in a joint venture company ("JV") that would own the rights to the Tassa concessions. By incurring an additional $6 million in expenditures Teck may increase its ownership of the JV to 70%. The Company may, prior to the formation of JV, elect to surrender its 49% interest for a 2.5% NSR royalty that would reduce to a 1.5% NSR in exchange for a cash payment to Bear Creek of $1.25 million.

The Company is currently working with certain financial institutions to arrange a senior secured credit facility, which if successful will be used to develop the Company's Corani Project. We cannot provide any assurance that we will be successful at arranging a senior secured credit facility on terms that are acceptable to the Company.

On March 19, 2020 the Company made the S/ 4 million ($1.1 million) payment in accordance with the Framework Agreement for the Sustainable Use of Natural Resources in the Mining Project Corani entered into with the Corani District Municipality and the five communities contained within the District Municipality.

The novel coronavirus ("COVID-19") has caused many countries to implement measures to reduce the spread of the virus. In Peru, on March 15, 2020, the President issued a national state of emergency decree that closed the country's borders, limited transportation within the country, and required most people to work from their homes. On March 16, the Company closed its offices in Lima and Vancouver and reduced staff at the Corani project site to a minimum. As at the date of these consolidated financial statements, the office closures and staff reductions are still in effect. The effect and duration of COVID-19 and government responses to it are unknown. Consequently, management anticipates, but cannot predict the effect of unknown adverse changes to its business plans, financial position, cash flows, and results of operations during 2020 and beyond.