BEAR CREEK MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED DECEMBER 31, 2021

Introduction

The following Management's Discussion and Analysis ("MD&A") of Bear Creek Mining Corporation (the "Company" or "Bear Creek") was prepared on April 26, 2022 and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All dollar amounts are expressed in United States dollars unless otherwise noted. Additional information relating to the Company, including the Company's Annual Information Form ("AIF"), is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Bear Creek's business is acquiring, exploring, developing, and operating precious and base metal properties. In Peru, the Company is advancing its 100%-owned Corani silver-lead-zinc project towards development, and has other early-stage exploration projects.

On April 21, 2022, the Company acquired a 100% interest in the Mercedes gold and silver mine in the state of Sonora, Mexico.

The business of mining and exploration involves a high degree of risk, and there can be no assurance that current operations, exploration and development programs will result in profitable mining operations. A description of significant business risks may be found in the Company's AIF for the year ended December 31, 2021.

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

Except as indicated below, information provided in this document related to the Company's mineral projects, while not disclosing scientific or technical information or results, is based on work programs and initiatives conducted under the supervision of Andrew Swarthout, AIPG Certified Professional Geologist, a director of the Company or Eric Caba, SME Registered Member, who are Qualified Persons ("**QP's**") as defined in NI 43-101.

Technical and scientific information presented under Section 2 "Mercedes Mine Acquisition" is derived from a Technical Report (as defined in NI 43-101) prepared for the Company entitled "National Instrument 43-101 Technical Report, Mercedes Gold-Silver Mine, Sonora State, Mexico", dated and filed on SEDAR on April 22, 2022 (the "2022 Mercedes Report"). This information is subject to all the assumptions, qualifications and procedures set out therein and is qualified in its entirety with reference to the full text of the 2022 Mercedes Report, which is available on the Company's website and under its profile on SEDAR.

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1) Highlights

Corporate Developments:

In January 2021, the Company issued 11,500,00 common shares at a price of CDN$ 3.00 per share for gross proceeds of $34.5 million ($27.1 million). The underwriters received a cash fee equal to 6% of the gross proceeds. Other costs of the issue amounted to $243 thousand.

On December 16, 2021, the Company entered into an agreement to acquire 100% of the Mercedes Gold-Silver Mine ("Mercedes") from Equinox Gold Corp. ("Equinox Gold"). Consideration paid to Equinox Gold, on April 21, 2022, to acquire Mercedes amounted to $75 million, 24,730,000 common shares of the Company and the grant of a 2% Net Smelter Return ("NSR") on metal produced. Additionally, the Company must pay an additional $25 million to Equinox Gold by October 21, 2022 to fulfill all of the requirements of the previously announced agreement. The $75 million payment consisted of $15 million from the Company's treasury and $60 million from Sandstorm Gold Ltd.

On April 22, 2022, the Company filed a Technical Report (as defined in National Instrument 43-101) for the Company's recently acquired Mercedes gold-silver mine located in Sonora, Mexico. The Technical Report dated April 22, 2022 and entitled "NI 43-101 Technical Report, Mercedes Gold-Silver Mine, Sonora, Mexico, provides an independent audit of the Mineral Reserves and Mineral Resources identified at Mercedes as of December 31, 2021 and was prepared on behalf of the Company by BBA Engineering Inc. and G Mining Services Inc.

COVID-19 infections in Peru reached new highs in December 2021 and January 2022. Since January infections and deaths dropped rapidly; however, the Peruvian government extended the medical state of emergency until August 29, 2022. Curfews have been lifted throughout the country. The Lima office staff began working from home on January 4, 2022 and returned to the office on a reduced schedule in March. Staff at the Corani Property remain on 28-day rotations rather than the pre-COVID-19 turnaround of two weeks. Management cannot predict the effect of the COVID-19 virus on the Company’s future business plans, financial position, cash flows, and results of operations.

Corani Silver-Lead-Zinc Project:

Technical, environmental, and social due diligence activities by potential sources of subordinated debt to augment a Senior Secured Credit Facility (“SSCF”) to develop Corani were mostly completed by the fourth quarter. Consultant site visits remain and are subject to pandemic protocols.

Early works continued along with detailed engineering work to finalize the plant design and CAPEX estimates were completed. Earthwork infrastructure, design, development, and water management were also completed. Project execution plan optimization and procurement activities are in progress.

The construction of the Antapata substation is complete. Regulatory compliance and permitting began during the third quarter of 2021. The permitting process should conclude by Q3 2022 after the electricity regulator audit. Construction of the transmission line connecting the substation to the town of Isivilla started in December 2020. To date, seven towers have been mounted. In October 2021, the Company received the archeological permit and regional monitoring approval to build the remaining ten towers. Construction of the ten additional towers began in November 2021. All tower footings are complete. Steel infrastructure, fibre optic and copper calbles have been purchased and warehoused on site.

Costs related to the Corani early works program, except work on the Antapata substation and power distribution system, are charged to operations in the consolidated financial statements. Under the Company’s accounting policy, technical feasibility and commercial viability are achieved upon establishing proven and probable reserves and upon the board of directors' approval to proceed with the development of a project. Development costs incurred for Corani after such approval will be capitalized

For more details, see section 3.1

2) Mercedes Mine Acquisition

On December 16, 2021, the Company announced it entered a definitive agreement to acquire all shares of Equinox Gold Corp's subsidiaries that own 100% interest in the Mercedes mine ("Mercedes"). In exchange, the Company agreed to pay $100 million in cash, 24,730,000 common shares issued by the Company, and a 2% Net Smelter Return on the metal produced from the Mercedes concessions. The cash component of the consideration due at closing totals $75 million, including $60 million of financing obtained from Sandstorm Gold Ltd. (“Sandstorm”) and $15 million from the Company’s treasury. A deferred cash payment of $25 million is due within six months of the Closing Date. The $60 million Sandstorm funds consist of a $37.5 million Gold Purchase Agreement and a $22.5 million Convertible Debenture.

The Gold Purchase Agreement requires the Company to sell 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 spot gold price at the time of delivery. Thereafter, the Company will sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the spot price at the time of delivery. Sandstorm will also be granted a right of first refusal on any future royalties, streams, or similar transactions from Mercedes production. The Convertible Debenture matures on the third anniversary of closing of the Mercedes acquisition, bears a 6% coupon, and allows the lender to convert the outstanding principal, in whole or in part, into common shares of the Company at any time before maturity at the greater of a 35% premium to the closing price per common share of the Company on the closing date of the acquisition or as otherwise permitted by the TSX-V.

The Mercedes mining operation 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. The 2022 Report indicates that the Mercedes Mine began production in 2011, and that to December 31, 2021 had processed 6,191 million tonnes grading 4.24 grams per tonne of gold and 47.4 grams per tonne of silver yielding approximately 824,000 ounces of gold and 3,479,000 ounces of silver. The following information is derived from the 2022 Mercedes Report

The table below sets out the estimated mineral resources of the Mercedes Mine as of December 31, 2021:

2022 NI 43-01 Mineral Resource Statement (Inclusive of Reserves)

	Tonnes	Grade		Contained Metal	
Classification	(000)	Au (gpt)	Ag (gpt)	Au Oz (000)	Ag Oz (000)
Measured	865	4.55	33.73	127	938
Indicated	2,914	4.79	44.93	449	4,209
Total M&I	**3,779**	**4.73**	**42.37**	**575**	**5,147**
Inferred	884	4.50	41.02	128	1,167

1.The effective date of the 2021 MRE is December 31, 2021.
2. Mineral Resources are inclusive of Mineral Reserves.
3. Mineral Resources that are not Mineral Reserves have not demonstrated economic viability.
4. The Mineral Resource cut-off grade of 2.00 gpt gold for Diluvio and 2.10 gpt gold for all other deposits was calculated using the following parameters: gold price $1,350/oz; metallurgical recoveries of 95.5%for gold; refining charges $8.48/oz gold; mining costs of $38.4 (Diluvio) and $43.3 (all other veins), processing costs of $19.8, and G&A costs of $15.6 per tonne of ore (all costs are in US$).
5. Calculations used metric units (metre, tonne). Any discrepancies in total amounts are due to rounding.
6. Todd McCracken, P. Geo. is the qualified person for the mineral resource statement as defined by NI 43-101.
7. The CIM Definition Standards on Mineral Resource and Reserves (2014) have been followed.

The table below sets out the estimated mineral reserves of the Mercedes Mine as of December 31, 2021.

2022 NI 43-101 Mineral Reserve Statement

Mineral Reserve Class	Tonnes	Grade		Contained Metal	
	(000)	Au (gpt)	Ag (gpt)	Au Oz (000)	Ag Oz (000)
Proven Underground	344	5.65	40.7	62.5	449
Probable Underground	1,873	3.40	26.9	204.5	1,620
Proven & Probable	2,217	3.75	29.0	267.0	2,069

1. CIM Definitions Standards on Mineral Resource and Reserves (2014) have been followed.
2. The effective date of the 2021 Reserve Statement is December 31, 2021
3. Mineral Reserves are minable tonnes and grades; the reference point is the mill feed at the primary crusher.
4. Mineral Reserves are estimated at a cut-off of 2.10 gpt Au, except Diluvio, which is estimated at 2.00 gpt Au.
5.Cut-off grade assumes a price of gold of US$1,350 per ounce, a 95.5% gold metallurgical recovery; US$38.41/t (Diluvio) and US$43.26/t (other deposits) mining cost, US$19.75/t processing costs, US$15.61/t G&A and US$8.48/oz refining costs.
6. A minimum mining width of 3.5 m was used in the creation of all reserve blocks.
7. Bulk density for ore varies by deposit from 2.22 t/m3 to 2.57 t/m3 and 2.40 t/m3 for waste.
8. Numbers may not add due to rounding.
9. David Willock, P. Eng., is the qualified person for the mineral reserve statement as defined by NI 43-101.

Mercedes is a fully mechanized, ramp-access, underground mine with five underground mining areas; Mercedes, Barrancas, Lupita, Diluvio, and Rey de Oro. Ore is hauled to the surface via the main ramps and stockpiled on the surface near the individual portals. Ore from the Barrancas, Lupita, Diluvio, and Rey de Oro mines is subsequently hauled to a common stockpile area near the jaw crusher. While the Reserve Estimate has all areas mined by mechanized cut and fill methods, long-hole stoping is employed to improve economics where ground conditions and ore volume permit.

The processing facilities at Mercedes are based upon conventional milling with Merrill-Crowe recovery of gold and silver. Ore is crushed in three stages and fed to a mill operated in a closed circuit with cyclones. Milled ore undergoes gravity concentration, agitated leaching, counter current decantation, Merrill-Crowe zinc precipitation, and smelting. Tailings undergo cyanide detoxification before tailing dam deposition or use in backfilling mined out stopes. Recoveries over the 2016 to 2020 period have been 95% for Gold and 39% for Silver. Additional information about the mine and infrastructure may be viewed in the 2022 Mercedes Report which is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and on our website at www.bearcreekmining.com.

3) Development Projects

3.1) Corani Silver-Lead-Zinc Project

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

A summary of the NI 43-101 compliant feasibility study (the “2019 Report”) is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and on our website at www.bearcreekmining.com.

Social and Environmental

The Company maintains excellent working relationships with local communities. An important element of this relationship is a Life of Mine Investment Agreement (“LOM Agreement”) with the Corani District Municipality, five surrounding communities, and relevant ancillary organizations. Under the agreement, the Company will make annual payments of 4 million Peruvian Soles (“Soles”), approximately $1 million per year, to a trust to fund community projects. The first installment was paid in 2013. Subsequent installments were contingent upon certain permits being received. All permits were received by June 2018, and as a result, annual payments of 4 million Soles will be made throughout the term of the agreement. To-date the Company has paid 13.4 million Soles ($3.8 million) under the terms of the LOM Agreement.

These future obligations were recorded as a liability in June 2018. Cessation or interruptions of operations will cause pro-rata decreases in the annual payments. The annual payment amount is subject to review at the end of the fifth year of production and may change depending on factors that cannot be foreseen at this time.

During September 2018, the Company started construction of the Antapata electrical substation near the town of Macusani, the nearest sizable town to the Corani Project, located on the Interoceanic Highway approximately 30 kilometers directly east of Corani (about 64 kilometers by road). Substation construction and electromechanical assembly are now complete. The Antapata substation will direct electricity to a power line that will supply the Corani Project and provide a consistent power supply to local communities. Current community consumption is estimated at 2MW, with an additional 3MW of demand expected within the next fifteen years. The substation will initially transform 138kV to 22.9kV for an initial capacity of 6 MW, upgradable to 8 MW.

Construction to connect to the town of Isivilla began in the first quarter of 2021. Seven of seventeen towers have been mounted. The remaining tower footings are complete and materials required to erect the ten remaining towers were warehoused on site. The Company expects the high-tension line to be completed by the end of Q3 2022, after inspections, permitting, testing, and linking to the local electrical grid. The Government of Peru approved a 16 million Soles (approximately $4.27 million) budget to upgrade the local residential electrical grid in Corani. The Corani infrastructure contract was awarded, and engineering work began during the third quarter of 2021, with completion expected by year-end 2022. The government awarded an additional contract to upgrade the Carabaya province local grid, and work started in February 2022. Completion of the electrical grid infrastructure is expected in 2023.

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

Outlook

The Company continues working with financial institutions to arrange financing alternatives to fund the Corani Project development.

The Company expects to continue the development of early works. Project planning will continue in preparation for the construction to finalize detailed contracting strategies and schedules.

The Company will begin upgrading roads from the Interoceanic Highway through the communities of Tantamaco, Huiquisa and Corani and eventually to the Corani mine site once Macusani municipal road work is completed. Road upgrades will improve access for residents, reduce road hazards and provide a route for the transport of heavy construction equipment to the Corani site.

The Company built additional camp infrastructure to meet increased contractor activity, requiring necessary quarantine and social distancing measures to meet COVID-19 health and safety protocols. The Company increased health monitoring stations and provided medical assistance and health training during individual household visits. The overall effect and duration of the Covid virus remain unknown as at the date of this MD&A. As a result, the Company cannot predict this virus's impact on its business plans.

Corani Expenditures

During the twelve months ended December 31, 2021, the Company incurred expenses of $13.9 million on the Corani Project. Included in this total are community contribution activities totaling $1.2 million; detailed engineering costs of $5.2 million; salaries and consulting of $4.7 million; camp supplies and logistics of $2.3 million; and other costs of $0.5 million.

	Three months ended Dec 30, 2021 (000's) $	Twelve months ended Dec 31, 2021 (000's) $
Community contributions	380	1,216
Detailed engineering	671	5,198
Environmental	55	230
Geophysics	22	129
Maintenance costs	-	32
Salaries and consulting	1,108	4,689
Camp, supplies, and logistics	689	2,348
Travel	24	65
Total	**2,949**	**13,907**

Since July 28, 2021, the elected Peruvian government has been subjected to two impeachment proceedings and more than 50 cabinet ministers have been replaced. Additionally, several key people in ministries important to the effective management of mining and energy, environmental matters, health and safety and law enforcement have resigned or been forced out of office. This uncertain environment increases the difficulty of receiving permits and adversely affects the Company's ability to predict the timing or amount of spending.

In light of the Company's plans for Mercedes development and exploration and the uncertain Peruvian political environment spending at Corani is subject to ongoing review. During the first quarter of 2022 estimated cash spending at Corani amounted to $3.3 million driven mainly by $1.1 million in salaries and consulting, $1.1 paid to the local community trust, $0.26 in engineering and substation expenses, $0.54 in camp, supplies and logistics, $0.11 in environmental, and $0.19 in community relations.

4) Exploration Projects

Over the past several years, the Company reduced its exploration activities to preserve cash and focus on the Corani Project. The Company maintains a core exploration staff to manage its joint venture exploration projects. The Company has budgeted $0.5 million for these programs and related land holding costs in 2022.

4.1) Maria Jose Prospect

Maria Jose is located in the district of San Pedro, within the Ocros province in the Department of Ancash, 266 kms NNW of Lima. On December 3, 2019, the Company exchanged its interest in a joint-venture agreement to explore Maria Jose for a net smelter return over the project. During the year ended December 31, 2021, the Company recognized an impairment loss of $0.95 million on this net smelter return royalty. The project owner's exploration efforts have not found economic mineralization. It is uncertain that future exploration will change this.

4.2) Tassa Silver-Gold Prospect

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

On February 24, 2020, the Company optioned the Tassa property to Teck Peru S.A. ("Teck"). Under the agreement, Teck may earn a 51% interest in the property by incurring $3 million in expenditures. The Company would hold a 49% interest in a joint venture company ("JV") that would own the Tassa concessions' rights. By incurring an additional $6 million in expenditures, Teck may increase its ownership of the JV to 70%. Prior to the formation of the JV, the Company may elect to surrender its 49% interest for a 2.5% NSR royalty that would reduce to a 1.5% NSR in exchange for a cash payment to Bear Creek of $1.25 million. Teck has engaged local communities and has started the exploration drilling permitting process.

4.3) Generative Exploration

Generative exploration has been an important part of the business of identifying and acquiring new opportunities. However, due to the Company's focus on advancing the Corani Project through the past several years and up to December 31, 2021 generative exploration efforts have been reduced. Generative exploration costs are those costs not attributable to a specific project.

IGV

IGV is a 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 ("MEM"). Under the terms of the IGV Contract, the Company can recover, on an expedited basis, IGV associated with its Corani capital investments described in the approved ESIA and the 2017 Corani Technical Report. The Company recovered 4.05 million Soles of Corani related IGV, equivalent to approximately $1.19 million through 2020. The Company did not file any recovery claims in 2021.

The IGV expense of $1.7 million represents IGV paid during the twelve months ended December 31, 2021. Since there is no assurance that future revenues will be generated in Peru, IGV has been expensed as incurred. IGV is denominated in Peruvian Soles. The cumulative amount of IGV paid by the Company, net of recoveries, as of December 31, 2021, is $15.23 million (60.54 million Soles). Of this amount, $4.33 million is attributable to Bear Creek Mining S.A.C., of which $3.01 million is available for expedited recovery. The balance is available for recovery once Corani is in production. IGV credits can be carried forward indefinitely and applied to reduce future income taxes or future IGV.

5) Results of Operations

Year ended December 31, 2021, as compared to the year ended December 31, 2020

For the year ended December 31, 2021, the Company incurred a net loss of $21.85 million compared to a net loss of $12.52 million for the year ended December 31, 2020, an increase of $9.33 million. The Company's loss per share for the year ended December 31, 2021, was $0.18, compared to a loss per share of $0.11 for the comparable period in 2020.

Operating Expenses (Year Ended)	2021 (000's) $	2020 (000's) $	Difference (000's) $
Corani engineering and evaluation costs	13,907	8,970	4,937
Share-based compensation	2,401	1,129	1,272
Wages and management salaries	1,027	889	138
Exploration and evaluation costs	2,306	1,180	1,126
Impairment loss on resource property	951	-	951
Shareholder information and filing fees	249	247	2
Professional and advisory fees	1,736	1,365	371
General administrative expenses	320	209	111
Travel	31	22	9
Loss before other items	22,928	14,011	8,917
Foreign exchange gain	(1,112)	(1,307)	195
Accretion expense	149	77	72
Finance income	(115)	(257)	142
Loss and comprehensive loss	**21,850**	**12,524**	**9,326**

During the year ended December 31, 2021, spending on the Corani property was $13.91 million, and other exploration costs amounted to $2.31 million, compared to $8.97 million and $1.18 million, respectively, for the year ended December 31, 2020. The Company's overall activities increased compared to the subdued level of activity during 2020 resulting from COVID pandemic lockdowns. The overall increase of $6.07 million in exploration and evaluation costs is attributable to an increase of $4.05 million in detailed engineering costs, an increase of $0.28 million in salaries and consulting fees, an increase of $0.82 million in camp, supplies & logistics costs, an increase of $0.11 million in environmental costs, an increase on $0.13 million in geophysics costs, a decrease of $0.46 million in community contribution costs and an increase in other exploration costs of $1.14 million.

The $4.05 million increase in detailed engineering costs was driven by value engineering, filtered tailings design, earthworks infrastructure design, metallurgical work, and hydrological balance initiatives, all of which were completed by year-end 2021.

During the year ended December 31, 2021, the Company recognized $2.4M in Share Based Compensation ("SBC") expense due to the vesting of options, Restricted Share Units ("RSU") and granting of Deferred Share Units ("DSU"). In 2020 the expense was $1.1M. Granting one million DSU's resulted in an expense of $1.59 million for the year compared to $Nil in 2020. Overall, there was an increase of $1.3 million in share-based compensation expense due to DSU issuances, the difference in the fair value of the instruments granted during the two periods and the difference in timing of the vesting for the instruments granted during the two periods.

The Company wrote off the carrying value for the Maria Jose project as an impairment loss during the three months ended December 31, 2021 (2020 - $nil). Professional and advisory costs increased by $0.37 million due to transaction and other project financing-related costs. Other operating costs incurred by the Company were comparable for each of the two years.

Three months ended December 31, 2021, compared to the three months ended December 31, 2020

For the three months ended December 31, 2021, the Company incurred a net loss of $6.37 million compared to a net loss of $3.85 million for the three months ended December 31, 2020, an increase of $2.52 million. The Company's loss per share for the three months ended December 31, 2021, was $0.05, compared to a loss per share of $0.03 for the comparable period in 2020.

Operating Expenses (Three Months Ended)	2021 (000's) $	2020 (000's) $	Difference (000's) $
Corani engineering and evaluation costs	2,949	2,758	191
Share-based compensation	163	305	(142)
Wages and management salaries	298	225	73
Exploration and evaluation costs	493	283	210
Impairment loss on resource property	951	-	951
Shareholder information and filing fees	20	27	(7)
Professional and advisory fees	1,007	414	593
General administrative expenses	62	56	6
Travel	6	6	-
Loss before other items	5,949	4,074	1,875
Foreign exchange (gain)/loss	406	(225)	631
Accretion Expense	42	29	13
Finance income	(31)	(31)	-
Loss and comprehensive loss	6,366	3,847	2,519

During the three months ended December 31, 2021, spending on the Corani property was $2.95 million, which was an increase of $0.19 million from the $2.76 million incurred during the three months ended December 31, 2020, primarily due to an increase of $0.08 million in detailed engineering costs, an increase of $0.27 million in supplies, an increase of $0.04 million in environmental, an increase of $0.02 million in geophysics costs, a decrease of $0.16 million in community contribution costs, and a decrease of $0.06 million in salary and consulting costs

Exploration costs incurred on other projects, including the maintenance of the Company's Peruvian entities, amounted to $0.49 million (2020 - $0.28 million). There was also a decrease of $0.14 million in share-based compensation expense due to the difference in the fair value of the instruments granted during the two periods. Due to transaction and other project financing-related costs, professional and advisory fees increased by $0.59 million. The Company wrote off the carrying value for the Maria Jose project as an impairment loss during the three months ended December 31, 2021 (2020 - $nil). The Company's other operating costs were comparable during the two periods.

During the three months ended December 31, 2021, the Company had a foreign exchange loss of $0.41 million, compared to a gain of $0.23 million during the three months ended December 31, 2021. The Company's foreign exchange gain or loss is primarily due to changes in the exchange rate used to translate the Company's community project obligation of 4 million Soles per year over the next 18 years.

Summary of Quarterly Results

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

Period	Revenues	Loss for the period (in millions)	Basic and fully diluted loss per share
4th Quarter 2021	Nil	$6.4	$0.05
3rd Quarter 2021	Nil	$3.5	$0.03
2nd Quarter 2021	Nil	$7.8	$0.06
1st Quarter 2021	Nil	$4.1	$0.03
4th Quarter 2020	Nil	$3.8	$0.03
3rd Quarter 2020	Nil	$2.8	$0.03
2nd Quarter 2020	Nil	$2.4	$0.02
1st Quarter 2020	Nil	$3.5	$0.03

The principal recurring factors that cause fluctuations in the Company's quarterly results include expenditure levels on exploration and evaluation projects, the timing of vesting and valuations attributable to share-based compensation and foreign exchange gains or losses related to the Canadian dollar or Peruvian Sol cash balances.

The increase in loss of $2.9 million in the 4th Quarter 2021 compared to the 3rd Quarter 2021 was primarily due to increased spending on the Corani property and increased professional fees relating to the transaction-related costs. The Company also recorded an impairment loss on the Maria Jose property during the 4th quarter of 2021.

The decrease in loss of $4.3 million in the 3rd Quarter 2021 compared to the 2nd Quarter 2021 was primarily due to reduced detailed engineering spending on the Corani property and other exploration costs and reduced share-based compensation expense recorded during the 3rd Quarter 2021 when compared with 2nd Quarter 2021 as a result of the granting of DSU's during the 2nd Quarter 2021.

The increase in loss of $3.7 million in the 2nd Quarter 2021 compared to the 1st Quarter 2021 was primarily due to an increase in spending on the Corani property and the granting of DSU's.

The increase in loss of $0.3 million in the 1st Quarter 2021 compared to the 4th Quarter 2020 was primarily due to an increase in spending on the Corani property partially offset by a lower foreign exchange gain during the quarter.

The increase in loss of $1.0 million in the 4th Quarter 2020 compared to the 3rd Quarter 2020 was primarily due to an increase in spending of $0.7 million on the Corani property.

The increase in loss of $0.4 million in the 3rd Quarter 2020 compared to the 2nd Quarter 2020 was due to higher share-based compensation and a lower foreign exchange gain.

The decrease in loss of $1.1 million in the 2nd Quarter 2020 as compared to the 1st Quarter 2020 was due to a foreign exchange gain of $1.1 million during Q2 2020 due to the movement of the Canadian dollar and the Peruvian Sol exchange rates relative to the US dollar during the period. There was a slight reduction in the Company's exploration activity due to the continued COVID-19 measures; however, the Company incurred additional costs due to its efforts to finance the Corani Project's development, offsetting the reduced exploration activity.

The decrease in loss of $1.2 million in the 1st Quarter 2020 compared to the 4th Quarter 2019 was due to the reduction in Corani engineering and evaluation costs as the Company adjusted activities due to COVID-19.

Selected Annual Information

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the years ended December 31, 2021, 2020, and 2019.

	2021	2020	2019
Revenues	Nil	Nil	Nil
Income (Loss) for the year (in millions)	$(21.9)	$(12.5)	$(17.7)
Earnings (Loss) per share (basic and diluted)	$(0.18)	$(0.11)	$(0.17)
Total assets (in millions)	$121.9	$118.0	$118.0
Total non-current financial liabilities (in millions) [1]	$11.3	$10.4	$11.5
Dividends declared	Nil	Nil	Nil

[1] On June 27, 2018 the Company received construction permits for processing facilities and mining installations, resulting in the recognition of a life of mine community projects obligation of $11 million.

6) Liquidity and Capital Resources

At December 31, 2021, the $24.2 million in cash and cash equivalents and short-term investments consisted of CDN$ 0.24 million ($0.19 million), Soles 0.24 million ($0.06 million), with the remaining balance in US dollars. The Company's major exploration and development expenditures for 2022 are expected to be denominated in US dollars. The Company invests cash in Canadian government-backed securities, Canadian chartered bank corporate securities with short-term maturities, Peruvian bank time deposits, or Peruvian chartered bank commercial paper with short-term maturities. During the twelve months ended December 31, 2021, the Company had a cash outflow from operating activities of $18.1 million compared to a cash outflow of $11.0 million in the comparative period in 2020.

Total cash spent on investing activities amounted to $3.0 million, primarily related to the payments of community project obligations and expenditures on the Antapata substation.

As of December 31, 2021, the Company's working capital was $22.5 million compared to working capital of $18.7 million as of December 31, 2020. Cash and cash equivalents and short-term investments at December 31, 2021, totaled $24.2 million compared to $20.6 million as of December 31, 2020. Not included in cash and cash equivalents as of December 31, 2021, is $0.97 million; this amount is considered restricted and serves as a partial guarantee for $3.86 million for future notional mine closure obligations. At the date of this MD&A, future notional mine closure obligations rose by $1.36 million to $5.21 million, and the Company increased the partial guarantee and restricted cash by $0.34 million to $1.3 million. The Company's actual restoration obligation is $0.2 million, assumed upon acquiring the Corani Project.

The Company has used approximately $17.94 million of the net proceeds received of $36.8 million from the February 2020 and January 2021 prospectus offerings, respectively, of common shares, as set out in the table below.

Corani Property	2020 Prospectus	2021 Prospectus	Total 2020 and 2021 Prospectus'	Total Incurred to date
	USD $	USD $	USD $	USD $
Advancement of 138kV/22.9kV Power Line	2,000,000	2,000,000	4,000,000	1,515,689
Antapata Substation	1,100,000	-	1,100,000	1,978,793
Develop project access roads	2,500,000	2,000,000	4,500,000	-
Advance detail Engineering for Earthworks and Process Plant	6,000,000	3,500,000	9,500,000	10,010,743
Capital Equipment	-	8,700,000	8,700,000	-
Camp Construction and other	-	7,000,000	7,000,000	3,361,618
Community Obligation Retirement	-	2,000,000	2,000,000	1,074,799
Total Corani Property	**$ 11,600,000**	**$ 25,200,000**	**$ 36,800,000**	**$ 17,941,642**

The business of mining and exploration involves a high degree of risk. There can be no assurance that current exploration and development programs will result in profitable mining operations in the future. The Company has had no source of revenue and has significant cash requirements to fund its development project capital requirements, continue with its exploration programs, administrative overhead and maintain its mineral properties.

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments as of December 31, 2021:

(000's)	2022	2023	2024	2025	2026 and Beyond	Total
Accounts payable and accrued liabilities	$903	$ -	$ -	$ -	$ -	$903
Provisions	-	-	-	-	200	200
Community projects	-	1,001	1,001	1,001	15,007	18,010
Other liabilities	30	31	31	31	817	940
Office space leases	192	44	-	-	-	236
Vehicle rentals	354	-	-	-	-	354
Total as at December 31, 2021	**$1,479**	**$1,076**	**$1,032**	**$1,032**	**$16,024**	**$20,643**
Equinox payment	40,000	-	-	-	-	40,000
Debenture Repayment	-	-	-	22,500	-	22,500
Debenture Interest	939	1,350	1,350	411	-	4,050
Total as at April 26, 2022	**$40,939**	**$1,350**	**$1,350**	**$22,911**	**-**	**$66,550**

The Company has an obligation to deliver 600 ounces a month over 42 months for a total of 25,200 ounces in connection with the Mercedes acquisition.

Issued Shares and Share Purchase Options

The Company's Long Term Incentive Plan (LTIP) 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 issuable under the Company's LTIP) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis on the grant date of such options. Pursuant to the LTIP, the Board of Directors may, from time to time, award restricted share units ("(RSUs") or deferred share units ("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 in respect of awards of DSUs and RSUs together is 5,000,000 shares. The number of shares issuable under the Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding.

As at December 31, 2021, the following stock options, RSUs and DSUs were under grant and available for issuance:

	Dec 31, 2021
Issued and outstanding shares	**124,273,132**
Limit under option plan and LTIP (10% of issued and outstanding shares)	**12,427,313**
Less options under grant	**5,620,500**
Less RSU's under grant	**1,000,000**
Less DSU's under grant	**1,000,000**
Shares available for issuance under the option and LTIP	**4,806,813**

	Dec 31, 2021
RSU & DSU limit under LTIP	**5,000,000**
Less RSUs under grant	**1,000,000**
Less DSUs under grant	**1,000,000**
RSU & DSU available for issuance	**3,000,000**

There are 616,667 RSU's outstanding out of the 1,000,000 RSU's granted and there are 1,000,000 DSU's issued and outstanding. The Company can issue up to 4,806,813 in options, RSU's, and DSU's, of which a maximum of 3,000,000 shares may be issued upon the vesting of RSU's or DSU's. If the Board of Directors decides to issue more than 1,806,813 options to acquire shares, the excess amount will decrease the number RSUs and DSUs available for grant under the LTIP.

7) Related Party Transactions

Compensation of Key Management Personnel

The remuneration of the directors, President and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (collectively, the key management personnel) for the the year ended December 31, 2021, and 2020 was:

	Year Ended Dec 31			
		2021 (000's)		2020 (000's)
Salaries and directors' fees	**$**	**1,934**	$	1,760
Share-based compensation		**2,203**		1,096
	$	**4,137**	$	2,856

8) Key Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Management's key estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates and Judgments

Significant assumptions relate to the following:

a. Share-based compensation: The Company provides compensation benefits to employees, directors, and officers through a stock option plan and a LTIP. Each option and share based award's fair value is estimated on the date of the grant using the Black-Scholes option-pricing model. Expected volatility is based on the historical volatility of the Company's share price. Historical data is utilized to estimate the valuation model's option exercises and forfeiture behavior. The risk-free rate for the expected term of the option and share award is based on the Government of Canada yield curve in effect at the time of the grant.

b. Impairment of mineral properties: The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of potential impairment indicators include, but are not limited to, whether there have been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned for the foreseeable future.

Financial Instruments

As at December 31, 2021, the Company's financial instruments include cash and cash equivalents, short-term investments, restricted cash, accounts payable and accrued liabilities, community projects obligations, and other liabilities. The fair value of all financial assets and liabilities except for the community project obligation, approximates their carrying value. There were and are no off-balance sheet financial instruments.

The Company's cash and term investments are held in Canadian and Peruvian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian and Peruvian banks. These investments mature at various dates over the current operating period.

The Company does not use derivative or hedging instruments to reduce its exposure to foreign currency exchange rates for the Canadian dollar or Peruvian Sol.

Management of Capital

The Company's capital management objectives are to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and the acquisition of other mineral projects.

The capital of the Company consists of items included in shareholders' equity. The Company manages its capital structure in response to 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 funds required to ensure sufficient liquidity to meet its objectives. The Company may issue new shares, incur debt or enter into metal purchase agreeemnts to ensure enough working capital is available to meet its short-term business requirements.

There were no changes to the Company's approach to capital management during the period ended December 31, 2021.

Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk, and price risk.

i. Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Peru and Canada and a portion of its expenses are incurred in Canadian dollars and Peruvian Soles. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and the Peruvian Sol to the US dollar could affect the Company's results of operations, financial position, and cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2021, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars and Peruvian Soles:

	December 31, 2021	
	Canadian Dollars (000's)	**Peruvian Soles (000's)**
Cash and cash equivalents and short-term investments	241	241
Receivables	-	211
Accounts payable and accrued liabilities	(251)	(37,598)
Net exposure	(10)	(37,146)

Based on the above net exposures as at December 31, 2021, and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the Canadian dollar would result in an increase of approximately $1 (C$1) in the Company's loss for the year. A 10% depreciation of the US dollar against the Peruvian Sol would result in a decrease/increase of approximately $1 (S/. 3,376) in the Company's loss for the year. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar or sole would have the opposite effect.

ii. Credit risk

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

The Company's cash and cash equivalents and short-term investments are held in major Canadian and accredited Peruvian financial institutions. Short-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian and 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 an ongoing planning and budgeting process in place to help determine the funds required to support the Company's operating requirements. The Company tries to ensure that there are sufficient funds to meet its short-term business requirements by taking into account anticipated cash expenditures for its exploration and other operating activities and its holdings of cash and cash equivalents and short-term investments. The Company will pursue equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on acceptable terms.

As at December 31, 2021, the Company's financial liabilities consist of accounts payable & accrued liabilities and, the current portion of community projects liability, and other liabilities totaling $1.96 million, which are expected to be paid over the next twelve months, and the long-term portion of other liabilities of $8.73 million, which are expected to be paid over the next five years. The Company also has a community projects obligation of Peruvian Sol 4 million for each of the next 18 years.

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. As at December 31, 2021, the Company invested funds in interest earning savings accounts with Canadian institutions. A 1% increase or decrease in the interest rate during the year ended December 31, 2021, would have resulted in an increase or decrease of $0.23 million respectively, in the Company's net income during the year ended December 31, 2021.

9) 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 date 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 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 the Mercedes mine will depend upon whether the Company is able to realize current estimates, predictions, expectations or beliefs about future events including, without limitation: the estimated amount of Mineral Reserves and Mineral Resources; the anticipated merits of the Mercedes Mine; projected exploration budgets; anticipated future replacement of Mineral Reserves and Mineral Resources; cost estimates used in the 2022 Mercedes Report are reasonably accurate; and that there are no material adverse changes in the price of gold and silver and other metals or general economic and political conditions.

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

All forward-looking statements are based on the Company's current beliefs as well as various assumptions made by and information currently available to them. These assumptions include, without limitation: (i) the presence of and continuity of metals at projects at modeled grades; (ii) the capacities of various machinery and equipment; (iii) the availability of personnel, machinery, and equipment at estimated prices; (iv) exchange rates; (v) metals and minerals sales prices; (vi) appropriate discount rates; (vii) tax rates and royalty rates applicable to the proposed mining operation; (viii) the availability of financing and expected terms; (ix) financing structure and costs; (x) anticipated mining losses and dilution; (xi) metals recovery rates, (xii) reasonable contingency requirements; and (xiii) receipt of regulatory approvals on acceptable terms. 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 and Peruvian Sol 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, 2021 in the feasibility study technical report for the Corani project dated December 17, 2019, and the 2022 Mercedes Report dated April 22, 2022 as filed on the SEDAR website (available at www.sedar.com). 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.

10) 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 dated April 26th available on www.sedar.com.

11) 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 interim condensed consolidated financial statements for the quarter ended December 31, 2021. and this accompanying MD&A (together, the "Interim Filings").

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.sedar.com.

Approval

The Audit Committee of Bear Creek has approved the disclosure contained in this MD&A.

Additional Information

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