



**BEAR CREEK**  
MINING CORPORATION

**BEAR CREEK MINING CORPORATION**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Bear Creek Mining Corporation**  
**Management Discussion and Analysis**  
**Year ended December 31, 2024**  
**(United States dollars unless otherwise stated)**

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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 17, 2025. 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 year ended December 31, 2024. These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). 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, 2024, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The functional currency of the Company and its subsidiaries 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, 2024, filed on SEDAR+.

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

Unless otherwise indicated, 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, and has been reviewed and approved by, Donald Mc Iver, Fellow SEG and Fellow Aus IMM. Mr. Mc Iver is Vice President, Exploration and Geology of the Company and is a qualified person ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

## **2024 Highlights**

The year was very busy for Bear Creek with a number of significant challenges overcome and changes made on a variety of fronts. Key milestones for the year 2024 and to the date of this MD&A include:

- For the year ended December 31, 2024 the Company produced 40,220 oz of gold and 217,675 oz of silver from its Mercedes mine (during the year 2023 43,860 oz of gold and 167,019 oz of silver were produced). Gold and silver production in Q4 2024 were 7,937

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oz and 55,804 oz, respectively.

- The Company closed the Restructuring Agreement with Sandstorm Gold Ltd. (“Sandstorm”) on January 22, 2024 which included:
  - Restructuring the Mercedes metal streams, reducing gold deliverables from 600 to 275 ounces per month and silver deliverables from 100% to nil until April 2028 and increasing the cash payments for both to 25% of spot prices. Starting April 2028 100% of silver will be delivered to Restructured Sandstorm Silver Stream;
  - Amending the terms of the \$22.5 million Sandstorm Convertible Debenture entered into on December 16, 2021, and extending its maturity date;
  - Granting a 1% net smelter return (“NSR”) royalty on the Corani asset; and
  - Issuing share consideration to Sandstorm.
  - Final approval from the TSX Venture Exchange (“TSX-V”) received on April 30, 2024.
- The Company appointed Zoya Shashkova as a CFO and Donald Mc Iver as Vice President, Exploration and Geology.
- The Company recorded a non-cash impairment charge of \$27.2 million as at December 31, 2024.
- Subsequent to the year-end the Company announces updated estimates of Mineral Resources and Mineral Reserves for the Mercedes Mine and filed the related Technical Report.
- Further, subsequent to the year-end the Company completed a brokered private placement and a bought deal financing totaling \$10 million (C\$14.5 million).
- Also, subsequent to the year-end the Company announced the amending agreements with each of Sandstorm and Equinox to temporarily defer the payment of interest under certain outstanding debt arrangements from February through November 2025 to December of 2025. Debt amendments have been approved by the TSX-V on April 10, 2025.
- The Company also announced its intention to issue a secured promissory note to a wholly owned subsidiary of Sandstorm (the “2025 Sandstorm Note”) in the principal amount of up to US\$6.5 million, with Sandstorm committing up to US\$600,000 per month of credit to the Company for working capital purposes. The Company anticipates that the 2025 Sandstorm Note will be issued on substantially similar terms as the Sandstorm Promissory Note.
- Subsequent to the year-end the Company’s Board of Directors has initiated a strategic review process (“Strategic Review”) to explore and evaluate the strategic and financial options available to the Company with the ultimate view of enhancing value. Mr. Christian Milau has been engaged as a strategic advisor to the Board to assist with oversight of the Strategic Review. At the date of this MD&A an estimate of the financial effect of such Strategic Review on the Company’s 2024 financial statements cannot be made.
- Finally, subsequent to the year-end, the Company announced the retirements of Mr.

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Andrew Swarthout and Ms. Sandra Daycock from the Board and appointed Peter C. Mitchell and Ian Grundy to the Company's Board.

**Operations**

*Mercedes Mine*

The 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 fully mechanized, ramp-access underground mine with six active underground mining areas: Marianas, San Martin, Lupita, Diluvio, Barrancas, Rey de Oro main and Rey de Oro Alta ore bodies. Ore is hauled to and stockpiled on the surface near individual portals. Ore from the mining areas is subsequently hauled to a common stockpile area near the jaw crusher.

The ore processing at the Mercedes mine 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 during the year averaged 95% for gold and 43% for silver. Tailings undergo cyanide detoxification before deposition or being used as backfill in the mine.

Operation Highlights

	<b>Three Months Ended December 31, 2024</b>	Three Months Ended December 31, 2023	<b>Year Ended December 31, 2024</b>	Year Ended December 31, 2023
Ore tonnes mined – kt	95	118	399	497
Tonnes milled – kt	93	136	401	522
Average gold grade mined – g/t	2.86	3.26	3.35	2.93
Average gold grade milled – g/t	2.79	3.30	3.30	2.77
Average silver grade mined - g/t	36.39	37.22	39.05	32.96
Average silver grade milled - g/t	38.89	34.59	38.79	31.03
Recovery rate gold - %	95%	94%	95%	95%
Recovery rate silver - %	47%	33%	43%	32%
Production:				
Gold oz	<b>7,937</b>	13,478	<b>40,220</b>	43,860
Silver oz	<b>55,803</b>	52,144	<b>217,676</b>	167,019
Development - meters	3,090	2,883	10,464	7,071

The Mercedes mine had one lost time incident ("LTI") and no reportable environmental incidents during the three months and year ended December 31, 2024.

Mercedes' production in Q4 2024 is comprised of material from four main deposits: San Martín,

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Marianas, Diluvio and Lupita. A total of 95,204 tonnes of ore was mined during the quarter (Q4 2023: 118,124 tonnes ore mined). For the year ended December 31, 2024 a total of 398,552 tonnes of ore were mined (2023: 496,740 tonnes ore mined). The reduced ore throughput in Q4 2024, as compared with previous periods, is primarily a result of challenges experienced during the quarter related to the transition from mining at the San Martin deposit to the Marianas deposit where narrow vein mining equipment and techniques are required in order to reduce dilution. The average gold grade mined during the fourth quarter was lower at 2.86 g/t compared with the prior period (Q4 2023: 3.26 g/t), and the average silver grade mined also decreased to 36.39 g/t (Q4 2023: 37.22g/t). The gold grade mined during the year ended December 31, 2024 of 3.35 g/t was higher than the average grade for the comparable period of 2023 (2023: 2.93 g/t) as production during the year was primarily garnered from the San Martin deposit. The silver grade mined during the year ended December 31, 2024 improved, at 39.05 g/t compared with the prior period (2023: 32.96 g/t). During the 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 has been the largest contributor of production from Mercedes during the year ended December 31, 2024 and will be transitioning to pillar recovery (the extraction of previously left-behind pillars of ore that were initially used to support the roof and prevent collapse) in 2025.

As reported previously, at the Marianas deposit a new lateral ramp in substantially more stable rock, with three infill drill stations, was completed during the year. During the quarter, production from the Marianas deposit continued. Portal access to the Rey de Oro Alta deposit was also initiated during the year. Marianas and Rey de Oro Alta are expected to contribute ore in 2025, Marianas throughout 2025 and Ray de Oro Alta in the later part of the year as equipment cycles out of depleted mines.

During the quarter ended December 31, 2024, the plant processed 93,170 tonnes of ore (Q4 2023: 135,918 tonnes) with an average gold grade milled of 2.79 g/t (Q4 2023: 3.30 g/t) and silver grade milled of 38.89 g/t (Q4 2023: 34.59 g/t). Gold recovery of 95% in the quarter increased as compared with Q4 2023 of 94%. The silver recovery of 47% during the quarter also increased as compared with 33% in Q4 2023. Significantly lower tonnes processed resulted in production of 7,937 ounces of gold during the fourth quarter of 2024 (Q4 2023: 13,478 ounces). Silver production was higher in the fourth quarter of 2024 with 55,803 ounces of silver produced vs 52,144 ounces produced in Q4 2023 due to higher recoveries. Silver recovery in 2024 has shown a marked improvement as compared with 2023.

During the year ended December 31, 2024, the plant processed 400,711 tonnes of ore (2023: 522,057 tonnes) with an average gold grade of 3.30 g/t (2023: 2.77 g/t) and average silver grade of 38.79 g/t (2023: 31.03 g/t). Gold recovery in 2024 was consistent at 95% (2023: 95%), whereas silver recoveries of 43% in 2024 increased from 32% during the year 2023. As a result, 40,220 oz of gold and 217,675 ounces of silver were produced during the twelve-month period of 2024 (2023: 43,860 oz of gold and 167,019 oz of silver).

Management continues to focus on first principles both in operations and contractor management and controls. First principles in mining include ground control management plans for all mines with prescribed fortification, proper ventilation raises, first, in San Martin, which witnessed an increase in ore extraction rates. The management team has finalized ventilation designs for the Marianas deposit and the installation of a ventilation raise is expected to be completed during the second quarter of 2025. Cost control initiatives, including contracts that help to replace aged

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machinery with equipment that is right sized for the extraction and exploitation of the Marianas ore body, are continuing in an effort to further optimize and improve Mercedes' production results. During the year, a new haulage contract, that consolidated both surface and underground operations with one contractor, has been executed. The management team finalized the review and selected one primary mining contractor that will be supplying equipment suitable for narrow vein mining both in Marianas and Rey de Oro Alta deposits through 2025.

The focus on mine development continued with 3,090 meters of development occurring during the fourth quarter and 10,464 development meters completed during the year 2024 (compared with 2,883 and 7,071 meters developed during Q4 and the year ended December 31, 2023, respectively).

The Company continued advancing the development of the Rey de Oro, Gap and Barrancas deposits. Subsequent to the year-end the Rey de Oro deposit has been put on standby to use the equipment in Marianas to accelerate efforts in exposing multiple headings whereas Barrancas and Gap deposits are expected to begin to contribute to production of ore in 2025.

Tailings Storage Facility 3 ("TSF3") planning continues as the Company waits for permit approval, which has experienced delays as a result of implementation of Mexico's new mining law announced in 2023. The land use change permit was issued in Q1 2024, and the application was filed with the Environmental Authority. Current operations are consuming the tailings with the use of low strength paste backfill to consolidate older mine workings. Concurrently the mine is using a third-party engineering firm to develop a dry stack tailings option and is in the initial stages of design for a dry stack tailings permit application in Q1 2025.

**Operating Costs**

	<b>Three Months Ended December 31, 2024 (000'\$)</b>	<b>Three Months Ended December 31, 2023 (000'\$)</b>	<b>Year Ended December 31, 2024 (000'\$)</b>	<b>Year Ended December 31, 2023 (000'\$)</b>
Labour	3,739	2,798	18,542	15,119
Operating Materials	3,850	4,936	13,893	17,561
Maintenance Materials	1,042	1,517	3,538	5,715
Power	1,249	1,702	5,683	6,719
Operating Contractors	10,581	6,858	29,312	21,927
General Expenses	1,035	886	4,371	3,710
Stockpile / FG / WIP Adjustments	(526)	154	(787)	67
Other Items	228	270	833	884
<b>Total Cost</b>	<b>21,198</b>	<b>19,123</b>	<b>75,384</b>	<b>71,702</b>
Less: Costs Capitalized as Mine Development Expenditures	(4,473)	(3,961)	(12,534)	(11,877)
<b>Total Operating Costs Net of Capitalized Items <sup>(1)</sup></b>	<b>16,725</b>	<b>15,162</b>	<b>62,850</b>	<b>59,825</b>

<sup>1)</sup> Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 26.

During the fourth quarter of 2024, labour costs increased by 34% (\$0.9 million) as compared to

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Q4 2023; mainly due to the calculation of the workers profit share provision of \$0.4 million. In 2023 no provision was calculated as there was no taxable profit. Year-on-year labour costs also increased as a result of the new Union Agreement negotiations completed earlier in the year, and severance payments due to restructuring of the Mercedes mine workforce which was largely completed before the year-end.

Operating and maintenance material costs decreased by \$1.6 million and \$5.8 million for the quarter and year ended December 31, 2024, respectively, compared to the quarter and year ended December 31, 2023. The decrease in costs for the quarter and the year is primarily attributed to the ongoing transition in mining methods and contractors involvement.

Energy consumption for Q4 and the year 2024 decreased by 27% (\$0.4 million) and 15% (\$1.0 million), due to less tonnes processed through the plant. Contractor costs for the fourth quarter and the whole year 2024 increased by 54% (\$3.7 million) and 34% (\$7.4 million), respectively, due to the engagement of additional mining contractor services focused on accelerating mine development and reducing dilution.

The following table reconciles the mining cost to the Total Operating Costs, Net of Capitalized Items, for the three months and the year ended December 31, 2024.

	<b>Three Months Ended December 31, 2024 (000'\$)</b>	Three Months Ended December 31, 2023 (000'\$)	<b>Year Ended December 31, 2024 (000'\$)</b>	Year Ended December 31, 2023 (000'\$)
Mining Cost	11,908	9,613	41,362	37,629
Plant	2,733	3,718	11,381	13,359
G&A	1,922	1,512	7,695	6,385
Overhead	526	(42)	2,534	1,686
Refining Charge	160	207	666	699
MIC Adjustment	(148)	133	(260)	10
Stockpile Adjustment	(377)	21	(527)	57
<b>Total Operating Costs, Net of Capitalized Items</b> (1)	<b>16,725</b>	<b>15,162</b>	<b>62,850</b>	<b>59,825</b>

<sup>1)</sup> Total Operating Costs, net of Capitalized Items, is a Non-GAAP measure and is reconciled to production costs on page 27.

### Exploration and Resource Conversion

The Company continued with a Mineral Resource delineation infill drilling program with a particular focus on Marianas, but also in the Diluvio West and Barrancas deposits. Results from this drilling were required to increase confidence in the Mineral Resource classification categories to reduce risk during Mineral Reserve conversion and subsequent mine planning stages.

The 2024 mine brownfields resource extension exploration drilling program continued during the fourth quarter finalizing the Diluvio Northwest and Lagunas West surface drilling programs. Underground Mineral Resource delineation and/or conversion drilling was completed in Marianas, Barrancas and Diluvio. Exploration drilling expenditures in Q4 2024 were \$0.5 million, whilst

mineral resource delineation and/or conversion drilling expenditures were \$1.3 million during the quarter.

#### Resources and Reserves Update for the Mercedes Mine

As announced subsequent to the year end, upgraded geological and Mineral Resource block models have been finalized for all Mercedes deposits. The block models were prepared for application during 2024 update on the Mineral Resource estimate and subsequent Reserve conversion, applying upgraded modifying factors, increased gold & silver prices for use in mine planning and updated operational and mining costs.

Mineral Reserves and Mineral Resources at Mercedes have decreased since last calculated as of December 31, 2021 due to production depletion in several deposit areas, increased operating costs, higher dilution, and inaccessible regions within the mine. The 2024 estimates are supported by an updated Technical Report for the Mercedes Mine filed subsequent to the year-end.

In connection with the updated Mineral Resource estimate, the Company concluded that impairment indicators existed as of December 31, 2024, necessitating the assessment of the recoverable amount of the Mercedes Mine. Following this assessment, a non-cash impairment charge of \$27.2 million on the Company's property and equipment was recognized as of December 31, 2024.

The 2024 Mineral Resource estimates at current operational costs indicate that the Mercedes Mine life has the potential to be extended once steps to decrease operational costs take effect. Recent brownfield and greenfield exploration targeting efforts that are based on the 2024 geological studies support the Company's belief that the Mercedes property portfolio has substantial opportunity for the discovery of additional economically extractable mineralization.

During the year the Company has commenced an exploration program to identify, explore and delineate new precious metal prospects, with the goal of discovering potentially economic Mineral Resource extensions proximal to Mercedes' current operations. A follow-on phase of work over the remainder of the 69,284 ha of Bear Creek concessions, will focus on upgrading the Company's existing geological understanding of the controls on mineralization, with a view to discover new key mineralized systems on the Company property. This holistic program will integrate work based on the collective results of field work, ground-based geochemistry and geological observations in combination with results from an integrated high tech significantly enhanced aeromagnetic reinterpretation of previous information obtained from prior studies flown over the properties in 2009 and 2013. Additionally, discussions amongst our team of geologists with specialized geological consultants have helped to unravel the complex structural environment of precious metal deposition at Mercedes and this expanded understanding will help to guide ongoing exploration efforts. Several new prospective mineralized structures have already been identified including a displaced, sub-parallel structure to the primary Mercedes-Marianas vein-system.

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Sandstorm Restructuring Agreement

On January 22, 2024, the Company closed the Restructuring Agreement with Sandstorm Gold and subsidiaries (“Sandstorm”) for streams and debt amendments which came into effect on January 1, 2024. The total consideration issued to Sandstorm for the Restructuring Agreement was estimated to be \$20.3 million, that, as at January 22, 2024, comprised of:

- Common shares issued (28,767,399 common shares) with a fair value of \$4.1 million.
- A 1.0 % net smelter returns royalty on the Company’s Corani Project with a fair value of \$12.0 million.
- The Company increased the principal amount of the Sandstorm Promissory Note by \$4.2 million as additional consideration.

The Company evaluated the terms of the Restructuring Agreement and determined that it represented a substantial modification to the existing stream and debt agreements and has accounted for the Restructuring Agreement as an extinguishment of the existing agreements and the issuance of new stream and debt agreements. The Company estimated fair values of the contractual stream obligations, the convertible notes including the embedded derivatives, the additional share consideration and of the Corani NSR. The Company recognized a loss on the debt restructuring of \$8.3 million as at January 22, 2024, comprised of the following:

Component	Book Value at extinguishment	Revised Fair Value	(Gain) / Loss on restructuring
Debt component of amended Convertible Debenture and Promissory Note	\$34.1 million	\$41.0 million	\$6.9 million
Conversion option embedded derivative	\$0.1 million	\$0.6 million	\$0.5 million
Restructured Gold Stream	\$21.7 million (previously deferred revenue)	\$17.3 million	(\$4.4 million)
Restructured Silver Stream	\$12.7 million	\$1.9 million	(\$10.8 million)
Corani 1% NSR Royalty <sup>1</sup>	\$Nil	\$12.0 million	\$12.0 million
Common shares issued	\$Nil	\$4.1 million	\$4.1 million
<b>Total (Gain) / Loss on debt restructuring</b>			<b>\$8.3 million</b>

The Company and Sandstorm have also signed the Cross Default Agreement, providing that, if any event of default occurs under any of the Transaction Documents, any or all outstanding obligations become immediately due and payable, all security agreements, charges, pledges, or guarantees shall become immediately enforceable and enforcements proceedings will commence. The

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“Transaction Documents” defined as, collectively, the Sandstorm Stream Agreement, the Sandstorm Convertible Debenture, the Nomad Stream Agreement, and the Sandstorm Promissory Note.

**NSR royalty for Corani**

The fair value of the NSR royalty for Corani was determined using comparable market transactions, and the mineral resource estimate for Corani was prepared by third-party qualified persons.

The fair value of the NSR royalty was estimated at \$12.0 million. Management has accounted for the consideration given as a reduction to the carrying value of the Corani mineral interest.

**Stream Arrangements**

*Sandstorm Gold Stream and Restructured Gold Stream*

On April 21, 2022, Sandstorm Gold Ltd. (“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 January 22, 2024, pursuant to the Sandstorm Restructuring Agreement and effective January 1, 2024, the Company reduced its refined gold delivery obligation to Sandstorm from 600 ounces per month to 275 ounces per month, until the last delivery under this agreement is made in April 2028. The Company now receives cash payment equal to 25% (previously 7.5%) of the London Bullion Market Association’s PM fix for the day before the delivery date. Prior to the extinguishment of this historical agreement, the gold stream was accounted for as deferred revenue. As of January 22, 2024, the revised gold stream is accounted for at fair value through profit and loss and remeasured each reporting period.

The following inputs were used to determine the fair value of the Restructured Sandstorm Gold Stream as at December 31, 2024 and January 22, 2024. To estimate the value of the Gold Stream, the Company used a discounted cash flow model using the reserves at the Mercedes Mine and an allocated portion of indicated and inferred resources. The following key assumptions were applied:

	<b>December 31, 2024</b>	<b>January 22, 2024</b>
Estimated life of Mercedes mine	8.4 years	8 years
Forward gold price range	\$2,392 – \$3,133	\$1,952 – \$2,393
Discount rate	11.9%	11.7%

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The Restructured Gold Stream continuity is as follows:

	<b>Total (000'S)</b>
<b>Balance – January 1, 2023</b>	-
<b>Balance – December 31, 2023</b>	-
Reclassification from Deferred Revenue	21,709
Gain on Restructuring Agreement	(4,359)
<b>Balance – January 22, 2024</b>	<b>17,350</b>
Gold stream deliveries	(5,877)
Debt issue costs	(28)
Change in fair value	6,883
<b>Balance – December 31, 2024</b>	<b>18,328</b>
Less: current portion	(8,580)
Non-Current Portion	9,748

During the year ended December 31, 2024, the Company delivered 3,300 ounces (December 31, 2023 – nil) of refined gold to Sandstorm under the Restructured Gold Stream and recognized total sales revenue of \$7.8 million (December 31, 2023 – \$nil), including the 25% cash sales.

*Nomad Silver Stream and Restructured 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 \$3.8 million ounces are delivered, after which 30% of Mercedes’ silver production was deliverable to Nomad. The Company was paid 20% of the LBMA’s silver fix for the day before delivery.

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 was \$12.7 million.

On January 22, 2024, the Company restructured the Nomad Silver Stream and effective January 1, 2024, the Restructured Silver Stream deliveries were fully suspended until April 2028. After April 2028, the Company is expected to resume 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. The Restructured Silver Stream continues to be a financial liability recorded at fair value through profit or loss.

The following inputs were used to determine the fair value of the Restructured Silver Stream as at December 31, 2024, and January 22, 2024. The Company used a discounted cash flow model using the reserves at the Mercedes Mine and an allocated portion of indicated and inferred resources to value the Restructured Silver Stream. The following key assumptions were applied:

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	<b>December 31, 2024</b>	<b>January 22, 2024</b>
Estimated life of Mercedes mine	8.4 years	8 years
Forward silver price range	\$29.9 - \$33.7	\$22.6 - \$24.0
Discount rate	11.8%	11.7%

For the year ended December 31, 2024, the Company, in accordance with the Restructuring Agreement made no deliveries (December 31, 2023 – 291,792 ounces) of silver as part of this stream and recorded revenue of \$nil (December 31, 2023 - \$6.9 million).

The Company's Restructured Silver Stream continuity is as follows:

	<b>Total (000'\$)</b>
<b>Balance – January 1, 2023</b>	<b>15,592</b>
Silver stream delivery	(5,485)
Change in fair value	2,556
<b>Balance – December 31, 2023</b>	<b>12,663</b>
Gain on Restructuring Agreement	(10,819)
<b>Balance – January 22, 2024</b>	<b>1,844</b>
Debt issue costs	(4)
Change in fair value	3,390
<b>Balance – December 31, 2024</b>	<b>5,230</b>
Less: current portion	-
Non-Current Portion	5,230

## **Exploration 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 thirteen mineral concessions forming a contiguous block covering approximately 5,480 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.

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*2019 NI 43-101 Technical Report Highlights*

	2019 Report <sup>(1) (2)</sup>
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

<sup>(1)</sup> 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.

<sup>(2)</sup> The 2019 Report does not include the effects of the Net Smelter Returns Royalty Agreement between Sandstorm and the Company. Under the Restructuring Agreement, the Company agreed to pay Sandstorm a 1.0% net smelter returns royalty on and over the Corani project which has been valued at \$12.0 million.

## 2024 Activities

During the year ended December 31, 2024 the Company initiated an assessment of potential development opportunities at Corani which could enhance life of mine silver production, improve already robust economic returns and meaningfully lower capital intensity prior to first production. The assessment cost \$1 million in 2024 and covered the silver resource and recoverability potential of near-surface silver-rich oxidized material (the “Oxides”) that occurs within the East, Main and Minas deposits at Corani. Under a revised development plan, the Oxides could be mined as a first phase of production for the proposed Corani open pit mine, followed by the development and extraction of silver-lead-zinc sulphide resources as outlined in the most recent Technical Report (as defined in National Instrument 43-101) for Corani (the “2019 Corani Report” or the “Sulfide Plan”). The combined development plan will be summarized in a new preliminary economic assessment (“PEA”) which Bear Creek expects to announce the results of in the second quarter of 2025.

## Social and Environmental

The main activities at the Corani Project site centered around the maintenance and monitoring environment of the camp and the future areas of our mining operations and to comply with the requirements of the Environmental Social Impact Assessment (ESIA).

The Company maintains and continues 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 September 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/28 million (\$8.2 million) under the terms of the LOM

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Agreement.

These future obligations were recorded as a liability in June 2018 for a total amount of \$11.2 million. As of December 31, 2024, the liability has a remaining balance of \$8.9 million. Cessation or interruptions of operations will cause pro-rata decreases in the applicable 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.

## Outlook

The Company continues to investigate financing alternatives to fund the development of Corani. In the meantime, the Company contributes to maintaining roads from the Interoceanic Highway through Tantamaco, Huiquisa, and Corani communities. Continuing support is provided to the authorities to complete the transmission lines, connection and commissioning of the Antapata substation to allow for provision of needed power to the local communities.

## Corani Expenditures

During the three months and year ended December 31, 2024, the Company incurred expenses of \$1.7 million and \$6.7 million on the Corani Project. The details of the expenses incurred are as follows:

<b>Corani Engineering and Evaluation Costs:</b>	<b>Three Months Ended December 31</b>		<b>Year Ended December 31</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>(000'\$)</b>	(000'\$)	<b>(000'\$)</b>	(000'\$)
Community contributions	<b>214</b>	297	<b>1,205</b>	1,222
Drilling, sampling	<b>(38)</b>	186	<b>21</b>	767
Detailed engineering	<b>429</b>	83	<b>702</b>	147
Environmental	<b>48</b>	72	<b>238</b>	307
Salaries and consulting <sup>(1)</sup>	<b>582</b>	853	<b>2,803</b>	3,256
Camp, supplies, and logistics	<b>442</b>	461	<b>1,750</b>	1,615
Travel & Other	<b>12</b>	39	<b>121</b>	153
Recovery of costs	-	-	<b>(95)</b>	(95)
<b>Total Costs</b>	<b>1,689</b>	1,991	<b>6,745</b>	7,372

<sup>(1)</sup> Prior year information has been reclassified to conform to current year presentation

## 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, 2024, the Company has recovered a total of S/12.1 million of

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Corani related IGV, equivalent to approximately \$3.3 million.

IGV expense of \$0.5 million represents the IGV paid during the year ended December 31, 2024. IGV is denominated in Peruvian Soles. Net of recoveries, the cumulative amount of IGV paid by the Company as of December 31, 2024, is \$15.8 million (\$/59.4million). Of this amount, \$4.2 million is attributable to Bear Creek Mining S.A.C., of which \$0.2 million is available for expedited recovery as at December 31, 2024. 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.

***Other Exploration Projects***

The Company has interests in several other non-material properties in Mexico and Peru and while it maintains a core exploration staff to manage its exploration initiatives, it has reduced exploration activities on all but the Mercedes project in order to preserve cash.

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**Results of Operations**

*Three months ended December 31, 2024, as compared to the three months ended December 31, 2023*

For the three months ended December 31, 2024, the Company recorded a net loss of \$31.3 million, primarily driven by a one time impairment loss of \$27.2 million (discussed below) as compared to the net loss of \$9.9 million for the same period of 2023. The Company's net loss per share for the three months ended December 31, 2024, was \$0.14 compared to \$0.04 for the same period in 2023.

	<b>Three Months Ended December 31</b>		
	<b>2024</b>	2023	<b>Difference</b>
	<b>(000'\$)</b>	(000'\$)	<b>(000'\$)</b>
<b>Revenue</b>	24,384	26,173	(1,789)
Production costs	(18,134)	(15,967)	(2,167)
Depletion amortization and depreciation	(9,764)	(11,119)	1,355
<b>Gross profit (loss)</b>	<b>(3,514)</b>	<b>(913)</b>	<b>(2,601)</b>
<b>Operating Expenses</b>			
Corani engineering and evaluation costs	(1,689)	(1,991)	302
Share-based compensation	(172)	(237)	65
Wages and management salaries <sup>(1)</sup>	(584)	(214)	(370)
Exploration and evaluation costs	(884)	(331)	(553)
Professional and advisory fees	(536)	(661)	125
General administrative expenses	(808)	(422)	(386)
Impairment of Property, Plant and Equipment	(27,196)	-	(27,196)
<b>Loss before other items</b>	<b>(35,383)</b>	<b>(4,769)</b>	<b>(30,614)</b>
Foreign exchange gain (loss)	64	(1,332)	1,396
Interest and accretion expense	374	(3,094)	3,468
Gain (loss) on valuation of embedded derivative	4,486	545	3,941
Gain (loss) on valuation of warrant liability	969	638	331
Change in fair value of stream arrangements	(2,372)	(1,076)	(1,296)
Other income (expense)	269	(444)	713
<b>Loss and comprehensive loss before tax</b>	<b>(31,593)</b>	<b>(9,532)</b>	<b>(22,061)</b>
Income tax recovery (expense)	250	(402)	652
<b>Loss and comprehensive loss</b>	<b>(31,343)</b>	<b>(9,934)</b>	<b>(21,409)</b>
<b>Loss per share</b>	<b>(0.14)</b>	<b>(0.04)</b>	

<sup>(1)</sup> Prior year information has been reclassified to conform to current year presentation

During the three months ended December 31, 2024, the Company had revenues of \$24.4 million compared to \$26.2 million for the same period in 2023. During the three months ended December 31, 2024, the Company sold a total of 8,395 gold ounces at an average price of \$2,663/oz (Q4 2023 – 12,781 gold ounces at an average price of \$1,986/oz).

Production cost of sales was \$18.1 million in Q4 2024 compared to \$16 million in Q4 2023. As discussed earlier in this MD&A, increased contractors and labor costs related to the workforce restructuring and transitioning to narrow vein mining techniques, are the primary reasons for the

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higher production costs in Q4 2024 as compared to the same period in 2023. Lower revenue and higher costs in the fourth quarter ended December 31, 2024, resulted in higher gross loss from Mercedes' operations (\$3.5 million during the three months ended December 31, 2024 compared to a loss of \$0.9 million for the same period in 2023).

During the quarter ended December 31, 2024, spending on the Corani property was \$1.7 million, a slight decrease from \$2.0 million incurred during the three months ended December 31, 2023, primarily due to decreased drilling costs. All other Corani related costs were comparable.

During the three months ended December 31, 2024, exploration costs which primarily include exploration at Mercedes was \$0.9 million, an increase from \$0.3 million incurred during the fourth quarter of 2023, due to increased exploration activities at Mercedes. General and administration costs in Q4 2024 of \$0.8 million were higher compared to \$0.4 million in Q4 2023 due to the reversal of the \$0.5 million of accrued profit share and severances in 2023. Professional costs decreased slightly in Q4 2024 by \$0.1 million when compared to Q4 2023. The Company's other operating costs were comparable.

During the three months ended December 31, 2024, the Company had a foreign exchange gain of \$0.1 million, compared to a loss of \$1.3 million during the three months ended December 31, 2023. Interest and accretion expense decreased by \$3.5 million during Q4 2024 compared to Q4 2023, primarily due to the reversal of the prior year inflation adjustment on the ARO liability that was no longer required due to the updated mine closure plan issued for Mercedes in Q4 2024.

The Company measures the embedded derivative liability portion of its convertible debentures and notes payable at each period end and estimates a gain of \$4.5 million for the three months ended December 31, 2024 (Q4 2023 – gain of \$0.5 million) presented as a change in fair value of the derivatives embedded into the Equinox Note and Sandstorm loans. The major factor impacting this loss was the change in share price of the Company during the quarter.

The Company fair values the warrant liability associated with financing in Q4 2023 and recorded a gain of \$1.0 million (Q4 2023 – gain of \$0.6 million) due primarily to the fluctuations in the Company's share price.

As a part of the Sandstorm Restructuring Agreement on January 22, 2024, the Company derecognized deferred revenue associated with the Sandstorm Gold Purchase Agreement and recognized a gold and silver stream liability by estimating the fair value of these obligations in accordance with their amended terms. The change in fair value of the Company's stream arrangements for the three months ended December 31, 2024 resulted in a loss of \$2.4 million (as compared with \$1.1 million loss in Q4 2023) is primarily due to increases in metals prices, remaining deliveries and discount rates utilized.

During the three months ended December 31, 2024, the Company recorded income tax recovery of \$0.2 million (Q4 2023 – expense of \$0.4 million). The change is driven by the Mercedes deferred tax income recovery.

During the quarter ended December 31, 2024, the Company reviewed impairment indicators for the Mercedes Mine. The review included consideration of significant changes in both external and internal sources of information. In particular, the decreased Mineral Resources and Mineral

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Reserves, higher operating costs and transition to the contract mining to control dilution mandated the calculations of the recoverable amount of the Mercedes Mine. The recoverable amount of the Mercedes Mine was calculated as the Mine's fair value less costs of disposal and compared against the carrying amount of the Mine. As a result, a non-cash impairment loss of \$27.2 million was recognized as of December 31, 2024.

The increase in comprehensive loss of \$21.4 million in Q4 2024 as compared to Q4 2023 was primarily due to the \$27.2 million of impairment loss offset by lower interest and accretion expense, change in fair value of embedded derivative and valuation in warrant liability.

***Year ended December 31, 2024, as compared to the year ended December 31, 2023***

For the year ended December 31, 2024, the Company recorded a net loss of \$66.8 million, primarily driven by a one time impairment charge of \$27.2 million (discussed below) as compared to the net loss of \$39.0 million for the same period of 2023. The Company's net loss per share for the year ended December 31, 2024, was \$0.30 compared to \$0.23 for the same period in 2023.

	<b>Year Ended December 31</b>		
	<b>2024</b>	2023	<b>Difference</b>
	<b>(000'\$)</b>	(000'\$)	<b>(000'\$)</b>
<b>Revenue</b>	103,738	89,148	14,590
Production costs	(67,299)	(59,302)	(7,997)
Depletion amortization and depreciation	(33,292)	(42,105)	8,813
<b>Gross profit (loss)</b>	<b>3,147</b>	<b>(12,259)</b>	<b>15,406</b>
<b>Operating Expenses</b>			
Corani engineering and evaluation costs	(6,745)	(7,372)	627
Share-based compensation	(493)	(950)	457
Wages and management salaries <sup>(1)</sup>	(2,324)	(1,235)	(1,089)
Exploration and evaluation costs	(5,098)	(2,612)	(2,486)
Professional and advisory fees	(1,552)	(1,363)	(189)
General administrative expenses	(3,410)	(2,972)	(438)
Impairment of Property, Plant and Equipment	(27,196)	-	(27,196)
<b>Loss before other items</b>	<b>(43,671)</b>	<b>(28,763)</b>	<b>(14,908)</b>
Foreign exchange gain (loss)	2,302	(3,159)	5,461
Interest and accretion expense	(5,083)	(9,199)	4,116
Gain (loss) on valuation of embedded derivative	(222)	3,863	(4,085)
Gain (loss) on valuation of warrant liability	(940)	638	(1,578)
Change in fair value of stream arrangements	(10,272)	(3,091)	(7,181)
Loss on debt restructuring	(8,289)	-	(8,289)
Other income (expense)	225	(639)	864
<b>Loss and comprehensive loss before tax</b>	<b>(65,950)</b>	<b>(40,350)</b>	<b>(25,600)</b>
Income tax recovery (expense)	(869)	1,370	(2,239)
<b>Loss and comprehensive loss</b>	<b>(66,819)</b>	<b>(38,980)</b>	<b>(27,839)</b>
<b>Loss per share</b>	<b>(0.30)</b>	<b>(0.23)</b>	

<sup>(1)</sup> Prior year information has been reclassified to conform to current year presentation

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During the year ended December 31, 2024, the Company had revenues of \$103.7 million compared to \$89.1 million in the same period for 2023. The Company sold a total of 41,426 gold ounces at an average price of \$2,347/oz during the twelve months ended December 31, 2024 (2023 – 43,403 gold ounces at an average price of \$1,960/oz).

Production cost of sales was \$67.3 million in 2024 compared to \$59.3 million in 2023, primarily due to the increase in mining contractors' and labour costs. The gross profit from Mercedes' operations was \$3.1 million during the year ended December 31, 2024, compared to a gross loss from operations of \$12.3 million in 2023.

During the year ended December 31, 2024, spending on the Corani property was \$6.7 million, which is a decrease of \$0.6 million as compared with \$7.3 million incurred during the year of 2023.

Exploration costs, including maintaining the Company's Peruvian property interests and further exploration at Mercedes, was \$5.1 million (2023 - \$2.6 million) due to increased exploration activities at Mercedes. Wages and management salaries increased by \$1.1 million for the year ended December 31, 2024, as compared with 2023, due to the compensation paid to the outgoing CFO and hiring of some key managerial roles. Professional fees increased slightly in 2024 by \$0.2 million when compared to 2023 due to tax and legal compliance-related costs associated with debt restructuring and general corporate matters. The Company's other operating costs were comparable.

During the year ended December 31, 2024, the Company reviewed impairment indicators for the Mercedes Mine. The review included consideration of significant changes in both external and internal sources of information. In particular, the decreased Mineral Resources and Mineral Reserves, higher operating costs and transition to the contract mining to control dilution mandated the calculations of the recoverable amount of the Mercedes Mine. The recoverable amount of the Mercedes Mine was calculated as the Mine's fair value less costs of disposal and compared against the carrying amount of the Mine. As a result, a non-cash impairment loss of \$27.2 million was recognized as of December 31, 2024.

During the year ended December 31, 2024, the Company had a foreign exchange gain of \$2.3 million, compared to a loss of \$3.2 million during the year ended December 31, 2023. The foreign exchange gain recognized by the Company is primarily a function of the depreciation of the Mexican Peso denominated payables compared to the US dollar in 2024, as well as the FX impact on the asset retirement obligation. Interest and accretion expense decreased by \$4.1 million during the year compared to 2023, due to the decreased interest rate resulting from the Sandstorm Restructuring Agreement and the reversal of the prior-year inflation adjustment.

The Company measures the embedded derivative liability portion of its convertible debentures and notes payable at each period end and estimated a loss of \$0.2 million for the year ended December 31, 2024 (2023 – gain of \$3.9 million) presented as a change in fair value of the derivatives embedded into the Equinox Note and Sandstorm Loans. The major factor impacting this loss was the change in the Company's share price during the year.

The Company fair values the warrant liability associated with the financing completed during the fourth quarter of 2023 and recorded a loss of \$0.9 million (2023 – gain of \$0.6 million) primarily

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due to the fluctuations in the Company's share price.

As a part of the debt restructuring, the Company derecognized deferred revenue associated with Sandstorm Gold Purchase Agreement on January 22, 2024, and determined fair value of the Restructured Sandstorm Gold Stream. Fair value of the Restructured Silver Stream has also been determined as at January 22, 2024. The change in fair value of the Company's stream arrangements for the year ended December 31, 2024 resulted in a loss of \$10.3 million (as compared with a loss of \$3.1 million in 2023), primarily, due to the change in metals prices, remaining deliveries and discount rates utilized.

As at December 31, 2024, the Company recorded a \$8.3 million loss on the Restructuring Agreement (2023 - \$nil).

During the year ended December 31, 2024, the Company concluded that sufficient impairment indicators exist for the Mercedes Mine and updated the estimate of the recoverable amount of the Mercedes Mine recognizing impairment loss of \$27.2 million.

During the year ended December 31, 2024, the Company recorded income tax expense of \$0.9 million (2023 – recovery of \$1.4 million). The change to an expense is driven by Mercedes being in a gross profit, as a result of higher gold prices.

The increase in comprehensive loss of \$27.8 million for the year ended December 31, 2024 as compared to the year 2023 was primarily caused by the \$27.2 million of impairment loss, \$8.3 million loss on the Restructuring Agreement, \$11.1 million change in fair value of embedded derivatives and stream arrangements offset primarily by increase in gross profit of \$15.4 million and lower interest and accretion expense of \$4.1 million.

***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.

	<b>Revenues (\$ millions)</b>	<b>Loss (income) for the period (\$ millions)</b>	<b>Basic and fully diluted loss (income) per share</b>
Q4 2024	\$24.4	\$31.3	\$0.14
Q3 2024	\$29.7	\$7.0	\$0.03
Q2 2024	\$22.1	\$11.2	\$0.05
Q1 2024	\$27.5	\$17.3	\$0.08
Q4 2023	\$26.2	\$9.9	\$0.04
Q4 2023	\$18.8	\$9.8	\$0.06
Q4 2023	\$19.9	\$7.6	\$0.05
Q1 2023	\$24.3	\$11.6	\$0.08

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 valuation of derivative liabilities, level of expenditures on exploration projects, and foreign exchange gains or losses related to the Canadian Dollars, Mexican Pesos or Peruvian Sol cash balances as well as one-

time charges related to debt restructuring and impairment of property and equipment in Q4 2024.

## **Liquidity and Capital Resources**

### ***Liquidity Update***

During the year ended December 31, 2024, the Company closed the Restructuring Agreement with Sandstorm with a continued focus on improving liquidity.

To improve liquidity further, subsequent to the year-end, on March 11, 2025, the Company completed a bought deal private placement of 64,445,000 common shares at a price of C\$0.225 per share for aggregate gross proceeds of \$10 million (C\$14.5 million, the “Offering”).

Also, on April 10, 2025, Sandstorm and Equinox agreed with the Company to defer the monthly interest payments on the Sandstorm Convertible Debenture, Equinox Note, and Sandstorm Promissory Note (the “Debt Arrangements”). Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025 under the terms of their respective Debt Arrangements, shall be deferred until December 31, 2025 (the “Deferred Interest”). Interest shall accrue monthly on the Deferred Interest at the 7% rate of interest applicable to the principal owing under the respective Debt Arrangements.

Further, as announced on March 4, 2025, the Company intends to issue a secured promissory note to a wholly owned subsidiary of Sandstorm (the “2025 Sandstorm Note”) in the principal amount of up to US\$6.5 million (the “Credit Extension”), with Sandstorm committing up to US\$600,000 per month of credit to the Company for working capital purposes. The Company anticipates that the 2025 Sandstorm Note will contain substantially similar terms as the Sandstorm Promissory Note, including a maturity date of September 22, 2028, an interest rate of 7% per annum and a conversion price of C\$0.73 per common share (or such greater price as may be required by the TSX-V). The 2025 Sandstorm Note and the Credit Extension remain subject to the approval of the board of directors of each of Sandstorm and the Company and the approval of the TSX-V.

At December 31, 2024, cash of \$6.7 million consisted of C\$0.1 million (December 31, 2023 - C\$0.3 million), S/0.2 million (December 31, 2023 – S/1.4 million), M\$1.7 million (December 31, 2023 - M\$1.0 million) with the remaining balance in US dollars. The Company’s major exploration and development expenditures are denominated in US dollars. The Company’s Mercedes operation expenditures are approximately 40% in US dollars and 60% in Mexican pesos. During the year ended December 31, 2024, the Company had cash inflows from operating activities of \$15.5 million compared to cash outflows of \$1.5 million in 2023.

Total cash spent on investing activities during the twelve months of 2024 amounted to \$10.6 million (2023 - \$16.4 million) related primarily to the payments for mine development at Mercedes partially offset by the restricted cash refund of \$1.4 million.

Total cash used in financing activities amounted to \$2.1 million (2023 – \$18.3 million cash generated from financing activities). Cash used in 2024 is primarily related to the drawdown from Interim Credit of \$3 million offset by the interest paid of \$4.6 million and lease payments of \$0.4 million during the year ended December 31, 2024.

Cash as at December 31, 2024 was \$6.7 million compared to \$3.9 million at December 31, 2023.

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The following table summarizes the contractual maturities of the Company’s financial liabilities and operating and capital commitments at December 31, 2024:

<b>Expenses in (000’\$)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029 and Beyond</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$32,755	-	-	-	\$609	\$33,364
Provision-Environmental costs	-	-	2,742	3,113	14,407	20,262
Community projects	1,061	1,061	1,061	1,061	11,671	15,915
Other liabilities	56	33	33	649	-	771
Office space leases	17	-	-	-	-	17
Vehicle rentals	349	-	-	-	-	349
Equinox Gold Short Term Loan	1,540	-	-	-	-	1,540
Streaming Arrangements	8,580	8,580	8,580	2,860	-	28,600
Note Payable – Principal	-	-	-	21,667	-	21,667
Note Payable – Interest	1,517	1,517	1,517	1,110	-	5,661
Equinox payment - Principal	-	-	-	26,632	-	26,632
Equinox payment – Interest	1,864	1,864	1,864	1,709	-	7,301
Debenture – Repayment	-	-	-	22,500	-	22,500
Debenture – Interest	1,575	1,575	1,575	1,075	-	5,800
<b>Total as at December 31, 2024</b>	<b>\$49,314</b>	<b>\$14,630</b>	<b>\$17,372</b>	<b>\$82,376</b>	<b>\$26,687</b>	<b>\$190,379</b>

***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.

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On the date of this MD&A, the following stock options, RSUs and DSUs are available to be granted:

	<b>December 31, 2024</b>
Issued and outstanding shares	<b>227,730,785</b>
Options allowed	<b>22,773,079</b>
Less stock options under grant and outstanding	<b>8,512,500</b>
Less RSU's granted	<b>2,622,500</b>
Less DSU's granted	<b>1,000,000</b>
Shares reserved under the stock option and LTIP grants	<b>10,638,079</b>
RSU & DSU limit under LTIP	<b>5,000,000</b>
Less RSUs granted	<b>2,622,500</b>
Less DSUs granted	<b>1,000,000</b>
RSUs & DSUs available to be granted	<b>1,377,500</b>

## **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, All-In Sustaining Cost (“AISC”) and Adjusted Earnings. 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.

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	Three Months Ended December 31		Year Ended December 31	
	2024 (000'\$)	2023 (000'\$)	2024 (000'\$)	2023 (000'\$)
<b>Production costs<sup>(1)</sup></b>	<b>16,725</b>	15,162	<b>62,850</b>	59,825
Royalty expense	844	934	3,583	3,078
Inventory adjustment	826	(171)	1,145	460
Gold purchased	-	352	-	1,129
By-product silver credits	(2,027)	(900)	(6,825)	(3,382)
<b>Direct Cash Cost</b>	<b>16,368</b>	15,024	<b>60,753</b>	61,111
Reclamation and remediation	(1,381)	368	(217)	1,107
Sustaining capital expenditures <sup>(2)</sup>	4,473	4,281	12,927	14,643
Exploration and evaluation expense	770	47	4,519	1,704
<b>AISC</b>	<b>20,230</b>	19,720	<b>77,982</b>	78,566
<b>Gold ounces sold</b>	<b>8,395</b>	12,781	<b>41,295</b>	44,403
<b>Cash Cost US\$ per Au oz sold</b>	<b>1,950</b>	1,176	<b>1,471</b>	1,376
<b>AISC US\$ per Au oz sold</b>	<b>2,410</b>	1,543	<b>1,888</b>	1,769

1) Certain of the prior periods' figures have been reclassified to conform to the current periods' presentation.

2) Sustaining capital expenditures consist primarily of underground mine development, infrastructure, and other equipment related expenditures.

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 Company's consolidated financial statements for the respective period.

	Three Months Ended December 31		Year Ended December 31	
	2024 (000'\$)	2023 (000'\$)	2024 (000'\$)	2023 (000'\$)
<b>Cost of Goods Sold</b>	<b>18,134</b>	15,967	<b>67,298</b>	59,302
Overhead Adjustment	526	(42)	2,533	1,686
Inventory Adjustment	(33)	253	(204)	4,527
By-product silver credits	(2,027)	(900)	(6,825)	(3,382)
Other Adjustments	(232)	(254)	(2,049)	(1,022)
<b>Direct Cash Cost<sup>(1)</sup></b>	<b>16,368</b>	15,024	<b>60,753</b>	61,111

<sup>(1)</sup> 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.

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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.

	<b>Three Months Ended December 31</b>		<b>Year Ended December 31</b>	
	2024 (000'\$)	2023 (000'\$)	2024 (000'\$)	2023 (000'\$)
Total Operating Costs, net of Capitalized Items	<b>16,725</b>	15,162	<b>62,850</b>	59,825
Finished goods adjustment	826	(171)	1,145	460
Royalties - Extraordinary mining tax	121	156	514	469
Overhead adjustment	(526)	42	(2,533)	(1,686)
Inventory adjustment	33	(253)	204	(3,397)
Net smelter return royalty	722	777	3,069	2,608
Obsolete inventory	233	605	2,050	1,023
Net realizable value	0	(352)	0	0
<b>Production Costs (Cost of Goods Sold)</b>	<b>18,134</b>	15,967	<b>67,299</b>	59,302

***Adjusted Earnings and Adjusted Earnings per Share***

Adjusted Earnings and Adjusted Earnings per Share are a Non-GAAP financial measures that are not standardized IFRS and might not be comparable to similar measures presented by other companies. Adjusted Earnings excludes deferred taxes, unrealized foreign exchange, changes in fair values of financial instruments, impairments and reversals due to net realizable values, restructuring and severance, and other items which are significant but not reflective of the underlying operational performance of the Company. We believe these measures are useful to market participants because they are important indicators of the performance of our core business.

	<b>Three Months Ended December 31</b>		<b>Year Ended December 31</b>	
	2024 (000'\$)	2023 (000'\$)	2024 (000'\$)	2023 (000'\$)
Net Income (Loss) for the period	(31,343)	(9,934)	(66,819)	(38,980)
Unrealized foreign exchange gain (loss)	64	(1,332)	2,302	(3,159)
Change in FV of embedded derivative	4,486	545	(222)	3,863
Change in fair value of stream arrangements	(2,372)	(1,076)	(10,272)	(3,091)
Gain (loss) on valuation of warrant liability	969	638	(940)	638
Loss on restructuring agreement	-	-	(8,289)	-
Impairment of Property, Plant and Equipment	(27,196)	-	(27,196)	-
<b>Adjusted Earnings</b>	<b>(7,294)</b>	<b>(8,709)</b>	<b>(22,202)</b>	<b>(37,231)</b>
Millions of shares outstanding	227.7	168.6	227.7	168.6
<b>Adjusted Earnings per Share</b>	<b>(\$0.03)</b>	<b>(\$0.05)</b>	<b>(\$0.10)</b>	<b>(\$0.22)</b>

## **Related Party Transactions**

### ***Compensation of Key Management Personnel***

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

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>(000'\$)</b>	(000'\$)	<b>(000'\$)</b>	(000'\$)
Salaries and directors' fees <sup>(1)</sup>	<b>533</b>	644	<b>2,377</b>	2,121
Share-based compensation	<b>129</b>	213	<b>548</b>	865
	<b>662</b>	857	<b>2,925</b>	2,986

<sup>(1)</sup> 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.

The \$0.2 million increase in the key management personnel's compensation for the year ended December 31, 2024 as compared for the same period of 2023, is related to the compensation paid to the outgoing Chief Financial Officer and the Board retainer payments in 2024. Key management personnel were not paid post-employment benefits nor other long-term benefits.

During the three months and the year ended December 31, 2024, the Company paid a related party, the spouse of an officer, \$nil and \$0.1 million (December 31, 2023 - \$0.1 and \$0.1 million) for internal contract/procurement review services. As at December 31, 2024, there were no amounts owed to the related party (December 31, 2023 - \$nil).

### ***Sandstorm Gold Ltd.***

Sandstorm Gold Ltd. ("Sandstorm") is deemed a related party of the Company and owned 45,492,399 shares (representing 19.97% of the Company's issued and outstanding common shares) at December 31, 2024. On August 15, 2022, Sandstorm completed the acquisition of Nomad Royalty Company Ltd. On January 22, 2024, the Company closed the Restructuring Agreement with Sandstorm. Total consideration issued to Sandstorm for debt restructuring is estimated to be \$20.8 million, comprised of:

- Common shares issued (28,767,399 common shares) with a fair value of \$4.1 million.
- A 1.0 % net smelter returns royalty on the Company's Corani Project with a fair value of \$12.0 million.
- The Company increased the principal amount of the Sandstorm Promissory Note by \$4.2 million as additional consideration.

Subsequent to the year-end, on March 11, 2025, the Company completed a bought deal private placement of 64,445,000 common shares at a price of C\$0.225 per share (the "Offering Price") for aggregate gross proceeds of C\$14.5 million (the "Offering"). The Company paid cash commissions of \$0.5 million, which is equal to 6.0% of the gross proceeds received by the Company from the issuance and sale of 38,667,000 shares.

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Each of Sandstorm and Equinox purchased 32,222,500 Shares on a gross basis pursuant to the Offering, or 12,889,000 Shares on a net basis after giving effect to Equinox and Sandstorm concurrently disposing of 19,333,500 shares to an arm's length third-party at the Offering Price immediately prior to the closing of the Offering (the "Concurrent Sale"). The Company did not receive any proceeds from the Concurrent Sale. Prior to the Concurrent Sale and the Offering, Sandstorm held 45,492,399 shares, which represented approximately 19.97% of the Company's issued and outstanding common shares. Following the Concurrent Sale and the Offering, Sandstorm holds 58,381,399 shares, which represent approximately 19.98% of the Company's issued and outstanding common shares.

Subsequent to the year-end, on April 10, 2025, Sandstorm and Equinox agreed with the Company to defer the monthly interest payments on the Sandstorm Convertible Debenture, Equinox Note, and Sandstorm Promissory Note (the "Debt Arrangements"). Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025 under the terms of their respective Debt Arrangements, shall be deferred until December 31, 2025 (the "Deferred Interest"). In addition, interest shall accrue monthly on the Deferred Interest at the rate of interest applicable to the principal owing under their respective Debt Arrangements.

Subsequent to the year end the Company announced that it intends to issue a secured promissory note to a wholly owned subsidiary of Sandstorm (the "2025 Sandstorm Note") in the principal amount of up to US\$6.5 million (the "Credit Extension"), with Sandstorm committing up to US\$600,000 per month of credit to the Company for working capital purposes. The Company anticipates that the 2025 Sandstorm Note will contain substantially similar terms as the Sandstorm Promissory Note, including a maturity date of September 22, 2028, an interest rate of 7% per annum and a conversion price of C\$0.73 per common share (or such greater price as may be required by the TSX-V). On the date of this MD&A the 2025 Sandstorm Note and the Credit Extension remain subject to the approval of the board of directors of each of Sandstorm and the Company and the approval of the TSX-V.

### ***Equinox Gold***

Equinox Gold is a related party of the Company and owned 25,397,160 shares (representing 11.15% of the Company's issued and outstanding common shares) at December 31, 2024. On the date of this MD&A, as a result of the Offering and Concurrent Sale described above, Equinox holds 38,286,160 shares, which represent approximately 13.10% of the Company's issued and outstanding common shares.

The Company has entered into the Equinox Note, Short Term Loan and Deferred Interest agreement with Equinox Gold.

### **Accounting Policies**

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards. The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make use of accounting estimates. The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances and result in judgments about the

carrying value of assets and liabilities. Actual results could differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty are related to the valuation of the Sandstorm Restructuring Agreement. In determining the effects of the Sandstorm Restructuring Agreement, significant estimation was involved in determining the fair value of the amended stream and debt agreements, as well as the consideration given with respect to the 1% Corani NSR royalty. The significant assumptions are summarised in Sandstorm Restructuring Agreement section of this MD&A as well as in the notes to the Consolidated Financial Statements for the year ended December 31, 2024.

The application of the Company's accounting policy for impairment of mineral properties, plant and equipment also requires judgment to determine whether indicators of impairment exist. Management used judgment when assessing whether there are indicators of impairment, such as recoverable resources and reserves estimates, operating costs and capital expenditures required to develop mining areas, dilution and other relevant internal and external factors that indicate production will not likely occur or may be significantly reduced in the future.

Management has assessed that impairment indicators on the Company's property and equipment existed as of December 31, 2024, necessitating the calculation of the recoverable amount of the Mercedes mine. Following this assessment, a non-cash impairment charge of \$27.2 million was recognized as of December 31, 2024. The significant assumptions are summarised in the notes to the Consolidated Financial Statements for the year ended December 31, 2024.

#### Amendments to IAS 1 – Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled Non-current liabilities with covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of liabilities as current or non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The Company adopted these amendments effective January 1, 2024, applied them retrospectively as required by the transitional provisions of the amendments and included restated consolidated statements of financial position for the comparative periods ended December 31, 2023 and as at January 1, 2023.

Amendments to IAS 1 resulted in a reclassification of equity-settleable convertible notes and warrant liabilities from non-current liabilities to current liabilities as at December 31, 2023 and January 1, 2023. The convertible notes are convertible at the option of the holders upon satisfaction of certain conditions that are beyond the control of the Company. If such conditions are satisfied, the convertible notes would be convertible at the option of the holders and upon conversion, the convertible notes may be settled, at the Company's election, in common shares of the Company, cash or a combination thereof. As a result, the Company does not have the right to defer settlement

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of the convertible notes for more than 12 months after the end of the reporting periods. Similarly, the Company has share purchase warrants outstanding in which each share purchase warrant is exercisable at the option of the holders into one common share of the Company, and therefore the Company also does not have the right to defer settlement of the warrant liability for more than 12 months after the end of the reporting periods.

**Financial Instrument Risks and Risk Management**

***Fair Value Measurements***

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 Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (or supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<b>As at December 31, 2024</b>	<b>Carrying Value</b>			<b>Fair Value</b>			
	<b>Amortized Cost</b>	<b>FVTPL</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>							
Cash (i)	\$ 6,678	-		-	-	-	-
Short-term investments	40	-		-	-	-	-
Receivables (i)	1,412	-		-	-	-	-
Restricted cash (i)	255	-		-	-	-	-
	<b>\$ 8,385</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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<b>As at December 31, 2024</b>	<b>Carrying Value</b>			<b>Fair Value</b>			
		<b>Amortized Cost</b>	<b>FVTPL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial liabilities</b>							
Accounts payable and accrued liabilities (i)	\$	33,365	-	-	-	-	-
Short term loan		1,540	-	-	-	-	-
Note payable – debt portion		21,427	-	-	-	-	-
Note payable – embedded derivative		-	670	-	670	-	670
Convertible debenture and notes – debt portion		47,139	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)		-	1,959	-	1,959	-	1,959
Warrant liability (iv)		-	2,192	-	2,192	-	2,192
Stream arrangements (v)		-	23,558	-	-	23,558	23,558
	\$	<b>103,471</b>	<b>28,379</b>	<b>-</b>	<b>4,821</b>	<b>23,558</b>	<b>28,739</b>

<b>As at December 31, 2023</b>	<b>Carrying Value</b>			<b>Fair Value</b>			
		<b>Amortized Cost</b>	<b>FVTPL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>							
Cash (i)	\$	3,903	-	-	-	-	-
Short-term investments		21	-	-	-	-	-
Receivables (i)		1,155	-	-	-	-	-
Restricted cash (i)		1,653	-	-	-	-	-
	\$	<b>6,732</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>As at December 31, 2023</b>	<b>Carrying Value</b>			<b>Fair Value</b>			
		<b>Amortized Cost</b>	<b>FVTPL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial liabilities</b>							
Accounts payable and accrued liabilities (i)	\$	28,995	-	-	-	-	-
Deferred revenue		21,709	-	-	-	-	-
Short term loan		1,354	-	-	-	-	-
Note payable – debt portion		14,324	-	-	-	-	-
Note payable – embedded derivative		-	-	-	-	-	-
Convertible debenture and notes – debt portion		43,539	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)		-	1,904	-	1,904	-	1,904
Warrant liability (iv)		-	1,937	-	1,937	-	1,937
Stream arrangements (v)		-	12,663	-	-	12,663	12,663
	\$	<b>109,921</b>	<b>16,504</b>	<b>-</b>	<b>3,841</b>	<b>12,663</b>	<b>16,504</b>

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As at January 1, 2023	Carrying Value			Fair Value		
	Amortized Cost	FVTPL	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>						
Cash (i)	\$ 3,484	-	-	-	-	-
Short-term investments	21	-	-	-	-	-
Receivables (i)	2,440	-	-	-	-	-
Restricted cash (i)	1,304	-	-	-	-	-
	<b>\$ 7,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at January 1, 2023	Carrying Value			Fair Value		
	Amortized Cost	FVTPL	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>						
Accounts payable and accrued liabilities (i)	\$ 32,442	-	-	-	-	-
Deferred revenue	29,686	-	-	-	-	-
Mercedes acquisition payment	25,729	-	-	-	-	-
Note payable – debt portion	4,503	-	-	-	-	-
Note payable – embedded derivative	-	190	-	190	-	190
Convertible debenture and notes – debt portion	17,004	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)	-	3,245	-	3,245	-	3,245
Stream arrangements (v)	-	20,558	-	-	20,558	20,558
	<b>\$ 109,364</b>	<b>23,993</b>	<b>-</b>	<b>3,435</b>	<b>20,558</b>	<b>23,993</b>

- (i) The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.
- (ii) The fair value of the Equinox note embedded derivative is measured using inputs that include level 2 inputs. The fair value is estimated using the Black-Scholes option pricing model. Key inputs used include contractual terms of the Equinox note, and market-derived inputs including the Company's share price and share price volatility.
- (iii) The fair value of the Sandstorm convertible debenture embedded derivative is measured using inputs that include level 3 inputs. The fair value of the Company's stream arrangement is estimated based on the net present value of the expected future cash flows discounted using a market interest rate that reflects the risks associated with the liability. Key inputs include contractual terms, forecasted production at Mercedes, future gold and silver prices, and discount rate associated with the liability.
- (iv) The fair value of the warrant liability is measured using inputs that include level 2 inputs. The fair value of the warrants is estimated using the Black-Scholes option pricing model. Key inputs used include contractual terms and market-derived inputs including the Company's share price and share price volatility.
- (v) The fair value of the stream arrangements is measured using inputs that include level 3 inputs. The fair value of the Company's stream arrangement is estimated based on the net present value of the expected future cash flows discounted using a market interest rate that

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reflects the risks associated with the liability. Key inputs include contractual terms, forecasted production at Mercedes, future gold and silver prices, and discount rate associated with the liability.

***Financial Instrument Risks and Risk Management***

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

This disclosure presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Risk management is the responsibility of management and is carried out under the oversight of and policies approved by the Board of Directors. Material risks are monitored and are regularly discussed with the Audit Committee and the Board of Directors.

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, 2024, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican pesos, and Peruvian Soles.

	<b>December 31, 2024</b>		
	<b>Canadian Dollars</b>	<b>Peruvian Soles</b>	<b>Mexican Pesos</b>
	<b>(000'S)</b>	<b>(000'S)</b>	<b>(000'S)</b>
Cash	95	229	1,743
Receivables	-	518	250,811
Accounts payable, accrued liabilities and other	(222)	(2,706)	(402,721)
Provision for environmental rehabilitation	-	-	(237,467)
Community project obligation	-	(36,260)	-
<b>Net exposure</b>	<b>(127)</b>	<b>(38,219)</b>	<b>(387,634)</b>

Based on the above net exposures at December 31, 2024, 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 \$0.1 million (C\$0.1 million) 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 \$1.0 million (S/3.8 million) 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 \$1.9 million (M\$38.8 million) 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.

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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 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 may 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, 2024, the Company's financial liabilities and operating and capital commitments consist of accounts payable, accrued liabilities, the current portion of community projects and other liability, principal and interest payment of convertible debentures, streaming arrangements, lease obligations and note payable totaling \$49.3 million, which are expected to be paid in cash over the next twelve months, and the long-term portion of such commitments of \$141.1 million, which are expected to be paid over the next five 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.

During the reporting year the Company has taken various steps to improve liquidity by closing the Sandstorm Restructuring Agreement on January 22, 2024. Subsequent to the year-end, on March 11, 2025, the Company completed a bought deal private placement of 64,445,000 common shares at a price of C\$0.225 per share for aggregate gross proceeds of \$10 million (C\$14.5 million).

To further improve liquidity, on April 10, 2025, Sandstorm and Equinox agreed with the Company to defer the monthly interest payments on the Debt Arrangements. Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025 under the terms of the respective Debt Arrangements, shall be deferred until December 31, 2025. In addition, interest shall accrue monthly on the Deferred Interest at the rate of interest applicable to the principal owing under the respective Debt Arrangements.

Subsequent to the year end the Company also announced that it intends to issue a secured promissory note to a wholly owned subsidiary of Sandstorm (the "2025 Sandstorm Note") in the principal amount of up to US\$6.5 million (the "Credit Extension"), with Sandstorm committing up to US\$600,000 per month of credit to the Company for working capital purposes. The Company anticipates that the 2025 Sandstorm Note will contain substantially similar terms as the Sandstorm

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Promissory Note. On the date of this MD&A the 2025 Sandstorm Note and the Credit Extension remain subject to the approval of the board of directors of each of Sandstorm and the Company and the approval of the TSX-V.

The Company monitors its cash requirements and the economic conditions closely and may take further steps to improve liquidity via financing or some other methods. Management also continues to focus on on-going 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, 2024, the Company had minimal funds invested in interest earning savings accounts.

The Company previously had debt obligations with SOFR as a benchmark. The variability of the SOFR can have material impact on the results of the Company. During the three months and year ended December 31, 2024, no existing debt obligation used SOFR as a benchmark.

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. As at December 31, 2024, a 10% increase in the price of gold and silver would have resulted in an increase to the stream arrangements liability of approximately \$2.4 million. In addition, a 1% increase in the discount rate would have resulted in a decrease to the stream arrangement liability of approximately \$0.7 million.

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 Twelve 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 debt instruments 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 20% higher than it was on December 31, 2024 the fair value of the embedded derivative liability of the Company's debt instruments and warrant liability would have increased by \$2.9 million, which would have resulted in the Company recording a combined loss on the fair valuation of the embedded derivative and warrant liability of \$3.0 million instead of a loss of \$0.2 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, 2024 was \$97.0 million (December 31, 2023, restated under IAS 1 as \$89.7 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 twelve months ended December 31, 2024.

### **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:

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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 2024 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, 2024, in the 2019 Report in respect of the Corani project dated December 17, 2019, and in the 2024 Mercedes Report filed on SEDAR+ on March 14, 2025. 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 twelve months ended December 31, 2024 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](http://www.sedarplus.ca).

### **Approval**

The Board of Directors of Bear Creek has 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](http://www.sedarplus.ca) and on the Company's website at [www.bearcreekmining.com](http://www.bearcreekmining.com)