BEAR CREEK MINING CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

DECEMBER 31, 2023

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Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared as of April 29, 2024. This MD&A is intended to help the reader understand the significant factors that influence the Company's performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the three months and year ended December 31, 2023. These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB")." The Cautionary Notes near the end of this document are an important part of this MD&A. All dollar amounts are expressed in United States dollars, unless otherwise noted. Additional information relating to the Company, which is not part of this MD&A, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2023, is available on SEDAR+ at www.sedarplus.ca.

The Company's functional currency is the United States dollar, referred to in this MD&A as "$" or "US$". Any amounts reported herein in Canadian dollars are referred to as "C$", in Peruvian soles as "S/" and Mexican pesos as M$.

Bear Creek is engaged in producing and selling gold and silver and exploring and developing precious and base metal properties. On April 21, 2022, the Company acquired a 100% interest in the Mercedes gold mine ("Mercedes") in the state of Sonora, Mexico. In Peru, the Company is advancing its 100%-owned Corani silver-lead-zinc project towards development and has other early-stage exploration projects.

The mining and exploration business involves a high degree of risk, and there can be no assurance that current mine production, exploration, and development projects will be profitable. A description of significant business risks may be found in the Company's AIF for the year ended December 31, 2023, filed on SEDAR+.

National Instrument 43-101 ("NI 43-101") Disclosure

Except as indicated below, the technical and scientific information provided in this MD&A related to the Company's mineral projects is based on work programs and initiatives conducted under the supervision of Andrew Swarthout, AIPG Certified Professional Geologist and a Qualified Person as defined in NI 43-101. Mr. Swarthout is a director of the Company.

2023 Highlights

2023 was a very busy year for Bear Creek Mining with significant challenges overcome and changes made on a variety of fronts. Key milestones include:

- Significantly enhancing the executive management team and senior Mercedes mine staff;
- Producing 43,860 oz Au and 167,019 oz Ag over the course of the year;
- Refreshing the Board of Directors (the "Board");
- Converting a $26.6 million current liability into a long-term convertible debenture;
- Retiring the approximately 300 ounce per month Nomad Gold Stream;

- Restructuring the remaining Mercedes metal streams, reducing gold deliverables by 325 ounces per month and silver deliverables to nil until April 2028 and increasing the cash payments for both;
- Amending the terms of the $22.5 million Sandstorm Convertible Debenture entered into on December 16, 2021, and extending its maturity date;
- Completing a private placement and a bought deal financing totaling C$17.7 million;
- Making substantial technical changes at Mercedes to improve operating performance;
- Enacting measures to overcome historical geotechnical challenges and development deficits at Mercedes; and
- Significantly improving Mercedes production in the fourth quarter of 2023 as a result of these foundational changes, with December achieving recent production records.

Key Staffing and Board Changes:

During the second half of 2023, Bear Creek Mining had almost a complete changeover of the Executive Management and significant change within the Board of Directors.

- On June 5, 2023, Tony Hawkshaw retired as Chief Executive Officer ("CEO") and was appointed Vice Chair of the Board.
- On June 5, 2023, Eric Caba was appointed as President and CEO and Eduard Roux was appointed as VP Project Development.
- On September 1, 2023, Erfan Kazami retired from the Board to focus on his other business obligations.
- On September 11, 2023, Tony Hawkshaw retired from the Board (and subsequently passed away on November 4, 2023).
- On November 7, 2023, the directors of the Company appointed Susan Toews and Sandra Daycock to the Board and appointed Brian Peer to the position of Chief Operating Officer.
- On December 18, 2023 Paul Tweddle resigned as Chief Financial Officer ("CFO") and Fernando Ragone was appointed to the position.
- On December 31, 2023 Stephen Lang retired from the Board.
- Subsequent to year end, on March 11, 2024 Fernando Ragone resigned as CFO and on March 18, 2024 Zoya Shashkova was appointed to the position.

In total, three directors retired from, and two were appointed to, the Board, and all three senior executive 'C-Suite' positions were re-appointed during the financial year ended December 31, 2023, resulting in a change to both the Board and management without sacrificing intellectual capital and business continuity.

Corporate Developments:

On June 30, 2023 the Company executed an agreement with a subsidiary of Equinox Gold, to convert a deferred payment (the "Deferred Payment") of $26 million owed to Equinox Gold in respect of the Company's acquisition of Mercedes, into a five year convertible interest-bearing promissory note (the "Note"), The principal amount of approximately US$26 million (the "Principal") reflects the Deferred Payment less US$1.4 million in prior payments and approximately US$2.5 million in interest accrued since October 26, 2022. The Note matures on the date that is five years following the date of its issuance (the "Maturity Date") with all of the outstanding Principal and accrued and unpaid interest due on the Maturity Date. Interest will accrue monthly on the unpaid Principal at a rate equal to 7% per annum starting on the last day of the month following the month of issuance of the Note and on the last day of each month thereafter, at an approximate amount of US$152,000 per month. At any time at or prior to the Maturity Date, the unpaid Principal may be converted into Common Shares at a price per share equal to C$0.73 (the "Conversion Price").

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

On September 13, 2023, the Company entered into a short-term loan via a Promissory Note with Equinox Gold ("Short Term Loan") in the amount of $1.3 million, effective September 7, 2023. The loan bears interest at 13% with interest calculated daily and the outstanding balance (interest and principal) and became payable on January 7, 2024. No call notice has been received as of the date of these statements and the balance remains outstanding.

On September 21, 2023 the Company held a Special Meeting wherein disinterested shareholders of passed a special resolution approving the issuance of the Note and the creation of Equinox Gold (and/or any of its affiliates) as a new "Control Person" (as defined in the policies of the TSX Venture Exchange ("TSX-V")) of the Company. Fifty-seven percent of shares eligible to be voted at the Meeting were cast and the resolution was passed by 88.9% of votes cast at the Meeting. In addition to shareholder approval, the Company received final approval for the Note from the TSX-V on November 29, 2023.

On September 28, 2023, the Company announced a restructuring of its current stream and debt obligations with Sandstorm Gold Ltd. and its subsidiaries (collectively, "Sandstorm"), which, upon receipt of regulatory approval from the TSX-V, is expected to be effected by way of a restructuring agreement (the "Restructuring Agreement"). Under the Restructuring Agreement, effective January 1, 2024, gold deliveries pursuant to the Sandstorm Gold Stream are reduced from 600 oz per month to 275 oz per month and silver deliveries pursuant to the Nomad Silver Stream are fully suspended until April 2028. The Nomad Gold Stream was fully completed in Q3 2023 and no further quarterly gold payments are due in respect thereof. Consideration to Sandstorm in exchange for the stream amendments includes a 1.0% net smelter returns ("NSR") royalty on Corani, which contains one of the world's largest fully permitted silver deposits, and payment of up to $10 million in the form of common shares of Bear Creek (each, a "Common Share"), provided that Sandstorm will own no more than 19.99% of Bear Creek's issued and outstanding Common Shares on a post-closing basis (the "Consideration Shares"). If the value of the Bear Creek common shares issued to Sandstorm as consideration under the Restructuring Agreement is less than $10 million (the "Consideration Shortfall"), the principal amount of the Sandstorm Secured Loan (as defined below) is increased such that the total value of the issued Bear Creek common shares and the incremental increase in principal amount of the Sandstorm Secured Loan equals $10 million.

Pursuant to the Restructuring Agreement, Sandstorm refinanced its $22.5 million convertible debenture into a 5-year convertible promissory note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of C$0.73 per share (the "Amended Convertible Debenture"). The Amended Convertible Debenture has a maturity date of September 22, 2028 and is secured by first lien pledges on the assets of Mercedes, Bear Creek's equity interests in Mercedes and Corani. Sandstorm has also agreed to refinance its $9 million secured loan (the "Sandstorm Secured Loan") that was acquired by a wholly owned subsidiary of Sandstorm, into a second 5-year convertible promissory note on the same terms as the Amended Convertible Debenture. In connection with the Restructuring Agreement, Sandstorm also agreed to make up to $8 million in additional credit (the "Interim Credit") available to Bear Creek under the Sandstorm Secured Loan prior to August 31, 2024, subject to certain conditions. Any amounts drawn from the Interim Credit are expected to be added to the principal amount of the Sandstorm Promissory Note.

The Restructuring Agreement has been submitted to, and is awaiting final approval from, the TSX-V. The Restructuring Agreement closed on January 22, 2024 on which date the Company:

i. issued 28,767,399 Common Shares of the Company, representing the Consideration Shares, at a deemed value of C$0.27 per Common Share for an aggregate value of approximately C$7,767,198 or $5,751,350 (such issuance of Common Shares bringing Sandstorm's ownership interest in the Company to approximately 19.99% of the outstanding Common Shares);

ii. executed the Royalty Agreement, granting Sandstorm a 1.0% net smelter returns royalty (on and over the Corani property); and

iii. increased the principal amount of the Sandstorm Promissory Note by the $4,248,650 representing the Consideration Shortfall.

Upon closing the Restructuring Agreement transaction, the Company refinanced the Sandstorm Secured Loan by entering into a new amended and restated secured promissory note (the "Sandstorm Promissory Note") with a principal amount equal to up to $21,642,612. Such principal amount is comprised of (i) $14,768,962, being the then current principal and accrued interest owing under the Sandstorm Secured Loan (including $5,373,000 advanced between September 30, 2023 and the closing of the Restructuring Agreement); and (ii) $4,248,650, being the Consideration Shortfall. Amounts drawn under the Interim Credit are added to the Sandstorm Promissory Note principal. The Company has drawn $1.125 million on this Interim Credit facility as of April 19, 2024. The Sandstorm Promissory Note shares substantially the same maturity date and conversion terms as the Amended Convertible Debenture above.

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

On October 19, 2023 the Company issued the Note, in the amount of $26,632,458 to Equinox Gold. Prior to the issuance of the Note, the Company accrued a total of $3.0 million as interest payable and repaid a total of $1.4 million to Equinox Gold.

On November 27, 2023 the Company announced that it had entered into an agreement to amend the Note issued to Equinox Gold such that Equinox Gold may not exercise its right to convert that portion of the Principal Amount under the Note that, upon conversion into Common Shares, would result in Equinox Gold and its affiliates holding more that 19.99% of the total outstanding Common Shares on a non-diluted basis as of the date of such conversion, except under certain circumstances.

Operations

Mercedes Mine

Mercedes is located in the state of Sonora, northwest Mexico, within the Cucurpe municipality (30 19’47” N latitude and 110 29’02” W longitude). The Mine is located 250 km northeast of Hermosillo, Sonora’s capital city, and 300 km south of Tucson, Arizona, United States. Mercedes consists of 69,284 hectares of concessions and the mine has been in continuous operation since 2011, with the exception of a COVID-19 related mandatory closure.

Mercedes is a mechanized, ramp-access underground mine with five underground mining areas: Marianas, San Martin, Lupita, Diluvio, and Rey de Oro. Ore is hauled to the surface and stockpiled on the surface near individual portals. Ore from the San Martin, Lupita, Diluvio, and Rey de Oro mines is subsequently hauled to a common stockpile area near the jaw crusher.

The ore processing at Mercedes consists of conventional milling and processing to recover gold and silver. Ore is crushed in three stages and fed to a mill. Milled ore undergoes agitated leaching, counter-current decantation, Merrill-Crowe precipitation, and smelting. A gravity concentration circuit is also present but is generally not used. Recoveries over the 2016 to 2022 period averaged 95% for gold and 36% for silver. Recoveries for 2023 were 94% and 32% for gold and silver respectively. Tailings undergo cyanide detoxification before deposition or being used as backfill in the mine.

On February 24, 2023, the Company issued production guidance of 65,000 -75000 ounces Au. On August 29, 2023, guidance was revised to 45,000 – 55,000 ounces Au and on October 20, 2023, the Company revised its 2023 annual production guidance to 39,000 - 45,000 gold ounces.

Operation Highlights

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	**Year Ended December 31, 2023**	Year Ended December 31, 2022[1]
Ore tonnes mined - kt	118	128	497	337
Tonnes milled – kt	136	142	522	412
Average gold grade mined – g/tn	3.26	3.32	2.93	3.02
Average gold grade milled – g/tn	3.30	3.11	2.77	2.72
Average silver grade mined - g/tn	37.22	26.54	32.96	26.48
Average silver grade milled - g/tn	34.59	25.38	31.03	25.12
Recovery rate gold - %	94%	95%	95%	96%
Recovery rate silver - %	33%	35%	32%	34%
Production:				
Gold oz	13,478	13,663	43,860	34,628
Silver oz	52,144	39,981	167,019	112,475

1) The column for the year ended December 31, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.

The Mercedes Mine had one lost time incident (“LTI”) and no reportable environmental incidents during the year ended December 31, 2023.

Mercedes' production in 2023 is comprised of material from four main deposits: Marianas, San Martín, Diluvio and Lupita. The San Martin deposit was a key contributor of gold production during the fourth quarter of 2023. A total of 118,124 tonnes of ore was mined, in line with expectations, (Q4 2022: 127,578 tonnes ore mined). The average gold grade mined decreased to 3.26 g/t compared with the prior year (Q4 2022: 3.32 g/t), however, the average silver grade increased to 37.22 g/t from 26.54g/t in Q4 2022. At the close of Q4, mine headings moved into the higher-grade zone of the San Martin deposit. During the fourth quarter, the mine continued to refine the mining and blasting methods used in San Martin to reduce dilution and optimize production while reducing processing costs. San Martin is expected to continue to contribute meaningfully to Mercedes' gold production in 2024.

During Q4 2023, the plant processed 135,918 tonnes of ore (Q4 2022: 142,277 t) with an average gold grade of 3.30 g/t (Q4 2022: 3.11 g/t) and silver grade of 34.59 g/t (Q4 2022: 25.38 g/t). Gold recovery of 94% in the quarter decreased slightly as compared with Q4 2022 of 95%. The silver recovery decreased by 2% to 33% (Q4 2022: 35%). As a result, 13,478 ounces of gold and 52,144 ounces of silver were produced in the quarter. (Q4 2022: 13,663 ounces of gold and 39,981 ounces of silver). Management continues to focus on achieving improved results compared to the first quarters of 2023 and the previous year.

	Q4 2022	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**
Ore Mined (tonnes)	127,578	133,621	121,490	123,505	118,124
Grade Processed (g/t Au)	3.11	2.92	2.41	2.40	3.30
Au Produced (oz)	13,663	12,025	9,199	9,159	13,478
Development (m)	1,642	1,044	1,353	1,791	2,883

During Q4 2022, production at Mercedes was on an improving trend with the optimization project with Unison ending and starting to deliver significant results. November 2022 saw production of almost 5,000 oz Au with an outlook for even better production in December. In early December 2022, a historic fault in the access ramp to the Marianas ore body started to show signs of movement. The mine was evacuated, and the decision was taken to develop a 180-meter bypass through better ground to ensure safe access going forward. The bypass took 6 weeks to complete, diverting resources away from other development work, and necessitating efforts to recoup production from alternate sources for the duration of this period.

As the Marianas access bypass was being completed in early Q1 2023, Mercedes began having both performance and contractual issues with the development contractor on site. This caused further delays and problems in advancing development in the mine with Q1 achieving only 1,044 meters of advance.

In Q2, Mercedes brought on a second development contractor and began the task of accelerating the development work. Development improved in Q2 to 1,353 meters, an almost 30% increase over Q1 2023. However, the deficit of development over the previous months had a significant impact on production with produced Au oz falling to 9,199 from 12,025 in Q1. Late in Q2, the Company had begun to improve the technical talent at the mine and started focusing on evaluating the historical geological models and mining methods. An opportunity was seen to shift to more bulk mining methods and significantly reduce costs, which had increased significantly due to inflation and exchange rate effects over the previous year. As well, Mercedes began mining the San Martin deposit during Q2 2023. Due to the flat nature of the deposit and the relatively thick vein, San Martin was initiated with a room and pillar mining method. Initial production was limited averaging about 400 tons per day by the end of Q2 2023.

In Q3 2023, the deficit of development work combined with higher than expected dilution from the new mining methods continued to impact production results, with Q3 2023 falling even further to 9,159 oz Au. Production emphasis on the San Martin deposit raised the average ore production to 600 tons per day. Additional complications stemming from historic geotechnical issues also hindered production during the quarter. Offsetting these challenges was that the new geological modeling begun at the end of Q2 2023 was starting to demonstrate more reliable results at the ore faces by the end of Q3 2023.

Q4 2023 saw the further addition of technical talent and management changes at Mercedes with production and development improving almost immediately. The production improvements continued through the quarter with December 2023 achieving the highest gold production in Mercedes since early 2019 and an average grade for the month of 4.0 g/t Au. A focus of dilution reduction, a return to base sound practices at the mining face, and continued advancement of the updated geological models were the basis for the improved production results during Q4 2023.

During the last quarter of 2023, management continued its focus on operational improvement efforts including a site wide review to identify opportunities, installation of a stronger ground control management plan as well as a redesign of the primary ramp in the Marianas deposit. The redesign was to move from a vertical ramp located in the hanging wall of a major fault to a lateral ramp thereby avoiding the hanging wall fault system. Q4 2023 mine development continued to improve sequentially, yielding a 61% increase in development from Q3 2023 (1,791m to 2,883m).

Overall, mining progress within San Martin was slightly less than expected due to development and service installation delays. The delays were addressed by the end of Q4 2023, with a vent raise scheduled to be in operation in early Q2 2024. The Company also pivoted away from the primary vertical ramp in Marianas in December of Q4 2023, primarily due to poor ground conditions related to a hanging wall fault that was causing significant cost overruns and delays. The decision was made to develop to the north with a lateral ramp into better quality rock. This will also allow infill drilling to continue and allow the operations to develop into the primary Marianas ore bodies in Q4 2024 which are expected to be significant contributors of ore in 2025. The operation accelerated development in San Martin adding additional operating faces at the end of Q4 2023. San Martin is expected to be the largest contributor of production from Mercedes in 2024. The final stage of preparations in San Martin are expected to conclude in Q2 2024 with an exhaust vent raise being put into operation.

The Company is also advancing the development of the Rey de Oro deposit. Delineation drilling and the appointment of a development contractor are underway.

The Rey de Oro, Diluvio, and Gap deposits are expected to contribute significantly to production of ore for the second half of 2024.

Tailings Storage Facility 3 ("TSF3") planning continues as the Company waits for permit approval. Permits for TSF3 continue in the permitting process with some delays. The land use change permit expected during Q4 2023, was issued in Q1 2024, with payment and submission completed with the Environmental Authority. Contingency plans for underground deposition are progressing with consideration of utilizing old mining areas and the use of excess capacity on Tailings Storage Facility 1 ("TSF1"). Contingency plans are being developed if further delays are encountered in the permitting process.

Operating Costs

	Three Months Ended December 31, 2023 (000's)	Three Months Ended December 31, 2022 (000's) (2)(3)	**Year Ended December 31, 2023 (000's)**	Year Ended December 31, 2022 (000's) (2)(3)
Labour	2,798	4,712	15,119	10,642
Operating Materials	4,936	5,148	17,561	13,823
Maintenance Materials	1,517	2,256	5,715	5,315
Power	1,702	1,552	6,719	4,121
Operating Contractors	6,858	5,762	21,927	14,162
General Expenses	886	1,759	3,710	4,898
Stockpile / FG / WIP Adjustments	154	202	67	1,095
Other Items	270	198	884	672
Total Cost	**19,123**	**21,590**	**71,702**	**54,729**
Less: Costs Capitalized as Mine Development Expenditures	(3,961)	(3,647)	(11,877)	(11,283)
Total Operating Costs Net of Capitalized Items (1)	**15,162**	**17,943**	**59,825**	**43,446**

1) *Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 29..*
2) *The column for year ended December 31, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.*
3) *Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.*

Production costs are incurred primarily in Mexican pesos. Fluctuations in the Mexican peso against the US Dollar negatively impacted costs throughout the year. The average annual exchange rate in 2023 appreciated from the 2022 average of 20.12 M$/USD to 17.73 M$/USD resulting in higher costs.

The impact of the strengthening peso was offset in Q4 2023, when compared to Q4 2022 by a decrease in labor, operating materials, maintenance, and overhead costs; while energy costs and contractor costs increased.

During the fourth quarter of 2023, the costs of operating materials and maintenance materials had a slight decrease by 4% ($0.2 million) and 33% ($0.7 million) respectively compared to Q4 2022; the cost reduction was mainly due to lower tire consumption by $0.1 million; cement by $0.3

million and other operating supplies by $0.2 million, as well as lower maintenance costs for heavy equipment by $0.6 million. During the quarter, explosive costs and fortification materials increased by $0.1 million and by $0.3 million respectively with the focus on on-going development.

Energy consumption in Q4 2023 compared to Q4 2022, increased by 10%, as a result of a $0.02 increase per Kwh was offset by a 9% decrease in the Kwh consumed.

Contractor costs increased by 19% ($1.1 million) mainly due to the increase in the services of operating contractors (21%) and contractors for services in the camp (10%). During the last quarter, the increase in development activity resulted in over 40% of the total 2023 development advance being completed in Q4.

General expenses decreased considerably by 50% ($0.9 million) as management continued to focus on cost control.

As previously reported, Mercedes changed mining methodology earlier in the year in both the Marianas and San Martin deposits to bulk mining. Such methodologies can help reduce mining costs; however additional review is underway to improve and control dilution to improve reporting grade to the mill. The Company continued using long-hole open stoping and cut-and-fill in the remaining operating areas. These methodologies are chosen to align with the structural and geologic characteristics of the deposits.

The changes in mining methods earlier in the year have positively impacted mining costs. The Company continues to work on the reduction of dilution, and thereby reducing the cost per ounce of gold produced. During Q4 2023, the focus was on optimized mining methodology as well as implementation of more substantial supervision and controls to improve blasting and ground control. The positive impacts on costs, however, were somewhat affected by accelerated development work to open additional higher grade operating faces. The table below provides information on the monthly mining costs and the change in per tonne costs due to revised mining methods in May 2023.

	Mine Cost ($ 000s)	Tonnes Mined Ore (t)	$/tonne
January 2023	$3,059	41,427	73.83
February 2023	$3,911	45,415	86.12
March 2023	$3,768	46,779	80.55
April 2023	$3,288	39,883	82.45
Total: January - April 2023	**$14,026**	**173,504**	**80.84**
May 2023	$2,300	39,408	58.36
June 2023	$2,756	42,199	65.31
July 2023	$3,015	41,573	72.53
August 2023	$3,090	40,518	76.29
September 2023	$2,861	41,414	69.07
October 2023	$2,879	43,719	65.85
November 2023	$3,622	37,566	96.41
December 2023	$3,267	36,839	88.68
Total: May – December 2023	**$23,790**	**323,236**	**73.60**
Total 2023	**$37,816**	**496,740**	**$76.13**

The following table reconciles the mining cost to the Total Operating Costs, Net of Capitalized Items, for the three months and year ended December 31, 2023.

	Three Months Ended December 31, 2023 (000's)	**Year Ended December 31, 2023 (000's)[2]**
Mining Cost	$9,613	$37,629
Plant	3,718	13,359
G&A	1,512	6,385
Overhead	(42)	1,686
Refining Charge	207	699
MIC Adjustment	133	10
Stockpile Adjustment	21	57
Total Operating Costs, Net of Capitalized Items [1]	**$15,612**	**$59,825**

1) Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 29
2) Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.

Exploration

The Company continued with the increased delineation drilling program started during Q4 2023 and focused on advances within the deposits, especially in San Martin. Delineation drilling continued in Rey de Oro, Diluvio, and Lupita. This drilling was required to increase confidence in the resource and reduce risk in the mine plan.

The exploration drilling program was restarted during Q4 2023, with advances in Marianas Deep, San Martin Displacement and Klondike Displacement continuing in 2024. To date, the focus has been on RC pre-collars and diamond drilling. Expansion drilling expenditures were $0.7 million in Q4 2023. Additional focus was also placed on delineation continuity drilling with $1.6 million spent during the quarter.

Outlook

The new geological modeling, revised reserve block modeling, mining methodology optimization, and mine sequencing are progressing. Although the new models seem to be more reliable and are being used for planning and operations, they have not yet been reviewed or vetted with external experts. As such they are not currently being used for reserve and resource calculations. Review and finalization of these models is expected to occur during the first half of 2024.

Aggressive delineation drilling is ongoing, providing the Company with the means to convert resources to reserves while continuing with production. The continued focus on development and delineation drilling and the restart of exploration, support the plans for medium and long-term production. Any updates to the Reserves and Resources will occur after the first phase of the exploration and infill drilling campaign is complete and models are finalized and approved.

The 2024 budgeting and life-of-mine planning for 2024 remains in process due to rework of the geological models. Bear Creek has not, to date, provided 2024 production guidance for the Mercedes Mine.

The Company continues to evaluate the potential impacts of the decree reforming various provisions of Mexico's mining law (the "Decree"), which was published in the Official Gazette and became law on May 9, 2023. Full details are expected once the components of the regulation are enacted. On June 16, 2023 Bear Creek filed an application with the District Court in the state of Sonora, Mexico for a stay (an "Amparo") against the new mining law in respect of the Mercedes mine. The Company received an initial ruling in its favour and is protected from application of the new Mexican mining law while the Mexican government's appeal of the initial ruling by the District Court proceeds through the Collegiate Court (as per normal course). This process, which will result in a final ruling on the Company's Amparo filing, is expected during 2024.

Gold Purchase Agreement and Streams

Sandstorm Gold Purchase Agreement

On April 21, 2022, Sandstorm provided the Company with $37.5 million. In exchange, the Company agreed to sell to Sandstorm 600 ounces of refined gold per month for 42 months (a total of 25,200 ounces) at a price equal to 7.5% of the London Bullion Market Association's PM fix for the day before the delivery date. On May 11, 2023, Sandstorm provided the Company with an additional $5 million in exchange for 600 ounces per month for an additional seven months (600 ounces per month for 49 months, totaling 29,400 ounces). After 29,400 ounces have been delivered, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's ("LBMA") PM fix for the day before the delivery date.

On September 28, 2023, the Company announced that it had restructured the Sandstorm Gold Purchase Agreement (as amended), such that beginning January 1, 2024, the Company's delivery of gold decreased from 600 ounces to 275 ounces per month. The last delivery is expected to be made in April 2028 and the Company will receive 25% cash payment for all deliveries made to Sandstorm between January 1, 2024 – April 30, 2028.

Deliveries made under, and outstanding balances of, the Sandstorm Gold Purchase Agreement are set out in the table below:

Delivery Month	**Ounces Delivered**	**Uncredited ounce balance**	**Value repaid $ (000's)**	**Amount outstanding $ (000's)**
	-	25,200	-	37,500
May 2022	600	24,600	1,004	36,496
June 2022	600	24,000	1,016	35,480
July 2022	600	23,400	944	34,536
August 2022	1,200	22,200	1,955	32,581
September 2022	-	22,200	-	32,581
October 2022	600	21,600	915	31,666
November 2022	600	21,000	976	30,690
December 2022	600	20,400	1,004	29,686
As at December 31, 2022	**4,800**	**20,400**	**7,814**	**29,686**

January 2023	600	19,800	1,045	28,641
February 2023	600	19,200	1,034	27,607
March 20223	600	18,600	1,059	26,548
April 2023	600	18,000	1,137	25,411
Additions	-	22,200	-	30,411
May 2023	600	21,600	1,121	29,290
June 2023	600	21,000	1,085	28,205
July 2023	600	20,400	1,087	27,118
August 2023	600	19,800	1,057	26,062
September 2023	600	19,200	1,058	25,004
October 2023	600	18,600	1,060	23,943
November 2023	600	18,000	1,099	22,844
December 2023	600	17,400	1,136	21,708
As at December 31, 2023	**12,000**	**17,400**	**$ 20,792**	**$ 21,708**

This agreement was recognized by the Company as deferred revenue to be recognized as revenue over the term of the agreement. As of the date of this MD&A, the Company has 16,300 ounces remaining to be delivered. The value repaid represents 92.5% of the value of the metal delivered, which is 600 ounces times the LBMA's PM fix price for the day prior to the metal delivery.

Nomad Royalty Company Ltd. Gold Prepay Agreement

On April 21, 2022, as part of the Mercedes acquisition, the Company assumed a gold prepay agreement (the "Nomad Gold Prepay Agreement") with Nomad Royalty Company Ltd. ("Nomad"). Under the terms of the Nomad Gold Prepay Agreement, the Company was required to deliver a notional amount of 1,000 ounces of gold quarterly if the gold price is between $1,350 and $1,650 until 5,400 ounces have been delivered. If the gold price per ounce is above $1,650, the Company must deliver 900 ounces quarterly rather than 1,000 ounces. If the gold price per ounce is below $1,350, the Company was required to deliver 1,100 ounces rather than 1,000 ounces. Upon assumption on April 21, 2022, the remaining obligation ("Uncredited Balance") under this contract was 5,400 ounces of gold, to be delivered to Nomad.

Deliveries made under, and outstanding balances of, the Nomad Gold Prepay Agreement are set out in the table below:

Delivery Quarter	Ounces Delivered	Uncredited ounce balance	Value repaid $ (000's)
	-	5,400	-
Q2 2022	900	4,500	1,644
Q3 2022	900	3,600	1,471
Q4 2022	900	2,700	1,623
As at December 31, 2022	**2,700**	**2,700**	**4,738**
Q1 2023	900	1,800	1,769
Q2 2023	900	900	1,936
Q3 2023	900	900	1,796
Q4 2023	-	-	$ 10,239
As at December 31, 2023	**5,400**	**-**	**$ 10,239**

Interest is payable quarterly at a rate of 6.5% of the quarterly gold delivery amounts. During the year ended December 31, 2023, 175.5 ounces of gold were delivered as interest. Due to the variability of the pricing and delivery amounts, the Nomad Gold Prepay Agreement was determined to be a financial liability recorded at fair value through profit and loss. The value repaid represents 100% of the value of the metal delivered, which is 900 ounces times the LBMA's PM fix price for the day prior to the metal delivery.

The Nomad Gold Prepay Agreement was completed during the year and as at December 31, 2023 is $nil as the Company has delivered the obligatory 5,400 ounces required under the agreement.

Nomad Royalty Company Ltd. Silver Stream

On April 21, 2022 as part of the Mercedes acquisition, the Company assumed a silver stream (the "Nomad Silver Stream") requiring deliveries of 75,000 ounces of silver per quarter until 1.2 million ounces are delivered. After that, the arrangement required the Company to deliver 100% of its silver production until 3.75 million ounces are delivered after which the mine 30% of Mercedes' silver production is deliverable. The Company is paid 20% of the LBMA's silver fix for the day before delivery.

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

Deliveries made under, and outstanding balances of, the Nomad Silver Stream are set out in the table below:

Delivery Quarter	**Ounces Delivered**	**Uncredited balance vs 1.2 M oz**	**Uncredited balance vs 3.75 M oz**	**Value repaid (000's)**
	-	1,200,000	3,750,000	-
Q2 2022	63,443	1,136,557	3,686,557	1,065
Q3 2022	80,974	1,055,583	3,605,583	1,266
Q4 2022	75,376	980,207	3,530,207	1,290
As at December 31, 2022	**219,793**	**980,207**	**3,530,207**	**3,621**
Q1 2023	73,565	906,642	3,456,642	1,365
Q2 2023	75,628	831,014	3,381,014	1,472
Q3 2023	62,233	768,781	3,318,781	1,157
Q4 2023	80,366	688,415	3,238,415	1,491
As at December 31, 2023	**511,585**	**688,415**	**3,238,415**	**9,106**

The Nomad Silver Stream was determined to be a financial liability recorded at fair value through profit or loss. The value repaid on the liability is variable based on 80% of the silver price (LBMA's silver fix for the day prior to the delivery date) applied to ounces delivered under the contract. As at December 31, 2023, the balance of the Nomad Silver Stream is $12.7 million.

Development Projects

Corani Silver-Lead-Zinc Project

The 100%-owned Corani silver-lead-zinc project ("Corani") is located in the Andes Mountains, approximately 160 kilometers southeast of Cusco, Peru, at roughly 4800 meters above sea level. The Corani Project consists of twelve mineral concessions forming a contiguous block covering approximately 6,000 hectares.

On November 5, 2019, the Company announced a summary of the results of work leading to a NI 43-101 compliant feasibility study (the "2019 Report"). The 2019 Report is available on and on the Company's website and on SEDAR+.

The 2019 Corani Technical Report's objectives were to reduce construction, development, and operating risks and identify potential improvements to the expected economic performance.

2019 NI 43-101 Technical Report Highlights

	2019 Report[(1) (2)]
After tax NPV5	$531 million
After tax IRR	22.90%
Initial Capital	$579 million
Capital Payback	2.4 years
Ore Processed per Day	27,000 tonnes
AISC per oz silver Life of Mine ("LOM"))	$4.55
Average annual silver production (LOM)	9.6 million oz

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

2023 Activities

Activities at the Corani Property during the year ended December 31, 2023 focused primarily on community support initiatives and on undertaking a geometallurgical test program.

The impeachment and subsequent arrest of former President Castillo in late 2022 sparked civilian protests and road closures that caused significant disruptions to civil and economic activity and continued in southern Peru until Q3 2023. To ensure their safety, Bear Creek demobilized the vast majority of its employees and contractors from the Corani site in late 2022. Conditions in Puno improved following the cessation of protests and re-opening of roads in mid-2023 and Bear Creek was able to remobilize its staff and resume its Corani activities.

The Company commenced a geometallurgical test program during the year ended December 31, 2023. The geometallurgical program involved drilling 9 holes totaling approximately 1,231 meters, and logging, sampling and assaying the drill core. Assay results were substantially in line with the existing Corani block model. A selection of samples for metallurgical test work were shipped to Base Metallurgical Laboratory in Canada in late 2023 and results are expected to be received in Q2 2024. The purpose of the geometallurgical program is to establish updated data as the Company prepares to resume Corani project financing efforts.

Pending receipt of the results of the geometallurgical test program, and if and as Peruvian investment conditions improve, the Company will restart its efforts to seek the funding necessary to construct the proposed Corani mine. In the meantime, the Company will continue to focus on maintaining the Corani permits and the project's strong social licence.

Social and Environmental

The Company maintains excellent working relationships with local communities. An important element of this relationship is a Life of Mine Investment Agreement ("LOM Agreement") with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. Under the agreement, the Company will pay S/ 4 million annually, approximately $1 million per year, to a trust to fund community projects. The first installment was paid in 2013. All permits were received by June 2018. As a result, annual payments of S/ 4 million will be made throughout the term of the agreement or as further described in the next paragraph. To date, the Company has paid S/ 21.4 million ($5.6 million) under the terms of the LOM Agreement.

These future obligations were recorded as a liability in June 2018 for a total amount of $11.2 million. As at December 31, 2023, the liability has a remaining balance of $9.2 million. Cessation or interruptions of operations will cause pro-rata decreases in the annual payments. The annual payment amount is subject to review at the end of the fifth year of production and may change depending on factors that cannot be foreseen at this time.

During September 2018, the Company started construction of the Antapata electrical substation near the town of Macusani, the nearest sizable town to the Corani Project, located on the Interoceanic Highway approximately 30 kilometers directly east of Corani (about 64 kilometers by road). Substation construction and electromechanical assembly are now complete. The Antapata substation will direct electricity to a power line that will supply the Corani Project and provide a reliable power supply connection point to local communities.

Construction to connect to the town of Isivilla began in the first quarter of 2021. Seven of seventeen towers have been mounted. The remaining tower footings are complete, and the materials required to erect the ten remaining towers are warehoused in Juliaca. This project was in the care and maintenance stage through Q3 of 2023 due to the state of emergency in the city of Puno and political unrest. The Company is currently discussing reinitiating the work in 2024 with the Peruvian authorities.

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

Outlook

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

Planning for early works and construction continues with an anticipated start of early works in late 2024. The Company continued with a geometallurgical program during Q4 2023. The drilling work and logging, cutting, and assay were completed. Sample selection, shipping, and metallurgical test work commencement in Canada occurred in Q4 2023 with results anticipated in Q2 2024. Overall assay results from the drilling fell largely in line with the existing Corani block model.

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

Corani Expenditures

During the three months and year ended ended December 31, 2023, the Company incurred expenses of $2.2 million and $7.9 million, respectively, on the Corani Project. The details of the expenses incurred are as follows:

Corani Engineering and Evaluation Costs:	**Three Months Ended December 31**		**Year Ended December 31**	
	2023 (000's)$	2022 (000's)$	**2023 (000's)$**	2022 (000's)$
Corani				
Community contributions	**297**	354	**1,222**	1,396
Drilling	**186**	-	**767**	-
Detailed engineering	**83**	23	**147**	181
Environmental	**72**	61	**307**	302
Geophysics	**-**	13	**-**	72
Maintenance costs	**16**	6	**77**	53
Salaries and consulting	**1,052**	1,012	**3,806**	4,230
Camp, supplies, and logistics	**461**	527	**1,615**	2,168
Travel	**22**	37	**75**	90
Recovery of costs	**-**	(462)	**(95)**	(1,823)
Costs	**2,189**	1,571	**7,921**	6,669

IGV

IGV is a Peruvian value added tax amounting to 18% of expenditures for goods or services. Bear

Creek Mining S.A.C., the entity that will operate the Corani project, has a contract (the “IGV Contract”) with the Ministry of Energy and Mines Peru. Under the terms of the IGV Contract, the Company can recover, on an expedited basis, IGV associated with Corani capital investments described in its approved ESIA and the 2017 Corani Technical Report. From the Corani project acquisition date to December 31, 2023, the Company has recovered a total of S/11.7 million of Corani related IGV, equivalent to approximately $3.2 million.

IGV expense of $0.8 million represents the IGV paid during the period ended December 31, 2023. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of December 31, 2023, is $15.7 million (S/ 58.07 million). Of this amount, $3.9 million is attributable to Bear Creek Mining S.A.C., of which $nil is available for expedited recovery as at December 31, 2023. The remaining balance is available for recovery once Corani is in production. IGV credits can be carried forward indefinitely and can be applied to reduce future income taxes or future IGV.

Exploration Projects

The Company reduced its exploration activities in Peru to preserve cash and focus on Mercedes. The Company maintains a core exploration staff to manage its existing projects.

Tassa Silver-Gold Prospect

Tassa is a gold and silver exploration project located in the district of Ubinas, within the Sanchez Cerro Province in the Moquegua region. The project consists of 1,200 hectares within three concessions.

On February 24, 2020, the Company optioned the Tassa property to Teck Peru S.A. (“Teck”). Under the agreement, Teck may earn a 51% interest in the property by incurring $3 million in expenditures by the third anniversary date of Teck receiving the drilling permit. The Company would hold a 49% interest in a joint venture company (“JV”) that would own the Tassa concessions' rights. By incurring an additional $6 million in expenditures, Teck may increase its ownership of the JV to 70%. Prior to the formation of the JV, the Company may elect to surrender its 49% interest for a 2.5% NSR royalty that would reduce to a 1.5% NSR in exchange for a cash payment to the Company of $1.25 million. In February 2022, the Company met with communities to ensure their agreement that it fulfilled its remediation and social commitments before Teck began their exploration work. Teck has engaged local communities and has started the exploration drilling permitting process.

Generative Exploration

Generative exploration has been an important part of the business of identifying and acquiring new opportunities. However, due to liquidity issues, the Company's focus on Mercedes, and the advancement of Corani exploration, generative exploration efforts have been reduced. Generative exploration costs are those costs not attributable to a specific project.

Results of Operations

Three months ended December 31, 2023, as compared to the three months ended December 31, 2022

For the three months ended December 31, 2023, the Company recorded a net loss of $9.9 million compared to a net loss of $11.0 million for the three months ended December 31, 2022, a decrease in loss of $1.1 million. The Company's net loss per share for the three months ended December 31, 2023, was $0.04, compared to a net loss per share of $0.07 for the comparable period in 2022.

	Three Months Ended December 31		
	2023 (000's) $	**2022 (000's) $**	**Difference (000's) $**
Revenue	$ 26,172	$24,403	$ 1,769
Production costs	(15,967)	(18,036)	2,069
Depletion amortization and depreciation	(11,119)	(6,885)	(4,234)
Gross profit (loss)	(914)	(518)	(396)
Operating Expenses			
Corani engineering and evaluation costs	(2,190)	(1,571)	(619)
Share-based compensation	(237)	(616)	379
Wages and management salaries [(1)]	(15)	(678)	663
Exploration and evaluation costs	(332)	(339)	7
Professional and advisory fees	(661)	(213)	(448)
General administrative expenses	(422)	(2,649)	2,227
Loss before other items	(4,771)	(6,584)	1,815
Foreign exchange loss	(1,335)	(717)	(618)
Interest and accretion expense	(3,094)	(975)	(2,119)
Transaction costs	-	(23)	23
Gain (loss) on valuation of conversion option	545	(1,499)	2,044
Gain on valuation of warrant liability	638	-	638
Change in fair value of silver stream and gold prepay	(1,076)	(19)	(1,057)
Other expense	(324)	(131)	(193)
Loss on extinguishment of debt	(318)	-	(318)
Finance income	198	58	140
Loss and comprehensive loss before tax	(9,537)	(9,890)	837
Net mining law duty and income taxes	(401)	(1,136)	738
Loss and comprehensive loss	$(9,938)	$(11,026)	$1,572

(1) *Includes reversal of accrued fees in prior quarters as certain Directors entitled to compensation under the Directors' Compensation Plan waived their retainer and per meeting fees for the entirety of the financial years ended December 31, 2023 and 2022.*

During the three months ended December 31, 2023, the Company had revenues of $26.2 million compared to $24.4 million in the comparative period for 2022. The Company sold a total of 12,781 gold ounces at an average price of $1,986/oz (2022 – 13,612 gold ounces at an average price of $1,724/oz) during the three months ended December 31, 2023.

Production costs were $16.0 million in Q4 2023 compared to $18.0 million in Q4 2022. The gross loss from Mercedes' operations was $0.9 million during the three months ended December 31, 2023 compared to a gross loss from operations of $0.5 million in 2022. The Mercedes mine production costs were impacted negatively due to poor ground conditions in some areas of the mine. The production costs were also negatively impacted in 2023 by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and steel products (such as grinding media). Indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers were also experienced. The rise in the Mexican peso exchange rate also raised mining and processing costs. In Q2 2023, the Company formulated and initiated a new mining plan under which production was shifted to bulk mining methods. This was expected to increase production outputs and lower mining costs moving forward. During Q3 2023, the new plan introduced excessive dilution and overall production fell substantially, causing a refocus on minimizing dilution and reducing overall ore extraction without reducing metal production.

During the three months ended December 31, 2023, spending on the Corani property was $2.2 million, which was an increase of $0.6 million from $1.6 million incurred during the three months ended December 31, 2022, primarily due to increased drilling and environmental costs. All other Corani related costs were comparable.

Exploration costs incurred on other projects, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, was $0.3 million (2022 - $0.3 million) during the quarter. General and administration costs of $0.4 million were lower by $2.3 million when compared to $2.7 million in 2022 as management focused on cost containment and operational efficiencies. Professional costs increased slightly in 2023 by $0.4 million when compared to 2022 due to tax, audit and legal compliance related costs associated with general corporate matters. The Company's other operating costs were comparable.

During the three months ended December 31, 2023, the Company had a foreign exchange loss of $1.3 million, compared to a loss of $0.7 million during the three months ended December 31, 2022. The foreign exchange loss recognized by the Company is primarily a function of its Canadian dollar cash holdings, the Company's community project obligation of S/ 4 million per year over the next 20 years, and fluctuations in the Mexican Peso compared to the US dollar. Interest and accretion expense increased by $2.1 million during Q4 2023 compared to Q4 2022, due to the interest on the $26 million Deferred Payment that was renegotiated into the Note, issued on October 19, 2023, and the Short-Term Loan as well as changes in the asset retirement obligation.

The Company fair values the conversion feature of its convertible debentures, and call options granted as part of notes payable at each period end and recorded a gain of $0.5 million (Q4 2022 – loss of $1.5 million) presented as a change in fair value of the conversion option. The major factor impacting this gain was the change in share price of the Company during the quarter and the completion of the call options.

The Company fair values the warrant liability associated with financing at the end of the period and recorded a gain of $0.6 million (Q4 2022 – nil) due to the fluctuations in the Company's share price.

The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a loss of $1.1 million during the three months December 31, 2023 (2022 – loss of $0.0 million) due to a change in projected forward gold and silver prices.

During the three months ended December 31, 2023, the Company recorded a net special mining law and income tax recovery of $0.8 million (2022 – $0.57 million). Special mining law expense/recovery is a special levy of 7.5% based on the extractive activities carried out in Mexico and profits or losses generated from sale of such activities.

Year ended December 31, 2023, as compared to the year ended December 31, 2022

For the year ended December 31, 2023, the Company recorded a net loss of $39.0 million after taxes compared to a net loss of $22.6 million for the year ended December 31, 2022, an increase in loss of $16.3 million. The Company's net loss per share for the year ended December 31, 2023, was $0.23, compared to a net loss per share of $0.16 for the comparable period in 2022.

	Year Ended December 31		
	2023 (000's) $	**2022[1] (000's) $**	**Difference (000's) $**
Revenue	89,148	61,038	28,110
Production costs	(59,302)	(43,310)	(15,992)
Depletion amortization and depreciation	(42,105)	(17,605)	(24,500)
Gross profit (loss)	(12,259)	123	(12,382)
Operating Expenses			
Corani engineering and evaluation costs	(7,922)	(6,669)	(1,253)
Share-based compensation	(950)	(994)	44
Wages and management salaries	(685)	(1,362)	357
Exploration and evaluation costs	(2,612)	(1,705)	(907)
Professional and advisory fees	(1,343)	(381)	(982)
General administrative expenses	(2,970)	(5,595)	2,625
Loss before other items	(28,763)	(16,583)	(12,180)
Foreign exchange loss	(3,159)	(2,898)	(261)
Interest and accretion expense	(9,199)	(4,097)	(5,102)
Transaction costs	-	(1,904)	1,904
Gain on valuation of conversion option	3,863	3,563	300
Change in fair value of silver stream and gold prepay	(3,091)	1,125	(4,216)
Gain on valuation of warrant liability	638	-	638
Other expense	(591)	(313)	(278)
Loss on extinguishment of debt	(318)	-	(318)
Finance income	270	208	62
Loss and comprehensive loss before tax	(40,350)	(20,899)	(19,451)
Net mining law duty and income tax	1,370	(1,704)	3,074
Loss and comprehensive loss	(38,980)	(22,603)	(16,377)

(1) Includes operating results from the Mercedes mine from the date of acquisition – April 21, 2022.

During the year ended December 31, 2023, the Company had revenues of $89.1 million compared to $61.0 million in the comparative period for 2022. The increase in revenues was due to the production and sales of gold and silver produced by Mercedes for the full twelve months in 2023, while for the comparable period in 2022 the mine was under the Company's operation from the acquisition date of April 21, 2022, to December 31, 2022 only. The Company sold a total of 43,403 gold ounces at an average price of $1,960/oz (2022 – 33,253 gold ounces at an average price of $1,748/oz) during the year ended December 31, 2023.

Production costs were $59.3 million in 2023 compared to $43.3 million in 2022. The gross loss from operations was $12.3 million during the year ended December 31, 2023 compared to a gross profit of $0.1 million in 2022. The Mercedes mine production costs were impacted negatively due to poor ground conditions in some areas of the mine throughout the year. The production costs were also negatively impacted by inflationary pressures, mainly reflecting increased prices for diesel and certain consumables, including tires, lubricants, explosives, and steel products (such as grinding media). The mine also experienced indirect cost increases in other supplies and services due to the inflationary impact of diesel and consumable prices on third-party suppliers. The rise in the Mexican peso exchange rate also impacted costs with approximately 60% of operating costs incurred in Mexico pesos. The Company is continually focused on operational improvements and shifted to bulk mining methods in certain areas of the mine during the year.

During the year ended December 31, 2023, spending on the Corani property was $7.9 million, which was an increase of $1.2 million from $6.7 million incurred during the year ended December 31, 2022, primarily due to an increase in drilling and environmental costs. All other Corani-related costs were comparable during the two periods.

Exploration costs incurred on other projects, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, amounted to $2.6 million (2022 - $1.7 million). General and administration costs of $3.0 million were almost half the prior year primarily due to management focus on cost containment and operational efficiencies. Wages decreased during the period due to an allocation to exploration and evaluation costs, as well as changes I management throughout the year. Professional fees were higher in 2023 by $0.9 million when compared to 2022 due to tax, audit and legal compliance related costs associated with general corporate matters. The Company's other operating costs were comparable.

During the year ended December 31, 2023, the Company had a foreign exchange loss of $3.2 million, compared to a loss of $2.9 million in 2022. The foreign exchange loss recognized by the Company is primarily a function of its Canadian dollar cash holdings, the Company's community project obligation of S/ 4 million per year over the next 20 years, and fluctuations in the Mexican Peso compared to the US dollar. Interest and accretion expense increased by $5.1 million during 2023 compared to 2022, due to the interest on the $26 million Deferred Payment that was renegotiated into the Note, issued on October 19, 2023, the Equinox Gold Short-Term Loan as well as changes in the asset retirement obligation.

The Company fair values the conversion feature of its Note and Amended Convertible Debenture, and call options granted as part of the liability payable at each period end and recorded a gain of

$3.9 million (2022 - $3.6 million) presented as a change in fair value of the conversion option. The major factor impacting this gain is the change in share price of the Company and the completion of the call options. The Company's silver stream and gold prepay obligations are fair valued at each period end, resulting in a loss of $3.1 million during the year ended December 31, 2023 (2022 – gain of $1.1 million) due to an increase in projected forward gold and silver prices.

The Company fair values the warrant liability associated with financing at the end of the period and recorded a gain of $0.6 million (2022 – nil) due to the fluctuations in the Company's share price.

During the comparable period in 2022, the Company also recorded one time transaction costs of $1.9 million, incurred in relation to the acquisition of Mercedes.

During the year ended December 31, 2023, the Company recorded a net special mining law and income tax recovery of $0.8 million (2022 – duty of $0.6 million). The special mining law expense/recovery is a special levy of 7.5% based on the extractive activities carried out in Mexico and profits or losses generated from sale of such activities.

Summary of Quarterly Results

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

	Revenues ($ millions)	**Loss (income) for the period ($ millions)**	**Basic and fully diluted loss (income) per share**
Q4 2023	$26.2	$9.9	$0.04
Q3 2023	$18.8	$9.8	$0.06
Q2 2023	$19.9	$7.6	$0.05
Q1 2023	$24.3	$11.6	$0.08
Q4 2022	$24.4	$11.0	$0.07
Q3 2022	$26.5	$7.7	$0.05
Q2 2022	$10.1	$(0.2)	($0.00)
Q1 2022	Nil	$4.1	$0.03

With the acquisition of Mercedes, quarterly results will fluctuate as operating results and metal prices change from period to period. Additional impacts that cause fluctuations in the Company's quarterly results include the timing of vesting and valuations attributable to share-based compensation and derivative liabilities, expenditure levels on exploration projects, and foreign exchange gains or losses related to the Canadian dollar or Peruvian Sol cash balances.

The increase in loss of $0.1 million in Q4 2023 compared to Q3 2023 was due primarily to an increase in interest and accretion expense of $2.3 million offset by the gain on warrant liability of $0.6 million, the impact of the change in fair value of the gold prepay and silver stream of $1.6 million, and a foreign exchange impact of $2.6 million which was offset by higher revenues of $7.4 million combined with lower production costs of $1.6 million.

Liquidity and Capital Resources

Liquidity Update

During the year ended December 31, 2023, the Company entered into a series of transactions with a focus on improving liquidity. Please refer to the "Corporate Developments" section of this document for the detailed descriptions of the transactions.

At December 31, 2023, cash of $3.9 million consisted of C$0.3 million ($0.2 million),
S/ 1.4 million ($0.4 million), Mexican pesos 1.0 million ($0.1 million) with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2024 are expected to be denominated in US dollars. The Company's Mercedes operation expenditures are approximately 40% in US dollars and 60% in Mexican pesos. The Company invests cash in Canadian government-backed paper, Peruvian bank time deposits, Mexican bank deposits, and time deposits, or European Euro bank deposits. During the year ended December 31, 2023, the Company had a cash outflow from operating activities of $1.5 million compared to a cash outflow of $10.7 million in 2022.

Total cash spent on investing activities amounted to $16.4 million related to the payments for capital equipment, payment for community obligation commitment, and the Antapata substation were the primary investing outflows during the period.

Total cash flow from financing activities amounted to $18.3 million, primarily related to issuance of share capital ($12.6 million), notes payable ($9.0 million) and Short Term Loan ($1.3 million), offset by interest paid ($2.4 million), payments for existing debt obligations and interest ($3.9 million) and payments on lease agreements ($0.5 million) during the year ended December 31, 2023.

Cash as at December 31, 2023 was $3.9 million compared to $3.5 million at December 31, 2022. Not included in cash and cash equivalents as of December 31, 2023 is $1.7 million; this amount is considered restricted and serves as a partial guarantee for future mine closure obligations.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at December 31, 2023:

Expenses in (000's)	2024	2025	2026	2027	2028 and Beyond	Total
Accounts payable and accrued liabilities	$35,463	-	-	-	$713	$36,176
Provision-Environmental costs	-	-	4,016	3,269	13,527	20,812
Community projects	1,077	1,077	1,077	1,077	12,928	17,236
Other liabilities	57	33	33	33	669	825
Office space leases	119	-	-	-	-	119
Vehicle rentals	355	-	-	-	-	355
Equinox Gold Short Term Loan	1,357	-	-	-	-	1,357
Streaming Arrangements (1)	5,697	5,620	1,345	-	-	12,662
Note Payable – Principal (1)	13,998	-	-	-	-	13,998
Note Payable – Interest	325	-	-	-	-	325
Debenture – Principal (1)	-	22,500	-	-	-	22,500
Debenture – Interest	1,350	416		-	-	1,766
Equinox Debenture – Principal	-	-	-	-	26,632	26,632
Equinox Debenture – Interest	1,864	1,864	1,864	1,864	1,491	8,947
Total as at December 31, 2023	**$61,662**	**$31,510**	**$8,335**	**$6,243**	**$55,960**	**$163,710**

1) On September 28, 2023, the Company announced the Restructuring Agreement, pursuant to which the silver stream deliveries will be cancelled until April 2028. The Company also agreed with Sandstorm to convert the Note Payable into a 5 year convertible promissory note, with interest at 7%, and the Convertible Debenture into a 5 year convertible promissory note with similar terms as the Note payable. The table above has not been adjusted for these changes as the Restructuring Agreement closed on January 22, 2024 and is awaiting final approval from the TSX-V as of the date of this MD&A.

Issued Shares and Share Purchase Options

The Company has established a share purchase option plan (the "Stock Option Plan") and a long-term incentive plan ("LTIP"). Under the Stock Option Plan, which is a "10% rolling plan", the Board of Directors may, from time to time, grant options to directors, officers, employees, or consultants. Options granted must be exercised no later than ten years from the date of grant or such lesser period as determined by the Board. Under the Stock Option Plan, the exercise price of an option cannot be lower than the closing price on the TSX-V on the trading date preceding the grant date, less the maximum discount permitted under TSX policies applicable to share purchase options. The Board also sets vesting terms for each grant. The Stock Option Plan provides that the aggregate number of shares reserved for issuance under the plan (including shares issuable upon the exercise of existing options and restricted or deferred share units ("RSUs" and "DSUs", respectively) issuable under the Company's Long Term Incentive Plan) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis, as constituted on the grant date of such options. Under the LTIP the Board may, from time to time, award RSUs or DSUs to directors, officers, employees, and in the case of RSUs, consultants. Under the LTIP, which is a "fixed plan", the maximum number of shares the Company is entitled to issue from treasury for payments regarding awards of DSUs and RSUs is an aggregate of 5,000,000 shares. The Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

As at December 31, 2023, the following stock options, RSUs and DSUs were granted:

	December 31, 2023
Issued and outstanding shares	**198,733,386**
Limit under Stock Option Plan and LTIP (10% of issued and outstanding shares)	**19,873,339**
Less stock options under grant and outstanding	**9,550,000**
Less RSU's granted	**1,000,000**
Less DSU's granted	**1,000,000**
Shares reserved under the stock option and LTIP grants	**8,323,339**

	December 31, 2023
RSU & DSU limit under LTIP	**5,000,000**
Less RSUs granted	**1,000,000**
Less DSUs granted	**1,000,000**
RSUs & DSUs available to be granted	**3,000,000**

Non GAAP Measures

Cash Cost and All-in-Sustaining Cost (“AISC”) for Mercedes

This MD&A includes disclosure of certain financial measures or ratios, as such terms are used in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure, including Cash Cost and All-In Sustaining Cost (“AISC”). These Non-GAAP financial measures are not standardized financial measures under IFRS Accounting Standards (“IFRS”) and might not be comparable to similar measures presented by other companies. The Company believes that these measures and ratios provide investors with an improved ability to evaluate the prospects of the Company as they provide additional information related to operating performance and are widely used in the mining industry.

The Company has adopted the practice of calculating a performance measure consisting of the net cost of producing an ounce of gold after deducting revenues gained from silver by-product production. Gold Cash Cost and AISC are calculated net of credits for realized silver revenues and are calculated per ounce of gold sold. The Company adds the governmental royalty of 0.5% for special mining law, third-party net smelter royalties and adjustments for finished goods related to the increase or decrease in remaining inventory to the cost of production. Other adjustments may be made as required.

	Three Months Ended December 31, 2023 (000's) $	Three Months Ended December 31, 2022 (000's) $(3)	**Year Ended December 31, 2023 (000's) $**	Year Ended December 31, 2022 (000's) (2)(3) $
Production costs	**15,162**	**17,763**	**59,825**	**43,066**
Royalty expense	934	851	3,078	1,878
Inventory adjustment	(171)	(296)	460	(1,788)
Other[4]	352	-	1,129	-
By-product silver credits	(900)	(950)	(3,382)	(2,294)
Direct Cash Cost	**15,024**	**17,168**	**61,111**	**40,862**
Reclamation and remediation	368	(217)	1,107	274
Sustaining capital expenditures [1]	4,281	4,611	14,643	13,429
Exploration and evaluation expense	47	78	1,704	742
AISC	**19,720**	**21,640**	**78,565**	**55,307**
Gold ounces sold [3]	**12,781**	**13,612**	**44,403**	**33,253**
Cash Cost US$ per gold ounce sold	**1,176**	**1,261**	**1,376**	**1,229**
AISC US$ per gold ounce sold	**1,543**	**1,590**	**1,769**	**1,663**

1) Sustaining capital expenditures mainly consist of underground mine development, building, and other equipment related expenditures.
2) The column for year ended December 31, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.
3) Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.
4) Cost to purchase gold ounces to deliver on stream obligations.

To better understand Cash Cost and AISC measures as calculated by the Company, the following table provides the reconciliation of these measures to the applicable cost items, as reported in the consolidated financial statements for the respective period.

	Three Months Ended December 31, 2023 (000's) $	Three Months Ended December 31, 2022 (000's) $(2)	**Year Ended December 31, 2023 (000's) $**	Year Ended December 31, 2022 (000's) (2) $
Cost of Goods Sold	**$15,967**	**$18,035**	**$59,302**	**$43,310**
NSR Adjustment[1]		$1,195	$-	$1,195
Overhead Adjustment	$(42)	$1,567	$1,686	$3,696
Inventory Adjustment	$253	$(2,680)	$4,527	$(4,326)
Silver Purchased for Stream Delivery	$-	$-	$-	$(782)
By-product silver credits	$(900)	$(950)	$(3,382)	$(2,294)
Other Adjustments	$(254)	$-	$(1,022)	$63
Direct Cash Cost	**15,024**	**17,168**	**61,111**	**40,862**

(1) Certain NSRs were presented as administrative expense in the prior year.
(2) Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.

Total Operating Costs, Net of Capitalized Items

The Total Operating Costs, Net of Capitalized Items is a financial measure that does not have any prescribed meaning by IFRS and therefore, may not be comparable to similar measures presented by other companies. The Company has adopted the practice of calculating these costs to measure its operational performance.

The following table provides the reconciliation of this measure to the applicable cost items, as reported in the consolidated financial statements for the respective period.

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022 (2)	**Year Ended December 31, 2023**	Year Ended December 31, 2022 (1)(2)
Total Operating Costs, net of Capitalized Items	**15,162**	**17,563**	**59,825**	**43,066**
Finished goods adjustment	(171)	(113)	460	(1,605)
Royalties - Extraordinary mining tax	156	123	469	302
Overhead adjustment	42	(1,567)	(1,686)	(3,696)
Inventory adjustment	(253)	2,498	(3,397)	4,863
Net smelter return royalty	777	(468)	2,608	380
Accrued obsolete inventory	605	-	1,023	-
Net realizable value	(352)	-	-	-
Production Costs (Cost of Goods Sold)	**15,967**	**18,036**	**59,302**	**43,310**

1)The column for year ended December 31, 2022, contains information starting from the Mercedes acquisition date of April 21, 2022.
2)Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.

Related Party Transactions

Compensation of Key Management Personnel

The remuneration of the directors, the Chief Executive Officer, the President and Chief Operating Officer and Chief Financial Officer (collectively, the key management personnel) was as follows:

		Three Months Ended December 31 2023 (000's)		2022 (000's)		**Twelve Months Ended December 31 2023 (000's)**		2022 (000's)
Salaries and directors' fees (1)(2)	**$**	**644**	$	**224**	**$**	**2,121**	$	**1,537**
Share-based compensation		**213**		**534**		**865**		**823**
	$	**857**	$	**758**	**$**	**2,986**	$	**2,360**

(1) *The Chief Executive Officer, the President and Chief Operating Officer voluntarily elected to forego their salary for the period of April 1, 2022 to June 30, 2022, totaling $0.18 million.*
(2) *In recognition of the Company's focus on cash preservation, certain Directors entitled to compensation under the Directors' Compensation Plan waived their retainer and per meeting fees for the entirety of the financial year ended December 31, 2023 and* 2022. Waived fees for 2023 and 2022 respectively and have not been accrued.

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

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

Sandstorm Gold Ltd.

Sandstorm Gold Ltd. ("Sandstorm") is deemed a related party of the Company and owns 8.42% of the Company's issued and outstanding common shares at December 31, 2023 and had agreed to enter into the Restructuring Agreement which is comprised of the $22.5 million Amended Convertible Debenture, and the Sandstorm Promissory Note of up to $21.6 million. On January 22, 2024 the Restructuring Agreement became effective. The Gold Purchase Agreement and Gold Stream remain outstanding. As part of the Restructuring Agreement, The Company granted Sandstorm a 1.0% net smelter returns royalty (the "Royalty Agreement") on and over the Corani property. The Company also completed a non-brokered private placement during the year ended December 31, 2023 and raised $6.2 million (C$8.2 million) from Sandstorm.

Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The accounting policies adopted are consistent with those of the previous financial year. Actual results could differ from these estimates.

Material 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: application of accounting policies, the recoverability of resource properties, uncertain tax positions, mineral resources and reserves, value added taxes, convertible debentures including the Note and the Amended Convertible Debenture, and notes payable including the Sandstorm Promissory Note, streaming arrangements, asset retirement obligations and valuation of certain other obligations. Actual results could differ from these estimates.

Financial Instrument and Risk Management

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy establishes six levels in which to classify the inputs of valuation techniques used to measure fair values.

- Level 1 - quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).
- Level 3 - inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

As at December 31, 2023, the fair value of conversion feature of the $22.5 million Amended Convertible Debenture and $9.0 million Sandstorm Secured Loan, and the streaming arrangements are measured at fair value using Level 3 inputs. The fair value of the conversion option of the Amended Convertible Debenture and call options of the Sandstorm Promissory Note is determined using Black-Scholes options pricing model. The fair value of the streaming arrangements is determined based on the on the net present value of the expected future cashflows and a discount rate that includes the risk premium.

The carrying values of cash, receivable, and accounts payable and accrued liabilities approximate fair value due to their short terms to maturity.

Management of Financial Risk

i. Currency risk

The Company is exposed to financial risk due to changes in foreign exchange rates. The Company operates in Peru, Mexico, and Canada, and a portion of its expenses are incurred in Canadian dollars, Mexican pesos, and Peruvian Soles. The functional currency of the Company and its subsidiaries is determined to be US dollar. A significant change in the exchange rates between the US dollar relative to the Canadian dollar, Mexican peso to the US dollar, and the Peruvian Sol to the US dollar could affect the Company's operations, financial position, and cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2023, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican pesos, and Peruvian Soles.

		December 31, 2023	
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash	206	393	975
Receivables	58	58,652	220,427
Accounts payable, accrued liabilities and other	(278)	(1,739)	(260,911)
Provision for environmental rehabilitation	-	-	(270,006)
Community project obligation	-	(36,974)	-
Net exposure	**(14)**	**20,332**	**(309,515)**

Based on the above net exposures at December 31, 2023, and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the Canadian dollar would result in an increase of approximately $1,000 (C$ 1,400) in the Company's loss for the period. A 10% depreciation of the US dollar against the Peruvian Sol would result in an increase of approximately $550,000 (S/2,000,000) in the Company's loss for the period. A 10% depreciation of the US dollar against the Mexican Peso would result in an increase of approximately $1,800,000 (M$ 30,000,000) in the Company's loss for the period. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar, Soles, or Mexican Pesos would have the opposite effect.

ii. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of the cash, short-term investments, and receivables.

The Company's cash is held in major Canadian chartered banks and accredited Mexican and Peruvian financial institutions with strong credit ratings. Short-term investments (including those presented as cash) consist of financial instruments issued by Canadian or Peruvian banks. These investments mature at various dates over the next twelve months.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure sufficient funds to meet its short-term business requirements by considering anticipated revenues and cash expenditures for its operating activities. The Company will pursue equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on favorable terms.

As at December 31, 2023, the Company's financial liabilities consist of accounts payable & accrued liabilities and the current portion of community projects and other liability, principal and interest payment of convertible debentures, streaming arrangements, lease obligations and note payable totaling $54.5 million, which are expected to be paid over the next twelve months, and the long-term portion of such liabilities of $102.0 million, which are expected to be paid over the next six years. With the current liquidity position, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine in order to avoid seeking additional financing, which may give rise to significant doubt about the Company's ability to continue as a going concern.

The Company will monitor its cash requirements and the economic conditions closely and may further take steps to improve liquidity via financing or some other methods. The Company has taken various steps to improve liquidity by closing the recent equity financings, issuing the Note, and closed the Sandstorm Restructuring Agreement on January 22, 2024. Management also continues to focus on on-going continuous improvement opportunities at the Mercedes mine.

iv. Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. At December 31, 2023, the Company had minimal funds invested in interest earning savings accounts.

The Company had debt obligations with SOFR as a benchmark. The variability of the SOFR can have a material impact on the results of the Company. During the year ended December 31, 2023, the SOFR ranged between 3.68%-5.36%.

v. Price risk

The fair value of the Mercedes streaming arrangements is dependent on the gold and silver prices and the discount rate. Volatility in the gold and silver prices and the discount rate affects the valuation of the streaming arrangements, which in turn affects revenue, earnings, and cash flows.

The price of the Company's common shares and the Company's financial results may be significantly adversely affected by a decline in the price of gold and silver (collectively, the "Metals"). The price of the Metals fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of the Metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing countries throughout the world.

vi. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises six types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include the convertible debenture.

The Company measures the embedded derivative liability portion of the convertible debenture at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to "mark to fair value" the derivative features could significantly affect the results in the statement of comprehensive income. If the Company's share price had been C$1.00 higher than it was on December 31, 2023 the fair value of the embedded derivative liability of the Company's convertible debenture would have increased by $35.4 million, which would have resulted in the Company recording a loss on the fair valuation of the embedded derivative liability of $29.7 million instead of the gain of $3.8 million.

Management of capital

The Company's capital management objectives are intended to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and support any expansion plans. The Company's working capital deficiency as at December 31, 2023 was $42.3

million (2022: $51.2 million). Material uncertainty remains in relation to the Company generating necessary cash flow from operations or raising financing in the form of debt or equity, which may give rise to significant doubt about the Company's ability to continue as a going concern.

The Company's capital consists of items included in its shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets.

To effectively manage its capital requirements, the Company has a planning and budgeting process to help determine the immediately available funds to meet its objectives. The Company may issue new shares, seek debt, or enter into metal purchase agreements to ensure sufficient working capital to meet its short-term business requirements.

There were no changes in approach to capital management during the year ended December 31, 2023.

Forward-Looking Information

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the effective date of information described in this MD&A, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: (i) the amount of mineral reserves and mineral resources; (ii) the amount and timing of future production; (iii) net present value and internal rates of return of the proposed mining operation; (iv) capital costs, including start-up, sustaining capital and reclamation/closure costs; (v) operating costs, including credits from the sale of silver, lead and zinc; (vi) waste to ore ratios and mining rates; (vii) expected grades and payable ounces and pounds of metals; (viii) expected processing recoveries; (ix) expected time frames; (x) prices of metals and minerals; (xi) mine life; (xii) expected exploration and development programs and their timing and success; (xiii) expected taxation rates and structure; (xiv) expected mineralization; and (xvi) adequacy of cash balances. The future performance of Mercedes will depend upon whether the Company is able to realize current estimates, predictions, expectations or beliefs about future events including, without limitation: the estimated amount of Mineral Reserves and Mineral Resources; the anticipated merits of the Mercedes Mine; projected exploration budgets; anticipated future replacement of Mineral Reserves and Mineral Resources; cost estimates used in the 2022 Mercedes Report are reasonably accurate; and that there are no material adverse changes in the price of gold and silver and other metals or general economic and political conditions.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

All forward-looking statements are based on the Company's current beliefs as well as various assumptions made by and information currently available to them. These assumptions include, without limitation: (i) the presence of and continuity of metals at projects at modeled grades; (ii) the capacities of various machinery and equipment; (iii) the availability of personnel, machinery, and equipment at estimated prices; (iv) exchange rates; (v) metals and minerals sales prices; (vi) appropriate discount rates; (vii) tax rates and royalty rates applicable to the proposed mining operation; (viii) the availability of financing and expected terms; (ix) financing structure and costs; (x) anticipated mining losses and dilution; (xi) metals recovery rates, (xii) reasonable contingency requirements; and (xiii) receipt of regulatory approvals and permits on acceptable terms and a timely basis. Although management considers these assumptions and estimates to be reasonable based on available information, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward-looking statements, such as estimates of net present value and internal rate of return, which are based on most of the other forward-looking statements and assumptions herein. Cost information is prepared using current estimates, but the time for incurring costs will be in the future, and it is assumed costs will remain stable over the relevant period.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections, and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions, and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, but specifically include, without limitation, risks related to exploration and development programs and their timing and success; risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals and minerals markets; risks relating to fluctuations in the Canadian dollar, Peruvian Sol and Mexican Peso relative to other currencies; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors, changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; the effects of competition in the markets in which the Company operates; operational and infrastructure risks; and the additional risks described in the Company's Annual Information Form for the year ended December 31, 2023, in the 2019 Report in respect of the Corani project dated December 17, 2019, and in the 2022 Mercedes Report dated April 22, 2022 as filed on SEDAR+. The foregoing list of factors that may affect future results is not exhaustive.

Investors and others should carefully consider the foregoing factors and other uncertainties and potential events when relying on forward-looking statements. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

Cautionary Note to US Investors

The Company prepares its disclosure in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Terms relating to mineral resources and mineral reserves in this document are defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards for Mineral Resources and Mineral Reserves 2014. Information contained in this document and the documents incorporated by reference herein containing descriptions of the Company's mineral properties, including estimates of mineral resources and mineral reserves, may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. For additional information please see the Cautionary Note to United States Investors on the Company's Annual Information Form for the year ended December 31, 2023, available SEDAR+.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2023 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedarplus.ca.

Approval

The Board of Directors of Bear Creek approved the disclosure contained in this MD&A.

Additional Information not part of the MD&A

Additional information relating to Bear Creek is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.bearcreekmining.com.