

BEAR CREEK MINING CORPORATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

EXPRESSED IN US DOLLARS

(Unaudited)

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Financial Position

US Dollars (000's)
(Unaudited)

	Note	June 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 26,064	\$ 10,902
Short-term investments		760	11,173
Receivables and prepaid expenses		1,066	901
		27,890	22,976
Non-current assets			
Restricted cash	4	627	627
Property and equipment	5	4,410	3,917
Resource property costs	6	89,603	89,592
Right-of-use assets	8	694	901
TOTAL ASSETS		\$ 123,224	\$ 118,013
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,068	\$ 1,349
Current portion of community projects obligation	7	1,136	1,205
Current portion of other liabilities		65	67
Current portion of lease liabilities	8	450	593
		2,719	3,214
Non-current liabilities			
Community projects obligation	7	8,604	9,840
Other liabilities		1,186	1,249
Lease liabilities	8	196	279
Provision for site restoration	4	200	200
		12,905	14,782
EQUITY			
Share capital	9	300,199	287,035
Contributed surplus		36,410	36,623
Deficit		(226,290)	(220,427)
		110,319	103,231
TOTAL LIABILITIES AND EQUITY		\$ 123,224	\$ 118,013

Subsequent Events (Note 12)

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 and Six Months Ended June 30

US Dollars (000's, except share data)

(Unaudited)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2020	2019	2020	2019
Operating expenses					
Corani engineering and evaluation costs	6	\$ 1,973	\$ 3,977	\$ 4,222	\$ 6,246
Other exploration and evaluation costs	6	260	661	598	1,281
Share-based compensation	9	175	466	385	1,582
Wages and management salaries	10	230	229	438	431
Professional and advisory fees		428	41	544	84
General office expenses		52	34	103	118
Shareholder information and filing fees		20	26	128	80
Travel		-	13	16	34
Loss before other items		3,138	5,447	6,434	9,856
Other income and expense					
Foreign exchange (gain) loss		(754)	219	(414)	136
Finance income		(23)	(216)	(157)	(468)
Loss and Comprehensive Loss for the Period		\$ 2,361	\$ 5,450	\$ 5,863	\$ 9,524
Loss per Share – Basic and Diluted		\$ 0.02	\$ 0.05	\$ 0.05	\$ 0.09
Weighted Average Number of Shares Outstanding		111,832,405	103,085,064	109,408,070	103,085,064

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 Six Months Ended June 30

US Dollars (000's)
(Unaudited)

	Note	2020	2019
Operating Activities			
Loss for the period		\$ (5,863)	\$ (9,524)
Items not affecting cash:			
Amortization		394	293
Accretion of community projects obligation	7	487	502
Corani obligation		28	133
Accretion of lease liabilities	8	42	9
Share-based compensation		385	1,582
Finance income		(157)	(468)
Unrealized foreign exchange (gain) loss		(409)	211
		(5,093)	(7,262)
Changes in current assets and liabilities:			
Receivables and prepaid expenses		(148)	(886)
Accounts payable and accrued liabilities		10	811
Cash used in operating activities		(5,231)	(7,337)
Investing Activities			
Purchase of equipment	5	(870)	(1,385)
Resource acquisition costs	6	(11)	(25)
Payment of community projects and land obligations		(1,140)	(1,216)
Short-term investment		10,360	(781)
Interest received		167	455
Restricted cash	4	-	(627)
Cash provided by (used in) investing activities		8,506	(3,579)
Financing Activities			
Public offering (net of issuance cost)	9	11,617	-
Exercise of stock options	9	948	-
Principal payments on leases	8	(368)	(282)
Cash provided by (used in) financing activities		12,197	(282)
Effect of exchange rate change on cash and cash equivalents		(310)	18
Net Increase (Decrease) in Cash and Cash Equivalents		15,162	(11,180)
Cash and cash equivalents – Beginning of Period		10,902	34,957
Cash and Cash Equivalents – End of Period		\$ 26,064	\$ 23,777

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 (000's) \$	Contributed Surplus (000's) \$	Deficit (000's) \$	Total (000's) \$
December 31, 2018	103,085,064	286,786	34,462	(202,684)	118,564
Share-based compensation	-	-	1,582	-	1,582
Loss for the period	-	-	-	(9,524)	(9,524)
June 30, 2019	103,085,064	286,786	36,044	(212,208)	110,622
December 31, 2019	103,229,064	287,035	36,623	(220,427)	103,231
Public offering	7,905,000	12,522	-	-	12,522
Share issuance cost	-	(904)	-	-	(904)
Exercise of stock options	933,250	948	-	-	948
Fair value of options exercised	-	598	(598)	-	-
Share-based compensation	-	-	385	-	385
Loss for the period	-	-	-	(5,863)	(5,863)
June 30, 2020	112,067,314	300,199	36,410	(226,290)	110,319

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

June 30, 2020

*US Dollars
(Unaudited)*

1. Nature of Business

Bear Creek Mining Corporation's ("Bear Creek" or the "Company") business is in 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 such reserves, and future profitable production or proceeds from disposition of mineral resources.

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 the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests is in good standing.

The novel coronavirus ("COVID-19") has caused many countries to implement measures to reduce the spread of the virus. On March 15, 2020, the President of Peru 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 home. The stay at home decree was lifted on June 30, 2020, while the state of emergency remains in place until September 7, 2020. The government of Peru has issued three economic reactivation decrees through July 2020 to return economic activity to over ninety percent of pre COVID-19 levels. Limited inter-province air travel resumed in July, but international flights remain banned. The President announced on August 12, that citizens will be required to stay at home on Sundays until further notice. The Company's offices in Lima and Vancouver remain closed. Staff levels and travel to the Corani project are slowly returning to normal. Management can not predict the effect of the COVID-19 virus on the Company's future business plans, financial position, cash flows, and results of operations.

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 applicable to preparation of interim financial statements. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial year.

The Board of Directors approved the interim condensed consolidated financial statements on August 25, 2020.

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.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2020

*US Dollars
(Unaudited)*

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.

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, 2019.

3. Cash and Cash Equivalents

	June 30, 2020 (000's) \$	December 31, 2019 (000's) \$
Cash	1,104	550
Cash equivalents	24,960	10,352
	26,064	10,902

4. Restricted Cash

The Company has an estimated future obligation of \$2,539,779 in respect of the Corani Mine Closure Plan. The Company has obtained a guarantee from an insurance company for this amount. The Company has provided a certificate of deposit in the insurer's name for \$627,208 to partially support the guarantee. The certificate of deposit is considered to be restricted cash.

The Company may be required to post additional guarantees or obtain additional third-party guarantees every year until 2036 according to a schedule within the Mine Closure Plan.

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.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2020

US Dollars
(Unaudited)

5. Property and Equipment

	Exploration and Other Equipment (000's) \$	Office Equipment (000's) \$	Land (000's) \$	Total (000') \$
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	552	-	-	552
Amortization	(57)	(2)	-	(59)
Balance – June 30, 2020	4,359	6	45	4,410

During the period ended June 30, 2020, additions to Property and Equipment included \$0.54 million for the Antapata substation construction (year ended December 31, 2019 - \$2.74 million). The capitalized cost of the Antapata substation is not amortized as the asset is still under construction and not in use.

6. Resource Property Costs

	Corani Project (000's) \$	Maria Jose Project (000's) \$	Total (000's) \$
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
Land acquisition costs	11	-	11
Balance at June 30, 2020	88,652	951	89,603

a) Corani Project

The Company has a 100% interest in the Corani Project located in Peru. Costs incurred during the period are described in the following table.

Corani Engineering and Evaluation Costs:	Three Months Ended June 30		Six Months Ended June 30	
	2020 (000's) \$	2019 (000's) \$	2020 (000's) \$	2019 (000's) \$
Corani				
Community contributions	359	503	770	835
Drilling	-	76	-	276
Detailed engineering	119	1,766	462	1,930
Environmental	16	31	73	88
Maintenance costs	3	44	3	48
Salaries and consulting	1,126	1,135	2,135	2,107
Camp, supplies and logistics	343	396	756	909
Travel	7	26	23	53
Costs for the Period	1,973	3,977	4,222	6,246

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2020

*US Dollars
(Unaudited)*

b) Other Exploration and Evaluation Costs

Other exploration and evaluation costs include administrative expenses for maintaining and managing the Company's Peruvian affiliates and concession payments, which are not directly attributable to the Company's Corani project.

The Company expenses the value added tax it pays during the exploration phase. During the six months ended June 30, 2020, total value added taxes paid were \$0.3 million (2019 - \$0.9 million).

7. Community Projects Obligation

The Company is a party to 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 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 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. The Company began development work during 2018 in accordance with the ESIA and the Framework Agreement.

As at June 30, 2020, the total undiscounted obligation under the Framework Agreement was \$21.58 million.

The Company's discounted community projects obligation per the Framework Agreement is as follows:

	(000's) \$
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
Payment	(1,121)
Accretion expense	487
Impact of foreign exchange	(671)
Balance as of June 30, 2020	9,740
Less: current portion	(1,136)
Long-term portion as of June 30, 2020	8,604

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2020

US Dollars
(Unaudited)

8. Leases

The Company's lease liabilities and right-of-use assets is as follows:

	Office Space and Warehouse (000's) \$	Vehicles (000's) \$	Total (000's) \$
Lease Liabilities			
Balance - 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)
Foreign exchange translation effect	(1)	4	3
Balance - December 31, 2019	570	302	872
Additions	67	61	128
Payments	(171)	(197)	(368)
Accretion expense	20	22	42
Foreign exchange translation effect	(13)	(15)	(28)
Balance – June 30, 2020	473	173	646
Less: current portion	(277)	(173)	(450)
Long-term portion	196	-	196

	Office space and Warehouse (000's) \$	Vehicles (000's) \$	Total (000's) \$
Right-of-Use Assets			
Balance - December 31, 2018	-	-	-
Adoption of IFRS 16	196	632	828
Additions	655	-	655
Amortization	(267)	(315)	(582)
Balance - December 31, 2019	584	317	901
Additions	67	61	128
Amortization	(150)	(185)	(335)
Balance – June 30, 2020	501	193	694

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2020

US Dollars
(Unaudited)

9. Capital

The Company is authorized to issue an unlimited number of common shares without par value.

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 (\$12.52 million). The underwriters who purchased the shares received a cash fee equal to 6% of the gross proceeds. Additional costs of \$0.15 million were also incurred in connection with the financing.

During the period ended June 30, 2020, a total of 933,250 incentive stock options were exercised at CDN\$1.41 per share, for gross proceeds of \$0.95 million (CDN\$1.32 million). A total of 14,000 incentive stock options, exercisable at CDN\$1.41, expired without being exercised.

At June 30, 2020 the Company had a total of 6,884,500 incentive stock options outstanding at a weighted average exercise price of CDN\$2.10 per option. Of these, 5,439,500 options had vested as of June 30, 2020 and were available for exercise at a weighted average price of CDN\$2.12 per option.

On April 22, 2020, the Company granted 1,000,000 Restricted Share Units ("RSUs") to the directors and officers of the Company. The RSUs vest one-third each on April 22, 2021, 2022, and 2023 (the "Vesting Dates") and entitle the holders to receive common shares of the Company equal to the number of RSU's vesting on each Vesting Date. The fair value of the RSUs was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	RSUs
Expected dividend yield	0.00%
Expected stock price volatility	79.64%
Risk-free interest rate	0.34%
Expected life	Based on vesting
Grant date fair value	\$1.45

During the period ended June 30, 2020, the Company recognized \$0.39 million (2019 - \$1.58 million) as share-based payments expense based on the graded vesting schedule of the granted stock options and RSUs.

10. 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 Senior Vice President of Project Delivery (collectively, "key management personnel") were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
	(000's)	(000's)	(000's)	(000's)
Salaries and directors' fees	\$ 413	\$ 394	\$ 797	\$ 782
Share-based compensation	172	454	380	1,550
	\$ 585	\$ 848	\$ 1,177	\$ 2,332

Any amounts that might be owed at any time to key management personnel would be unsecured, non-interest bearing and due on demand. As at June 30, 2020 \$nil (December 31, 2019 - \$nil) was due to key management personnel for unpaid salaries or director fees.

Bear Creek Mining Corporation**Notes to Interim Condensed Consolidated Financial Statements****June 30, 2020**US Dollars
(Unaudited)**11. 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:

		June 30, 2020 (000's)		December 31, 2019 (000's)
Total Assets				
Peru	\$	106,856	\$	111,885
Canada		16,368		6,128
	\$	123,224	\$	118,013

	Three Months Ended June 30		Six Months Ended June 30	
	2020 (000's)	2019 (000's)	2020 (000's)	2019 (000's)
Net Loss				
Peru	\$ 1,859	\$ 4,893	\$ 3,948	\$ 7,752
Canada	502	557	1,915	1,772
	\$ 2,361	\$ 5,450	\$ 5,863	\$ 9,524

12. Subsequent Events

A total of 334,500 incentive stock options were exercised at an average exercise price of CDN\$1.67 per share for gross proceeds of \$0.41 million (CDN\$0.56 million).