

# Bear Creek Mining Closes Restructuring Transaction with Sandstorm to Improve Near Term Cash Flow

## Monthly Stream Obligations Significantly Reduced and Maturity Date of Debt Extended to 5 years

Vancouver, British Columbia--(Newsfile Corp. - January 22, 2024) - Bear Creek Mining Corporation (TSXV: BCM) (BVL: BCM) (OTCQX: BCEKF) ("Bear Creek" or the "Company") is pleased to announce it has closed its previously announced restructuring transaction (the "Transaction") with Sandstorm Gold Ltd. and its subsidiaries (collectively, "Sandstorm"), which was effected by way of a Restructuring Framework Agreement (the "Restructuring Agreement") dated September 28, 2023. The Transaction is expected to improve the Company's ability to produce free cash flow in the near term from the Mercedes mines ("Mercedes") via (i) a 325 ounce per month reduction in near-term gold stream deliveries and the complete suspension of silver stream delivery obligations until April 2028, and (ii) the refinancing and extension of Bear Creek's debt with Sandstorm. For more information regarding the Transaction, please see the Company's news releases dated September 28, 2023 and November 24, 2023.

Eric Caba, President and CEO of Bear Creek, states, "The Restructuring Agreement is a significant part of our strategy to improve the impact of Mercedes on Bear Creek's financial condition and, by extension, its value to shareholders. The Restructuring Agreement significantly reduces the Company's near term debt liabilities and its monthly debt repayment contributions, and increases the Company's participation in the sale of gold and silver produced at the mine through lower stream obligations. Together, these benefits improve the ability of Mercedes to generate positive cash flow that can be deployed on re-investing in growth initiatives at Mercedes and on advancing our cornerstone Corani project in Peru."

### Stream Amendments

In accordance with the Restructuring Agreement, the Company and Sandstorm have amended: (i) the gold purchase agreement between the parties originally dated December 16, 2021 (the "Sandstorm Gold Stream") and (ii) the purchase and sale agreement dated April 21, 2022 between the Company and a wholly owned subsidiary of Sandstorm (the "Nomad Stream" and collectively with the Sandstorm Gold Stream, the "Stream Amendments"). As a result of the Stream Amendments, the Company is now obliged to deliver to Sandstorm 275 ounces of gold per month until April 2028 (previously 600 ounces per month until May 2026). In addition, silver deliveries are suspended through April 2028 (previously 25,000 ounces per month). In combination with the conclusion on September 27, 2023 of a second gold stream on Mercedes (see Bear Creek news release dated September 28, 2023), the Stream Amendments are expected to reduce the monthly stream burden at Mercedes by 78%. Furthermore, under the Stream Amendments, cash payments for streamed ounces increase to 25% of spot price on all gold (fixed and tail) and silver deliveries (from 7.5% on fixed gold deliveries and 20% on all silver deliveries).

As consideration for the Stream Amendments, the Company issued the following consideration to Sandstorm:

- i. 28,767,399 common shares (the "Consideration Shares") of the Company (each, a "Common Share") to Sandstorm at a deemed value of C\$0.27 per Common Share for an aggregate value of approximately C\$7,767,198 or US\$5,751,350 (such issuance of Common Shares brings Sandstorm's ownership interest in the Company to approximately 19.99% of the outstanding Common Shares);
- ii. granted Sandstorm a 1.0% net smelter returns royalty (the "Royalty Agreement") on and over the Corani property; and

- iii. increased the principal amount of the Sandstorm Promissory Note (as defined below) by US\$4,248,650.33 (the "Consideration Shortfall").

### **Debt Restructuring**

Pursuant to the Restructuring Agreement, the Company amended the principal terms of the convertible debenture dated December 16, 2021 (the "Original Convertible Debenture") between the Company and Sandstorm (the "Amended Convertible Debenture") such that: (i) the maturity date was extended to September 22, 2028, (ii) the interest rate of 6.0% was amended to 7.0%, and (iii) the conversion price of C\$1.51 per Common Share was amended to C\$0.73 per Common Share, such that the principal amount of US\$22,500,000 may be converted, in whole or in part and at Sandstorm's election, into approximately 41,625,000 Common Shares (subject to exchange rate fluctuations), provided that a conversion of principal to Common Shares under the Amended Convertible Debenture may not cause Sandstorm's ownership interest in the Company to exceed 19.99%. All other material terms and conditions of the Amended Convertible Debenture will be substantially similar to the Original Convertible Debenture.

Pursuant to the Transaction, the Company refinanced a US\$14,373,000 promissory note (the "Sandstorm Secured Loan") issued by the Company to an affiliate of Sandstorm, by entering into a new amended and restated secured promissory note (the "Sandstorm Promissory Note") with a principal amount equal to up to US\$21,642,612.35. Such principal amount is comprised of (i) US\$14,768,962, being the current principal and accrued interest owing under the Sandstorm Secured Loan (including US\$5,373,000 advanced between September 30, 2023 and the closing of the Restructuring Agreement); and (ii) US\$4,248,650.33, being the Consideration Shortfall. The Sandstorm Promissory Note shares substantially the same maturity date and conversion terms as the Amended Convertible Debenture above.

### **Sandstorm Files Early Warning Report**

Pursuant to National Instrument 62-103 - *The Early Warning System and Related Take Over Bid and Insider Reporting Issues*, Sandstorm is announcing the receipt of 28,767,399 Consideration Shares of the Company pursuant to the Transaction. The acquisition of the Consideration Shares represents approximately 12.6% of the outstanding Common Shares following closing of the Transaction on a non-diluted basis.

Prior to Bear Creek's issuance of the Consideration Shares, Sandstorm held 16,725,000 Common Shares, representing approximately 8.4% of the outstanding Common Shares on a non-diluted basis. Upon completion of the Transaction, an aggregate of 45,492,399 Common Shares are owned by Sandstorm, representing 19.99% of the Common Shares on a non-diluted basis. Pursuant to the Amended Convertible Debenture and Sandstorm Promissory Note, Sandstorm is entitled to acquire up to an additional 81,663,833 Common Shares (subject to exchange rate fluctuations). Accordingly, if all convertible securities held by Sandstorm are converted in accordance with their terms it would result in Sandstorm holding 127,156,232 Common Shares (subject to exchange rate fluctuations) equal to approximately 41.1% of the then issued and outstanding Common Shares (on a partially diluted basis). However, the convertible securities held by Sandstorm are subject to a conversion limitation such that a conversion of principal to Common Shares under both the Amended Convertible Debenture and the Sandstorm Promissory Note may not result in Sandstorm having beneficial ownership over Common Shares in excess of 19.99%.

As noted above, the Consideration Shares were acquired pursuant to the Restructuring Agreement. The acquisition of the Consideration Shares was effected for investment purposes. Sandstorm may from time to time acquire additional securities of Bear Creek, dispose of some or all of the existing or additional securities it holds (or will hold), or may continue to hold its current position. An Early Warning Report, as required under National Instrument 62-103, contains additional information with respect to the foregoing matters and will be filed by Sandstorm on Bear Creek's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). To obtain a copy of the report, contact Kim Bergen at 604 628 1164. Sandstorm's head office is located at 733 Seymour Street, Suite 3200, Vancouver, BC V6B 0S6.

Sandstorm is a Non-Arm's Length Party (as such term is defined in TSX Venture Exchange ("TSXV") Policy 1.1 - Interpretation) in relation to the Company. The transactions disclosed in this news release including the Restructuring Agreement and the transactions under the Restructuring Agreement, including the Stream Amendments, the Consideration Shares, the Royalty Agreement, the Amended Convertible Debenture, and the Sandstorm Promissory Note are subject to final approval from the TSXV.

### **About Bear Creek Mining**

Bear Creek Mining is a precious metals producer with a world-class development asset. Our Mercedes mine in Sonora, Mexico is a cash flow generating gold mine with operational upside and exciting exploration potential. Our Corani silver-polymetallic deposit in Puno, Peru is one of the largest fully permitted silver deposits in the world and is highlighted by its substantial reserves and resources, low estimated operating costs and overwhelming community support. Bear Creek Mining has field offices in Hermosillo, Mexico and Lima, Peru, in addition to its head office at Suite 3200, 733 Seymour Street, Vancouver, BC V6B 0S6.

On behalf of the Board of Directors,

Eric Caba  
President and Chief Executive Officer

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### **Cautionary Statement Regarding Forward-Looking Information**

This news release contains forward-looking statements regarding: the reduction in the stream burden on Mercedes and the improvement to Mercedes's ability to produce free cash flow in the near term; the delivery of incremental value for shareholders and Bear Creek's streaming counterparties over the long term; the expected effect on Bear Creek of the Restructuring Agreement; the expected future production from Mercedes; Bear Creek's ability to fulfill its obligations under the Sandstorm Gold Stream, Nomad Stream, Amended Convertible Debenture, Sandstorm Promissory Note or Royalty Agreement; Sandstorm's election to convert all or a portion of the principal of the Amended Convertible Debenture or the Sandstorm Promissory Note into Common Shares; the Company obtaining final approval from the TSXV of the Restructuring Agreement and the transactions thereunder; and other statements regarding future plans, expectations, exploration potential, guidance, projections, objectives, estimates and forecasts as well as the Company's expectations with respect to such matters.

These forward-looking statements are provided as of the date of this news release, or the effective date of the documents referred to in this news release, as applicable, 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 the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to: that the Restructuring Agreement will receive the requisite regulatory approvals; that future production from Mercedes will meet management's expectations; and that the Company will be able to meet its obligations under the Restructuring Agreement and the transactions contemplated thereby.

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 risks exist 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 specifically include, without limitation, risks relating to general market conditions and the additional risks described in the Company's latest Annual Information Form, and other disclosure documents filed by the Company on its SEDAR+ page at [www.sedarplus.ca](http://www.sedarplus.ca). 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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