BEAR CREEK MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

EXPRESSED IN US DOLLARS

Independent auditor's report

To the Shareholders of Bear Creek Mining Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Bear Creek Mining Corporation and its subsidiaries (together, the Company) as at December 31, 2024 and 2023 and January 1, 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023 and January 1, 2023;
- the consolidated statements of loss and comprehensive loss for the years ended December 31, 2024 and 2023;
- the consolidated statements of cash flows for the years ended December 31, 2024 and 2023;
- the consolidated statements of changes in equity for the years ended December 31, 2024 and 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property and equipment for the Mercedes Mine cash generating unit (CGU). *Refer to note 2 – Basis of preparation and note 6 - Property and equipment to the consolidated financial statements.* As at December 31, 2024, the total carrying amount of property and equipment was $78.6 million, of which a significant portion related to the Mercedes Mine CGU. The carrying amount of property and equipment is reviewed by management for impairment indicators at each reporting date. When impairment indicators exist, management estimates the recoverable amount of the CGU and compares it against the CGU's carrying amount. The recoverable amount of the CGU is the greater of its value in use and its fair value less costs of disposals. An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the Mercedes Mine CGU, which included the following: – Tested the appropriateness of the fair value less costs to sell method used by management. – Tested the underlying data used in the discounted cash flow model. – Evaluated the reasonableness of key assumptions by (i) comparing future metal prices with external market and industry data; (ii) comparing expected future production costs and expected capital expenditures to recent actual production and capital costs incurred; (iii) comparing the foreign exchange rates with third party data; and (iv) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
Management concluded that impairment indicators on the Mercedes Mine CGU existed as at December 31, 2024, and therefore was required to determine the recoverable amount of the Mercedes Mine CGU. The recoverable amount of the Mercedes Mine CGU was based on a fair value less costs to sell method using a discounted cash flow model. The determination of the recoverable amount included the following key assumptions: future metal prices, production based on estimated quantities of reserves and resources, operating and capital costs, foreign exchange rates and the discount rate. Management's estimates of production based on estimated quantities of reserves and resources are based on information compiled by qualified persons (management's experts). The carrying amount of the Mercedes Mine CGU exceeded its recoverable amount. An $8.2 million impairment loss was recognized, reducing the carrying value of the Mercedes Mine CGU to its fair value less cost to sell. We considered this a key audit matter due to the judgment by management in estimating the recoverable amount, including the development of the key assumptions and use of management experts. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key assumptions used by management. The audit effort also involved the use of professionals with specialized skill and knowledge in the field of valuation.	– The work of management's experts was used in performing the procedures to evaluate the reasonableness of the production based on estimated quantities of reserves and resources. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the discounted cash flow model and the reasonableness of the discount rate used within the model. • Tested the disclosures made in the consolidated financial statements with regard to the impairment assessment of the Mercedes Mine CGU.

Key audit matter	How our audit addressed the key audit matter

Sandstorm restructuring
 	
Refer to note 2 – Basis of presentation, note 9 – Sandstorm restructuring agreement, note 11 – Stream arrangements and note 24 – Financial instrument risks and risk management to the consolidated financial statements.
 	
On January 22, 2024, the Company restructured its stream and debt agreements with Sandstorm Gold Ltd. (Sandstorm). Management evaluated the terms of the Sandstorm Restructuring Agreement and determined that it represented a substantial modification to the existing stream and debt agreements and has accounted for it as an extinguishment of the existing agreements and the issuance of new stream and debt agreements. The Company recognized a net loss on the extinguishment of the stream and debt agreements of $8.3 million, resulting from the fair value of the consideration issued and extinguishment and recognition of the new stream, debt instruments and additional consideration.
 	
Among the consideration issued and extinguishment and recognition of the new streams were a 1% net smelter returns royalty on the Company's Corani Project (1% NSR on the Corani Project) with a fair value of $12.0 million, and certain amendments to the Company's gold and silver stream agreements.
 	
The valuation of the 1% NSR on the Corani Project and the stream agreements involves significant estimation uncertainty.
 	
To estimate the fair value of the 1% NSR on the Corani Project, management used an in-situ market valuation approach with key assumptions, including value per ounce of silver based on comparable market transactions and the mineral resource estimate for the Corani Project prepared
	Our approach to addressing the matter included the following procedures, among others:
	
	• With the assistance of professionals with specialized skill and knowledge in the field of valuation, (i) developed independent point estimates of the fair values of the stream agreements, which included developing an independent expectation for the forward gold and silver and the discount rates; and (ii) used the work of management's experts in performing procedures to evaluate the reasonableness of the production based on estimated quantities of reserves and resources. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.
	• Compared the independent point estimates to management's estimates to evaluate the reasonableness of the fair values of the stream agreements.
	• Tested how management estimated the fair value of the 1% NSR on the Corani Project, which included the following:
	  – Tested the completeness and accuracy of underlying data used by management.
	  – Tested the appropriateness of the approach.
	  – The work of management's experts was used in performing procedures to evaluate the reasonableness of the mineral resource estimate for the Corani Project. As a basis for using this work, the

Key audit matter	How our audit addressed the key audit matter
by management experts. To estimate the fair values of the gold and silver stream agreements as at January 22, 2024 of $17.4 million and $1.8 million respectively, management used discounted cash flow models which required the use of key assumptions, including forward gold and silver prices, discount rates, and production based on estimated quantities of reserves and resources. The production based on estimated quantities of reserves and resources is based on the information compiled by management experts. We considered this a key audit matter due to the judgment by management in estimating the fair values of the 1% NSR on the Corani Project and stream arrangements, including the development of the key assumptions and use of management experts. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key assumptions used by management. The audit effort also involved the use of professionals with specialized skill and knowledge in the field of valuation.	competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Professionals with specialized skill and knowledge were used to assist in assessing the reasonableness of the value per ounce of silver based on comparable market transactions. • Tested the related disclosures made in the consolidated financial statements.
Fair values of stream arrangements *Refer to note 2 – Basis of presentation, note 11 – Stream arrangements and note 24 – Financial instrument risks and risk management to the consolidated financial statements.* As at December 31, 2024, the fair values of the restructured Sandstorm gold and silver stream arrangements were $18.3 million and $5.2 million, respectively. The valuation of stream arrangements involves significant estimation uncertainty. The calculation of the fair values of the stream arrangements at each period end utilizes discounted cash flow	Our approach to addressing the matter included the following procedures, among others: • With the assistance of professionals with specialized skill and knowledge in the field of valuation, (i) developed independent point estimates of the fair values of the stream arrangements, which included developing an independent expectation for the forward gold and silver prices and the discount rates; and (ii) the work of management's experts was used in performing procedures to evaluate the reasonableness of the production based on estimated quantities of reserves and resources. As a basis for using this work, the competence, capabilities and objectivity of

Key audit matter	How our audit addressed the key audit matter
models with key assumptions related to the forward gold and silver prices, discount rates and production based on estimated quantities of reserves and resources. The production based on estimated quantities of reserves and resources is based on the information compiled by management experts. We considered this a key audit matter due to (i) the judgment made by management, including the use of management's experts, when developing the key assumptions used in determining the fair values of the stream arrangements; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the key assumptions, which included the forward gold and silver prices, discount rates and production based on estimated quantities of reserves and resources; and (iii) the audit effort that involved the use of professionals with specialized skill and knowledge in the field of valuation.	management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. Compared the independent point estimates to management's estimates to evaluate the reasonableness of the fair values of the stream arrangements. • Tested the related disclosures made in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Melanie Matthews.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 17, 2025

Bear Creek Mining Corporation

Consolidated Statements of Financial Position

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

	Note		**December 31, 2024**		December 31, 2023 Restated *		January 1, 2023 Restated *
ASSETS							
Current assets							
Cash		**$**	**6,678**	$	3,903	$	3,484
Short-term investments			**40**		21		21
Inventory	3		**5,926**		10,249		24,595
Receivables	4		**7,160**		7,413		5,736
Prepaid expenses and deposits			**3,281**		1,967		2,105
Tax receivables			**-**		914		1,544
			23,085		24,467		37,485
Non-current assets							
Restricted cash	5		**255**		1,653		1,304
Property and equipment	6		**78,586**		124,129		147,239
Resource property costs	7		**76,690**		88,717		88,704
Right-of-use assets			**372**		344		421
Tax receivables			**1,300**		1,800		-
TOTAL ASSETS		**$**	**180,288**	$	241,110	$	275,153
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities	8	**$**	**32,755**	$	28,282	$	31,407
Current portion of community projects and other liabilities	13		**1,117**		1,134		1,102
Current portion of deferred revenue	11		**-**		14,964		13,059
Current portion of stream arrangements	11		**8,580**		5,697		9,880
Current portion of lease liabilities			**315**		286		362
Taxes payable			**1,746**		720		2,414
Short term loan	14		**1,540**		1,354		-
Note payable	2, 15		**22,097**		14,324		4,693
Mercedes acquisition payment	10		**-**		-		25,729
Convertible debenture and notes	2, 10		**49,098**		45,443		20,249
Warrant liability	2, 16		**2,877**		1,937		-
			120,125		114,141		108,895
Non-current liabilities							
Accounts payable	8		**609**		713		1,035
Community projects obligation	13		**7,810**		8,082		8,017
Deferred revenue	11		**-**		6,745		16,627
Stream arrangements	11		**14,978**		6,966		10,678
Deferred tax liabilities	22		**-**		1,119		1,639
Other liabilities			**715**		765		804
Provision for site restoration	12		**11,916**		16,183		13,293
			156,153		154,714		160,988
EQUITY							
Share capital	17		**367,288**		362,864		352,019
Shares to be issued			**-**		-		107
Contributed surplus			**40,050**		39,916		39,443
Deficit			**(383,203)**		(316,384)		(277,404)
			24,135		86,396		114,165
TOTAL LIABILITIES AND EQUITY		**$**	**180,288**	$	241,110	$	275,153

* The comparative information has been restated due to the application of amendments to IAS 1 (Note 2).
Going Concern (Note 1)
Subsequent Events (Note 25)

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

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

Bear Creek Mining Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31

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

	Note		2024		2023
Revenue	18	**$**	**103,738**	$	89,148
Cost of Sales	19		**(67,299)**		(59,302)
Depletion, amortization, and depreciation			**(33,292)**		(42,105)
Gross Profit (Loss)			**3,147**		(12,259)
Operating expenses					
Corani engineering and evaluation costs	7a	**$**	**(6,745)**	$	(7,372)
Other exploration and evaluation costs	7b		**(5,098)**		(2,612)
Share-based compensation			**(493)**		(950)
Professional and advisory fees			**(1,552)**		(1,363)
General and administrative expenses			**(5,734)**		(4,207)
Impairment of property and equipment	6		**(27,196)**		-
Loss before other items			**(43,671)**		(28,763)
Other income and expense					
Foreign exchange gain (loss)			**2,302**		(3,159)
Interest expense and accretion expense	10,12,13,14,15		**(5,083)**		(9,199)
Change in fair value of embedded derivative	10,15		**(222)**		3,863
Change in valuation of warrant liability	16		**(940)**		638
Change in fair value of stream arrangements	11		**(10,272)**		(3,091)
Other expense			**(430)**		(591)
Other income			**655**		270
Loss on extinguishment of debt			**-**		(318)
Net loss on restructuring agreement	9,10,11,15,17		**(8,289)**		-
Comprehensive loss for the year before taxes		**$**	**(65,950)**	$	(40,350)
Current income tax recovery (expense)			**(1,988)**		849
Deferred income tax recovery			**1,119**		521
Comprehensive loss for the year		**$**	**(66,819)**	$	(38,980)
Loss per Share – Basic and Diluted		**$**	**(0.30)**	$	(0.23)
Weighted Average Number of Shares Outstanding			**225,926,433**		168,575,722

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

Bear Creek Mining Corporation

Consolidated Statements of Cash Flows

For the Years Ended December 31

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

	Note		**2024**		2023
Operating Activities					
Loss for the year		**$**	**(66,819)**	$	(38,980)
Items not affecting cash:					
Share-based compensation	17		**493**		950
Share payment for services			**-**		106
Depletion, depreciation, and amortization for Mercedes	21		**33,292**		42,105
Depreciation and amortization in evaluation costs and general and administrative expenses			**335**		441
Interest and accretion expense	10,12,14,15		**5,083**		9,199
Accretion of community projects obligation	13		**916**		901
Loss on sale of fixed assets			**117**		-
Financing costs			**-**		201
Finance income			**-**		(90)
Unrealized foreign exchange (gain) loss			**(2,390)**		2,367
Change in fair value of stream arrangements	11		**10,272**		3,091
Change in fair value of embedded derivative	10,15		**222**		(3,863)
Net loss on restructuring agreement	9,10,11,15,17		**8,289**		-
Loss on valuation of warrant liability	16		**940**		(638)
Adjustment to community projects obligation	13		**(15)**		(25)
Deferred income tax recovery			**(884)**		(521)
Impairment of property and equipment	6		**27,196**		-
Deferred revenue and stream arrangements	11		**(5,877)**		(18,963)
			10,935		(3,719)
Changes in working capital:					
Receivables and prepaid expenses			**(494)**		(1,539)
Accounts payable and accrued liabilities			**608**		(3,700)
Inventory			**3,415**		10,422
Taxes payable			**1,026**		(2,925)
Cash from (used in) operating activities			**15,490**		(1,461)
Investing Activities					
Mine development and exploration equipment	6		**(11,482)**		(15,013)
Resource acquisition costs	7		**(10)**		(13)
Payment of community projects and Corani obligation	13		**(1,092)**		(1,115)
Interest received			**129**		90
Short-term investments			**(20)**		-
Restricted cash	5		**1,398**		(349)
Proceeds from royalties			**424**		-
Proceeds from sale of fixed assets			**29**		-
Cash used in investing activities			**(10,624)**		(16,400)
Financing Activities					
Share capital issued, net of share issuance costs			**-**		12,585
Debt issuance costs	10,11,15		**(101)**		(270)
Proceeds from note payable	15		**3,000**		8,998
Proceeds from short term loan	14		**-**		1,300
Interest paid	10,15		**(4,603)**		(2,374)
Principal payments on convertible debenture and notes	10		**-**		(1,400)
Principal payments on leases			**(380)**		(499)
Cash from (used in) financing activities			**(2,084)**		18,340
Effect of exchange rate change on cash			**(7)**		(60)
Net Increase in cash			**2,775**		419
Cash – Beginning of year			**3,903**		3,484
Cash – End of year		**$**	**6,678**	$	3,903

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

Consolidated Statements of Cash Flows

For the Years Ended December 31

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

Supplemental Cash Flow Information	Note		**2024**		2023
Non-cash Investing and Financing Activities					
Share consideration issued for Sandstorm Restructuring Agreement (Note 9)	9	**$**	**4,063**	$	-
Mine development and exploration equipment costs in accounts payable			**5,423**		1,959

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

Bear Creek Mining Corporation

Consolidated Statements of Changes in Equity

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

	Share Capital (Number of Shares)	Share Capital	Shares to be issued	Contributed Surplus	Deficit	Total
January 1, 2023	154,299,318	352,019	107	39,443	(277,404)	114,165
Private placement	16,725,000	6,220	-	-	-	6,220
Bought deal financing	27,200,000	4,358	-	-	-	4,358
Share issued for services	341,068	213	(107)	-	-	106
Share issuance costs	-	(368)	-	-	-	(368)
Issuance of DSUs	168,000	422	-	(477)	-	(55)
Share-based compensation	-	-	-	950	-	950
Loss for the year	-	-	-	-	(38,980)	(38,980)
December 31, 2023	**198,733,386**	**362,864**	**-**	**39,916**	**(316,384)**	**86,396**
December 31, 2023	198,733,386	362,864	-	39,916	(316,384)	86,396
Share consideration issued for Sandstorm Restructuring Agreement (Note 9)	28,767,399	4,063	-	-	-	4,063
Exercise of warrants	5,000	2	-	-	-	2
Share-based compensation	-	-	-	493	-	493
Issuance of DSUs	225,000	359	-	(359)	-	-
Loss for the year	-	-	-	-	(66,819)	(66,819)
December 31, 2024	**227,730,785**	**367,288**	**-**	**40,050**	**(383,203)**	**24,135**

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

1. Nature of Business and Going Concern

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

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

The mining and exploration business involves a high degree of risk, and there can be no assurance that current mine production, exploration, and development projects will be profitable. The Company relies on financing activities and cash flow from the Mercedes mine to carry out its exploration plans and commitments, development activities, administrative overhead, and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These factors include profitable production at the Mercedes mine, the ability to complete the development of the Company's Corani Project in Peru and profitably operate or dispose of the Corani Project.

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

Going Concern

These consolidated financial statements were prepared following accounting principles applicable to a going concern, which assumes the Company will be able to continue operations for at least twelve months from December 31, 2024 and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at December 31, 2024, the Company had cash of $6.7 million (December 31, 2023: $3.9 million), a working capital ("WC") (current assets less current liabilities) deficiency of $97.0 million (December 31, 2023, restated: $89.7 million), and had cash inflows from operating activities of $15.5 million (December 31, 2023: outflow of $1.5 million). In accordance with amendments to IAS 1 (Note 2), the following have been classified as current although they are not cash settled: Convertible debenture and notes (Note 10), Note payable (Note 15), and Warrant liability (Note 16).

The Company did the following to address their liquidity issues:

On January 22, 2024, the Company restructured its stream (Note 11) and debt obligations (Note 10 and Note 15) with Sandstorm Gold Ltd. and its subsidiaries (collectively, "Sandstorm"), which was effected by way of a restructuring agreement (the "Sandstorm Restructuring Agreement"). Under the Sandstorm Restructuring Agreement, effective January 1, 2024, gold deliveries pursuant to the Sandstorm Gold Stream are reduced from 600 oz per month to 275 oz per month until April 2028, and silver deliveries pursuant to the Nomad Silver Stream are fully suspended until April 2028. Thereafter, the Company is expected to deliver 100 percent of its silver production to Nomad Royalty Company Ltd. ("Nomad") with no minimum delivery requirements. With the final delivery in Q3 2023, the Nomad Gold Stream has been fully completed, and no further quarterly gold payments are due in respect thereof. Consideration to Sandstorm in exchange for the stream amendments consists of a 1.0% net smelter returns ("NSR") royalty on Corani (Note 7 and Note 11), issuance of 28,767,399 common shares of Bear Creek with a fair value of $4.1 million (Note 17) and assumed an increase to the principal amount of the Sandstorm Promissory note by $4.2 million (defined below).

Pursuant to the Sandstorm Restructuring Agreement, the Company refinanced its $22.5 million convertible debenture with Sandstorm (Note 10) into a 5-year convertible promissory note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of C$0.73 per share (the "Amended Sandstorm Convertible Debenture"). The Amended Sandstorm Convertible Debenture has a maturity date of September 22, 2028 and is secured by first lien pledges on the assets of Mercedes and Bear Creek's interests in both Mercedes and Corani. The Company also refinanced its $9 million secured loan with Sandstorm (the “Sandstorm Secured Loan”) (Note 15) which was acquired by a wholly owned subsidiary of Sandstorm (previously the “Auramet Loan”), into a second 5-year convertible promissory note (“Sandstorm Promissory Note) on the same terms as the Amended Sandstorm Convertible Debenture.

As of the date of these financial statements, the Company completed an Offering for aggregate gross proceeds of $10 million (C$14.5 million), as well as amended its Debt Arrangements to defer monthly interest payments from February 2025 to November 2025 until December 31, 2025 (Note 25).

While the Sandstorm Restructuring Agreement and other financing activities improve the Company’s liquidity, material uncertainty remains in relation to the ability of the Company to achieve the operating results and necessary cash flow generation from the Mercedes mine in order to avoid seeking additional financing, which gives rise to significant doubt about the Company’s ability to continue as a going concern. There can be no assurance that the steps management is taking to improve the Company’s liquidity will be successful.

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

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The Board of Directors approved these consolidated financial statements on April 16, 2025.

Basis of Measurement

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

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

Material Accounting Policies

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company has the ability or right to cause variable returns from or is exposed to variable returns from its involvement with an entity and can affect those returns through its ability to direct the entity’s activities.

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

The subsidiaries of the Company, their activities, and their geographic locations at December 31, 2024 were as follows:

Subsidiary	Principal activity	Location	Ownership interest
BCMC Corani Holdings Ltd.	Holding company	Canada	100%
Bear Creek Resources Company Ltd.	Holding company	Canada	100%
Bear Creek (BVI) Limited	Holding company	British Virgin Islands	100%
Corani Mining Limited	Holding company	British Virgin Islands	100%
Bear Creek Mining S.A.C.	Mineral exploration	Peru	100%
Bear Creek Exploration Company Ltd.	Holding company	Canada	100%
Bear Creek Mining Company Sucursal del Peru	Mineral exploration	Peru	100%
INEDE S.A.C.	Mineral exploration	Peru	100%
Electro Antapata S.A.C.	Electrical Power Distribution	Peru	100%
Minera Mercedes Minerales S. de R.L. de C.V.	Production	Mexico	100%
Mercedes Gold Holdings S. A. de C.V.	Holding	Mexico	100%
Premier Mining Mexico S. de R.L. de C.V.	Services	Mexico	100%
Premier Gold Mines (Netherlands) Cooperative U.A.	Holding	Netherlands	100%
Premier Gold Mines (Netherlands) B.V.	Holding	Netherlands	100%
2536062 Ontario Inc	Holding	Canada	100%

Foreign currencies

The functional currency of the Company and its subsidiaries is the US Dollar. Functional currency determinations were made by analyzing the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are translated to the entity's functional currency at the exchange rate in effect at the date of the transaction. At balance sheet dates, monetary assets and liabilities denominated in foreign currencies are translated at the period end date exchange rates. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and subsequently amortized through profit or loss using this same exchange rate.

Financial instruments

Measurement – initial recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period they are incurred. The Company does not have any financial assets or liabilities classified as at FVTPL.

Subsequent measurement of financial assets and liabilities depends on each asset or liability's classification.

Financial assets

Financial assets that meet the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortized cost include its cash and trade receivables.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the related contractual arrangements.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity.

The amortized cost of a financial asset or liability is the initial recognition minus principal repayments minus the cumulative amortization, using the effective interest method applied to the difference between the initial amount, payments made and the maturity amount, adjusted for any allowance due to expected credit losses. Interest expense is recognized using the effective interest method.

An equity instrument is any contract that evidences a residual interest in an entity's assets after deducting all of its liabilities. Equity instruments issued by the Company are recognized as proceeds received net of direct issue costs.

Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

Resource property costs

The Company capitalizes the direct costs of acquiring mineral property interests. Option payments are considered acquisition costs if the Company intends to exercise the underlying option.

Costs in relation to exploration activities are expensed as incurred until such time that the property demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, additional costs for the property are capitalized prospectively as development costs within Resource Property. Technical feasibility and commercial viability coincide with the establishment of proven and probable mineral reserves and the approval by the Board of Directors to proceed to development. If no viable ore body is discovered on a property, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomic or abandoned.

Resource property costs are assessed for impairment when facts or circumstances indicate that their carrying amount may exceed recoverable amounts, in accordance with IFRS 6 and IAS 36. Impairment indicators include the expiration of exploration rights without renewal, a decision to discontinue exploration due to lack of commercial viability, insufficient budget or plans for further exploration, or evidence suggesting the asset's carrying value is unlikely to be recovered.

When impairment indicators exist, the recoverable amount is determined as the higher of the asset's fair value less costs of disposal or its value in use. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in profit or loss. Previously recognized impairment losses are not reversed in subsequent periods.

Documentation of impairment assessments and key assumptions are maintained and disclosed in the financial statements as required. Management has assessed impairment indicators on the Company's resource property costs and has concluded that no impairment indicators exist as of December 31, 2024.

Provisions

(i) Decommissioning and restoration provision: the cost of future obligations to retire an asset including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations is initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk adjusted pre-tax discount rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate.

The liability is also accreted to full value over time through periodic charges to earnings as a finance expense in the statement of income (loss) and comprehensive income (loss).

The cost of decommissioning and restoration represents part of the cost of acquiring the asset's future benefits; therefore, the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings on the same basis as the underlying asset.

(ii) Other provisions: provisions are recognized when a current legal or constructive obligation exists as a result of past events and settling the obligation will require a reliably estimable outflow of resources. Provisions are discounted using a pre-tax risk-adjusted interest rate.

Share-based compensation

The fair value method of accounting is used for share-based compensation. Under this method, the cost of stock options is recorded on the date of grant at estimated fair value using the Black-Scholes option pricing model. Whereas the estimated fair value of Restricted Share Units ("RSUs") and DSUs is based on their intrinsic value on the date of grant. This cost is charged as share-based compensation to earnings over the vesting period. Share-based compensation is recognized over the vesting period based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates based on the number of stock options expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the statement of loss and comprehensive loss.

Option pricing models require subjective assumptions, including the expected price volatility of the underlying instrument, assumed interest rates, and the expected option life. Changes, over time, in these assumptions can materially affect the estimated fair value of stock options or other equity-settled instruments granted.

The estimated fair value of Restricted Share Units ("RSUs") and DSUs are classified as either equity-settled or cash-settled based on their obligation at the grant date, and settlement intent. The Company is not obligated to cash-settle these instruments and the Company's Board has discretion on how these are ultimately settled. Equity-settled instruments are primarily used when the Company intends to issue shares upon vesting, with fair value determined at the grant date and not subsequently remeasured. Cash-settled instruments, however, require settlement in cash, and their fair value is remeasured at each reporting period, with changes recognized in profit or loss. The grant-date fair value of equity-settled awards is expensed over the vesting period, while cash-settled awards are recorded as liabilities and adjusted periodically for fair value changes.

Streaming arrangements

Streaming arrangements are accounted for under IFRS 9 (FVTPL) if they meet the definition of a financial asset, or under IFRS 15 if they constitute revenue contracts. Under IFRS 9, such arrangements are recognized at fair value through profit or loss (FVTPL) with subsequent fair value changes recorded in earnings. If the arrangement includes embedded derivatives, they are accounted for separately unless closely related to the host contract. Derecognition occurs when the rights to cash flows expire or are transferred.

Under IFRS 15, streaming arrangements are assessed using the five-step revenue recognition model, recognizing revenue when control of goods or services transfers to the customer. Upfront payments may be recorded as contract liabilities or recognized progressively.

Revenue

The Company follows a five-step process in determining whether to recognize revenue from the sale of precious metals:

- identifying the contract with a customer,
- identifying the performance obligations,
- determine the transaction price,
- allocating the transaction price to the performance obligations, and
- recognizing revenue when performance obligations are satisfied.

Revenue from contracts with customers is generally recognized on the settlement date when the customer obtains control of the delivered asset and the Company satisfies its performance obligations. The Company considers the terms of the contract in determining the transaction price. The transaction price is either fixed on the settlement date or based on the contract's pricing terms.

Any Net Smelter Returns ("NSRs") or royalties that the Company undertakes are considered as costs to the Company and are recorded in the statement of profit or loss in the period such NSRs are incurred.

Deferred revenue is recognized for expected payments for future commitments to deliver metals and before such commitments meet the criteria for revenue recognition. The Company recognizes revenue as the metals are delivered to the customer.

The Company determines the amortization of deferred revenue on a per unit basis using the estimated total quantity of metal expected to be delivered over the contract term. The Company estimates the current portion of deferred revenue based on amounts anticipated to be delivered over the next twelve months.

Inventory

Material extracted from the mines is classified as either ore or waste. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit. Ore is accumulated in stockpiles and subsequently processed into gold and silver in a saleable form. Work-in-process represents gold and silver in the processing circuit that has not completed the production process and is not yet in a saleable form. Finished goods inventory represents gold and silver in saleable form, respectively.

Mine operating supplies represent consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred to bring each product to its present location and condition. Cost of inventories includes direct labor, materials, and contractor expenses, depreciation of property, and equipment, including capitalized development costs.

Provisions to reduce inventory to net realizable value are recorded to reflect changes in economic factors that impact inventory value and to reflect present intentions for using slow-moving and obsolete supplies inventory. Net realizable value is determined with reference to relevant market prices less applicable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are also recorded to reduce mine operating supplies to net realizable value, generally calculated by reference to salvage or scrap values when it is determined that the supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

Mineral property, equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits from such assets will flow to the Company and the cost of such assets can be measured reliably. The carrying amount of an asset is derecognized when it is sold, replaced or taken out of service. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period they are incurred.

Once a mineral property has been brought into commercial production, being the ability to consistently maintain production metrics, as determined by management for specific properties, the costs of any additional work on that property are expensed as incurred, except for exploration and development programs which constitute a betterment. Betterments are deferred and amortized over the remaining useful life of the related assets. Mineral properties include decommissioning and restoration costs related to the reclamation of mineral properties. Mineral properties are derecognized upon disposal or written off when no future economic benefits are expected to arise from the asset's continued use or the cash-generating unit's carrying value exceeds its recoverable amount. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss. Mineral properties are amortized on the unit-of-production basis using the mineable ounces extracted from the mine in the period as a percentage of the total mineable ounces to be extracted in current and future periods based on mineral reserves and units produced during the period. Mineral properties are recorded at cost, net of accumulated depreciation and depletion, and accumulated impairment losses and are not intended to represent future values. Recovery of capitalized costs depends on the successful development of economic mining operations or the disposition of the related mineral property.

Impairment for property and equipment

The application of the Company's accounting policy for impairment of property and equipment requires judgment to determine whether indicators of impairment exist at each reporting date. The review of impairment indicators includes consideration of significant changes in both external and internal sources of information.

When impairment indicators exist, management estimates the recoverable amount of the cash generating unit ("CGU") as the higher of the asset's fair value less costs of disposal or its value in use and compares it against the CGU's carrying amount. This review is generally performed on a property-by-property basis with each property representing a CGU.

Management has assessed that impairment indicators on the Company's property and equipment existed as of December 31, 2024, necessitating the calculation of the recoverable amount of the Mercedes Mine CGU. Following this assessment, a non-cash impairment charge of $8.2 million was recognized as of December 31, 2024 (Note 6). In addition, the Company also identified and wrote-off mining and other equipment of $19.0 million as it was determined that the equipment was obsolete and would no longer be used in the operation of the Mercedes mine.

Depreciation or depletion is computed using the following rates:

Item	Methods	Rates
Mineral properties	Units of production	Estimated proven and probable mineral reserves
Equipment, leasehold improvements	Straight line	Lesser of the lease term and estimated useful life
Furniture, office equipment, and software	Straight line	2 – 12 years, straight line
Property and equipment	Straight line	4 – 12 years, straight line
Mining equipment	Straight line	1 – 12 years, straight line
Deferred stripping costs	Units of production	Estimated proven and probable mineral reserves

The Company allocates the amount initially recognized to each asset's significant components and depreciates each separately. Residual values, amortization methods, and useful lives of the assets are reviewed at each financial period end and adjusted on a prospective basis if required.

Gains and losses on equipment disposals are determined by comparing the proceeds with the asset's carrying amount and are included in the statement of loss and comprehensive loss.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

Generally, deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date that are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the Company controls the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

Basic loss per share is computed by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise, or contingent issuance of securities only when such conversion, exercise, or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents is reflected in diluted earnings per share by applying the treasury stock method. The treasury stock method calculates the dilutive effect of share options assuming that the proceeds to be received on the exercise of share options are applied to repurchase common shares at the average market price of the period.

Segmented information

The Company manages its segmented information and continuously reviews the information that aids the decision-making process for the officers of the Company.

The Company considers any component of the Company to be a segment:

- that engages in business activities from which it may earn revenues and/or incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Areas of Accounting Policy Judgment

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make use of estimates and accounting policy judgments. The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances and result in judgments about the carrying value of assets and liabilities. Actual results could differ from these estimates.

Impairment of property and equipment

The application of the Company's accounting policy for impairment of mineral properties, property and equipment requires judgment to determine whether indicators of impairment exist. The review of impairment indicators includes consideration of significant changes in both external and internal sources of information, including factors such as:

- a significant decline in the market value of the Company's share price;
- changes in quantity of the recoverable resources and reserves;
- market and economic conditions impacting the precious metals industry;
- metal prices and forecasts, capital expenditure requirements, expected future operating costs and production volumes;
- and site restoration costs to the end of the mine's life.

Management has assessed that impairment indicators on the Company's property and equipment existed as of December 31, 2024, necessitating the calculation of the recoverable amount of the Mercedes Mine CGU. Following this assessment, a non-cash impairment charge of $8.2 million was recognized as of December 31, 2024 (Note 6).

Impairment of resource property costs

At each reporting period-end, management applies judgment in assessing whether there are any indicators of impairment relating to its resource property costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include:

- the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exists to indicate that the carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale.

Management has assessed impairment indicators on the Company's resource property costs and has concluded that no impairment indicators exist as of December 31, 2024.

Uncertain tax positions

The Company's operations involve the application of complex tax regulations in multiple international jurisdictions. Determining the tax treatment of a transaction requires the Company to apply judgment in its interpretation of the applicable tax law. These positions are not final until accepted by the relevant tax authority. The tax treatment may change based on the result of assessments or audits by the tax authorities often years after the initial filing.

The Company recognizes and records potential liabilities for uncertain tax positions based on its assessment of the amount, or range of amounts, of tax that will be due. The Company adjusts these accruals as new information becomes available. Due to the complexity and uncertainty associated with certain tax treatments, the ultimate resolution could result in a payment that is materially different from the Company's current estimate of the tax liabilities.

Areas of Estimation Uncertainty

Mineral reserves and resources

Mineral reserves are estimates of ore that can be economically and legally extracted from the Company's mineral property. The Company estimates its mineral reserves and mineral resources based on information compiled by appropriately qualified persons. Such estimates require complex geological assessments to interpret the data. Additionally, the estimation of recoverable mineral reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, metallurgical recoveries, permitting and production costs along with geological assumptions made in estimating the size and grade of the ore body. Changes in the mineral reserve or mineral resource estimates may impact the carrying value of mining interests, mine restoration provisions, depreciation and amortization charges and royalty obligations.

Recoverable amount

During the year ended December 31, 2024, the Company identified impairment indicators on the Mercedes Mine CGU. As a result, the Mercedes Mine CGU was tested for impairment (Note 6). Calculating the estimated recoverable amount of the Mercedes Mine CGU required management to make estimates and assumptions that include future metal prices, production based on estimated quantities of reserves and resources, operating and capital costs, foreign exchange rates, and a discount rate. Management's estimate of production based on estimated quantities of reserves and resources are based on information compiled by qualified persons. Changes in any of these key assumptions could materially impact the recoverable amount, leading to potential adjustments in asset valuation and impairment assessments.

Inventory

The Company assesses inventory for impairment at each reporting period, ensuring inventory is not carried above its Net Realizable Value ("NRV"). The NRV provision is based on estimates of future selling prices, costs of completion, and selling expenses. Key uncertainties include market price fluctuations, obsolescence, and cost changes. Management evaluates historical sales data, demand forecasts, and cost trends to determine the provision. NRV estimates are reviewed periodically, with adjustments made as necessary to reflect changes in market conditions or cost structures.

Value added taxes

The Company incurs indirect taxes, including value-added tax, on purchases of goods and services at its operating mines and exploration projects. Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets, net of provisions, and reflect the Company's best estimate of their recoverability and timing of receipt under existing tax rules. Management's assessment of recoverability considers the probable outcomes of claimed deductions and/or disputes. The provisions and balance sheet classifications made to date may be subject to change and such change may be material.

Convertible debenture and note payable

The conversion option of the debenture is classified as a financial liability due to the variability in its exercise price in accordance with the principles of IAS 32: Financial Instruments – Presentation. The host liability is accounted for at amortized cost and the embedded derivative liability is accounted for as a financial liability at fair value through profit or loss in accordance with the principles of IFRS 9: Financial Instruments.

The fair value measurement of the conversion option of the Company's convertible debenture and call option of the note payable requires the use of a third party valuation model and the Company applies the Partial Differential Equation model as its valuation approach. These option pricing models require use of estimates and inputs based on best available market information (Note 10 & 15). Changes in assumptions and estimates used could result in changes in the fair values of the conversion and call option which is recognized in net income or loss.

Streaming arrangements

The valuation of streaming arrangements involves significant estimation uncertainty due to the reliance on forward gold and silver prices, production based on estimated quantities of reserves and resources and discount rates. Management uses discounted cash flow models to determine the fair value of its streaming arrangements and changes in these assumptions can materially impact the valuation, leading to adjustments in financial statements. The production based on estimated quantities of reserves and resources is based on the information compiled by third party qualified persons.

Given the inherent uncertainties, the Company regularly reviews and updates key inputs based on the latest market data, production forecasts, and economic conditions. Sensitivity analyses are performed to assess the impact of variations in key assumptions, and any material changes are disclosed in the financial statements to ensure transparency in financial reporting.

1% Corani NSR

As part of the consideration of the Sandstorm Restructuring Agreement, the Company issued a 1% NSR to Sandstorm. The valuation of the 1% Corani NSR involved significant estimation uncertainty in determining the fair value using an in-situ market valuation approach with significant assumptions including the value per ounce of silver based on comparable market transactions and the mineral resource estimate for the Corani Project prepared by third-party qualified persons.

Asset retirement obligation

The Company’s provision for reclamation and closure costs represents management’s best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, the timing of the cash flows associated with the future costs, inflation, and movements in foreign exchange rates when liabilities are anticipated to be settled in a currency other than US$. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, whether closure plans achieve intended reclamation goals, the emergence of new restoration techniques, or experience at other mine sites, local inflation rates, and foreign exchange rates. The expected timing of expenditures can also change, for example, in response to changes in mineral reserves, production rates, or economic conditions.

The Company’s assumptions are reviewed at the end of each reporting period and adjusted to reflect management’s current best estimate and changes in any of the aforementioned factors can result in a material change to the provision recognized by the Company.

Recent Accounting Pronouncements

Amendments to IAS 1 – Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled Non-current liabilities with covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of liabilities as current or non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The Company adopted these amendments effective January 1, 2024, applied them retrospectively as required by the transitional provisions of the amendments and included restated consolidated statements of financial position for the comparative periods ended December 31, 2023 and as at January 1, 2023.

Amendments to IAS 1 resulted in a reclassification of equity-settleable convertible notes (Note 10 and 15) and warrant liabilities (Note 16) from non-current liabilities to current liabilities as at December 31, 2023 and January 1, 2023. The convertible notes are convertible at the option of the holders upon satisfaction of certain conditions that are beyond the control of the Company. If such conditions are satisfied, the convertible notes would be convertible at the option of the holders and upon conversion, the convertible notes may be settled, at the Company's election, in common shares of the Company, cash or a combination thereof. As a result, the Company does not have the right to defer settlement of the convertible notes for more than 12 months after the end of the reporting periods. Similarly, the Company has share purchase warrants outstanding in which each share purchase warrant is exercisable at the option of the holders into one common share of the Company, and therefore the Company also does not have the right to defer settlement of the warrant liability for more than 12 months after the end of the reporting periods.

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

Pronouncements not yet effective

The following standards, amendments and interpretations have been issued but are not yet effective:

- The International Accounting Standards Board has issued classification and measurement and disclosure amendments to IFRS 9 and IFRS 7 which are effective for years beginning on or after January 1, 2026 with earlier application permitted. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities and introduce a new exception for some financial liabilities settled through an electronic payment system. Other changes include a clarification of the requirements when assessing whether a financial asset meets the solely payments of principal and interest criteria and new disclosures for certain instruments with contractual terms that can change cash flows (including instruments where cash flow changes are linked to environmental, social or governance targets).

- IFRS 18, Presentation and Disclosure in Financial Statements is a new standard that will provide new presentation and disclosure requirements and which will replace International Accounting Standard ("IAS") 1, Presentation of Financial Statements. IFRS 18 introduces changes to the structure of the statement of income; provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027, with earlier application permitted.

3. Inventory

The inventory balance as at December 31, 2024 relates to the materials, finished goods, work in process inventory and current ores stockpiles at Mercedes mine. During the year ended December 31, 2024, the Company recognized $67.3 million (December 31, 2023 – $59.3 million) in cost of goods sold. During the year ended December 31, 2024, the Company recorded a net realizable value adjustment to Materials and Supplies inventory of $6.1 million (December 31, 2023 - $4.1 million).

	December 31, 2024 (000's) $	December 31, 2023 (000's) $
Materials and Supplies (i)	**4,631**	7,485
Mineral inventory (ii)	**258**	2,514
Work in process (iii)	**510**	250
Current Ore Stockpiles (iv)	**527**	-
	5,926	10,249

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

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

4. Receivables

The Company has one customer outside of its current selling arrangements (Note 11 and Note 15) and majority of the trade receivable balances relate to that one customer.

	December 31, 2024 (000's) $	December 31, 2023 (000's) $
Trade receivables	**1,412**	1,155
Value added taxes and other receivables	**5,748**	6,258
	7,160	7,413

5. Restricted Cash

On January 30, 2024, the Dirección General de Asuntos Ambientales (DGAA) of the Ministerio de Energía y Minas (MEM) in relation to changes made to the Corani Mine Closure Plan, also approved a resolution to temporarily suspend the mine closure guarantee until November 29, 2024. As such, the Company's previously provided certificate of deposit has been returned in its entirety, and, as of December 31, 2024, the restricted cash account has a balance of $0.3 million (December 31, 2023 - $1.7 million).

In accordance with the new schedule for the establishment of guarantees for the closure of the Corani Mine, on November 25, 2024 the Company established a $1.3 million guarantee in favor of the Peruvian Ministry of Energy and Mines with a maturity date of January 15, 2025 by delivering a bank certificate for $0.3 million to the insurance company.

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

6. Property and Equipment

	Mineral Property (000's) $	**Mining and Other Equipment (000's) $**	**Total (000') $**
Balance – January 1, 2023	78,764	68,475	147,239
Additions	12,941	2,531	15,472
Change in estimate (Note 12)	(287)	-	(287)
Amortization and depletion	(16,643)	(21,652)	(38,295)
Balance – December 31, 2023	**74,775**	**49,354**	**124,129**
Additions	13,752	1,048	14,800
Change in estimate (Note 12)	(662)	-	(662)
Amortization and depletion	(20,766)	(11,719)	(32,485)
Impairment on property and equipment	(8,215)	(18,981)	(27,196)
Balance – December 31, 2024	**58,884**	**19,702**	**78,586**

As of December 31, 2024, the Company identified impairment indicators for the Mercedes mine, including that reserves and resources have declined since the Company's 2021 estimate, as a result of increased operating costs, higher dilution, and inaccessible regions within the mine. As a result, the Company performed an impairment assessment on the Mercedes Mine CGU. The carrying value of the CGU was compared to the CGU's recoverable amount which was determined to be its fair value less costs to sell method.

The Company used a discounted cash flow model using future metal prices, production based on estimated quantities of reserves and resources, operating and capital costs, foreign exchange rates and a discount rate. In doing so, the carrying amount of the Mercedes Mine CGU exceeded its recoverable amount and an $8.2 million impairment loss was recognized. The recoverable amount of the Mercedes Mine CGU is most sensitive to changes in gold and silver prices. A $50 per ounce decrease in the gold price and $3 per ounce decrease in silver would result in an increase in the impairment loss by $5.0 million.

In addition to the CGU impairment of $8.2 million, the Company also identified and wrote-off mining and other equipment of $19.0 million as it was determined that the equipment was obsolete and would no longer be used in the operation of the Mercedes mine.

7. Resource Property Costs

	Corani Project (000's) $
Balance – January 1, 2023	**88,704**
Land acquisition costs	**13**
Balance – December 31, 2023	**88,717**
Land acquisition costs	**10**
1% NSR provided on Sandstorm Restructuring Agreement (Note 9)	**(12,037)**
Balance – December 31, 2024	**76,690**

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

a) Corani Project

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

	Year Ended December 31	
	2024 (000s) $	2023 (000s) $
Assaying and sampling	**17**	-
Community contributions	**1,205**	1,222
Drilling	**4**	767
Detailed engineering	**702**	147
Environmental	**238**	307
Salaries and consulting	**2,803**	3,256
Camp, supplies and logistics	**1,750**	1,615
Other	**121**	153
Recovery of costs	**(95)**	(95)
Total	**6,745**	7,372

b) Other Exploration and Evaluation Costs (Recoveries)

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

Total other exploration and evaluation costs incurred during the year ended December 31, 2024 was $5.1 million (December 31, 2023 - $2.6 million).

The Company expenses the value added tax it pays during the exploration phase. During the year ended December 31, 2024, the total value added taxes paid were $0.5 million (December 31, 2023 - $0.7 million). The Company also received a total of $0.1 million in form of Peruvian value added taxes refunds (December 31, 2023 - $0.2 million).

8. Accounts payable and accrued liabilities

	December 31, 2024 (000s) $	December 31, 2023 (000s) $
Trade payables	**27,195**	24,772
Tax payables	**3,870**	2,223
Advances received	**2,299**	2,000
Total	**33,364**	28,995
Less: Current Portion	**(32,755)**	(28,282)
Non-Current Portion	**609**	713

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

9. Sandstorm Restructuring Agreement

On January 22, 2024, the Company closed the Sandstorm Restructuring Agreement for Stream Arrangements (Note 11), effective January 1, 2024, and debt amendments (Note 10 and Note 15). The total consideration issued on the Sandstorm Restructuring Agreement was $20.3 million and comprised of the following:

- Common shares issued (28,767,399 common shares) with a fair value of $4.1 million (Note 17).
- A 1.0 % net smelter returns royalty on the Company's Corani Project with a fair value of $12.0 million (Note 7).
- The Company increased the principal amount of the Sandstorm Promissory Note by $4.2 million (Note 15).

The fair value of the NSR royalty for Corani was determined using an in-situ market valuation approach with key assumptions including value per ounce of silver based on comparable market transactions, and the mineral resource estimate for Corani was prepared by third-party qualified persons.

Management evaluated the terms of the Sandstorm Restructuring Agreement and determined that it represented a substantial modification to the existing stream and debt agreements and has accounted for it as an extinguishment of the existing agreements and the issuance of new stream and debt agreements. The Company recognized a net loss on the extinguishment of the debt and stream agreements of $8.3 million, resulting from the fair value of the consideration issued and extinguishment and recognition of the new stream, debt instruments, and additional consideration as follows:

- Revised gold stream: The Company derecognized deferred revenue of $21.7 million, and recognized a gold stream liability of $17.3 million, for an overall decrease in the liability of $4.4 million (Note 11).
- Revised silver stream: The Company recognized an overall decrease in the liability of $10.8 million as a result of the change in fair value of the silver stream in accordance with the amended terms (Note 11).
- Revised convertible debenture: The Company restructured its $22.5 million Sandstorm Convertible Debenture (Note 10). The carrying value of the host loan debenture and fair value of the derivative liability was $19.3 million and $0.1 million. The fair value of the amended convertible debenture host loan is $22.2 million, and the fair value of the amended derivative liability is $0.3 million, resulting in an overall increase in liability of $3.1 million.
- Revised note payable: As a result of restructuring the Company's Sandstorm Promissory Note (Note 15) into a convertible debenture, the Company derecognized the carrying value of the original loan of $14.8 million and recognized the fair value of the host loan of $18.8 million and conversion option of $0.3 million (including the additional assumed liability of $4.2 million). This resulted in an overall increase in liability of $4.2 million.

The Company and Sandstorm have also signed the Cross Default Agreement, providing that, if any event of default occurs under any of the Transaction Documents, any or all outstanding obligations become immediately due and payable, all security agreements, charges, pledges, or guarantees shall become immediately enforceable and enforcements proceedings must commence. “Transaction Documents” defined as, collectively, the Sandstorm Stream Agreement (Note 11), the Sandstorm Convertible Debenture (Note 10), the Nomad Stream Agreement (Note 11), and the Sandstorm Promissory Note (Note 15). This Cross Default Agreement also extends to agreements entered as of the date of the financial statements namely, the completed Deferred Interest amendments on its Debt Arrangements until December 31, 2025 (Note 25).

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

10. Convertible Debenture and Notes

Sandstorm Convertible Debenture

On April 21, 2022, as part of the Mercedes acquisition, Sandstorm provided the Company with $22.5 million in exchange for a convertible debenture (the “Sandstorm Convertible Debenture”). The Sandstorm Convertible Debenture matured on April 21, 2025, borne a 6% coupon, and allowed the holder, at their option, to convert the principal, in whole or in part, into common shares of the Company at any time before maturity at a conversion price of C$1.51 per common share. Interest was calculated and payable quarterly in arrears on the last day of a calendar quarter. The Sandstorm Convertible Debenture could be prepaid in whole or in part with ten days’ notice.

On January 22, 2024, the Company restructured the Sandstorm Convertible Debenture into the Amended Sandstorm Convertible Debenture (Note 1 and Note 9). The Amended Sandstorm Convertible Debenture bears interest at 7% per annum, is convertible into common shares of the Company at a strike price of C$0.73 per share and has a maturity date of September 22, 2028.

The Amended Sandstorm Convertible Debenture is comprised of a host loan and an embedded derivative liability. The host loan represents the debt component of the debenture, reflecting the present value of future principal and interest payments discounted at a market rate of interest for a similar non-convertible instrument. The conversion option associated with the Amended Convertible debenture was determined to be an embedded derivative as the value of the conversion option changes in response to the Company’s share price and due to foreign exchange movements. The embedded derivative liability is a financial liability measured at its estimated fair value with changes in value being recorded in the statement of loss. The host loan is measured at its estimated fair value at initial recognition and subsequently measured at amortized cost.

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

The fair value of the Sandstorm Conversion Option was estimated using the Partial Differential Equation model. The assumptions used on January 22, 2024 and December 31, 2024 are set in the table below.

	December 31, 2024	**January 22, 2024**
Remaining term	3.7 years	4.7 years
Interest rate	7.0%	7.0%
Conversion price	C$0.73	C$0.73
Share price	C$0.34	C$0.19
Expected stock price volatility	50.0%	60.0%
Risk-free interest rate	4.3%	4.1%
Credit spread	4.5%	4.8%
All-in-yield	8.8%	8.9%

The expected stock price volatility is estimated using the historical weekly stock price volatility of comparable companies over the remaining term of the Amended Sandstorm Convertible Debenture. This approach assumes that companies with similar industry exposure, market capitalization, and risk profiles exhibit comparable stock price behavior. These individual volatilities are then averaged to derive an expected volatility estimate for the Company.

A continuity of the Sandstorm Convertible Debenture is as follows:

	Debenture (000's) $	**Conversion Option (000's) $**	**Total (000's) $**
Balance – January 1, 2023	**17,004**	**3,245**	**20,249**
Interest accrued	1,350	-	1,350
Interest paid	(1,350)	-	(1,350)
Accretion	2,095	-	2,095
Change in fair value of conversion option	-	(3,193)	(3,193)
Balance – December 31, 2023	**19,099**	**52**	**19,151**
Interest accrued	80	-	80
Accretion	141	-	141
Change in fair value of conversion option	-	9	9
Loss on Sandstorm Restructuring Agreement	2,871	248	3,119
Balance – January 22, 2024	**22,191**	**309**	**22,500**
Debt issue costs	(38)	-	(38)
Interest accrued	1,482	-	1,482
Interest paid	(1,553)	-	(1,553)
Accretion	62	-	62
Change in fair value of conversion option	-	504	504
Balance – December 31, 2024	**22,144**	**813**	**22,957**

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

Equinox Note

On April 21, 2022, the Company acquired all of the issued and outstanding shares of Equinox Gold Corp.'s ("Equinox") indirect wholly-owned subsidiary, which in turn owns subsidiaries that ultimately own 100% of the Mercedes Mine. As part of the consideration for this transaction, the Company was required to make a deferred payment of $25 million payable to Equinox on or before October 21, 2022 ("Deferred Payment"). This Deferred Payment was presented as a discounted amount on the balance sheet using a discount rate of 10%.

On June 30, 2023 the Company executed an agreement with a subsidiary of Equinox, to convert the Deferred Payment into a five year convertible interest-bearing promissory note (the "Note"). The principal amount of approximately $26 million (the "Principal") reflects the Deferred Payment less $1.4 million in prior payments and approximately $2.5 million in interest accrued since October 26, 2022. The Note matured on the date that is five years following the date of its issuance (the "Maturity Date") with all of the outstanding Principal and accrued and unpaid interest due on the Maturity Date. Interest accrued monthly on the unpaid Principal at a rate equal to 7% per annum starting on the last day of the month following the month of issuance of the Note and on the last day of each month thereafter, at an approximate amount of US$152,000 per month. At any time at or prior to the Maturity Date, the unpaid Principal may be converted into Common Shares at a price per share equal to C$0.73 (the "Conversion Price").

On October 19, 2023, the Company issued a secured convertible promissory note in the amount of $26,632,458 (the "Equinox Note") to defer the Note payable to Equinox. The Equinox Note bears interest at a rate of 7% per annum and will mature on October 19, 2028 (the "Maturity Date"). It also allows the holder, at their option, to convert the principal, in whole or in part, into common shares of the Company at any time before maturity at a conversion price of C$0.73 per common share. Interest is calculated and payable monthly in arrears on the last day of a calendar month.

The Equinox Note comprises a host loan (the "Equinox Debenture") and an embedded derivative liability (the "Equinox Conversion Option"). The conversion option associated with the Equinox Debenture was determined to be an embedded derivative as the value of the conversion option changes in response to the Company's share price and due to foreign exchange movements. As at December 31, 2023, the fair value of the Equinox Conversion Option was estimated using the Black-Scholes options pricing model with the residual value being assigned to the Equinox Debenture. To be consistent with the methodology used on the Sandstorm Conversion Option, as at December 31, 2024, fair value of the Equinox Conversion Option was estimated using the Partial Differential Equation model. The Equinox Debenture is subsequently measured at amortized cost whereas the Equinox Conversion Option is measured at fair value with changes being recorded in profit or loss at the end of the period.

The fair value of the Equinox Conversion Option on October 19, 2023 was initially estimated to be $2.3 million, with the remaining value of $24.3 million allocated to the Equinox Debenture. As at December 31, 2024, the Equinox Conversion Option was estimated to have a fair value of $1.1 million (December 31, 2023 – $1.9 million). The assumptions used to determine the fair value of the Equinox Conversion Option on December 31, 2024 and December 31, 2023 are set in the table below.

	December 31, 2024	December 31, 2023
Risk-free interest rate	4.3%	3.2%
Expected dividend yield	0.0%	0.0%
Stock price	C$0.34	C$0.18
Expected stock price volatility	50%	69.9%
Expected life in years	3.8	4.8

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

A continuity of the Equinox Note is as follows:

	Debenture (000's) $	Conversion Option (000's) $	Total (000's) $
Balance – January 1, 2023	**25,729**	**-**	**-**
Additions	(1,400)	-	-
Interest accrued	2,454	-	-
Interest paid	(151)	-	-
Bifurcation of Deferred Payment	(2,331)	2,331	-
Balance – October 19, 2023	**24,301**	**2,331**	**26,632**
Interest accrued	373	-	373
Interest paid	(311)	-	(311)
Accretion	77	-	77
Change in fair value of conversion option	-	(479)	(479)
Balance – December 31, 2023	**24,440**	**1,852**	**26,292**
Interest accrued	1,864	-	1,864
Interest paid	(1,709)	-	(1,709)
Accretion	400	-	400
Change in fair value of conversion option	-	(706)	(706)
Balance – December 31, 2024	**24,995**	**1,146**	**26,141**

11. Stream Arrangements

Sandstorm Gold Stream and Restructured Gold Stream

On April 21, 2022, Sandstorm provided the Company with $37.5 million. In exchange, the Company agreed to sell to 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 London Bullion Market Association's PM fix for the day before the delivery date ("Sandstorm Gold Stream"). After 42 months, the Company would sell to Sandstorm 4.4% of gold produced by Mercedes at a price equal to 25% of the London Bullion Market Association's PM fix for the day before the delivery date.

On May 11, 2023, under an amended agreement, the Company received an additional $5 million from Sandstorm and in return the Company was then contracted to deliver 600 ounces of gold per quarter until 29,400 ounces of gold (instead of 25,200 ounces as disclosed above) were delivered. All other terms of the original agreement remained the same. As the Company was able to satisfy all of the delivery requirements through production from the Mercedes mine, the own use exemption was met and the contract was accounted for as deferred revenue to be recognized over the term of the agreement as at December 31, 2023.

On January 22, 2024, pursuant to the Sandstorm Restructuring Agreement and effective January 1, 2024, the Company reduced its refined gold delivery obligation to Sandstorm from 600 ounces per month to 275 ounces per month, until the last delivery under the agreement is made in April 2028 ("Restructured Sandstorm Gold Stream"). The Company now receives cash payment equal to 25% (previously 7.5%) of the London Bullion Market Association's PM fix for the day before the delivery date. Prior to the extinguishment of this historical agreement, the gold stream was accounted for as deferred revenue. As of January 22, 2024, the Company determined that it will not be able to meet the delivery requirements of the Sandstorm Restructuring Agreement without net settlement and therefore began accounting for the Restructured Sandstrom Gold Stream as a financial instrument with its fair value through profit and loss and remeasured each reporting period, in accordance with IFRS 9.

A schedule of the Sandstorm Gold Stream is as follows:

	Total (000's) $
Balance – January 1, 2023	**29,686**
Additions	5,000
Delivery of gold - Principal	(12,977)
Balance – December 31, 2023	**21,709**
Delivery of gold - Principal	**-**
Reclassification as a Stream Arrangement	**(21,709)**
Balance – December 31, 2024	**-**

During the year ended December 31, 2024, the Company, under the Sandstorm Gold Stream, did not deliver any ounces (December 31, 2023 – 7,200 ounces) of refined gold to Sandstorm and recognized a total sales revenue of $nil (December 31, 2023 – $14.0 million) under this arrangement.

Restructured Sandstorm Gold Stream

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

The following inputs were used to determine the fair value of the Restructured Sandstorm Gold Stream as at December 31, 2024 and January 22, 2024. The Company used a discounted cash flow model using the reserves at the Mercedes mine and an allocated portion of indicated and inferred resources. The following key assumptions were applied:

	December 31, 2024	**January 22, 2024**
Estimated life of Mercedes mine	8.4 years	8 years
Forward gold price range	$2,392 – $3,133	$1,952 – $2,393
Discount rate	11.9%	11.7%

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

	Total (000s) $
Balance – January 1, 2023	**-**
Balance – December 31, 2023	**-**
Reclassification from Deferred Revenue	21,709
Gain on Sandstorm Restructuring Agreement	(4,359)
Balance – January 22, 2024	**17,350**
Debt issue costs	(28)
Gold stream deliveries	(5,877)
Change in fair value	6,883
Balance – December 31, 2024	**18,328**
Less: Current Portion	(8,580)
Non-Current Portion	9,748

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

During the year ended December 31, 2024, the Company, under the Restructured Sandstorm Gold Stream, has delivered 3,300 ounces (December 31, 2023 – nil) of refined gold to Sandstorm and recognized a total sales revenue of $7.8 million (December 31, 2023 – $nil), including the 25% cash sales.

Nomad Silver Stream and Restructured Silver Stream

On April 21, 2022, as part of the Mercedes acquisition, the Company assumed a silver stream arrangement (“Nomad Silver Stream”) requiring deliveries of 75,000 ounces of silver per quarter until 1.2 million ounces are delivered. After that, the Company is contracted to deliver 100% of its silver production until 3.75 million ounces are delivered. After 3.75 million ounces are delivered, the mine will deliver 30% of its silver production. The Company was paid 20% of the LBMA silver fix for the day before delivery. The principal repayment on the liability is variable based on 80% of the silver price applied to ounces delivered under the contract. The Nomad Silver Stream was determined to be a financial liability recorded at fair value through profit or loss.

The Company determined that it was not able to meet the delivery requirements of the Nomad Silver Stream without the purchase of silver on the open market or settle the obligation in cash, therefore accounted for it as a derivative financial liability measured at fair value through profit or loss as at December 31, 2023. The fair value of the Nomad Silver Stream was determined based on the net present value of the expected future cash flows and silver deliveries using a discount rate that reflects the time value of money and risks associated with the liability. Any changes to fair value are reflected in the consolidated Statement of loss and comprehensive loss.

On January 22, 2024, the Company restructured the Nomad Silver Stream and effective January 1, 2024, the silver stream deliveries were fully suspended until April 2028 (the “Restructured Nomad Silver Stream”). After April 2028, the Company is required to resume deliveries under this stream arrangement and will receive cash payments of 25% (previously 20%) of the silver price applied to 100% of its production with no minimum delivery requirements. As the Company has not yet determined if it will be able to meet the delivery requirements of the Restructured Nomad Silver Stream, it continues to be a financial liability recorded at fair value through profit or loss as at December 31, 2024.

The following inputs were used to determine the fair value of the Restructured Nomad Silver Stream as at December 31, 2024 and January 22, 2024. The Company used a discounted cash flow model using the reserves at the Mercedes mine and an allocated portion of indicated and inferred resources. The following key assumptions were applied:

	December 31, 2024	**January 22, 2024**
Estimated life of Mercedes mine	8.4 years	8 years
Forward silver price range	$29.92 – $33.69	$22.56-$24.00
Discount rate	11.8%	11.7%

For the year ended December 31, 2024, the Company, in accordance with the Sandstorm Restructuring Agreement made no deliveries (December 31, 2023 – 291,792 ounces) of silver as part of this stream and recorded revenue of $nil (December 31, 2023 - $6.9 million).

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

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

	Total (000's) $
Balance – January 1, 2023	**15,592**
Silver stream delivery	(5,485)
Change in fair value	2,556
Balance – December 31, 2023	**12,663**
Gain on Sandstorm Restructuring Agreement	(10,819)
Balance – January 22, 2024	**1,844**
Debt issue costs	(4)
Change in fair value	3,390
Balance – December 31, 2024	**5,230**
Less: Current Portion	-
Non-Current Portion	5,230

12. Provision for Site Restoration

On April 21, 2022, as part of the Mercedes acquisition, the Company assumed provision for environmental rehabilitation resulting from an ownership interest in a mill, mining equipment, and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities generally include costs for decommissioning the mill complex and related infrastructure, ensuring the physical and chemical stability of the tailings area, post-closure site security, and monitoring costs. The Company considers such factors as changes in laws and regulations and requirements under existing permits in determining the estimated costs. Such analysis is performed on an ongoing basis.

The Company estimates that the undiscounted future value of the cash flows required to settle the closure provision is $20.3 million (December 31, 2023 - $20.8 million) for the Mercedes mine. The Company expects these cash flows outflows to begin in 2027. In calculating the December 31, 2024 estimate, management used the Mexican risk-free interest rate of 10.4% (December 31, 2023 – 9.4%), Mexican inflation rate of 3.7% (December 31, 2023 – 5.5%), and a forecasted Mexican inflation rate of 3.6% (December 31, 2023 – 3.2%).

A reconciliation of the discounted provision is provided below:

	Total (000's) $
Balance – January 1, 2023	**13,293**
Accretion	1,256
Adjustment due to inflation and discount rate	(287)
Foreign exchange	1,921
Balance – December 31, 2023	**16,183**
Accretion	**(337)**
Adjustment due to inflation and discount rate	**(1,377)**
Foreign exchange	**(2,553)**
Balance – December 31, 2024	**11,916**

13. Community Projects Obligation

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

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

As at December 31, 2024, the total undiscounted obligation remaining under the Framework Agreement was $15.9 million (December 31, 2023 – $17.2 million).

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

	(000s) $
Balance – January 1, 2023	**9,064**
Payment	(1,082)
Accretion expense	901
Impact of foreign exchange	276
Balance – December 31, 2023	**9,159**
Payment	(1,060)
Accretion expense	916
Impact of foreign exchange	(144)
Balance – December 31, 2024	**8,871**
Less: Current Portion	(1,061)
Non-Current Portion	**7,810**

14. Short Term Loan

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

A continuity of the Short Term Loan is as follows:

	Total (000’s) $
Balance – January 1, 2023	**-**
Proceeds	1,300
Interest accrued	54
Balance – December 31, 2023	**1,354**
Interest accrued	186
Balance – December 31, 2024	**1,540**

15. Note Payable

On July 28, 2022, the Company entered into a promissory note ("Note") with Auramet in connection with a $5 million loan facility ("Facility").

On July 28, 2023, the first anniversary of the Note, the Facility came due. In accordance with the Facility, the Company may repay the principal amount, in minimum incremental amounts of $1.0 million, either in whole or in part, from time to time without penalty, subject to any accrued interest. The Facility was subject to an original issue discount fee of 2.5%, which was deducted from the advance of the Facility. Interest was to accrue on the unpaid principal amount at a rate of 6.00% per annum plus the greater of (i) the USD Secured Overnight Financing Rate or (ii) 1.00% per annum, payable quarterly in arrears.

On April 27, 2023, the Note was assigned to Sandstorm and the principal amount of the Note was increased to $9 million via two payments of $1 million and $3 million, respectively (Sandstorm Secured Loan). The Sandstorm Secured Loan is subject to a covenant, whereby the Company is required to maintain $2.5 million in the form of cash, undrawn line of credits or unallocated pool of gold and silver at all times until the maturity date of the Note. As at December 31, 2023, the Company was in compliance with this covenant. As of the date of these financial statements, under the Sandstorm Restructuring Agreement, the Company is no longer subject to this covenant.

Pursuant to the Sandstorm Restructuring Agreement, the Company and Sandstorm agreed to convert the $9 million Sandstorm Secured Loan into a note bearing interest at 7% per year and convertible into common shares of Bear Creek at a strike price of C$0.73 per share (the "Sandstorm Promissory Note"). Sandstorm has also agreed to make up to $8 million in additional credit (the "Interim Credit") available to Bear Creek under this agreement prior to August 31, 2024, subject to executing share pledge and guarantee agreements, and paying all obligation including all accrued interest. Any amounts drawn from the Interim Credit are expected to be added to the principal amount of the 5-year convertible promissory note. As at December 31, 2024, the Company has fully drawn $8.0 million (December 31, 2023 - $5 million) from the Interim Credit.

The Sandstorm Promissory Note comprises a host loan and an embedded derivative liability. The conversion option associated with the Sandstorm Promissory Note were determined to be an embedded derivative as the value of the conversion option changes in response to the Company's share price and due to foreign exchange movements. The conversion option is a financial liability measured at its estimated fair value with changes in value being recorded in the statement of loss. The host loan is measured at its estimated fair value at initial recognition and subsequently measured at amortized cost.

As partial consideration for the Note, the Company entered into an offtake agreement (the "Auramet Offtake Agreement") with Auramet whereby the Company agreed to sell to Auramet 100% of the outturn from the Mercedes mine less the amount of gold and silver sold by the Company under existing royalty and stream agreements (the "Applicable Product") until the Note is paid in full and, after that, 50,000 troy ounces of the Applicable Product. During the year ended December 31, 2024, the Company delivered a total of 31,061 ounces of gold (December 31, 2023 – 32,552 ounces) and recognized revenue of $70.7 million (December 31, 2023 – $62.8 million) as part of the Offtake Agreement. As at December 31, 2024, the Company has completed all deliveries under the Auramet Offtake Agreement. After completion of the deliveries to the Auramet Offtake Agreement, precious metals are sold at spot to Auramet and Asahi Refining USA Inc. ("Asahi Refining").

Upon executing the Sandstorm Restructuring Agreement, the fair value of the restructured call options was estimated using the Partial Differential Equation model. The assumptions used on December 31, 2024 and January 22, 2024 are set in the table below.

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

	December 31, 2024	**January 22, 2024**
Remaining term	3.7 years	4.7 years
Interest rate	7.0%	7.00%
Conversion price	C$0.73	C$0.73
Share price	C$0.34	C$0.19
Expected stock price volatility	50.0%	60.00%
Risk-free interest rate	4.3%	4.10%
Credit spread	4.5%	4.80%
All-in-yield	8.8%	8.90%

A continuity of the Note Payable is as follows:

	Note (000,'s) $	**Call Option (000's) $**	**Total (000's) $**
Balance – January 1, 2023	**4,503**	**190**	**4,693**
Additions	8,998	-	8,998
Interest paid	(562)	-	(562)
Accretion	537	-	537
Interest accrual	848	-	848
Change in fair value of call option	-	(190)	(190)
Balance - December 31, 2023	**14,324**	**-**	**14,324**
Principal additions – Interim Credit	375	-	375
Interest accrual	94	-	94
Loss on Sandstorm Restructuring Agreement (Note 9)	3,994	255	4,249
Balance – January 22, 2024	**18,787**	**255**	**19,042**
Debt issue costs	(32)	-	(32)
Principal additions – Interim Credit	2,625	-	2,625
Interest accrual	1,346	-	1,346
Interest payments	(1,341)	-	(1,341)
Accretion	42	-	42
Change in fair value of call option	-	415	415
Balance – December 31, 2024	**21,427**	**670**	**22,097**

16. Warrant Liability

On October 5, 2023, the Company completed a bought deal financing 27,200,000 units at $0.25 per unit, with each unit comprising of one common share and one share purchase warrant for gross proceeds of $6.9 million (C$9.5 million). Each share purchase warrant is exercisable for a price of C$0.42 to redeem one common share of the Company until the expiry date of October 5, 2028. The warrants are liability classified as the exercise price is denominated in a different currency than the function currency of the entity that issued the warrants. The warrants are measured to their estimated fair value at each financial reporting date with changes in value recorded in the statement of loss.

On initial recognition, these warrants were estimated to have a fair value of $2.6 million and costs related to the issuance of warrants in the amount of $0.2 million were expensed and reported as Other Expenses. As at December 31, 2024, these warrants were estimated to have a fair value of $2.9 million (December 31, 2023 – $1.9 million). The Company uses the Black Scholes Options pricing model to determine the fair value of the warrant liability. The assumptions used on December 31, 2024 and December 31, 2023 are set in the table below.

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

	December 31, 2024	December 31, 2023
Risk-free interest rate	2.96%	3.2%
Expected dividend yield	0.0%	0.0%
Stock price	C$ 0.34	C$ 0.18
Expected stock price volatility	65.3%	85.9%
Expected life in years	3.8	4.8

The changes in warrants during the period ended December 31, 2024, and the year ended December 31, 2023, were as follows:

	December 31, 2024		**December 31, 2023**	
	Number of warrants	**Weighted average exercise price (in CDN$)**	Number of warrants	Weighted average exercise price (in CDN$)
Outstanding, beginning of the year	**27,200,000**	**C$0.42**	-	-
Granted	**-**	**-**	27,200,000	C$0.42
Exercised	**(5,000)**	**C$0.42**	-	-
Outstanding, end of the year	**27,195,000**	**C$0.42**	27,200,000	C$0.42

17. Capital

Authorized and Issued Share Capital

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

2024 Activity

In consideration for the Sandstorm Restructuring Agreement (Note 9), the Company issued 28,767,399 common shares of the Company to Sandstorm at fair value of C$0.19 per Common Share for an aggregate value of approximately C$5.5 million or $4.1 million (such issuance of Common Shares brings Sandstorm's ownership interest in the Company to approximately 19.99% of the outstanding Common Shares) (Note 20).

During the year ended December 31, 2024, the Company granted 2,562,500 stock options to the officers and directors of the Company (December 31, 2023 – 1,350,000).

During the year ended December 31, 2024, the Company granted 1,622,500 RSUs to the officers, directors, and employees of the Company (December 31, 2023 – nil).

During the year ended December 31, 2024, the Company recognized a $0.5 million (December 31, 2023 – $1.0 million) of share-based payments expense based on the graded vesting schedule of the stock option and RSU grants.

During the year ended December 31, 2024, the Company issued a total of 225,000 common shares (December 31, 2023 – 168,000) to its directors and officers upon vesting of the DSUs awarded on April 26, 2021.

During the year ended December 31, 2024, the Company issued 5,000 common shares (December 31, 2023 – nil) from the exercise of share purchase warrants (Note 17).

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

2023 Activity

On July 21, 2023 the Company closed a non-brokered private placement financing with Sandstorm (Note 20), and raised $6.2 million (C$8.2 million) by issuing 16,725,000 common shares at the closing rate of $0.37 (C$0.49) per share.

On October 5, 2023, the Company completed a bought deal financing 27,200,000 units at $0.25 per unit, with each unit comprising of one common share and one share purchase warrant for gross proceeds of $6.9 million (CDN$9.5 million). Each share purchase warrant is exercisable for a price of C$0.42 to redeem one common share of the Company until the expiry date of October 5, 2028 (Note 16).

During the year ended December 31, 2023, a total of 341,068 common shares were issued to a consultant of the Company for services rendered at a fair value of $0.2 million.

On December 7, 2023, the Company cash-settled the third and final tranche of vested RSUs awarded to its directors, officers, and employees on April 22, 2020.

Stock Option Plan

The Company has established a share purchase option plan (the “Stock Option Plan”) and a long-term incentive plan (“LTIP”). Under the Stock Option Plan, the Board of Directors may, from time to time, grant options to directors, officers, employees, or consultants. Options granted must be exercised no later than ten years from the date of grant or such lesser period as determined by the Board of Directors. Under the Stock Option Plan, the exercise price of an option cannot be lower than the closing price on the TSX-V on the trading date preceding the grant date, less the maximum discount permitted under TSX policies applicable to share purchase options. The Board of Directors also sets vesting terms for each grant. The Stock Option Plan provides that the aggregate number of shares reserved for issuance under the plan (including shares issuable upon the exercise of existing options and restricted or DSUs issuable under the Company’s Long Term Incentive Plan) shall not exceed 10% of the total number of issued and outstanding common shares of the Company on a non-diluted basis, as constituted on the grant date of such options. Under the LTIP, the Board of Directors may, from time to time, award RSUs or DSUs to directors, officers, employees, and in the case of RSUs, consultants. Under the LTIP, the maximum number of shares the Company is entitled to issue from treasury for payments regarding awards of DSUs and RSUs is an aggregate of 5,000,000 shares. The Stock Option Plan and the LTIP may not cumulatively exceed 10% of the total number of shares issued and outstanding. Both the Stock Option Plan and the LTIP are intended to be equity-settled, with participants receiving common shares of the Company upon vesting or exercise.

Stock Options

During the year ended December 31, 2024, the Company granted a total of 2,562,500 stock options to officers and directors, each exchangeable for one common share. These options have a 10-year term and varying exercise prices ranging from C$0.18 to C$0.35. Vesting schedules differ, with some options vesting in halves on grant date and anniversaries, while others vest in thirds over two years. The total fair value of these grants, calculated using the Black-Scholes model, amounted to $0.6 million.

The assumptions used to determine the fair value of the options granted during the year with their respective grant dates are set in the table below:

	January 4, 2024	March 19, 2024	June 26, 2024	August 2, 2024
Risk-free interest rate	3.2%	3.5%	3.5%	3.0%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Stock price	C$0.18	C$0.25	C$0.35	C$0.32
Expected stock price volatility	79.3%	80.0%	80.3%	80.2%
Expected life in years	10.0	10.0	10.0	10.0

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

The changes in share options during the period ended December 31, 2024, and the year ended December 31, 2023, were as follows:

	December 31, 2024		**December 31, 2023**	
	Number of options	**Weighted average exercise price (in CDN$)**	Number of options	Weighted average exercise price (in CDN$)
Outstanding, beginning of the year	**9,550,000**	**C$1.27**	8,200,000	1.36
Granted	**2,562,500**	**C$0.29**	1,350,000	0.27
Forfeited	**(950,000)**	**C$0.55**	-	-
Cancelled	**(2,650,000)**	**C$1.61**	-	-
Outstanding, end of the year	**8,512,500**	**C$0.88**	9,550,000	1.27

A summary of the Company's stock options outstanding as at December 31, 2024 is as follows:

Options Outstanding	**Options Exercisable**	**Exercise Price (in CDN$)**	**Remaining contractual life (years)**	**Expiry Date**
670,000	670,000	C$2.05	3.16	February 26, 2028
400,000	400,000	C$2.24	3.21	March 16, 2028
150,000	150,000	C$1.92	3.45	June 12, 2028
1,280,000	1,280,000	C$1.50	4.09	February 1, 2029
75,000	75,000	C$1.41	4.18	March 6, 2029
75,000	75,000	C$2.58	4.85	November 6, 2029
2,450,000	2,450,000	C$0.69	7.96	December 15, 2032
450,000	300,000	C$0.45	8.49	June 26, 2033
900,000	862,500	C$0.19	8.92	November 30, 2033
500,000	250,000	C$0.25	9.22	March 19, 2034
1,362,500	454,167	C$0.35	9.49	June 26, 2034
200,000	100,000	C$0.33	9.59	August 2, 2034
8,512,500	**7,066,667**		**7.12**	

RSUs

On June 26, 2024, the Company granted 1,622,500 RSUs to officers, directors, and employees of the Company. The RSUs entitle the holders to receive common shares of the Company equal to the number of RSUs on their respective vesting date. The Company calculated a fair value of $0.4 million for these RSUs using Black Scholes Options pricing model. These RSUs have the following vesting schedule:

Number of RSUs	**Holder**	**Vesting**
487,500	Directors	1/3 on first anniversary, 1/3 on second anniversary, 1/3 on third anniversary
875,000	Officers	1/3 on first anniversary, 1/3 on second anniversary, 1/3 on third anniversary
260,000	Employees	Vest in full on first anniversary
1,622,500		

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

The assumptions used to determine the fair value of the RSUs granted during the year are set in the table below:

	June 26, 2024
Risk-free interest rate	3.9%
Expected dividend yield	0.0%
Stock price	C$0.35
Expected stock price volatility	80.3%
Expected life in years	Based on vesting

The changes in RSU's during the period ended December 31, 2024, and the year ended December 31, 2023, were as follows:

	December 31, 2024	December 31, 2023
	Number of RSUs	Number of RSUs
Outstanding, beginning of the year	**-**	308,334
Granted	**1,622,500**	-
Forfeited	**(16,912)**	-
Vested and settled in cash	**-**	(308,334)
Outstanding, end of the year	**1,605,588**	-

DSUs

During the year ended December 31, 2024, the Company issued a total of 225,000 common shares to its directors and officers upon vesting of the 225,000 DSUs. As at December 31, 2024, the Company had a total of 500,000 DSUs outstanding.

	December 31, 2024	December 31, 2023
	Number of DSUs	Number of DSUs
Outstanding, beginning of the year	**725,000**	1,000,000
Vested	**(225,000)**	(275,000)
Outstanding, end of the year	**500,000**	725,000

As at December 31, 2024 and December 31, 2023, the following stock options, RSUs, and DSUs were under grant and available for issuance:

	December 31, 2024	December 31, 2023
Issued and outstanding shares	**227,730,785**	198,733,386
Options allowed	**22,773,079**	19,873,339
RSU & DSU limit	**5,000,000**	5,000,000
RSU's & DSU's available for issuance	**1,377,500**	3,000,000

18. Revenue

The Company's revenues are primarily from sales of gold and silver. These products are sold to Sandstorm and its subsidiary (Note 11 and 20), Auramet (Note 15) and Asahi Refining.

The revenue for the year ended December 31, 2024 is shown below:

	Year Ended	
	December 31, 2024 (000s) $	December 31, 2023 (000s) $
Nomad Gold Stream	**-**	5,501
Nomad Silver Stream (Note 11)	**-**	6,856
Sandstorm Gold Stream (Note 11)	**-**	14,029
Restructured Gold Stream (Note 11)	**7,836**	-
Auramet and Asahi Refining – gold and silver revenue (Note 15)	**95,902**	62,763
	103,738	89,148

19. Production Costs

The production costs for the year ended December 31, 2024 and 2023 is shown below:

	Year Ended	
	December 31, 2024 (000s) $	December 31, 2023 (000s) $
Raw materials and consumables	**21,698**	26,774
Salaries and benefits	**16,838**	14,094
Contractors and outside services	**20,512**	14,588
Other expenses	**7,690**	6,717
Silver/gold purchase	**-**	1,129
Changes in inventory	**561**	(4,000)
	67,299	59,302

20. Related Party Transactions

Compensation of key management personnel

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

	Year Ended	
	December 31, 2024 (000s) $	December 31, 2023 (000typis) $
Salaries and director's fees	**2,377**	1,801
Share-based compensation	**548**	865
	2,925	2,666

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

During the year ended December 31, 2024, the Company paid a related party, the spouse of an officer, $nil (December 31, 2023 - $0.1 million) for internal contract/procurement review services. As at December 31, 2024, amounts owed to the related party were $nil (December 31, 2023 - $nil).

Sandstorm

Sandstorm is a related party of the Company and currently owns 19.98% of the Company's issued and outstanding common shares. On August 15, 2022, Sandstorm completed the acquisition of Nomad. On January 22, 2024, the Company has entered into the Sandstorm Restructuring Agreement (Note 1 and Note 9), Convertible Debenture (Note 10), Streaming Arrangement (Note 11), and Note Payable (Note 15) with Sandstorm. The Company has also completed a non-brokered private placement during the year ended December 31, 2023 and raised $6.2 million (C$8.2 million) from Sandstorm.

Equinox

Equinox is a related party of the Company and currently owns 11.16% of the Company's issued and outstanding common shares. The Company has entered into the Equinox Note (Note 10) and Short Term Loan (Note 14) with Equinox.

21. Segmented Information

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

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

Long -Term Assets		December 31, 2024 (000s)		December 31, 2023 (000s)
Peru	$	**80,040**	$	93,144
Mexico		**72,150**		118,472
Canada		**5,011**		5,027
	$	**157,201**	$	216,643

Results for the year ended December 31, 2024

Net Loss (income)		Revenue (000s)	Cost of Sales & other operational costs (000's)	Depletions, Depreciation & Amortization (000's)	Exploration expenses (000's)	Other expenses (income) (000's)	Net loss (000's)
Mercedes	$	(103,738)	97,312	33,292	4,420	(2,406)	28,880
Corani		-	-	-	7,423	(287)	7,136
All other segments		-	10,641	-	-	20,162	30,803
	$	**(103,738)**	**107,953**	**33,292**	**11,843**	**17,469**	**66,819**

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

Results for the year ended December 31, 2023

Net Loss (income)		Revenue (000's)	Cost of Sales & other operational costs (000's)	Depletions, Depreciation & Amortization (000's)	Exploration expenses (000's)	Other expenses (income) (000's	Net loss (000's)
Mercedes	$	(89,148)	61,269	42,105	1,674	6,269	22,169
Corani		-	-	-	8,860	453	8,375
All other segments		-	8,949	-	-	(1,451)	7,498
	$	(89,148)	70,218	42,105	10,534	5,271	38,980

22. Income Taxes

The schedule for current and deferred income tax expense is as follows:

		December 31, 2024 (000's)		December 31, 2023 (000's)
Current income tax and special mining expense	**$**	**1,988**	$	(849)
Deferred income tax and special mining recovery		**(1,119)**		(521)
Total income tax expense (recovery)		**869**		(1,370)

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes.

These differences result from the following items:

		Year ended December 31, 2024 (000's)		Year ended December 31, 2023 (000's)
Loss before income taxes	**$**	**(65,950)**	$	(40,350)
Canadian federal and provincial income tax rates		**27.0%**		27.0%
Income tax recovery based on the above rates		**(17,807)**		(10,895)
Non-deductible items (net)		**662**		1,137
Effect of change in Canadian and foreign tax rates		**(1,437)**		1,143
Impact of deferred tax assets not recognized		**6,291**		19,931
Change in estimates		**2,178**		(1,678)
Foreign exchange and other		**10,982**		(11,008)
Total income tax expense	**$**	**869**	$	(1,370)

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

The components of the Company's recognized deferred income taxes are as follows:

		December 31, 2024 (000's)		December 31, 2023 (000's)
Deferred income tax assets (liabilities)				
Non-capital losses	**$**	**1,495**	$	3,180
Share issue costs and other		**272**		1,032
Property plant and equipment		**763**		(2,713)
Unrealized foreign exchange		**(2,749)**		(2,838)
Resource properties costs		**219**		220
Total deferred tax assets (liabilities)	**$**	**-**	$	(1,119)

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences become deductible. The Company has not recognized deferred income tax assets for any temporary differences as their utilization is not considered probable at this time.

Deductible temporary differences, unused tax losses, and unused tax credits:

	December 31, 2024 (000's)	December 31, 2023 (000's)	Expiry date range
Non-capital losses	**81,276**	96,178	See below
Share issue costs and other	**19,998**	18,809	Not applicable
Property plant and equipment	**135,874**	116,546	Not applicable
Foreign exchange and other	**67,713**	44,794	Not applicable

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

As at December 31, 2024, the Company has non-capital losses available for carry forward of $86.9 million, which may be applied to reduce future year's taxable income.

These unrecognized loss carry-forwards are in respect of Canadian, Mexican and Peruvian operations, and expire as follows:

	Canada (USD – 000's)	Mexico (USD – 000's)	Peru (USD - 000's)
2027	1,731	-	-
2028	1,414	-	-
2029	1,849	-	-
2030	3,134	-	-
2031	2,202	-	-
2032	5,591	-	-
2033	3,147	18,281	-
2034	803	979	-
2035	1,331	-	-
2036	4,712	-	-
2037	479	-	-
2038	1,398	-	-
2039	1,595	-	-
2040	3,214	-	-
2041	3,840	-	-
2042	4,282	-	-
2043	1,656	-	-
2044	9,067	-	-
Indefinite	6,103	-	10,102
	57,548	19,260	10,102

Mercedes Mine Tax Audits

The Company acquired the Mercedes gold mine from Equinox on April 21, 2022. The agreement governing the purchase of the Mercedes mine include tax indemnity provisions. Minera Mercedes Minerales S. de R.L. de C.V., the subsidiary of the Company that directly owns the Mercedes mine, is currently under income tax audit by the Mexican Tax Authorities for the 2016 tax year. The primary issue under examination relates to income recognition and deductibility of certain expenses.

Since no final assessment has been issued by the Mexican tax authorities, the Company has determined that it is not possible to reasonably estimate the potential range of outcomes or determine if the Company has a present obligation related to this as of December 31, 2024. The amount and timing of any final assessment in the audit is uncertain, may be appealed, and subject to the tax indemnity provisions previously mentioned. Accordingly, no liability has been recorded in the financial statements for this matter. The Company will continue to monitor developments and will recognize a liability when the Company has a present obligation to pay income tax and the amount can be reliably estimated.

23. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

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

The three levels of fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (or supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

		Carrying Value		Fair Value			
As at December 31, 2024		**Amortized Cost**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities							
Accounts payable and accrued liabilities (i)	$	33,365	-	-	-	-	-
Short term loan		1,540	-	-	-	-	-
Note payable – debt portion		21,427	-	-	-	-	-
Note payable – embedded derivative (iii)		-	670	-	670	-	670
Convertible debenture and notes – debt portion		47,139	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)		-	1,959	-	1,959	-	1,959
Warrant liability (ii)		-	2,192	-	2,192	-	2,192
Stream arrangements (iv)		-	23,558	-	-	23,558	23,558
	$	**103,471**	**28,379**	**-**	**4,821**	**23,558**	**28,379**

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

		Carrying Value		Fair Value			
As at December 31, 2023		**Amortized Cost**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Cash (i)	$	3,903	-	-	-	-	-
Short-term investments		21	-	-	-	-	-
Trade receivables (i)		1,155	-	-	-	-	-
Restricted cash (i)		1,653	-	-	-	-	-
	$	**6,732**	**-**	**-**	**-**	**-**	**-**

		Carrying Value		Fair Value			
As at December 31, 2023		**Amortized Cost**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities							
Accounts payable and accrued liabilities (i)	$	28,995	-	-	-	-	-
Deferred revenue		21,709	-	-	-	-	-
Short term loan		1,354	-	-	-	-	-
Note payable – debt portion		14,324	-	-	-	-	-
Note payable – embedded derivative (ii)		-	-	-	-	-	-
Convertible debenture and notes – debt portion		43,539	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)		-	1,904	-	1,904	-	1,904
Warrant liability (ii)		-	1,937	-	1,937	-	1,937
Stream arrangements (iv)		-	12,663	-	-	12,663	12,663
	$	**109,921**	**16,504**	**-**	**3,841**	**12,663**	**16,504**

		Carrying Value		Fair Value			
As at January 1, 2023		**Amortized Cost**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Cash (i)	$	3,484	-	-	-	-	-
Short-term investments		21	-	-	-	-	-
Trade receivables (i)		2,440	-	-	-	-	-
Restricted cash (i)		1,304	-	-	-	-	-
	$	**7,249**	**-**	**-**	**-**	**-**	**-**

		Carrying Value		Fair Value			
As at January 1, 2023		**Amortized Cost**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities							
Accounts payable and accrued liabilities (i)	$	32,442	-	-	-	-	-
Deferred revenue		29,686	-	-	-	-	-
Mercedes acquisition payment		25,729	-	-	-	-	-
Note payable – debt portion		4,503	-	-	-	-	-
Note payable – embedded derivative (ii)		-	190	-	190	-	190
Convertible debenture and notes – debt portion		17,004	-	-	-	-	-
Convertible debenture and notes – embedded derivative (ii) (iii)		-	3,245	-	3,245	-	3,245
Stream arrangements (iv)		-	20,558	-	-	20,558	20,558
	$	**109,364**	**23,993**	**-**	**3,435**	**20,558**	**23,993**

(i) The carrying values of cash, trade receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.
(ii) The fair value of the embedded derivative is measured using inputs that include level 2 inputs. The fair value is estimated using the Black-Scholes option pricing model. Key inputs used include contractual terms of the debt, and market-derived inputs including the Company's share price and share price volatility.
(iii) The fair value of the embedded derivative is measured using inputs that include level 2 inputs. The fair value is estimated using the Partial Differential Equation model. Key inputs include contractual terms of the debt, and market-derived inputs including the Company's share price and share price volatility.
(iv) The fair value of the stream arrangements is measured using inputs that include level 3 inputs. The fair value of the Company's stream arrangement is estimated based on the net present value of the expected future cash flows discounted using a market interest rate that reflects the risks associated with the liability. Key inputs include contractual terms, forecasted production at Mercedes, future gold and silver prices, and discount rate associated with the liability.

24. Financial Instrument Risks and Risk Management

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

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Risk management is the responsibility of management and is carried out under the oversight of and policies approved by the Board of Directors. Material risks are monitored and are regularly discussed with the Audit Committee and the Board of Directors.

a) Credit risk

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

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

b) Liquidity risk

Liquidity risk (Note 1) is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure sufficient funds to meet its short-term business requirements by considering anticipated revenues and cash expenditures for its operating activities and to cover its financings coming due. The Company will pursue equity or debt financing as required to meet its long-term commitments and current cash requirements. There is no assurance that such financing will be available or that it will be available on favorable terms.

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

The following table summarizes the contractual maturities of the Company's financial liabilities and operating and capital commitments at December 31, 2024:

Expenses in (000's)	**2025**	**2026**	**2027**	**2028**	**2029 and Beyond**	**Total**
Accounts payable and accrued liabilities (Note 8)	$32,755	-	-	-	$609	$33,364
Provision for site restoration (Note 12)	-	-	2,742	3,113	14,407	20,262
Community projects obligation (Note 13)	1,061	1,061	1,061	1,061	11,671	15,915
Other liabilities	56	33	33	649	-	771
Office space leases	17	-	-	-	-	17
Vehicle rentals	349	-	-	-	-	349
Short Term Loan (Note 14)	1,540	-	-	-	-	1,540
Streaming Arrangements (Note 11)	8,580	8,580	8,580	2,860	-	28,600
Note payable – Principal (Note 15)	-	-	-	21,667	-	21,667
Note payable – Interest (Note 15)	1,517	1,517	1,517	1,110	-	5,661
Equinox Note – Principal (Note 10)	-	-	-	26,632	-	26,632
Equinox Note – Interest (Note 10)	1,864	1,864	1,864	1,709	-	7,301
Sandstorm Convertible Debenture – Principal (Note 10)	-	-	-	22,500	-	22,500
Sandstorm Convertible Debenture – Interest (Note 10)	1,575	1,575	1,575	1,075	-	5,800
Total as at December 31, 2024	**$49,314**	**$14,630**	**$17,372**	**$82,376**	**$26,687**	**$190,379**

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

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. During the year ended December 31, 2024, the Company had minimal funds invested in interest earning savings accounts.

The Company previously had debt obligations with SOFR as a benchmark. The variability of the SOFR can have material impact on the results of the Company. During the year ended December 31, 2024, the Company had no existing debt obligations that used SOFR as a benchmark.

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

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

Currency risk

The Company is exposed to financial risk due to changes in foreign exchange rates. The Company operates in Peru, Mexico, and Canada, and a portion of its expenses are incurred in Canadian dollars, Mexican pesos, and Peruvian Soles. The functional currency of the Company and its subsidiaries is determined to be US dollar. A significant change in the exchange rates between the US dollar relative to the Canadian dollar, Mexican Peso to the US dollar, and the Peruvian Sol to the US dollar could affect the Company's operations, financial position, and cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2024, the Company was exposed to currency risk through the following assets and liabilities denominated in Canadian dollars, Mexican Pesos, and Peruvian Soles.

	December 31, 2024		
	Canadian Dollars (000's)	**Peruvian Soles (000's)**	**Mexican Pesos (000's)**
Cash	95	229	1,743
Receivables	-	518	250,811
Accounts payable, accrued liabilities and other	(222)	(2,706)	(402,721)
Provision for site restoration	-	-	(237,467)
Community project obligation	-	(36,260)	-
Net exposure	**(127)**	**(38,219)**	**(387,634)**

Based on the above net exposures at December 31, 2024, and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the Canadian dollar would result in an increase of approximately $0.1 million (C$0.1 million) in the Company's loss for the period. A 10% depreciation of the US dollar against the Peruvian Sol would result in an increase of approximately $1.0 million (S/3.8 million) in the Company's loss for the period. A 10% depreciation of the US dollar against the Mexican Peso would result in an increase of approximately $1.9 million (MXN$ 38.8 million) in the Company's loss for the period. Conversely, a 10% appreciation of the US dollar relative to the Canadian dollar, Soles, or Mexican Pesos would have the opposite effect.

Price risk

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

The fair value of the Streaming Arrangements is dependent on the gold and silver prices. Volatility in the gold and silver prices affects the valuation of the Streaming Arrangements, which in turn affects revenue, earnings, and cash flows.

The price of the Company's common shares and the Company's financial results may be significantly adversely affected by a decline in the price of gold and silver (collectively, the "Metals"). The price of the Metals fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of the Metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing countries throughout the world. As at December 31, 2024, a 10% increase in the price of gold and silver would have resulted in a increase to the stream arrangements liability of approximately $2.4 million. In addition, a 1% increase in the discount rate would have resulted in a decrease to the stream arrangement liability of approximately $0.7 million.

The Company measures the embedded derivative liability portion of the convertible debenture at fair value at each reporting date, recognizing changes in the fair value in the statements of comprehensive income. This requirement to "mark to fair value" the derivative features could significantly affect the results in the statement of comprehensive loss. If the Company's share price had been 20% higher than it was on December 31, 2024, the fair value of the embedded derivative liability of the Company's Convertible Debenture (Note 10), Note Payable (Note 15) and Warrant Liability (Note 16) would have increased by $2.9 million, which would have resulted in the Company recording a combined loss on the fair valuation of the embedded derivative (Note 10 and Note 15) and Warrant Liability (Note 16) of $3.0 million instead of a loss of $0.2 million.

25. Subsequent Events

Private Placement

On March 11, 2025, the Company completed a bought deal private placement of 64,445,000 common shares at a price of C$0.225 per share (the "Offering Price") for aggregate gross proceeds of C$14.5 million (the "Offering"). The Company paid cash commissions of $0.5 million, which is equal to 6.0% of the gross proceeds received by the Company from the issuance and sale of 38,667,000 shares.

Each of Sandstorm and Equinox purchased 32,222,500 Shares on a gross basis pursuant to the Offering, or 12,889,000 Shares on a net basis after giving effect to Equinox and Sandstorm concurrently disposing of 19,333,500 shares to an arm's length third-party on a joint and several basis at the Offering Price immediately prior to the closing of the Offering (the "Concurrent Sale"). The Company did not receive any proceeds from the Concurrent Sale. Prior to the Concurrent Sale and the Offering, Sandstorm and Equinox held 45,492,399 and 25,397,160 shares, respectively, which represented approximately 19.97% and 11.15% (Note 21) of the Company's issued and outstanding common shares. Following the Concurrent Sale and the Offering, Sandstorm and Equinox hold 58,381,399 and 38,286,160 shares, respectively, which represent approximately 19.98% and 13.10% of the Company's issued and outstanding common shares.

Deferred Interest

On April 10, 2025, Sandstorm and Equinox agreed with the Company to defer the monthly interest payments on the Sandstorm Convertible Debenture (Note 10), Equinox Note (Note 10), and Sandstorm Promissory Note (Note 15) (the "Debt Arrangements"). Where the monthly interest payments payable on the last day of each month from and including February 2025 to November 2025 under the terms of their respective Debt Arrangements, such rate being 7% per annum, compounded monthly, and any accrued and unpaid interest (the "Deferred Interest") thereon is payable in full on December 31, 2025. In addition, interest shall also accrue monthly on the Deferred Interest at the rate of interest applicable to the principal owing under their respective Debt Arrangements.