

BEAR CREEK MINING CORPORATION

(Formerly EVEolution Ventures Inc.)

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2004

EXPRESSED IN U.S. FUNDS

Unaudited

Bear Creek Mining Corporation
(An Exploration Stage Company)
Interim Consolidated Balance Sheet
U.S. Funds
Unaudited

Statement 1

ASSETS		As At 31 March 2004	As At 31 December 2003
Current	Cash and cash equivalents	\$ 2,376,383	\$ 2,865,741
	Accounts receivable	21,561	21,125
	Prepaid expenses and deposits	-	8,074
		<u>2,397,944</u>	<u>2,894,940</u>
Capital Assets <i>(Note 4)</i>		<u>63,545</u>	<u>68,236</u>
		<u>\$ 2,461,489</u>	<u>\$ 2,963,176</u>

LIABILITIES

Current	Accounts payable and accrued liabilities	\$ 66,948	\$ 40,705
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SHAREHOLDERS' EQUITY

Share Capital	Authorized: Unlimited common shares without par value		
	Issued and fully paid: 27,129,657 (2003 - 27,128,457) common shares	9,102,697	8,996,297
Deficit - <i>Statement 2</i>		<u>(6,708,156)</u>	<u>(6,073,826)</u>
		<u>2,394,541</u>	<u>2,922,471</u>
		<u>\$ 2,461,489</u>	<u>\$ 2,963,176</u>

ON BEHALF OF THE BOARD:

"Catherine McLeod-Seltzer" _____, Director

"Andrew Swarthout" _____, Director

Bear Creek Mining Corporation
(An Exploration Stage Company)
Interim Consolidated Statement of Operations and Deficit
For The Period Ended 31 March

Statement 2

U.S. Funds

Prepared by Management

	2004	2003
Operating Expenses		
Exploration costs - schedule	\$ 428,484	\$ 376,760
Wages and management salary	45,529	18,150
Professional fees	32,432	3,624
Office, secretarial and bookkeeping	5,242	21,141
Shareholder information	15,316	-
Travel	-	18,101
Amortization	377	439
	<u>527,380</u>	<u>438,215</u>
Other Items		
Foreign exchange loss	4,246	14,086
Interest and bank charges - net	(3,096)	4,615
Stock compensation expense	105,800	-
	<u>106,950</u>	<u>18,701</u>
Loss for the Year	(634,330)	(456,916)
Deficit - Beginning	<u>(6,073,826)</u>	<u>(2,691,655)</u>
Deficit - End of Year	\$ (6,708,156)	\$ (3,148,571)
Loss per Share - Basic and Diluted	\$ (0.02)	\$ (0.11)
Weighted Average Number of Shares Outstanding	27,129,390	4,000,000

See Accompanying Notes

Bear Creek Mining Corporation
(An Exploration Stage Company)
Interim Consolidated Statement of Cash Flow
For The Period Ended 31 March

Statement 3

U.S. Funds

Prepared by Management

	2004	2003
Operating Activities		
Loss for the period	\$ (634,330)	\$ (456,916)
Items not affecting cash:		
Stock compensation	105,800	-
Amortization	4,691	2,980
	<u>(523,839)</u>	<u>(453,936)</u>
Changes in:		
- Accounts receivable	(436)	-
- Prepaid expenses	8,074	3,887
- Accounts payable	26,243	(97,810)
- Due to related parties	-	-
Cash used in operating activities	<u>(489,958)</u>	<u>(547,859)</u>
Financing Activities		
Share capital issued	600	-
Notes payable	-	545,074
Cash received from financing activities	<u>600</u>	<u>545,074</u>
Net Increase (Decrease) in Cash Position	(489,358)	(2,785)
Cash position - Beginning of period	<u>2,865,741</u>	<u>45,690</u>
Cash Position - End of Period	\$ 2,376,383	\$ 42,905

See Accompanying Notes

Bear Creek Mining Corporation
(An Exploration Stage Company)
Interim Consolidated Schedule of Exploration Costs
For The Period Ended 31 March

Schedule

U.S. Funds

Prepared by Management

		2004	2003
La Pampa	Drilling	\$ 44,294	\$ -
	Termination costs	15,000	-
	Supplies and general	12,716	-
	Salary	10,231	-
	Travel	6,232	-
	Legal	5,000	-
	Assays and sampling	4,819	-
		<u>98,292</u>	<u>-</u>
Pinaya	Acquisition/claim fees	33,630	-
	Salaries	17,402	-
	Travel	1,895	-
	Supplies and general	1,046	-
		<u>53,973</u>	<u>-</u>
Fe Y Esperanza	Acquisition/claim fees	5,363	-
	Legal	2,342	-
		<u>7,705</u>	<u>-</u>
Niñobamba	Assaying and sampling	1,473	-
	Supplies and general	547	-
		<u>2,020</u>	<u>-</u>
Estrella	Acquisition/claim fees	-	52,618
	Assays and sampling	-	5,077
	Salary	-	3,207
	Supplies and general	-	41
	Travel	-	18
		<u>-</u>	<u>60,961</u>
Santa Rosa	Acquisition/claims fees	-	94,713
	Salary	-	92
		<u>-</u>	<u>94,805</u>
Other properties		<u>34,363</u>	115,236
Generative exploration	Salaries and consulting	122,620	49,650
	Supplies and general	58,389	27,025
	Travel	36,594	16,392
	Assays and sampling	10,992	12,691
	Acquisition/claim fees	3,536	-
		<u>232,131</u>	<u>105,758</u>
Costs for the Year		<u>\$ 428,484</u>	<u>\$ 376,760</u>

See Accompanying Notes

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

31 March 2004
US Funds
Unaudited

1. Nature of Business

Bear Creek Mining Corporation's ("Company") main business is acquiring and exploring mineral properties principally located in Peru with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

2. Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements as at 31 December 2003.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

4. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	2004 Net Book Value
Office equipment	\$ 11,321	\$ 2,463	\$ 8,858
Exploration equipment	95,595	40,908	54,687
	<u>\$ 106,916</u>	<u>\$ 43,371</u>	<u>\$ 63,545</u>

5. Resource Property Costs

- a) The Company entered into a term sheet dated 29 May 2002 to earn a 50% interest and management control of a 600 hectare mineral claim named "Brisa 1" in the department of Tacna, Southern Peru, known as the Ataspaca Project. The Company may earn an undivided 50% interest in the project by spending, at its option, \$50,000 in exploration by 30 June 2004, of which \$16,492 has been spent. Thereafter, pending the results, the term sheet provides that the parties will enter into a formal agreement.
- b) On 30 July 2003, the Company entered into an agreement with AngloGold Exploracion Peru S.A.C. whereby Bear Creek can earn at least a 60% interest in the Niñobamba Property located in Peru. In order to earn the 60% interest, the Company, completed 1,000 meters of drilling by March 2004 and, at its option, must make exploration expenditures of \$2.5 million by 30 July 2006. The property is subject to net smelter return royalties of 4% on gold and 2% on silver.

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

31 March 2004

US Funds

Unaudited

5. Resource Property Costs - Continued

- c) The Company staked claims known as the Los Osos Property.
- d) The Company entered into property purchase option agreements for properties known as Santa Rosa, Lomo de Camello and Estrella, all located in Peru. During the prior year and in the current period, management of the Company elected to terminate its options to acquire Santa Rosa and Lomo de Camello, but retains its interest in Estrella.
- e) The Company entered into a letter of intent to acquire the right to earn at least a 51% interest in a mineral property located in Lamabayeque, Peru, known as the La Pampa Property. During the current period, management of the Company elected to terminate its options to acquire this property and as a result of the termination, the Company paid a termination fee of \$15,000.
- f) On 10 February 2004, the Company entered into an agreement to acquire the right to earn a 100% interest in a mineral property in Peru known as Cia Minera Pinaya SA. In order to acquire the 100% interest, the Company, at its option, must make payments of \$150,000 over a 13 month period as follows:

On or before 10 February 2004 – paid	\$	5,000
On or before 4 March 2004 – paid		15,000
On or before 4 September 2004		30,000
On or before 4 March 2005		100,000
		<hr/>
	\$	150,000

- g) On 13 February 2004, the Company entered into an agreement to acquire the right to earn a 100% interest in a mineral property in Peru known as Fe y Esperanza ("Pama"). In order to acquire the 100% interest, the Company, at its option, must make payments of \$165,000 over a four year period as follows:

On or before 13 February 2004 – paid	\$	5,000
On or before 13 February 2005		10,000
On or before 13 February 2006		50,000
On or before 13 February 2007		100,000
		<hr/>
	\$	165,000

6. Share Capital

- a) **Details of share capital are as follows:**

	Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and fully paid:		
Balance - 31 December 2003	27,128,457	\$ 8,996,297
Exercise of share purchase warrants	1,200	600
Stock compensation	-	105,800
	<hr/>	<hr/>
Balance - 31 March 2004	27,129,657	\$ 9,102,697

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

31 March 2004

US Funds

Unaudited

6. Share Capital - Continued

b) Share Purchase Options

A summary of the Company's options as at 31 March 2004 is as follows:

	Number	Price per Share	Expiry Date
Options	220,000	CDN\$0.20	11 April 2005
	100,000	CDN\$0.66	26 April 2005
	40,000	CDN\$0.66	14 March 2006
	2,105,000	US\$0.50	22 April 2008
	300,000	US\$0.50	5 June 2008
	40,000	US\$0.50	10 June 2008
	2,805,000		

c) Warrants

As at 31 March 2004, the following share purchase warrants were outstanding:

	Number	Price per Share	Expiry Date
Series "C"	6,000,000	US\$0.75	21 April 2005*
Series "A"	1,221,000	US\$0.50	21 April 2005*
Series "B"	1,221,000	US\$0.75	21 April 2005*
Agent	1,318,800	US\$0.50	21 April 2004
	9,760,800		

* The Company extended the expiry date on these warrants from 21 April 2004 to 21 April 2005.

Subsequent to the quarter, the Agent warrants expired.

e) Escrow Shares

As at 31 March 2004, 9,244,625 shares are held in escrow and are not to be released without the consent of the regulators.

7. Stock Based Compensation

Effective 1 January 2003, the company adopted the recommendations of CICA Handbook Section 3870, Stock-based Compensation. The new standard requires that stock-based awards made to employees and non-employees be measured and recognized using a fair value based method.

On 22 April 2003, the Company granted directors, officers, employees and consultants of the Company options to purchase up to 2,170,000 common shares of the Company at an exercise price of \$0.50 per share, with an estimated value of \$885,000 on the grant date. Since the options were granted under a graded vesting schedule, \$788,900 of the fair value has been recorded in the Company accounts. The offsetting entry is to share capital.

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

31 March 2004

US Funds

Unaudited

7. Stock Based Compensation - Continued

On 5 June and 10 June 2003, the Company granted directors, officers and employees of the Company options to purchase up to 340,000 common shares of the Company at an exercise price of \$0.50 per share, with an estimated value of \$145,000 on the grant date. Since the options were granted under a graded vesting schedule, \$121,900 of the fair value has been recorded in the Company accounts. The offsetting entry is to share capital.

The fair value of each option is estimated on its date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Options Issued on 22 April 2003	Options Issued on 5 and 10 June 2003
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	113 %	125 %
Risk-free interest rate	4.30 %	3.58 %
Expected life of options	5 years	5 years

The weighted average grant-date fair value of the options granted in April 2003 and June 2003 was \$ 0.41 and \$0.43 respectively.

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

8. Related Party Transactions and Balances

The following represents the details of related party transactions paid or accrued during the period ended 31 March 2004 and 2003:

	2004	2003
Management fees paid to the president of the Company	\$ 37,500	\$ 37,500
Management fees paid to an officer of the Company	30,900	30,900
Salary paid to an officer of the Company	16,980	-
Legal fees paid to a firm in which a director is a partner	13,419	-
Accounting fees paid to an officer of the Company	5,660	-
Legal fees paid to a firm in which an officer is a partner	8,106	-
Rent paid to a company with a certain director and an officer in common	4,166	-
	\$ 116,731	\$ 68,400

9. Segmented Information

The Company has one operating segment, which is mineral exploration. All of the Company's exploration expenses as disclosed on the mineral exploration schedule are incurred in South America. All of the Company's assets and other expenses are in Canada, except for \$55,052 of capital assets, which are located in Peru.

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

31 March 2004

US Funds

Unaudited

10. Commitments

- a) By agreement dated 27 September 2003, the Company entered into a consulting agreement with a director and officer of the Company to act as the President and C.E.O. of the Company. Compensation will be \$12,500 per month. This agreement is effective from 22 April 2003 and will continue for a term of three years. The Company may terminate this agreement by providing a severance package depending on the nature of the termination.

 - b) By agreement dated 30 September 2003, the Company entered into a consulting agreement with a director and officer of the Company to act as the Vice President, Explorations of the Company. Compensation will be \$10,300 per month. This agreement is effective from 22 April 2003 and will continue for a term of three years. The Company may terminate this agreement by providing a severance package depending on the nature of termination.
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**FORM 51-102F1
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR BEAR CREEK MINING CORPORATION**

Our Management's Discussion and Analysis

Introduction

Bear Creek's has continued its efforts to date with a sole business objective to identify, evaluate and explore mineral properties having high potential for discoveries of mineral deposits with a view towards demonstrating economic potential and selling these properties to a major mining company for the creation of value for our shareholders. We remain a publicly traded company without any substantive operations, and thus, have realized no revenues to date.

Our accompanying financial statements have been prepared using accounting principles generally accepted in Canada. Our fiscal year end is December 31st. References to a fiscal year refer to the calendar year in which such fiscal year ends. All reported amounts are in United States dollars.

Forward-Looking Information

This interim management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Bear Creek Mining Corporation ("Bear Creek" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to Bear Creek. When used in this document, the words "anticipate", "Believe", "estimate", "expect" and similar expressions, as they relate to Bear Creek or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of Bear Creek with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

Activities on Mineral Projects

Bear Creek Mining Corporation's main objective is to make a mineral deposit discovery. Due to the history and expertise of the management team, efforts are focused on gold exploration in Peru, although opportunities in adjacent countries and other precious or base metal commodities are also considered. A large number of projects are under Bear Creek's review at any given time; a few in active drill evaluation, some being prepared for drilling, others in first pass mapping and sampling after staking or acquisition, and many in preliminary evaluation to decide if property ownership is possible or desired. Due to the generative nature of the Bear Creek's business, most of our expenditures consist of drilling and assay costs, salaries for professional personnel, land, legal and property payments, and travel to, from and within properties. The following section details property specific spending for the first quarter relative to the same period in 2003.

Estrella Project

In mid 2003, Bear Creek completed core drilling on Estrella, the project's first drill program ever. Results of the drilling, while indicating a pervasive, anomalously mineralized system, did not meet Bear Creek's initial objective. During the first quarter of 2004, no work was performed on the project. During the same period of 2003, \$60,961 was spent on Estrella, mostly for property holding fees. If Bear Creek elects to continue exploring Estrella, future lease payments and work expenditures will be necessary to keep the claims in good standing.

Santa Rosa Project

In late 2003, Bear Creek drilled the Santa Rosa high-grade gold vein project. Drilling confirmed the presence of the gold bearing vein at depth, but found it to be much thinner than surface exposures, probably as a result of post mineral shearing. Due to the discouraging results of drilling, Bear Creek dropped the Santa Rosa project in early 2004, with no project spending during the first quarter. During the first quarter of 2003 a total of \$94,805 was spent on property acquisition and claim fees.

Niñobamba Project

In July 2003 Bear Creek entered into an option agreement with AngloGold for the Niñobamba silver project. In late 2003 Bear Creek drilled 1,001 meters of core to infill and extend mineralization intercepted by Anglo. Results of the drilling support further exploration and Bear Creek is planning follow up work for 2004. Project spending for the first quarter of 2004 consisted of follow-up sampling and assaying, and totaled \$2,020 (as compared with no spending in the first quarter of 2003, since the project was not yet acquired).

La Pampa Project

La Pampa, a project in which Bear Creek held a right to earn at least a 51 percent property interest from Solitario, hosts surface disseminated and vein gold mineralization. Following mapping, sampling and trenching in 2003, a drill program was completed in January and February 2004. Project expenditures for the first quarter of 2004 totaled \$98,292 and consisted predominantly of drilling (total \$44,294), salaries (of \$10,231), and travel (total \$6,232). The remainder was spent on reclamation, assays, legal fees and field supplies. The drilling program of 494 meters in 5 holes failed to extend the ore grade mineralization from surface to depth and seemed to indicate a system where surface enrichment is prevalent. Due to the low-grade results, Bear Creek elected to cancel its option to acquire La Pampa. A \$15,000 option termination fee, as well as approximately \$4,000 in reclamation costs has been expensed in the period. Bear Creek will perform no further work on La Pampa. La Pampa project spending for the first quarter of 2003 was zero.

Lomo de Camello Project

Bear Creek gained an interest in the Lomo de Camello project by entering into a land agreement for the northern claim block, covering approximately half of the high-grade gold vein system, in 2002. A letter of intent to reach a land agreement on the southern half of the project was signed simultaneously. During 2003, Bear Creek's efforts focused on underground mapping and sampling on the northern claim block, and finalizing the land agreement on the southern claim block. Based on the results of the 2003 geologic work and on legal difficulties in securing a final land agreement on the southern claim block, Bear Creek terminated its interests in the Lomo de Camello project in February 2004. Minor legal fees (totalling approximately \$500) to execute the termination of the Lomo de Camello agreement were expensed in the first quarter 2004. Project spending for the first quarter of 2003 was \$20,170, mostly for property lease payments. Bear Creek has no further interest in the district except for two 100 percent

owned mineral rights along the trend of the vein systems, and no immediate work is planned for these claims.

Ataspaca Project

In 2002 Bear Creek signed a letter agreement allowing it to earn a 50 percent interest in the Ataspaca project, located in the southern Peru copper belt. Work in 2003 included mapping, and sampling to prepare the project for its first drill program, planned for the second quarter of 2004 to test multiple targets with 500 meters of core drilling. Ataspaca project spending for the first quarter 2004 was \$3,500 consisting of \$1,800 in salaries, \$1,000 in expenses and \$700 for assays. There was no Ataspaca project spending for the first quarter of 2003.

Fe y Esperanza Project

During the quarter ending March 31, 2004, Bear acquired an option to purchase a 100-hectare mineral claim for payments totaling \$165,000 over a four-year period. The Fe y Esperanza mineral rights cover the northern half of a potential disseminated copper- gold deposit currently being explored under a joint venture agreement between BHP Billiton and Chariot Resources. Expenditures incurred during this quarter totaled \$7,705, including option payments (of \$5,363) and legal fees (totaling \$2,342). No work was performed on Fe y Esperanza during 2003. Work will continue in 2004 to develop drilling targets.

Pinaya Project

In the first quarter 2004, Bear Creek identified a potentially attractive, mineralized gold target in the Pinaya District located northeast of the city of Puno, Peru. Negotiations proceeded with two separate owners of the district, and an agreement was reached with one party controlling a portion of the district covering 400 hectares. Bear Creek later withdrew from negotiations with the owners controlling the remaining part of the district. Expenditures for the quarter ending March 31, 2004 totaled \$53,973, including option payments (of \$33,630), salaries and consulting fees (total \$17,402), travel expenses (of \$1,895), and field supplies (total \$1,046). No work was performed on Pinaya during 2003. Field work will continue in the second quarter of 2004 to evaluate the land controlled by Bear Creek under the option agreement that allows the company to acquire a 100 percent interest in the property over two years for payments totaling \$150,000.

Los Osos Claims

Bear Creek holds a 100 percent interest in 15,240 hectares of mineral rights distributed throughout southern Peru in various mineral belts. These mineral rights are maintained largely for their strategic location in and around known mineral deposits held by other parties, and are not assigned to any particular project. No project expenditures were made during the first quarters of 2004 or 2003. Further geologic work on these claims is planned for 2004.

Generative Exploration

Generative exploration consists of costs not specific to a particular Bear Creek project. Bear Creek maintains at least two field teams and a system of field prospectors focusing on generating new exploration targets with the emphasis on gold. Typically, dozens of prospects are submitted to, or generated by Bear Creek during any given quarter. Presently several targets are being considered for possible acquisition through staking or entering into third party option to purchase agreements. When Bear Creek defines a project as a distinct exploration target, it is then accounted for as a separate project. Generative exploration costs totaled \$232,131 for the first quarter of 2004, consisting of \$122,620 in salaries, \$58,389 in supplies, \$36,594 for travel and \$10,992 for assays. Generative efforts in late 2003 resulted in Bear

Creek staking two claim blocks, Cotahuasi and Pallanmarca, based upon preliminary fieldwork results indicating favorable potential for gold and silver mineralization. During the first quarter of 2004, expenditures on these properties were included in the Company's Generative Exploration expenses. Since these projects are becoming the focus of more detailed work, beginning in the second quarter 2004 they will be accounted for separately. During the first quarter 2004, expenditures on Cotahuasi and Pallanmarca totaled approximately \$32,500 including salaries and consulting (of \$6,000), mineral claim staking fees (total \$15,000), travel and field expenses (of \$8,000), and assays (of \$3,500). There were no expenditures for Cotahuasi and Pallanmarca in the first quarter 2003. Generative Exploration spending for the same period in 2003 was \$105,758, consisting of \$49,650 in salaries, \$27,025 for supplies, \$16,392 for travel and \$12,691 for assays.

Our Results of Operations

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Bear Creek and is derived from unaudited quarterly consolidated financial statements prepared by management. Bear Creek's interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and expressed in US dollars.

Period	Revenues	Loss from Continued Operations and Net Income (loss)	Basic and Fully Diluted Loss per Share from Continued Operations and Net Income (loss)
1 st Quarter 2004	Nil	(634,330)	(0.02)
4 th Quarter 2003	Nil	(1,501,675)	(0.06)
3 rd Quarter 2003	Nil	(947,174)	(0.03)
2 nd Quarter 2003	Nil	(476,406)	(0.03)
1 st Quarter 2003	Nil	(456,916)	(0.11)
4 th Quarter 2002	Nil	(391,131)	(0.10)
3 rd Quarter 2002	Nil	(346,417)	(0.09)
2 nd Quarter 2002	Nil	(385,007)	(0.10)

Three Months Ended 31 March 2004 as compared to the Three Months Ended 31 March 2003

Net Loss and Operating Expenses

For the period, the Company experienced a net loss of \$634,330 compared to a net loss of \$456,916 for the comparative period in 2003, an increase of \$177,414. The increase was due mainly due to stock compensation expense for options vested during the year and increase in wages and management salaries. The loss per share for 2003 was \$0.02 (2002 – loss per share \$0.11).

Our operating expenses, arising from general and administrative expenses ("G&A expenses") and exploration costs on our properties, for the period was \$527,380, as compared to \$438,215 for the period ended 31 March 2003. Our increased operating expenses were mainly attributable to the costs relating to the drilling and termination of the La Pampa property. In the prior period there were no drilling costs. G&A expenses contributed to the increased loss due to the costs associated with staffing of a corporate office in Vancouver, which was established in

April 2003. In addition the company had higher professional fees due to the costs associated with public reporting and auditing of its December 31, 2003 financial statements, and had higher shareholder information expenses as the company took part in various investor conferences during the current period. Offsetting these expenses, was a decrease in costs associated with office secretarial and bookkeeping and travel. Also contributing to our operating loss are increased generative exploration costs for the period of \$232,131 compared to \$105,758 for the period ended 31 March 2003. Generative exploration relates to our core business of mineral property identification and includes salaries and professional fees, field expenses, assays, legal, and claim staking costs.

During prior year, we adopted the recommendations of CICA Handbook Section 3870, stock-based compensation and other stock-based payments, effective to all awards granted on or after 1 January 2003. This established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. As encouraged by CICA Handbook Section 3870, the Company has enacted prospectively early adoption of the fair value based method of accounting for awards issued to employees for the fiscal year beginning 1 January 2003. During the prior year, we granted 2,510,000 of share purchase options. The fair market value of these options using the Black Scholes fair market valuation was \$1,030,000. Of this total, \$805,000 of the fair market value has been recognized in the prior year and \$105,800 was recognized during the current period.

Bear Creek's net interest income for the period was \$3,096, as compared to an expense of \$4,615 for the period ended 31 March 2003. The increased interest income was attributable to higher cash and cash equivalent balances as a result of the Company completing its \$6,000,000 prospectus offering during fiscal 2003. The costs in the prior year were related to interest on the Company's notes payable, which were converted into shares in April 2003.

Liquidity and Capital Resources

On 31 March 2004, the Company had 27,129,657 issued shares. The Company's net working capital as at 31 March 2004 was \$2,330,996 compared to a net working capital of \$2,854,235 as at 31 December 2003. The cash balance at 31 March 2004 was \$2,376,383 compared to \$2,865,741 as at 31 December 2003. As at 31 March 2004 current liabilities were \$66,948 compared to \$40,705 as at 31 December 2003.

On 31 March 2004, the Company had options outstanding granted to directors, officers and employees to purchase an aggregate of 2,805,000 shares at prices ranging from CDN\$0.20 to US\$0.50 and expiring at varying dates between 11 April 2005 and 10 June 2008. If exercised, total proceeds from the exercise of these options would be approximately \$1,320,000.

On 31 March 2004, the Company had 9,760,800 warrants outstanding. If exercised, total proceeds from the exercise of these warrants would be approximately \$6,685,000. Subsequent to year end the Company extended the expiry dates of the Series A, B and C warrants by up to one year to 21 April 2005.

Investing Activity

Financing Activity

During the period, 1,200 warrants were exercised for cash of \$600. During the comparative period, the Company raised \$545,074 from notes payables; these notes were converted into shares in April 2003.

Cash on hand is sufficient to fund the Company's overhead costs and exploration objectives for the immediate future.

Transactions with Related Parties

Pursuant to an Agreement, the Company is provided with office space from Pacific Rim Mining Corporation ("Pacific Rim"), a company with directors in common, in consideration of a fee, fixed annually and paid monthly. Pacific Rim recovers miscellaneous charges, like postage on the basis of Bear Creek's actual usage. Rent and miscellaneous charges paid to Pacific Rim for the three months ended 31 March 2004 was \$5,520, and there was no balance owing to Pacific Rim as at 31 March 2004.

Changes in Accounting Policy

The interim consolidated financial statements for the quarter ended March 31, 2004 followed the same accounting policies and methods of application in the most recent annual financial statements.

Approval

The Board of Directors of Bear Creek has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who request it.

Additional Information

Additional information relating to Bear Creek is on SEDAR at www.sedar.com