

Bear Creek Mining Reports Q2 2024 Financial and Operating Results

Vancouver, British Columbia--(Newsfile Corp. - August 27, 2024) - Bear Creek Mining Corporation (TSXV: BCM) (OTCQX: BCEKF) (BVL: BCM) ("Bear Creek" or the "Company") reports its interim condensed consolidated financial results for the three months ended June 30, 2024 ("Q2 2024").

This news release should be read in conjunction with the Company's interim condensed consolidated financial statements and management discussion and analysis ("MD&A") for the three and six months ended June 30, 2024, which are available on SEDAR+ (www.sedarplus.ca) and the Company's website (www.bearcreekmining.com). Monetary amounts in this news release are in United States dollars unless otherwise stated and all capitalized terms herein have the same meaning as defined in the Q2 2024 financial statements.

Highlights

Key milestones that occurred during and subsequent to the end of Q2 2024 include:

- Produced 9,304 oz of gold and 40,893 oz of silver;
- Appointed Mr. Donald Mc Iver to the position of Vice President, Exploration and Geology;
- Continuing to make technical changes at Mercedes to improve operating performance;
- Enhanced Mercedes' ground control management plan ("GCMP") to overcome historical geotechnical challenges and development deficits;
- Completed the North lateral ramp at the Marianas deposit, which includes two important pivots into the north and central ore bodies planned for late 2024 and 2025 production
- Completed infrastructure projects at the San Martin deposit, including the new ventilation raise. This will allow acceleration of development by adding additional faces for ore extraction;

Eric Caba, President & CEO, states "Our efforts to optimize fundamental mine processes at Mercedes continued to result in improved gold grades and development meters achieved during Q2 2024. Pivoting development at the Marianas deposit toward driving a new lateral ramp resulted in gold production during the quarter that was lower than the previous two quarters due to restricted available working faces. Operating costs per ounce of gold produced also increased in Q2 2024 despite the effect of improved cost control measures, as a result of higher labour costs accompanying new union agreements settled during the quarter and increased contractor costs. The new Marianas ramp is expected to allow better positioning for ongoing infill drilling and development into other Marianas orebodies in late 2024 that we anticipate will contribute to production in 2025. We also initiated a near-mine and district-wide exploration program that is combining traditional exploration techniques with Machine Learning tools to identify new exploration targets. This work has already generated several new near-mine targets under cover that we are actively investigating. We remain convinced of Mercedes' ability to generate consistent, reliable quarterly production results and steady free cash flow."

Selected Q2 2024 Financial and Production Results

Bear Creek's Mercedes gold mine, located in Sonora, Mexico, produced 9,304 ounces of gold and 40,893 ounces of silver during the three months ended June 30, 2024. During this period 9,155 ounces of gold were sold, of which 825 ounces of gold were delivered under streaming arrangements. Cash cost and all-in-sustaining cost ("AISC") per ounce of gold sold were \$1,657 and \$2,058, respectively. See "Non-GAAP Financial Measures", below.

Mercedes Operating Highlights	Q2 2024	Year to Date
Gold ounces produced	9,304	21,532
Silver ounces produced	40,893	84,933

Gold ounces sold	9,155	21,834
Cash costs per gold ounce sold ⁽¹⁾	\$1,657	\$1,382
AISC per gold ounce sold ⁽¹⁾	\$2,058	\$1,785
Tonnes mined	93,093	199,458
Tonnes processed	95,727	205,007
Average gold grade mined (g/t)	3.30	3.58
Average gold grade processed (g/t)	3.23	3.48
Recovery rate gold	94%	94%
Average realized gold price ⁽²⁾	\$2,318	2,163
Development (meters)	2,569	5,349

Financial Results (millions of dollars, except share and per share amounts)	Three Months Ended June 30, 2024
Revenue	\$22.1
Comprehensive earnings (loss) after taxes	\$(11.2)
Comprehensive earnings (loss) per share ⁽³⁾	\$(0.05)
Adjusted earnings (loss) after taxes ⁽¹⁾	\$(8.6)
Adjusted earnings (loss) per share ⁽¹⁾⁽³⁾⁽⁴⁾	\$(0.04)
Cash generated from (used in) operating activities	\$4.8
Cash generated from (used in) investing activities	\$(5.4)
Cash generated from (used in) financing activities	\$(0.1)
Weighted average shares during period	227,594,741
Shares issued and outstanding at end of period	227,650,785

(1) Non-GAAP Measure. Please see "Non-GAAP Measures" below for further information.

(2) Inclusive of final settlement adjustments on sales for non-streamed ounces.

(3) Per share amounts are based on weighted average shares during the period.

(4) Adjusted earnings excludes non-cash items that are significant but not reflective of the underlying operational performance of the Company and are a useful metric as they are an important indicator of the strength of operations and the performance of the Company's core business. Additional information is provided in the Company's Q2 2024 MD&A.

Mercedes Mine, Mexico

The Mercedes mine is a fully mechanized, ramp-access operation that produces gold and silver. Eleven individual deposits have been mined or are in production. Seven additional deposits have been identified and are in the early exploration or drill definition stage. Additional mineralized zones proximal to existing workings have been identified and are at the exploration or drill definition stage.

Exploration

Greenfield exploration drilling continued during Q2 2024. Targets included the San Martin Displacement, Margarita East, Klondike Displacement, Rey de Oro Deep, Diluvio Northwest and Lagunas West targets. Expenditures on this limited program during Q2 2024 totaled \$0.6 million. Delineation infill drilling focused on the Marianas, Diluvio West, Intermediate, GAP and Barrancas deposits. Data obtained from this infill drilling will assist in the estimation of new Mineral Resources and the conversion of Resources to Mineral Reserves.

Development

The Company's focus on improving mine development continued through Q2 2024 with 2,569 meters of

development advancement achieved during the period. This is in line with the development meters achieved in Q4 2023 and Q1 2024, after steady quarterly improvements over the course of the past financial year, from 1,044 meters in Q1 2023. Development at the Rey de Oro deposit advanced during Q2 2024.

With the completion of the vent raise in San Martin, mining progress improved in Q2 2024 with significant advance in infrastructure development, adding additional operating faces to be mined through the remainder of the year. Bear Creek made the strategic decision in Q1 2024 to discontinue development of the central vertical ramp at the Marianas deposit and to drive a new lateral ramp, which development was completed during Q2 2024. The central vertical ramp was situated in the hanging wall of a significant shear zone, which caused poor ground conditions contributing to rock stability issues, cost increases and lower production. The new lateral ramp allows for both development to the north ore body of Marianas and for reestablishment of a new central vertical ramp that is offset from the shear zone of the hanging wall. During Q2 2024, both the Marianas North ore body pivot and the new central ore body vertical ramp pivot were established within the lateral ramp.

Planning for a new tailings storage facility ("TSF3") continued during Q2 2024. A land use permit for TSF3 was issued during Q1 2024, however final permitting has been impacted by bureaucratic delays in the implementation of Mexico's new mining law announced in 2023. Contingency plans for the deposition of tailings are being developed.

Production

Mercedes' Q2 2024 production was comprised of contributions from three main deposit areas: San Martin, Diluvio and Lupita. Q2 2024 production totaled 93,093 tonnes of ore mined at an average mining grade of 3.30 g/t gold, with 95,727 tonnes of ore processed at an average grade of 3.23 g/t gold. The average gold grade of ore processed during Q2 2024 was largely in keeping with the last two quarters, continuing the improvement in grade in comparison to the 2023 average of 2.77 gpt.

The Mercedes Mine had two lost time incidents and no reportable environmental incidents during the three months ended June 30, 2024.

Outlook

San Martin is expected to continue to contribute meaningfully to Mercedes' gold production through the remainder of 2024. Additional contributions are expected from the Rey de Oro, Diluvio and Gap deposits, as well as ongoing production from Marianas.

Work on a new geological and block models continued to progress during Q2 2024 and are being prepared for review by external experts, which is expected to occur during Q4 2024. The continued focus on development as well as delineation and exploration drilling, combine to support the Company's plans for medium and long-term production. Updates to estimates of mineral reserves and mineral resources are tentatively expected before year end, pending completion of the first phase of the exploration and infill drilling campaign and approval of the models described above

The Company has commenced a program to delineate new prospects, with the potential to lead to new mineral resources proximal to Mercedes' current operations, to be followed by a second phase of work aimed at expanding the existing interpretation of the remainder of the Mercedes concessions with a view to defining key mineralized systems and new mineralization models. This holistic program integrates Machine Learning tools, aeromagnetic survey data, ground-based geochemistry and geological observations with concomitant interpretations. Additionally, specialized geological consultants have been contracted to better understand the complex structural environment of precious metal deposition at Mercedes and more precisely guide ongoing exploration efforts. Several new possible mineralized structures have been identified including a possible parallel structure to the primary Mercedes vein.

As a result of anticipated variability in Mercedes' production rates for the remainder of 2024, Bear Creek

is not providing 2024 production guidance for the Mercedes Mine.

Corani Project

Activities at the Corani Property during the three months ended June 30, 2024 focused primarily on community support initiatives and on progressing a geometallurgical test program. The Company maintains and continues excellent working relationships with local communities.

The Corani geometallurgical program, which commenced in 2023, involved drilling nine holes totaling approximately 1,231 meters, and logging, sampling and assaying the drill core. Assay results were substantially in line with the existing Corani block model. A selection of samples for metallurgical test work were shipped to Base Metallurgical Laboratory in Canada in late 2023 with additional samples sent subsequent to the end of Q2 2024. Final metallurgical results on all submitted samples are expected to be received in late Q3 2024. The purpose of the geometallurgical program is to establish updated data as the Company prepares to resume Corani project financing efforts.

Pending receipt of the results of the geometallurgical test program and if and as Peruvian investment conditions improve, the Company plans restart its efforts to seek the funding necessary to construct the proposed Corani mine. In the meantime, the Company is continuing to focus on maintaining the Corani permits and the project's strong social license.

Overview of Results of Operations, Liquidity and Capital Resources

The Company recorded revenue of \$22.1 million from the sale of gold and silver during the three months ended June 30, 2024 (compared to \$19.9 million for the comparative period of 2023). The cost of goods sold was \$15.8 million and depletion, amortization and depreciation amounted to \$8.9 million during Q2 2024.

The Company recorded a gross loss from operations of \$2.6 million for the three months ended June 30, 2024 (compared to a gross loss of \$2.8 million the same period a year earlier). Mercedes' Q2 2024 operating costs were negatively impacted by: strengthening of the Mexican peso against the US dollar; increases in labor costs (20% higher than Q2 2023) as a result of the biennial union agreement negotiations that took place during Q2 2024 as well as severance payments due to a reduction in staff; and increases in contractor costs (41% higher than Q2 2023) due to the engagement of additional operations contractor services focused on accelerating mine development and reducing dilution. These cost increases were partially offset by lower material costs, lower cement consumption and lower maintenance costs stemming from the Company's cost reduction efforts.

Spending on the Corani property totalled \$1.7 million during the three months ended June 30, 2024, a small decrease compared to the same period a year earlier (Q2 2023: \$1.9 million) due to decreased consulting costs and higher cost recovery. The Corani expenditures comprise both direct project expenditures and corporate overhead costs. Exploration costs, including maintenance of the Company's Peruvian property interests and exploration at Mercedes, totaled \$1.0 million during the quarter (Q2 2023: \$0.3 million). This increase is due to increased exploration drilling at Mercedes.

During Q1 2024, the Company closed the Sandstorm Restructuring Agreement (see the Company's news release dated January 22, 2024 and its MD&A for the three months ended March 31, 2024). As a part of the restructuring, the Company derecognized deferred revenue associated with Sandstorm Gold Purchase Agreement on January 22, 2024, and determined fair value of the Restructured Sandstorm Gold Stream. Fair value of the Restructured Silver Stream has also been determined as at January 22, 2024. The change in fair value of the Company's stream arrangements as at June 30, 2024 of \$1.9 million (as compared with \$0.6 million in Q2 2023) is primarily due to change in metals price, remaining deliveries and discount rates utilized.

The Company fair values the conversion feature of its convertible debentures, and call options granted as part of notes payable at each period end and recorded a loss of \$2.1 million (Q2 2023: gain of \$1.2

million) presented as a change in fair value of the derivatives embedded into the Equinox Note and Sandstorm Loan. The major factor impacting this loss was the change in share price of the Company during the quarter.

The Company fair values the warrant liability associated with financing in Q4 2023 and recorded a loss of \$0.9 million (Q2 2023: nil) due to the fluctuations in the Company's share price.

After operating expenses, other income and expenses, tax expenses and recoveries the Company recorded a comprehensive net loss of \$11.2 million (\$0.05 per share) for the three months ended June 30, 2024 (Q2 2023: \$7.6 million and \$0.05 per share). The increased comprehensive loss of \$3.6 million period over period is primarily due to the \$5.5 million loss on the valuation of embedded derivatives, stream arrangements and warrant liabilities and a \$1.7 reduction in tax recoveries, offset by foreign exchange gain of \$3.9 million.

At June 30, 2024 the Company held cash and cash equivalents and short-term investments totaling \$3.4 million, a decrease of \$0.5 million from December 31, 2023. For the six months ended June 30, 2024 the Company had a cash inflow from operating activities of \$5.8 million (2023: inflow of \$7.5 million); a cash outflow from investing activities of \$5.4 million (2023: outflow of \$3.4 million); and an outflow of \$0.8 million from financing activities (2023: outflow of \$2.6 million).

The Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2024 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, 2024 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at June 30, 2024, the Company had a working capital (current assets less current liabilities) deficiency of \$92.8 million (December 31, 2023: \$89.7 million), which was impacted by the amendments to IAS 1 - Presentation of Financial Statements, requiring reclassification of equity-settleable convertible notes and warrant liabilities totaling \$56.1 million (December 31, 2023: \$47.4 million) from non-current liabilities to current liabilities.

Non-GAAP Measures

This news release includes disclosure of certain financial measures or ratios, as such terms are used in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure*, including Cash Cost, All-In Sustaining Cost ("AISC") and Adjusted Earnings. These Non-GAAP financial measures are not standardized financial measures under IFRS® Accounting Standards ("IFRS") and might not be comparable to similar measures presented by other companies. The Company believes that these measures and ratios provide investors with an improved ability to evaluate the prospects of the Company as they provide additional information related to operating performance and are widely used in the mining industry.

For further information regarding these non-GAAP financial measures including reconciliations of these measures to the applicable costs items as reported in the consolidated financial statements for the respective periods, please see the information under the heading "Cash Cost and All-in-Sustaining Cost ("AISC") for Mercedes" in the Company's MD&A for the three months and six months ended June 30, 2024, available on the Company's website and on SEDAR+.

On behalf of the Board of Directors,

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NI 43-101 Disclosure

Unless otherwise indicated, scientific and technical information in this news release is based on work programs and initiatives conducted under the supervision of, and/or has been reviewed and approved by, Andrew Swarthout, AIPG Certified Professional Geologist, a director of the Company who is a Qualified Person ("QP") as defined in NI 43-101. Additional information related to the Mercedes Mine and the Corani Project, including the Quality Assurance and Quality Control measures applied to the Company's sampling and assaying practices, is available in its Annual Information Form for the year ended December 31, 2023, available on its website and on SEDAR+.

Cautionary Statement Regarding Forward-Looking Information

This news release contains forward-looking statements regarding: the ability of the Mercedes mine to generate free cash flow; expectations regarding the deployment of free cash flow if and when generated; the expected outcomes and benefits of increasing drill density at the Mercedes mine; completion of, and third party review of, a new geological model, revised reserve block model, mining methodology optimization and mine sequencing for the Mercedes mine; the potential for additional mineralization, yet undiscovered, within the Mercedes property; the Company's interpretation of geological evidence; ongoing monitoring of the effectiveness of mining methodologies at various Mercedes workings; outcomes related to permit applications; contingency plans for the future disposal of tailings at the Mercedes mine; the timing and outcome of results from geometallurgical test work at the Corani property; plans to re-initiate Corani project financing discussions; and expectations regarding the maintenance of Corani permits and social license. These forward-looking statements are provided as of the date of this news release and reflect predictions, expectations or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. In making these forward-looking statements, the Company has applied several material assumptions, including, but not limited to: that the Company will be able to meet its debt and stream obligations; that unforeseen factors will not impede the anticipated performance of the Mercedes mine; that development work at Mercedes will continue as planned and result in contributions to production as anticipated; and that exploration drilling plans will transpire as and when predicted. Although management considers these assumptions to be reasonable based on information available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and the risk exists that estimates, forecasts, projections, and other forward-looking statements will not be achieved or that assumptions on which they are based 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 expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions expressed above do not occur, but may include additional risks as described in the Company's latest Annual Information Form, and other disclosure documents filed by the Company on SEDAR+. 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. 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



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