

BEAR CREEK MINING CORPORATION

(Formerly EVEolution Ventures Inc.)

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 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 30 June 2004	As At 31 December 2003
Current	Cash and cash equivalents	\$ 1,929,771	\$ 2,865,741
	Accounts receivable	33,389	21,125
	Prepaid expenses and deposits	-	8,074
		<u>1,963,160</u>	<u>2,894,940</u>
	Property, Plant and Equipment <i>(Note 4)</i>	<u>58,855</u>	<u>68,236</u>
		\$ 2,022,015	\$ 2,963,176

LIABILITIES

Current	Accounts payable and accrued liabilities	\$ 128,371	\$ 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	9,161,097	9,147,300
		<u>(7,267,453)</u>	<u>(6,224,829)</u>
Deficit - Statement 2		<u>1,893,644</u>	<u>2,922,471</u>
		\$ 2,022,015	\$ 2,963,176

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

Statement 2

U.S. Funds
 Unaudited

	For The Three Months Ended 30 June 2004	For The Three Months Ended 30 June 2003	For The Six Months Ended 30 June 2004	For The Six Months Ended 30 June 2003
Operating Expenses				
Exploration costs - schedule	\$ 400,294	\$ 399,996	\$ 828,778	\$ 776,756
Wages and management salary	45,726	42,852	91,255	61,002
Professional fees	19,904	10,769	52,336	14,393
Office, secretarial and bookkeeping	10,890	22,362	16,132	43,503
Shareholder information	18,776	7,812	34,092	7,812
Travel	9,539	463	9,539	18,564
Amortization	368	948	745	1,387
	505,497	485,202	1,032,877	923,417
Other Items				
Foreign exchange (gain) loss	(1,804)	(5,981)	2,442	8,105
Interest and bank charges - net	(2,796)	(4,353)	(5,892)	262
Stock compensation expense	58,400	1,538	164,200	1,538
	53,800	(8,796)	160,750	9,905
Loss for the Period	(559,297)	(476,406)	(1,193,627)	(933,322)
Deficit - Beginning	(6,708,156)	(3,148,571)	(6,073,826)	(2,691,655)
Deficit - End of Period	\$ (7,267,453)	\$ (3,624,977)	\$ (7,267,453)	\$ (3,624,977)
Loss per Share - Basic and Diluted	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.06)
Weighted Average Number of Shares Outstanding	27,129,390	22,328,055	27,129,390	13,559,567

See Accompanying Notes

Bear Creek Mining Corporation
(An Exploration Stage Company)
Interim Consolidated Statement of Cash Flow
For The Six Months Ended 30 June

Statement 3

U.S. Funds
Unaudited

	For The Three Months Ended 30 June 2004	For The Three Months Ended 30 June 2003	For The Six Months Ended 30 June 2004	For The Six Months Ended 30 June 2003
Operating Activities				
Loss for the period	\$ (559,297)	\$ (476,406)	\$ (1,193,627)	(933,322)
Items not affecting cash:				
Stock compensation	58,400	1,538	164,200	1,538
Amortization included in exploration costs	4,322	2,524	8,636	5,047
Amortization	368	948	745	1,387
	(496,207)	(471,396)	(1,020,046)	(925,350)
Changes in:				
- Accounts receivable	(11,828)	(14,543)	(12,264)	(14,543)
- Prepaid expenses	-	-	8,074	3,887
- Accounts payable	61,423	(420,025)	87,666	(517,817)
- Due to related parties	-	(64,589)	-	(64,589)
Cash used in operating activities	(446,612)	(970,553)	(936,570)	(1,518,412)
Investing Activities				
Purchase of property plant and equipment	-	(45,776)	-	(45,776)
Cash used in investing activities	-	(45,776)	-	(45,776)
Financing Activities				
Share capital issued	-	5,460,091	600	5,460,091
Notes payable	-	-	-	545,074
Cash received from financing activities	-	5,460,091	600	6,005,165
Net Increase (Decrease) in Cash Position				
Cash position - Beginning of period	(446,612)	4,443,762	(935,970)	4,440,977
	2,376,383	42,905	2,865,741	45,690
Cash Position - End of Period	\$ 1,929,771	\$ 4,486,667	\$ 1,929,771	4,486,667

See Accompanying Notes

Bear Creek Mining Corporation
(An Exploration Stage Company)
Interim Consolidated Schedule of Exploration Costs

Schedule

U.S. Funds
 Unaudited

	For The Three Months Ended 30 June 2004	For The Three Months Ended 30 June 2003	For the Six Months Ended 30 June 2004	For the Six Months Ended 30 June 2003
Generative exploration				
Salary	124,738	101,173	247,358	150,823
Travel	41,955	18,930	78,549	35,322
Acquisition/claims fees	26,865	5,128	30,401	5,128
Supplies and general	26,795	15,552	85,184	42,577
Assays	8,869	3,751	19,861	16,442
	229,222	144,534	461,353	250,292
Ataspaca				
Drilling	96,010	-	96,010	-
Salary	10,784	-	10,784	-
Supplies and general	9,907	-	9,907	-
Travel	7,247	-	7,247	-
Assays	5,238	-	5,238	-
Acquisition/claim fees	684	-	684	-
	129,870	-	129,870	-
La Pampa				
Drilling	-	-	44,294	-
Termination costs	-	-	15,000	-
Supplies and general	-	73	12,716	73
Salary	-	23	10,231	23
Travel	-	719	6,232	719
Legal	-	-	5,000	-
Assays and sampling	-	-	4,819	-
Acquisition/claim fees	-	7,444	-	7,444
	-	8,259	98,292	8,259
Niñobamba				
Salary	4,446	-	4,446	-
Travel	639	-	639	-
Assays and sampling	305	-	1,778	-
Supplies and general	-	-	547	-
	5,390	-	7,410	-
Lomo de Camello				
Acquisition/claim fees	60	29,786	21,510	145,022
Salaries	-	-	152	-
	60	29,786	21,662	145,022
Fe y Esperanza				
Legal	-	-	2,342	-
Acquisition/claim fees	-	-	5,363	-
	-	-	7,705	-
Pinaya				
Travel	2,221	-	4,116	-
Supplies and general	1,776	-	2,822	-
Acquisition/claim fees	-	-	33,630	-
Salary	-	-	17,402	-
	3,997	-	57,970	-
Los Osos				
Acquisition/claims fees	29,879	10,854	29,879	10,854
General	1,398	206	1,398	206
	31,277	11,060	31,277	11,060
Other properties	478	206,357	13,239	362,123
Costs for the Period	\$ 400,294	\$ 399,996	\$ 828,778	\$ 776,756

See Accompanying Notes

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

30 June 2004
US Funds
Unaudited

1. Nature of Business

Bear Creek Mining Corporation's ("the Company" or "Company's") 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	2003 Net Book Value
Office equipment	\$ 11,803	\$ 3,668	\$ 8,135	₺ 9,235
Exploration equipment	95,595	44,875	50,720	59,001
	\$ 107,398	\$ 48,543	\$ 58,855	₺ 68,236

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 \$150,540 has been spent. Thereafter, pending the results, the term sheet provides that the parties may enter into a formal agreement.
- b) On 30 July 2003, the Company entered into an agreement with AngloGold Exploracion Peru S.A.C. entitling Bear Creek to earn a majority interest in the Niñobamba Property located in Peru. In order to earn a 60% interest, the Company completed 1,000 meters of drilling by March 2004 and 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

30 June 2004

US Funds

Unaudited

5. Resource Property Costs - Continued

- c) The Company holds a 100% interest in 13,200 hectares of mineral claims (called the Los Osos claims) surrounding Southern Peru Copper Corporation's Los Chancas deposit in the Chancas-Tintaya porphyry copper and skarn belt.
- 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 Lamabayaque, 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 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
	<u>\$</u>	<u>150,000</u>

- 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
	<u>\$</u>	<u>165,000</u>

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	-		164,200
Balance – 30 June 2004	<u>27,129,657</u>	<u>\$</u>	<u>9,161,097</u>

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

30 June 2004

US Funds

Unaudited

6. Share Capital - Continued

b) Share Purchase Options

A summary of the Company's options as at 30 June 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 30 June 2004, the following share purchase warrants were outstanding:

	Number	Price per Share	Expiry Date
Series "A"	1,221,000	US\$0.50	21 April 2005
Series "B"	1,221,000	US\$0.75	21 April 2005
Series "C"	6,000,000	US\$0.75	21 April 2005
	8,442,000		

d) Escrow Shares

As at 30 June 2004, 5,156,216 shares are held in escrow and will be released upon a predetermined time schedule.

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, \$831,200 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

30 June 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, \$138,000 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 30 June 2004 and 2003:

	2004	2003
Management fees paid to the president of the Company	\$ 75,000	\$ 63,000
Management fees paid to an officer of the Company	61,800	61,800
Salary paid to an officer of the Company	15,000	15,000
Salary paid to an officer of the Company	33,960	17,500
Legal fees paid to a firm in which a director is a partner	29,157	-
Accounting fees paid to an officer of the Company	11,320	-
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	9,513	-
	\$ 243,856	\$ 157,300

9. Segmented Information

The Company has one operating segment, which is engaged in 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 \$50,721 of capital assets, which are incurred in Peru.

Bear Creek Mining Corporation
(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

30 June 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.

11. Subsequent Event

Subsequent to the period, the Company granted an employee of the Company options to purchase up to 75,000 common shares of the Company at an exercise price of \$0.50 per share for five years.

**FORM 51-102F1
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR BEAR CREEK MINING CORPORATION**

Our Management's Discussion and Analysis

Introduction

Bear Creek 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 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 mineral deposit discoveries. Current efforts are focused on gold and silver exploration in Peru, although opportunities in adjacent countries and other precious or base metal commodities are also considered, which is compatible with management's history and expertise. 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 second quarter relative to the same period in 2003.

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 and silver. 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 \$229,222 for the second quarter of 2004, consisting of \$124,738 in salaries, \$41,955 in travel and field expenses, \$26,865 in mineral rights acquisition costs, \$8,869 in assays, and \$26,795 in supplies. During the second quarter several new land positions totaling 5,400 hectares were acquired as a result of Bear Creek's generative work. The land positions focus on two districts containing potentially economic silver and copper-gold mineralization. During the second quarter of 2004, expenditures on these properties were included in the Company's Generative Exploration expenses. As these projects become the focus of more detailed work, they will be accounted for separately. Generative Exploration spending for the same period in 2003 was \$144,534, consisting of \$101,173 in salaries, \$15,552 for supplies, \$18,930 for travel and \$3,751 for assays.

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, that was completed in the second quarter of 2004 with 616.6 meters of core in 4 holes that tested multiple targets. Ataspaca project spending for the second quarter 2004 was \$129,870 consisting mostly of drilling of \$96,010, salaries of \$10,784 and assays of \$5,238. There was no Ataspaca project spending for the first quarter of 2003. Completion of the drilling earned the Company a 50% property interest from Southwestern Resources. Management believes that the drill results limit the project's potential to host a shallow ore body and Bear Creek plans no immediate further work.

La Pampa Project

Bear Creek held a right to earn a majority interest in La Pampa, a project located in northern Peru. A drill program consisting of 494 meters of core in 5 holes was completed in early 2004 but failed to extend the mineralization from surface to depth. Due to the low-grade results, Bear Creek elected to cancel its option to acquire La Pampa. No project expenses were incurred for the second quarter 2004 as compared with the second quarter of 2003, when \$8,259 was spent, mostly on acquisition and claim fees. Bear Creek will perform no further work on La Pampa.

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. Project work for the second quarter of 2004 consisted of follow-up geological evaluation, and totaled \$5,390 (as compared with no spending in the second quarter of 2003, since the project was not yet acquired).

Lomo de Camello Project

Bear Creek optioned an interest in the Lomo de Camello project by entering into a land agreement for the southern 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 northern half of the project

was signed simultaneously. During 2003, Bear Creek's efforts focused on underground mapping and sampling on the southern 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 northern claim block, Bear Creek terminated its interests in the Lomo de Camello project in February 2004. Minor legal fees (totalling approximately \$60) to execute the termination of the Lomo de Camello agreement were expensed in the second quarter 2004.

Fe y Esperanza Project

During the quarter ending March 31, 2004, Bear Creek 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. No work was performed and no expenditures were incurred during the 2nd quarter of 2004. No work was performed on Fe y Esperanza during 2003. Work to develop drilling targets will be re-initiated at the appropriate time, pending Chariot/BHP drilling results in the southern half of the target area..

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 June 30, 2004 totaled \$3,997 which include \$2,221 in travel and \$1,776 on field expenses associated with geologic mapping.. No work was performed on Pinaya during 2003. Field work will continue in the remainder 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 13,200 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. During the quarter ending June 30, 2004, \$31,277 were spent on the Los Osos claims, of which \$29,879 were annual claim fees to maintain the claims in good standing. During the quarter ending June 30, 2003, expenditures totaled \$11,060. The increased expenses in the 2nd quarter 2004 are related to increased annual claim payment fees as enacted by the Peruvian government. Further geologic work on these claims is planned for 2004.

Other Properties

During 2003, Bear Creek evaluated the Santa Rosa and Estrella projects, on which no spending was incurred to date in 2004, and none will likely occur in the future. 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. During the second quarter of 2003 a total of \$26,186 was spent, the vast majority of which on property acquisition and claim fees. In mid 2003, Bear Creek completed core drilling on Estrella. Results of the drilling, while indicating a pervasive, anomalously mineralized system, did not meet Bear Creek's initial objective. During the second

quarter of 2004 and the second quarter of 2003, no work was performed on the project. If Bear Creek elects to continue exploring Estrella, future lease payments and work expenditures will be necessary to keep the claims in good standing.

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)
2 nd Quarter 2004	Nil	(559,297)	(0.02)
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)	(0.02)
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)

Three Months Ended 30 June 2004 as compared to the Three Months Ended 30 June 2003

Net Loss and Operating Expenses

For the period, the Company experienced a net loss of \$559,297 compared to a net loss of \$476,406 for the comparative period in 2003, an increase of \$82,891. The loss per share of \$0.02 remained the same for the current and prior period.

Total operating expenses for the period were \$505,497 compared to \$485,202 for the comparative period in 2003, resulting in an increase of \$20,295. Shareholder information expenditures incurred for the dissemination of information to shareholders and investor conferences increased for the comparative period as the Company attended investor conferences in both Canada and the United States in the current period (\$18,776 in 2004 and \$7,812 in 2003). The Company had higher professional fees (\$19,904 compared to \$10,769 for the comparative period) due to the increased costs associated with public reporting. In addition, travel increased from \$463 in 2003 to \$9,539 for the June 30, 2004 period for costs associated with attending investor conferences.

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 \$58,400 was recognized during the three months ended 30 June 2004.

The Company completed its reverse takeover in April 2003. In Bear Creek's June 2003 quarterly financial statements, the Company valued the 8,600,000 common shares issued upon the reverse takeover at \$(537,108) and had a foreign exchange gain of \$142,898 in the statement of operations. At the December 2003 year-end, the Company amended the value of the shares issued on the reverse takeover to \$(386,105), an increase in the value of \$151,003. This increase in value resulted in the Company realizing a foreign exchange loss for the six months ended 30 June 2003 of \$8,105 instead of a gain of \$142,898. For comparative purposes in the results for the six months ended 30 June 2003 foreign exchange has been revised to a loss of \$8,105.

Bear Creek's net interest income for the three months ended 30 June 2004 was \$2,796, as compared to an expense of \$4,353 for the same period ended 30 June 2003. The decrease in interest income was attributable to lower cash balances in accounts due to exploration and administrative costs incurred since the Company's prospectus offering in 2003.

Liquidity and Capital Resources

On 30 June 2004, the Company had 27,129,657 issued shares. The Company's net working capital as at 30 June 2004 was \$1,834,789 compared to a net working capital of \$2,854,235 as at 31 December 2003. The cash balance at 30 June 2004 was \$1,929,771 compared to \$2,865,741 as at 31 December 2003. As at 30 June 2004 current liabilities were \$128,371 compared to \$40,705 as at 31 December 2003.

On 30 June 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 30 June 2004, the Company had 8,442,000 warrants outstanding. If exercised, total proceeds from the exercise of these warrants would be approximately \$6,025,000.

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 six months ended 30 June 2004 was \$9,513, and there was no balance owing to Pacific Rim as at 30 June 2004.

Changes in Accounting Policy

The interim consolidated financial statements for the quarter ended 30 June 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