

BEAR CREEK MINING CORPORATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

EXPRESSED IN US DOLLARS

(Unaudited)

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Financial Position

*Expressed in U.S. Dollars (\$000s)
(Unaudited)*

	Note	June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 4,742	\$ 6,678
Short-term investments		41	40
Inventory	3	6,889	5,926
Receivables	4	6,186	7,160
Prepaid expenses and deposits		1,394	3,281
		19,252	23,085
Non-current assets			
Restricted cash	5	520	255
Property and equipment	6	65,525	78,586
Resource property costs	7	76,690	76,690
Right-of-use assets		558	372
Tax receivables		1,679	1,300
TOTAL ASSETS		\$ 164,224	\$ 180,288
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 23,769	\$ 32,755
Current portion of community projects and other liabilities	13	1,187	1,117
Current portion of stream arrangements	11	9,900	8,580
Current portion of lease liabilities		215	315
Taxes payable		582	1,746
Short term loan	14	1,607	1,540
Note payable	15	23,632	22,097
Convertible debenture and notes	10	49,594	49,098
Warrant liability	16	1,511	2,877
		111,997	120,125
Non-current liabilities			
Accounts payable	8	693	609
Community projects obligation	13	8,768	7,810
Stream arrangements	11	18,499	14,978
Lease liabilities		289	-
Other liabilities		894	715
Provision for site restoration	12	14,471	11,916
		155,611	156,153
EQUITY			
Share capital	17	376,871	367,288
Contributed surplus		40,007	40,050
Deficit		(408,265)	(383,203)
TOTAL LIABILITIES AND EQUITY		\$ 164,224	\$ 180,288

Going Concern (Note 1)

ON BEHALF OF THE BOARD: Signed "Catherine McLeod-Seltzer", Director

Signed "Kevin Morano", Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the Three and Six Months Ended June 30

Expressed in U.S. Dollars (\$000s, except share data)
(Unaudited)

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
Revenue	18	\$ 27,779	\$ 22,138	\$ 51,463	\$ 49,670
Cost of Sales	19	(19,875)	(15,825)	(36,199)	(32,615)
Depletion, amortization, and depreciation		(11,630)	(8,937)	(20,910)	(16,340)
Gross Profit (Loss)		(3,726)	(2,624)	(5,646)	715
Operating expenses					
Corani engineering and evaluation costs	7a	\$ (1,783)	\$ (1,609)	\$ (3,445)	\$ (3,247)
Other exploration and evaluation costs	7b	(243)	(1,023)	(338)	(2,316)
Share-based compensation		(13)	(211)	(65)	(151)
Professional and advisory fees		(144)	(331)	(420)	(575)
General and administrative expenses		(1,782)	(1,383)	(3,266)	(3,101)
Loss before other items		(7,691)	(7,181)	(13,180)	(8,675)
Other income and expense					
Foreign exchange gain (loss)		(1,656)	2,252	(2,042)	2,000
Interest expense and accretion expense	10,12,1 3,14,15	(1,823)	(1,796)	(3,581)	(3,708)
Change in fair value of embedded derivative	10,15	211	(2,076)	1,491	(3,472)
Change in valuation of warrant liability	16	(143)	(872)	1,366	(1,566)
Change in fair value of stream arrangements	11	(856)	(1,908)	(8,690)	(4,465)
Other income (expense)		165	31	97	91
Loss on restructuring agreement	9,10,11, 15	-	-	-	(8,289)
Comprehensive loss for the period before taxes		\$ (11,793)	\$ (11,550)	\$ (24,540)	\$ (28,084)
Current income tax recovery (expense)		88	(193)	(522)	(731)
Deferred income tax recovery (expense)		-	508	-	291
Comprehensive loss for the period		\$ (11,705)	\$ (11,235)	\$ (25,062)	\$ (28,524)
Loss per Share – Basic and Diluted		\$ (0.04)	\$ (0.05)	\$ (0.09)	\$ (0.13)
Weighted Average Number of Shares Outstanding		292,175,785	227,594,741	267,252,304	224,107,061

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Cash Flows

For the Six Months Ended June 30

Expressed in U.S. Dollars (\$000s)

(Unaudited)

	Note	2025	2024
Operating Activities			
Loss for the period		\$ (25,062)	\$ (28,524)
Items not affecting cash:			
Share-based compensation	17	65	151
Depletion, depreciation, and amortization for Mercedes	21	20,910	16,340
Depreciation and amortization in evaluation costs and general and administrative expenses		161	228
Interest and accretion expense	10,12,14,15	3,581	3,707
Accretion of community projects obligation	13	450	461
Gain on sale of fixed assets		(109)	-
Unrealized foreign exchange (gain) loss		1,849	(1,778)
Change in fair value of stream arrangements	11	8,690	4,465
Change in fair value of embedded derivative	10,15	(1,491)	3,472
Loss on restructuring agreement	9,10,11,15	-	8,289
Change in valuation of warrant liability	16	(1,366)	1,566
Debt issuance costs		-	(101)
Adjustment to community projects obligation	13	44	13
Deferred income tax recovery		-	(291)
Deliveries for stream arrangements	11	(3,849)	(2,712)
		3,873	5,286
Changes in working capital:			
Receivables and prepaid expenses		1,706	208
Accounts payable and accrued liabilities		(5,809)	(1,358)
Inventory		(329)	1,756
Taxes payable		(1,164)	(141)
Cash from (used in) operating activities		(1,723)	5,751
Investing Activities			
Mine development and exploration equipment	6	(10,649)	(7,118)
Resource acquisition costs	7	-	(7)
Payment of community projects and Corani obligation	13	(17)	(16)
Interest received		55	71
Restricted cash	5	(265)	1,653
Short-term investments		-	(20)
Proceeds from royalties		424	-
Proceeds from sale of fixed assets		109	-
Cash used in investing activities		(10,343)	(5,437)
Financing Activities			
Share capital issued, net of share issuance costs	17	9,584	-
Proceeds from note payable	15	1,200	1,125
Interest paid	10,15	(452)	(1,740)
Principal payments on leases		(203)	(193)
Cash from (used in) financing activities		10,129	(808)
Effect of exchange rate change on cash		1	(11)
Net increase (decrease) in cash		(1,936)	(505)
Cash – Beginning of period		6,678	3,903
Cash – End of period		\$ 4,742	\$ 3,398

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Interim Condensed Consolidated Statements of Cash Flows

For the Six Months Ended June 30

Expressed in U.S. Dollars (\$000s)

(Unaudited)

Supplemental Cash Flow Information	Note	2025	2024
Non-cash Investing and Financing Activities			
Share consideration issued for Sandstorm Restructuring Agreement	9	\$ -	\$ 4,063
Mine development and exploration equipment costs in accounts payable		2,259	1,851

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Interim Condensed Consolidated Statements of Changes in Equity

*Express in U.S. Dollars (\$000s, except share data)
(Unaudited)*

	Share Capital (Number of Shares)	Share Capital	Contributed Surplus	Deficit	Total
December 31, 2023	198,733,386	362,864	39,916	(316,384)	86,396
Share consideration issued for Sandstorm Restructuring Agreement (Note 9)	28,767,399	4,063	-	-	4,063
Share-based compensation	-	-	151	-	151
Issuance of DSUs	150,000	239	(239)	-	-
Loss for the period	-	-	-	(28,524)	(28,524)
June 30, 2024	227,650,785	367,166	39,828	(344,908)	62,086
December 31, 2024	227,730,785	367,288	40,050	(383,203)	24,135
Bought-deal private placement (Note 17)	64,445,000	9,986	-	-	9,986
Share issuance costs	-	(403)	-	-	(403)
Transfer to RSU liability	-	-	(108)	-	(108)
Share-based compensation	-	-	65	-	65
Loss for the period	-	-	-	(25,062)	(25,062)
June 30, 2025	292,175,785	376,871	40,007	(408,265)	8,613

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

1. Nature of Business and Going Concern

Bear Creek Mining Corporation (“Bear Creek” or the “Company”) is a public company incorporated in British Columbia, Canada. Its common shares are listed on the TSX Venture Exchange (“TSX-V”) in Canada and the Bolsa de Valores de Lima in Peru under the symbol “BCM” and are posted for trading on the OTCQX Market in the U.S. under the symbol “BCEKF” and on the Börse Frankfurt in Germany under the symbol “OU6”. The Company's head office, and principal address is 733 Seymour Street, Suite 3200, Vancouver, British Columbia, Canada, V6B 0S6.

Bear Creek is engaged in the production and sale of gold and silver, as well as other related activities, including exploration and development of precious and base metal properties in Peru and Mexico.

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. The Company relies on financing activities and cash flow from the Mercedes mine to carry out its exploration plans and commitments, development activities, administrative overhead, and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These factors include profitable production at the Mercedes mine, the ability to complete the development of the Company's Corani Project in Peru and profitably operate or dispose of the Corani Project.

Ownership interests in mineral properties involve risks due to the difficulties in determining and obtaining clear title to claims and the potential for problems to arise due to these difficulties. The Company has investigated the ownership of its mineral properties, and, to the best of its knowledge, ownership of its interests is in good standing.

Going Concern

These interim condensed consolidated financial statements were prepared following accounting principles applicable to a going concern, which assumes the Company will be able to continue operations for at least twelve months from June 30, 2025 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at June 30, 2025, the Company had cash of \$4.7 million (December 31, 2024 - \$6.7 million), a working capital (“WC”) (current assets less current liabilities) deficiency of \$92.7 million (December 31, 2024 - \$97.0 million), and had cash outflows from operating activities of \$1.7 million (June 30, 2024 - inflows of \$5.8 million).

The Company did the following to address their liquidity issues:

On March 11, 2025, the Company completed a bought deal private placement (the “Offering”) for aggregate gross proceeds of \$10 million (C\$14.5 million) (Note 17). On April 10, 2025, the Company also amended its existing Debt Arrangements to defer monthly interest payments from February 2025 to November 2025, and payable in full on December 31, 2025 (Note 10 and 15). On May 8, 2025, the Company obtained loan financing by issuing a secured promissory note (the “2025 Sandstorm Note”) for up to \$6.5 million, drawable in monthly increments of up to \$600,000, with a maturity date of September 22, 2028 (Note 15).

While the Offering and loan financing activities improve the Company's liquidity, 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 gives rise to significant doubt about the Company's ability to continue as a going concern. There can be no assurance that the steps management is taking to improve the Company's liquidity will be successful.

These interim condensed consolidated financial statements do not include adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, should the Company be unable to continue as a going concern. These adjustments could be material.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

2. Basis of Preparation

These interim condensed consolidated financial statements of the Company were prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”). The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The Board of Directors approved these interim condensed consolidated financial statements on August 12, 2025.

Basis of Measurement

These interim condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The functional currency of the Company and its subsidiaries is the US Dollar. These interim condensed consolidated financial statements are presented in thousands of US dollars unless otherwise noted.

These interim condensed consolidated financial statements follow the same accounting policies and methods of application as our most recent annual audited consolidated financial statements.

Certain amounts in the interim condensed consolidated financial statements of prior years have been reclassified to conform to current year presentation.

Areas of Accounting Policy Judgment and Estimation Uncertainty

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires management to make use of accounting policy judgments and estimates. The significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those applied to our most recent annual audited consolidated financial statements. 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.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

3. Inventory

The inventory balance as at June 30, 2025 relates to materials and supplies, finished goods, work in process inventory and current ores stockpiles at the Mercedes mine. During the three and six-month period ended June 30, 2025, the Company recorded a net realizable value adjustment to Materials and Supplies inventory of \$nil and \$nil (June 30, 2024 - \$0.6 million and \$1.2 million).

	June 30, 2025	December 31, 2024
	\$	\$
Materials and Supplies (i)	4,824	4,631
Mineral inventory (ii)	742	258
Work in process (iii)	702	510
Current Ore Stockpiles (iv)	621	527
	6,889	5,926

- (i) Materials and supplies represent consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.
- (ii) Mineral inventory contains finished goods inventory in the form of gold or silver.
- (iii) Work-in-process represents gold and silver in the processing circuit that has not completed the production process and is not yet in a saleable form.
- (iv) Ore is accumulated in stockpiles that are subsequently processed into gold and silver in a saleable form. Milled ore undergoes agitated leaching, counter current decantation Merrill-Crowe precipitation and smelting.

4. Receivables

The Company has one customer outside of its current stream arrangements (Note 11) and majority of the trade receivable balances relate to that one customer.

	June 30, 2025	December 31, 2024
	\$	\$
Trade receivables	80	1,412
Value added taxes and other receivables	6,106	5,748
	6,186	7,160

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

5. Restricted Cash

On May 30, 2024, by means of Directorial Resolution No.148-2024-MINEM/DGAAM, the Dirección General de Asuntos Ambientales (DGAAM) of the Ministerio de Energía y Minas (MINEM) approved the updated schedule of deposit guarantees for the Corani Mine Closure Plan.

Under the updated schedule, the Company on January 16, 2025 issued a \$2.6 million surety policy in favor of MINEM, with a maturity date of January 16, 2026, by depositing an amount equivalent to 20% of the total guarantee with the insurance company or \$0.5 million. As at June 30, 2025, the restricted cash account has a balance of \$0.5 million (December 31, 2024 - \$0.3 million).

As of the date of these interim condensed consolidated financial statements, no significant environmental disturbance has been caused due to the activities conducted on the Corani Project. The Company assumed a restoration obligation estimated at \$0.2 million upon acquiring the Corani Project.

6. Property and Equipment

	Mineral Property \$	Mining and Other Equipment \$	Total \$
Balance – December 31, 2024	58,884	19,702	78,586
Additions	6,160	1,327	7,487
Change in estimate (Note 12)	1,049	-	1,049
Amortization and depletion	(19,720)	(1,877)	(21,597)
Balance – June 30, 2025	46,373	19,152	65,525

7. Resource Property Costs

	Corani Project \$
Balance – December 31, 2023	88,717
Land acquisition costs	10
1% NSR provided on Sandstorm Restructuring Agreement (Note 9)	(12,037)
Balance – December 31, 2024	76,690
Balance – June 30, 2025	76,690

As part of the consideration of the Sandstorm Restructuring Agreement in 2024, the Company issued a 1% NSR to Sandstorm. The fair value of the NSR royalty was estimated at \$12.0 million (Note 9). Management accounted for the consideration given as a reduction to the carrying value of the Corani mineral interest.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

a) Corani Project

The Company has a 100% interest in the Corani Project located in the Department of Puno, Peru. Engineering and evaluation costs incurred on the Corani Project are expensed. Details are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Community contributions	358	344	693	641
Engineering	70	91	168	124
Environmental	33	(45)	118	122
Salaries and consulting	762	790	1,442	1,489
Camp, supplies and logistics	492	446	938	875
Other	68	78	86	91
Recovery of costs	-	(95)	-	(95)
Total	1,783	1,609	3,445	3,247

b) Other Exploration and Evaluation Costs (Recoveries)

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

Total other exploration and evaluation costs incurred during the six-month period ended June 30, 2025 was \$0.3 million (June 30, 2024 - \$2.3 million).

The Company expenses the value added tax it pays during the exploration phase. During the six-month period ended June 30, 2025, the total value added taxes paid were \$0.3 million (June 30, 2024 - \$0.1 million). The Company also received a total of \$0.3 million in form of Peruvian value added taxes refunds (June 30, 2024 - \$0.1 million).

8. Accounts payable and accrued liabilities

	June 30, 2025	December 31, 2024
	\$	\$
Trade payables	17,374	27,195
Tax payables	4,718	3,870
Advances received	2,370	2,299
Total	24,462	33,364
Less: Current Portion	(23,769)	(32,755)
Non-Current Portion	693	609

On November 22, 2022, the Company received a \$2.0 million advance from a third party for additional testing to be performed relative to one of the Company's projects. Repayment of the principal, along with interest at a rate of 7% that may apply from November 22, 2022 up to its due date on September 30, 2025, subject to the third party's satisfaction with the results of the testing program. As of June 30, 2025, the Company has accrued interest of \$0.4 million related to this liability (December 31, 2024 - \$0.3 million).

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

9. Sandstorm Restructuring Agreement

On January 22, 2024, the Company closed the Sandstorm Restructuring Agreement for Stream Arrangements (Note 11), effective January 1, 2024, and debt amendments (Note 10 and Note 15). The total consideration issued on the Sandstorm Restructuring Agreement was \$20.3 million and the Company recognized a net loss on the extinguishment of the debt and stream agreements of \$8.3 million.

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 must commence. "Transaction Documents" defined as, collectively, the Sandstorm Stream Agreement (Note 11), the Sandstorm Convertible Debenture (Note 10), the Nomad Stream Agreement (Note 11), and the Sandstorm Promissory Note (Note 15). This Cross Default Agreement also extends to agreements entered as of the date of the financial statements namely, the completed Deferred Interest amendments on its Debt Arrangements until December 31, 2025 (Note 10 and 15).

As of the date of the financial statements, the Company is in compliance with all of the above agreements.

10. Convertible Debenture and Notes

Sandstorm Convertible Debenture

On April 10, 2025, the Company and Sandstorm agreed to defer the monthly interest payments on the Amended Sandstorm Convertible Debenture. Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025, at 7% per annum, compounded monthly, and any accrued and unpaid interest (the "Deferred Interest") thereon is payable in full on December 31, 2025. In addition, interest shall also accrue monthly on the Deferred Interest at the rate of 7% per annum.

The fair value of the Sandstorm Conversion Option was estimated using the Partial Differential Equation model and as at June 30, 2025, its fair value was estimated to be \$0.3 million (December 31, 2024 – \$0.8 million). The assumptions used to determine the fair value of the Sandstorm Convertible Option on June 30, 2025 are set in the table below.

	June 30, 2025
Remaining term	3.2 years
Interest rate	7.0%
Conversion price	C\$0.73
Share price	C\$0.21
Expected stock price volatility	75%
Risk-free interest rate	3.8%
Credit spread	3.4%
All-in-yield	7.1%

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

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(Unaudited)

A continuity of the Sandstorm Convertible Debenture is as follows:

	Debenture \$	Conversion Option \$	Total \$
Balance – December 31, 2024	22,144	813	22,957
Interest accrued	799	-	799
Interest paid	(151)	-	(151)
Accretion	24	-	24
Change in fair value of conversion option	-	(469)	(469)
Balance – June 30, 2025	22,816	344	23,160

Equinox Note

On April 10, 2025, the Company and Equinox agreed to defer the monthly interest payments on the Equinox Note. Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025, at 7% per annum, compounded monthly, and any Deferred Interest thereon is payable in full on December 31, 2025. In addition, interest shall also accrue monthly on the Deferred Interest at the rate of 7% per annum.

The fair value of the Equinox Conversion Option was estimated using the Partial Differential Equation model and as at June 30, 2025, its fair value was estimated to be \$0.5 million (December 31, 2024 – \$1.1 million). The assumptions used to determine the fair value of the Equinox Conversion Option on June 30, 2025 are set in the table below.

	June 30, 2025
Remaining term	3.3 years
Interest rate	7.0%
Conversion price	C\$0.73
Share price	C\$0.21
Expected stock price volatility	75%
Risk-free interest rate	3.8%
Credit spread	3.4%
All-in-yield	7.1%

A continuity of the Equinox Note is as follows:

	Debenture \$	Conversion Option \$	Total \$
Balance – December 31, 2024	24,995	1,146	26,141
Interest accrued	946	-	946
Interest paid	(155)	-	(155)
Accretion	196	-	196
Change in fair value of conversion option	-	(694)	(694)
Balance – June 30, 2025	25,982	452	26,434

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

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(Unaudited)

11. Stream Arrangements

Restructured Sandstorm Gold Stream

The Company's stream arrangements are accounted for as a derivative financial liability measured at fair value through profit or loss. The fair value is estimated based on the net present value of the expected future cash flows and gold deliveries using a discount rate that reflects the time value of money and risks associated with the liability. The interest rate is determined based on the rate implicit in the streaming agreement at the date of acquisition, which is then reassessed to be adjusted according to the risks associated with the liability at each reporting period. Any changes to fair value are reflected in the consolidated statement of loss and comprehensive loss.

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 key assumptions used to determine the fair value of the Restructured Sandstorm Gold Stream on June 30, 2025 are set in the table below:

	June 30, 2025
Estimated life of Mercedes mine	7.9 years
Forward gold price range	\$2,573 – \$4,059
Discount rate	25.5%

The Company's Restructured Sandstorm Gold Stream continuity is as follows:

	Total \$
Balance – December 31, 2024	18,328
Gold stream deliveries	(3,849)
Change in fair value	9,029
Balance – June 30, 2025	23,508
Less: Current Portion	(9,900)
Non-Current Portion	13,608

During the six-month period ended June 30, 2025, the Company, under the Restructured Sandstorm Gold Stream, has delivered 1,650 ounces (June 30, 2024 – 1,650 ounces) of refined gold to Sandstorm and recognized a total sales revenue of \$5.1 million (June 30, 2024 – \$3.6 million), including the 25% cash sales.

Nomad Silver Stream and Restructured Silver Stream

On January 22, 2024, the Company restructured the Nomad Silver Stream and effective January 1, 2024, the silver stream deliveries were fully suspended until April 2028 (the "Restructured Nomad Silver Stream"). After April 2028, the Company is required 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. As the Company has not yet determined if it will be able to meet the delivery requirements of the Restructured Nomad Silver Stream, it continues to be a financial liability recorded at fair value through profit or loss as at June 30, 2025.

Bear Creek Mining Corporation

Notes to Interim Condensed Consolidated Financial Statements

June 30, 2025

Expressed in U.S. Dollars (\$000s)

(Unaudited)

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 key assumptions used to determine the fair value of the Restructured Silver Stream on June 30, 2025 are set in the table below:

	June 30, 2025
Estimated life of Mercedes mine	7.9 years
Forward silver price range	\$30.48 – \$40.66
Discount rate	25.5%

For the six-month period ended June 30, 2025, the Company, in accordance with the Sandstorm Restructuring Agreement made no deliveries (June 30, 2024 – nil) of silver as part of this stream and recorded revenue of \$nil (June 30, 2024 - \$nil).

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

	Total \$
Balance – December 31, 2024	5,230
Change in fair value	(339)
Balance – June 30, 2025	4,891
Less: Current Portion	-
Non-Current Portion	4,891

12. Provision for Site Restoration

The Company estimates that the undiscounted future value of the cash flows required to settle the closure provision is \$21.7 million (December 31, 2024 - \$20.3 million) for the Mercedes mine. The Company expects these cash flows outflows to begin in 2027. In calculating the June 30, 2025 estimate, management used the Mexican risk-free interest rate of 8.7% (December 31, 2024 – 10.4%), Mexican inflation rate of 4.3% (December 31, 2024 – 3.7%), and a forecasted Mexican inflation rate of 3.6% (December 31, 2024 – 3.6%).

A reconciliation of the discounted provision is provided below:

	Total \$
Balance – December 31, 2024	11,916
Accretion	568
Adjustment due to inflation and discount rate	1,049
Foreign exchange	938
Balance – June 30, 2025	14,471

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13. Community Projects Obligation

On April 8, 2013, the Company entered into a Framework Agreement for the Sustainable Use of Natural Resources in the Mining Project Corani (the "Framework Agreement") with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. The Framework Agreement was for an initial payment (the "Initial Payment") and 22 successive payments (the "Successive Payments") of Peruvian Sol ("S/") 4 million to be made into a trust designed to fund community projects. These Successive Payments of S/4 million per year were dependent on the Company receiving permits to build the processing facilities and the mining installations, which were received during 2018. On initial recognition of the Successive Payments, the Company used a pre-tax risk-adjusted interest rate of 10.0% to discount the obligation and recognized a liability of \$11.2 million.

The Framework Agreement with the local communities and the Corani Environmental and Social Impact Assessment ("ESIA") requires the Company to undertake certain development work, such as access roads, mine camp and maintenance and storage facilities, and an electrical substation. The Company began development work in 2018 in accordance with the ESIA and the Framework Agreement.

As at June 30, 2025, the total undiscounted obligation remaining under the Framework Agreement was \$16.9 million (December 31, 2024 – \$15.9 million).

A continuity of the Company's community projects obligation per the Framework Agreement is as follows:

	Total \$
Balance – December 31, 2024	8,871
Payment	-
Accretion expense	450
Impact of foreign exchange	574
Balance – June 30, 2025	9,895
Less: Current Portion	(1,127)
Non-Current Portion	8,768

14. Short Term Loan

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

A continuity of the Short Term Loan is as follows:

	Total \$
Balance – December 31, 2024	1,540
Interest accrued	67
Balance – June 30, 2025	1,607

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15. Note Payable

Sandstorm Promissory Note

On April 10, 2025, the Company and Sandstorm agreed to defer the monthly interest payments on the Sandstorm Promissory Note. Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025, at 7% per annum, compounded monthly, and any Deferred Interest thereon is payable in full on December 31, 2025. In addition, interest shall also accrue monthly on the Deferred Interest at the rate of 7% per annum.

Upon executing the Sandstorm Restructuring Agreement, the fair value of the restructured call options was estimated using the Partial Differential Equation model. The assumptions used on June 30, 2025 are set in the table below.

	June 30, 2025
Remaining term	3.2 years
Interest rate	7.0%
Conversion price	C\$0.73
Share price	C\$0.21
Expected stock price volatility	75%
Risk-free interest rate	3.8%
Credit spread	3.4%
All-in-yield	7.1%

A continuity of the Note Payable is as follows:

	Note \$	Conversion Option \$	Total \$
Balance – December 31, 2024	21,427	670	22,097
Interest accrual	769	-	769
Interest payments	(145)	-	(145)
Accretion	29	-	29
Change in fair value of call option	-	(337)	(337)
Balance – June 30, 2025	22,080	333	22,413

2025 Sandstorm Note

On May 8, 2025, the Company issued a secured promissory note (the “2025 Sandstorm Note”) to a wholly-owned subsidiary of Sandstorm for up to \$6.5 million, drawable in monthly increments of up to \$600,000, with a maturity date of September 22, 2028. The note bears interest at 7% per annum, accruing monthly and payable beginning on June 30, 2025. Interest payments payable from June to November 2025 will be deferred and paid in full on December 31, 2025, with deferred interest also accruing at 7% per annum. The 2025 Sandstorm Note is convertible into common shares at C\$0.73 per share, subject to TSX-V approval, provided such conversion does not raise Sandstorm’s ownership above 19.99%.

To secure the 2025 Sandstorm Note, the Company granted Sandstorm:

- (i) A first-ranking security interest in Minera Mercedes Minerales;
- (ii) A first-ranking security interest over all current and future assets of any Guarantor in Mexico;
- (iii) A first-ranking security interest in Bear Creek Mining S.A.C.; and
- (iv) An assignment and subordination of all intercompany debt, giving Sandstorm priority over any such claims.

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The 2025 Sandstorm Note was issued in pari passu with the Sandstorm Promissory Note, Sandstorm Convertible Debenture (Note 10), and Equinox Note (Note 10).

On May 21, 2025, the Company drew \$1.2 million from this note. Upon initial recognition, the call option was estimated to have a fair value of \$0.1 million. As at June 30, 2025, the fair value was estimated to be \$0.1 million. The fair value of the call options was estimated using the Partial Differential Equation model. The assumptions used on initial recognition and June 30, 2025 are set in the table below.

	June 30, 2025	May 21, 2025
Remaining term	3.2 years	3.3 years
Interest rate	7.0%	7.0%
Conversion price	C\$0.73	C\$0.73
Share price	C\$0.21	C\$0.16
Expected stock price volatility	75%	75%
Risk-free interest rate	3.8%	4.0%
Credit spread	3.4%	3.5%
All-in-yield	7.1%	7.5%

A continuity of the 2025 Sandstorm Note is as follows:

	Note \$	Conversion Option \$	Total \$
Balance – May 8, 2025	-	-	-
Principal additions	1,200	-	1,200
Initial fair value	(11)	11	-
Interest accrual	9	-	9
Accretion	1	-	1
Change in fair value of call option	-	9	9
Balance – June 30, 2025	1,199	20	1,219

16. Warrant Liability

On initial recognition, these warrants were estimated to have a fair value of \$2.6 million and costs related to the issuance of warrants in the amount of \$0.2 million were expensed and reported as Other Expenses. As at June 30, 2025, these warrants were estimated to have a fair value of \$1.5 million (December 31, 2024 – \$2.9 million). The Company uses the Black Scholes Options pricing model to determine the fair value of the warrant liability. The assumptions used on June 30, 2025 are set in the table below.

	June 30, 2025
Risk-free interest rate	3.8%
Expected dividend yield	0.0%
Stock price	C\$ 0.21
Expected stock price volatility	75.0%
Expected life in years	3.3

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The changes in warrants during the six-month period ended June 30, 2025 is as follows:

	Number of warrants	Weighted average exercise price (in CDN\$)
Outstanding, December 31, 2024	27,195,000	C\$0.42
Exercised	-	-
Outstanding, June 30, 2025	27,195,000	C\$0.42

17. Capital

Authorized and Issued Share Capital

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

2025 Activity

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.

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 on a joint and several basis 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 and Equinox held 45,492,399 and 25,397,160 shares, respectively, which represented approximately 19.97% and 11.15% of the Company's issued and outstanding common shares. Following the Concurrent Sale and the Offering, Sandstorm and Equinox hold 58,381,399 and 38,286,160 shares, respectively, which represent approximately 19.98% and 13.10% (Note 20) of the Company's issued and outstanding common shares.

Stock Option Plan

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, 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 of Directors. 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 of Directors 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 DSUs 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 of Directors may, from time to time, award RSUs or DSUs to directors, officers, employees, and in the case of RSUs, consultants. Under the LTIP, 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. Both the Stock Option

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Plan and the LTIP are intended to be equity-settled, with participants receiving common shares of the Company upon vesting or exercise.

Stock Options

During the six-month period ended June 30, 2025, the Company did not grant any stock options.

The changes in share options during the six-month period ended June 30, 2025, and the year ended December 31, 2024, were as follows:

	June 30, 2025		December 31, 2024	
	Number of options	Weighted average exercise price (in CDN\$)	Number of options	Weighted average exercise price (in CDN\$)
Outstanding, beginning of the year	8,512,500	C\$0.88	9,550,000	C\$1.27
Granted	-	-	2,562,500	C\$0.29
Forfeited	-	-	(950,000)	C\$0.55
Cancelled	-	-	(2,650,000)	C\$1.61
Outstanding, end of the period	8,512,500	C\$0.88	8,512,500	C\$0.88

A summary of the Company's stock options outstanding as at June 30, 2025 is as follows:

Options Outstanding	Options Exercisable	Exercise Price (in CDN\$)	Remaining contractual life (years)	Expiry Date
670,000	670,000	C\$2.05	2.66	February 26, 2028
400,000	400,000	C\$2.24	2.71	March 16, 2028
150,000	150,000	C\$1.92	2.95	June 12, 2028
1,280,000	1,280,000	C\$1.50	3.59	February 1, 2029
75,000	75,000	C\$1.41	3.68	March 6, 2029
75,000	75,000	C\$2.58	4.36	November 6, 2029
2,450,000	2,450,000	C\$0.69	7.47	December 15, 2032
450,000	300,000	C\$0.45	7.99	June 26, 2033
900,000	862,500	C\$0.19	8.42	November 30, 2033
500,000	500,000	C\$0.25	8.72	March 19, 2034
1,362,500	908,333	C\$0.35	8.99	June 26, 2034
200,000	100,000	C\$0.33	9.10	August 2, 2034
8,512,500	7,770,833		6.63	

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RSUs

The changes in RSU's during the six-month period ended June 30, 2025, and the year ended December 31, 2024, were as follows:

	June 30, 2025	December 31, 2024
	Number of RSUs	Number of RSUs
Outstanding, beginning of the year	1,605,588	-
Granted	-	1,622,500
Forfeited	-	(16,912)
Outstanding, end of the period	1,605,588	1,605,588

As at June 30, 2025, the Company had vested and exercisable RSUs of nil (December 31, 2024 – nil).

RSUs are settled in cash upon termination of service and are therefore classified as cash-settled share-based payment liabilities under IFRS 2. As at June 30, 2025, the fair value of vested and exercisable RSUs was estimated to be \$0.1 million and are recorded as part of Other Liabilities.

DSUs

The changes in DSU's during the six-month period ended June 30, 2025, and the year ended December 31, 2024, were as follows:

	June 30, 2025	December 31, 2024
	Number of DSUs	Number of DSUs
Outstanding, beginning of the year	500,000	725,000
Vested	-	(225,000)
Outstanding, end of the period	500,000	500,000

As at June 30, 2025, the Company had vested and exercisable DSUs of nil (December 31, 2024 – nil).

As at June 30, 2025 and December 31, 2024, the following stock options, RSUs, and DSUs were under grant and available for issuance:

	June 30, 2025	December 31, 2024
Issued and outstanding shares	292,175,785	227,730,785
Options allowed	29,217,579	22,773,079
RSU & DSU limit	5,000,000	5,000,000
RSU's & DSU's available for issuance	1,377,500	1,377,500

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18. Revenue

The Company's revenues are primarily from sales of gold and silver. These products are sold to Sandstorm and its subsidiary (Note 11 and 20), Auramet and Asahi Refining.

The revenue for the three and six-month period ended June 30, 2025 is shown below:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Restructured Gold Stream (Note 11)	2,755	1,912	5,133	3,616
Auramet and Asahi Refining – gold and silver revenue	25,024	20,226	46,331	46,055
	27,779	22,138	51,463	49,670

19. Production Costs

The production costs for the three and six-month period ended June 30, 2025 is shown below:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Raw materials and consumables	5,218	4,897	11,115	11,092
Salaries and benefits	3,052	4,569	6,085	8,962
Contractors and outside services	8,796	4,722	14,301	9,062
Other expenses	2,355	1,852	4,833	3,697
Changes in inventory	455	(215)	(135)	(198)
	19,875	15,825	36,199	32,615

20. Related Party Transactions

Compensation of key management personnel

The remuneration of the directors, president and chief executive officer, chief financial officer, chief operating officer, and the vice president of project development (collectively, the key management personnel) was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	(000s)	(000s)	(000s)	(000s)
	\$	\$	\$	\$
Salaries and director's fees	745	304	1,176	1,056
Share-based compensation	38	186	89	265
	783	490	1,265	1,321

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

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As at June 30, 2025, \$0.1 million (December 31, 2024 – \$nil) was due for director fees.

During the three and six-month period ended June 30, 2025, the Company paid a related party, the spouse of an officer, \$nil and \$nil (June 30, 2024 - \$nil and \$0.1 million) for internal contract/procurement review services. As at June 30, 2025, amounts owed to the related party are \$nil (December 31, 2024 - \$nil).

Sandstorm

Sandstorm is a related party of the Company. On March 11, 2025, Sandstorm participated in the Offering (Note 17) which resulted in its 19.98% ownership of the Company's issued and outstanding common shares.

Equinox

Equinox is a related party of the Company. On March 11, 2025, Equinox participated in the Offering (Note 17) which resulted in its 13.10% ownership of the Company's issued and outstanding common shares.

21. Segmented Information

The Company's business consists of two reportable segment namely Mercedes, and Corani.

The "Other" category is included solely for the purpose of reconciling the reportable segments to the interim condensed consolidated financial statements. It comprises items that are not allocated to reportable segments, including corporate functions, head office activities, and intersegment eliminations.

The following is an analysis of the long-term assets by geographical area:

Long -Term Assets	June 30, 2025	December 31, 2024
Peru	\$ 80,534	\$ 80,040
Mexico	59,425	72,150
Canada	5,013	5,011
	\$ 144,971	\$ 157,201

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Three Months Ended June 30, 2025

	Revenue	Cost of Sales & other operational costs	Depletion, Depreciation & Amortization	Exploration expenses	Other expenses (income)	Net loss
Mercedes	\$ (27,779)	20,640	11,630	8	1,227	5,726
Corani	-	-	-	1,783	233	2,016
Other	-	2,828	-	235	900	3,963
	\$ (27,779)	23,468	11,630	2,026	2,360	11,705

Three Months Ended June 30, 2024

	Revenue	Cost of Sales & other operational costs	Depletion, Depreciation & Amortization	Exploration expenses	Other expenses (income)	Net loss
Mercedes	\$ (22,138)	16,870	8,937	863	(2,161)	2,371
Corani	-	-	-	1,609	(297)	1,312
Other	-	2,526	-	245	4,781	7,552
	\$ (22,138)	19,396	8,937	2,717	2,323	11,235

Six Months Ended June 30, 2025

	Revenue	Cost of Sales & other operational costs	Depletion, Depreciation & Amortization	Exploration expenses	Other expenses (income)	Net loss
Mercedes	\$ (51,463)	37,493	20,910	16	2,404	9,360
Corani	-	-	-	3,445	533	3,978
Other	-	5,353	-	322	6,049	11,724
	\$ (51,463)	42,846	20,910	3,783	8,986	25,062

Six Months Ended June 30, 2024

	Revenue	Cost of Sales & other operational costs	Depletion, Depreciation & Amortization	Exploration expenses	Other expenses (income)	Net loss
Mercedes	\$ (49,670)	34,144	16,340	2,000	(841)	1,973
Corani	-	-	-	3,247	(213)	3,034
Other	-	4,677	-	838	18,002	23,517
	\$ (49,670)	38,821	16,340	6,085	16,948	28,524

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22. 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. For all financial assets and liabilities that are held at amortized cost, as presented below, the carrying amount is a reasonable approximation of fair value.

As at June 30, 2025	Carrying Value		Fair Value				Total
	Amortized		Level 1	Level 2	Level 3		
	Cost	FVTPL					
Financial assets							
Cash (i)	\$ 4,742	-	-	-	-	-	-
Short-term investments	41	-	-	-	-	-	-
Trade receivables (i)	80	-	-	-	-	-	-
Restricted cash (i)	520	-	-	-	-	-	-
	\$ 5,383	-	-	-	-	-	-

As at June 30, 2025	Carrying Value		Fair Value				Total
	Amortized		Level 1	Level 2	Level 3		
	Cost	FVTPL					
Financial liabilities							
Accounts payable and accrued liabilities (i)	\$ 24,462	-	-	-	-	-	-
Short term loan	1,607	-	-	-	-	-	-
Note payable – debt portion	23,279	-	-	-	-	-	-
Note payable – embedded derivative (iii)	-	353	-	353	-	-	353
Convertible debenture and notes – debt portion	48,798	-	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)	-	796	-	796	-	-	796
Warrant liability (ii)	-	1,511	-	1,511	-	-	1,511
Stream arrangements (iv)	-	28,399	-	-	28,399	-	28,399
	\$ 98,146	31,059	-	2,660	28,399	-	31,059

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

As at December 31, 2024	Carrying Value		Fair Value			
	Amortized Cost	FVTPL	Level 1	Level 2	Level 3	Total
Financial liabilities						
Accounts payable and accrued liabilities (i)	\$ 33,365	-	-	-	-	-
Short term loan	1,540	-	-	-	-	-
Note payable – debt portion	21,427	-	-	-	-	-
Note payable – embedded derivative (iii)	-	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 (ii)	-	2,192	-	2,192	-	2,192
Stream arrangements (iv)	-	23,558	-	-	23,558	23,558
	\$ 103,471	28,379	-	4,821	23,558	28,379

- (i) The carrying values of cash, trade receivables 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 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 debt, and market-derived inputs including the Company's share price and share price volatility.
- (iii) The fair value of the embedded derivative is measured using inputs that include level 2 inputs. The fair value is estimated using the Partial Differential Equation model. Key inputs include contractual terms of the debt, and market-derived inputs including the Company's share price and share price volatility.
- (iv) 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 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.

23. Financial Instrument Risks and Risk Management

The Company has exposure to liquidity risk and market risk from its use of financial instruments.

This note 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.

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a) 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 trade receivables.

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

b) Liquidity risk

Liquidity risk (Note 1) 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 and to cover its financings coming due. The Company will pursue equity or debt financing as required to meet its long-term commitments and current cash requirements. There is no assurance that such financing will be available or that it will be available on favorable terms.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at June 30, 2025:

Expenses	2025	2026	2027	2028	2029 and Beyond	Total
Accounts payable and accrued liabilities (Note 8)	\$23,769	-	-	-	\$693	\$24,462
Provision for site restoration (Note 12)	-	-	2,941	3,338	15,458	21,737
Community projects obligation (Note 13)	1,127	1,127	1,127	1,127	12,398	16,906
Other liabilities	60	33	754	-	-	847
Office space leases	21	8	-	-	-	29
Vehicle rentals	278	195	205	211	218	1,107
Short Term Loan (Note 14)	1,607	-	-	-	-	1,607
Streaming Arrangements (Note 11)	4,950	9,900	9,900	3,300	-	28,050
2024 Note payable – Principal (Note 15)	-	-	-	21,667	-	21,667
2024 Note payable – Interest (Note 15)	1,439	1,517	1,517	1,091	-	5,564
2025 Note payable – Principal (Note 15)	-	-	-	1,200	-	1,200
2025 Note payable – Interest (Note 15)	53	84	84	61	-	282
Equinox Note – Principal (Note 10)	-	-	-	26,632	-	26,632
Equinox Note – Interest (Note 10)	1,769	1,864	1,864	1,709	-	7,206
Sandstorm Convertible Debenture – Principal (Note 10)	-	-	-	22,500	-	22,500
Sandstorm Convertible Debenture – Interest (Note 10)	1,495	1,575	1,575	1,056	-	5,701
Total as at June 30, 2025	\$36,568	\$16,303	\$19,967	\$83,892	\$28,767	\$185,497

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Expressed in U.S. Dollars (\$000s)

(Unaudited)

The Company continues the process of improving its working capital by updating its mine production plan and shifting to a narrow vein mining methodology which is expected to increase production output and reduce cost of sales moving forward.

c) 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

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. During the period ended June 30, 2025, the Company had minimal funds invested in interest earning savings accounts.

Interest rate risk affects the valuation of Stream Arrangements (Note 11), Convertible Debenture and Notes (Note 10), and Note Payable (Note 15), by influencing discount rates and fair value measurements. Changes in interest rates impact the present value of future cash flows associated with Stream Arrangements, as higher rates reduce the discounted value of expected payments, while lower rates increase it. Similarly, the fair value of the embedded derivative liability in the Convertible Debenture and Notes, and Note Payable are sensitive to interest rate fluctuations, as changes affect the risk-free rate and credit spreads used in valuation models. An increase in interest rates may reduce the liability's fair value, while a decrease may lead to higher valuation, impacting financial statements through fair value adjustments recognized in profit or loss.

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.

As at June 30, 2025, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

	June 30, 2025		
	Canadian Dollars	Peruvian Soles	Mexican Pesos
	(000's)	(000's)	(000's)
Cash	103	183	4,824
Receivables	-	576	227,668
Accounts payable, accrued liabilities and other	(97)	(5,571)	(244,374)
Provision for site restoration	-	-	(269,623)
Community project obligation	-	(35,118)	-
Net exposure	6	(39,930)	(281,505)

Based on the above net exposures at June 30, 2025, 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 \$1.1 million (S/4.0 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 \$1.5 million (MXN\$

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Expressed in U.S. Dollars (\$000s)

(Unaudited)

28.2 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.

Price risk

Stock prices and commodity prices play a crucial role in determining the fair value of financial instruments, including Streaming Arrangements and embedded derivative liabilities. The fair value of Streaming Arrangements is influenced by gold and silver prices, as volatility in these commodities affects expected future cash flows and, consequently, the valuation of these arrangements. Similarly, stock price fluctuations impact stock price volatility, which affects the valuation of embedded derivatives—higher volatility increases fair value due to the greater probability of conversion, while lower volatility reduces it. Changes in commodity and stock prices can lead to significant fair value adjustments, impacting revenue, earnings, and cash flows, with gains or losses recognized in profit or loss.

The fair value of the Streaming Arrangements is dependent on the gold and silver prices. Volatility in the gold and silver prices 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 June 30, 2025, a 10% increase in the price of gold and silver would have resulted in a increase to the stream arrangements liability of approximately \$2.8 million. In addition, a 1% increase in the discount rate would have resulted in a decrease to the stream arrangement liability of approximately \$0.5 million.

The Company measures the embedded derivative liability portion of the convertible debenture at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to "mark to fair value" the derivative features could significantly affect the results in the statement of comprehensive loss. If the Company's share price had been 20% higher than it was on June 30, 2025, the fair value of the embedded derivative liability of the Company's Convertible Debenture (Note 10), Note Payable (Note 15) and Warrant Liability (Note 16) would have increased by \$1.4 million, which would have resulted in the Company recording a combined gain on the fair valuation of the embedded derivative (Note 10 and Note 15) and Warrant Liability (Note 16) of \$1.5 million instead of a gain of \$2.9 million.
