

# Bear Creek Mining Reports Q1 2024 Financial and Operating Results

Vancouver, British Columbia--(Newsfile Corp. - May 29, 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 March 31, 2024 ("Q1 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 months ended March 31, 2024, which are available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and the Company's website ([www.bearcreekmining.com](http://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 Q1 2024 financial statements.

## Highlights

Key milestones that occurred during and subsequent to the end of Q1 2024 include:

- Production of 12,228 oz of gold and 44,040 oz of silver;
- Closing the Restructuring Agreement with Sandstorm Gold Ltd. ("Sandstorm") on January 22, 2024 which included:
  - Restructuring the Mercedes metal streams, reducing gold deliverables from 600 to 275 ounces per month and silver deliverables from 100% to nil until April 2028 and increasing the cash payments for both to 25% of spot prices;
  - Amending the terms of the \$22.5 million Sandstorm Convertible Debenture entered into on December 16, 2021, and extending its maturity date;
  - Granting a net smelter return ("NSR") royalty on the Corani asset; and
  - Issuing share consideration to Sandstorm.
- Continuing to make substantial technical changes at Mercedes to improve operating performance;
- Enacting measures to overcome historical geotechnical challenges and development deficits at Mercedes;
- Appointing Zoya Shashkova to the position of Chief Financial Officer effective March 18, 2024; and,
- Receiving final approval for the Restructuring Agreement by the TSX Venture Exchange ("TSX-V") on April 30, 2024.

## Selected Q1 2024 Financial and Production Results

Bear Creek's Mercedes gold mine, located in Sonora, Mexico, produced 12,228 ounces of gold and 44,040 ounces of silver during the three months ended March 31, 2024. During this period 12,679 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 \$1,183 and \$1,588, respectively. See "Non-GAAP Financial Measures", below.

Mercedes Operating Highlights	Three Months Ended March 31, 2024
Gold ounces produced	12,228
Silver ounces produced	44,040
Gold ounces sold	12,679
Cash costs per gold ounce sold <sup>(1)</sup>	\$1,183
AISC per gold ounce sold <sup>(1)</sup>	\$1,588
Tonnes mined	106,365
Tonnes processed	109,280
Average gold grade mined (g/t)	3.83

Average gold grade processed (g/t)	3.69
Recovery rate gold	94%
Average realized gold price <sup>(2)</sup>	\$2,052
Development (meters)	2,781

<b>Financial Results</b> (thousands of dollars, except share and per share amounts)	<b>Three Months Ended March 31, 2024</b>
Revenue	\$27,532
Comprehensive earnings (loss) after taxes	\$(17,289)
Comprehensive earnings (loss) per share <sup>(3)</sup>	\$(0.08)
Adjusted earnings (loss) after taxes <sup>(1)</sup>	\$(4,100)
Adjusted earnings (loss) per share <sup>(1)(3)(4)</sup>	\$(0.02)
Cash generated from (used in) operating activities	\$6,623
Cash generated from (used in) investing activities	\$(4,500)
Cash generated from (used in) financing activities	\$327
Weighted average shares during period	220,619,381
Shares issued and outstanding at end of period	227,575,785

(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 Q1 2024 MD&A.

Eric Caba, President & CEO, states, "Significant progress was made at Mercedes this quarter across a number of initiatives. Production and operating results from the Mercedes mine in Q1 2024 demonstrate a continuity of the improvements realized in the final quarter of 2023, including gold and silver ounces produced, average gold grade mined and processed, and development meters achieved. We also closed the Restructuring Agreement with Sandstorm during the quarter and the resulting reduction in our stream deliverables has provided us with increased exposure to recent improvements in metal prices. While we have seen positive results in the last two quarters from our optimization initiatives over the past year, there are still challenges ahead of us to overcome that are likely to cause fluctuating production results throughout 2024. While a one-time non-cash charge reflecting the accounting cost of the Restructuring Agreement impacted our Q1 2024 earnings, the financial performance of the Mercedes mine is improving and our optimism for Mercedes' ability to generate consistent, reliable quarterly production results and steady free cash flow has not wavered."

## **Restructuring Agreement**

During Q1 2024 the Company closed the Restructuring Agreement with Sandstorm, which received final approval from the TSX-V subsequent to the end of the quarter. The Restructuring Agreement increases the Company's participation in the sale of gold and silver produced at Mercedes (the "Stream Amendments") and extends the maturity date of the \$22.5 million Sandstorm Convertible Debenture and Promissory Note (the "Debt Amendments").

Details regarding the Restructuring Agreement, including the Stream Amendments and Debt Amendments are available in the Company's news releases dated September 28, 2023 and January 22, 2024, in its MD&A and Annual Information Form for the year ended December 31, 2023, and its Q1 2024 MD&A, each of which is available on the Company's website and on SEDAR+.

## **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*

A greenfield exploration drilling program that commenced in late 2023 continued during Q1 2024 and focused primarily on targets with limited previous drill testing including the Marianas Deep, San Martin Displacement and Klondike Displacement targets. Expenditures on this limited program during Q1 2024 totaled \$0.7 million.

### *Development*

The Company's focus on improving mine development continued through Q1 2024 with 2,781 meters of development advancement achieved during the period. This is in line with the development meters achieved in Q4 2023 after steady quarterly improvements over the course of the past financial year, from 1,044 meters in Q1 2023.

Mining progress within San Martin benefitted from significant advances in infrastructure development including installation of a vent raise that is scheduled to be fully operational in Q2 2024. The Company pivoted away from the primary vertical ramp in Marianas in December of Q4 2023 due to poor ground conditions which were causing significant cost overruns and delays. Marianas development work was moved to a new lateral ramp into better quality rock.

### *Production*

Mercedes' Q1 2024 production was comprised of contributions from four main deposit areas: San Martin (the primary contributor), Marianas, Diluvio and Lupita, and totaled 106,365 tonnes of ore mined at an average mining grade of 3.83 g/t gold, with 109,280 tonnes of ore at an average grade of 3.69 g/t gold processed during Q1 2024. The gold grade of both mined and processed ore during Q1 2024 increased substantially in comparison to the same period a year earlier (2.93 g/t gold mined and 2.91 g/t processed during Q1 2023). San Martin is expected to continue to contribute meaningfully to Mercedes' gold production through the remainder of 2024.

The Mercedes Mine had no lost time incidents and no reportable environmental incidents during the three months ended March 31, 2024.

### *Outlook*

Work on a new geological and block models continued to progress during Q1 2024 and are being prepared for review by external experts, which is expected to occur during Q2 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.

Additionally, specialized technical resources are being applied to better understand the complex geological environment at Mercedes and more precisely guide the exploration efforts. 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.

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 March 31, 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 9 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 and results are expected to be received in late Q2 or early 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 will restart its efforts to seek the funding necessary to construct the proposed Corani mine. In the meantime, the Company is investigating a number of opportunities to add value to the Corani project and 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 \$27.5 million from the sale of gold and silver during the three months ended March 31, 2024 (compared to \$24.3 million for the comparative period of 2023). The cost of goods sold was \$16.8 million and depletion, amortization and depreciation amounted to \$7.4 million during Q1 2024.

The Company recorded a gross profit from operations of \$3.3 million for the three months ended March 31, 2024 (compared to a gross loss of \$1.3 million the same period a year earlier). Mercedes' operating costs are incurred primarily in Mexican pesos and strengthening of the Mexican peso against the US dollar negatively impacted labor and contractor costs associated with mine development during Q1 2024 compared to Q1 2023. 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 \$2.1 million during the three months ended March 31, 2024, an increase of \$0.5 million from the same period a year earlier as a result of the geometallurgical test work program that commenced in mid-2023. The Corani expenditures comprise both direct project expenditures and corporate overhead costs.

As the Restructuring Agreement represented substantial modifications of the Company's previous debts, the Company derecognized deferred revenue associated with the Sandstorm Gold Stream and determined the fair value of the Restructured Sandstorm Gold Stream, the Restructured Silver Stream, the NSR royalty on the Corani asset and of the share consideration issued to Sandstorm as a part of the transaction as at the January 22, 2024 closing date of the Restructuring Agreement. The Company also derecognized the existing Sandstorm Convertible Debenture and other secured debt, that upon restructuring were combined into the five-year convertible Promissory Note on the same terms as the Convertible Debenture, determined the fair value of these convertible debts and recognized new instruments on the January 22, 2024 closing date. All components of the Restructuring Agreement have been further revalued at fair value on the Q1 2024 reporting date. For the quarter ending March 31, 2024, the Company recorded a \$8.3 million loss on the Restructuring Agreement (Q1 2023: \$nil).

After operating expenses, other income and expenses, tax expenses and recoveries the Company recorded a comprehensive net loss of \$17.3 million (\$0.08 per share) for the three months ended March 31, 2024 (Q1 2023: \$11.6 million and \$0.08 per share). The increase in loss of \$5.6 million in Q1 2024 compared to Q4 2023 was primarily due to the \$8.3 million loss on the Restructuring Agreement offset by higher gross profit of \$3.3 million.

At March 31, 2024 the Company held cash and cash equivalents and short-term investments totaling \$6.4 million, an increase of \$2.4 million from December 31, 2023. During Q1 2024 the Company had a cash inflow from operating activities of \$6.6 million (March 31, 2023: inflow of \$4.0 million). Investing activities, related primarily to payments for mine development at Mercedes, resulted in a cash outflow of \$4.5 million, and financing activities resulted in an inflow of \$0.3 million primarily due to \$1.1 million in drawdowns from the Sandstorm interim credit facility offset by \$0.7 million in interest paid during Q1 2024.

The Company's interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023 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 March 31, 2024 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at March 31, 2024, the Company had a working capital (current assets less current liabilities) deficiency of \$88.2 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 totalling \$73.0 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 ended March 31, 2024, available on the Company's website and on SEDAR+.

On behalf of the Board of Directors,

Eric Caba  
President and CEO

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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 and expectations regarding the deployment of free cash flow if and when generated; plans to re-initiate Corani project financing discussions; plans regarding additional advancements at the Corani project; 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; 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 the forward-looking statements included in this news release, 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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