ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2018

Atico Mining Corporation
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GENERAL

This management's discussion and analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") is intended to help the reader understand the significant factors that have affected Atico and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of April 30, 2019, should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included in the following MD&A are in the United States ("US") dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

This MD&A refers to certain non-GAAP financial measures such as cash cost per tonne of processed ore and cash cost per pound of payable copper produced, used by the Company to manage and evaluate operating performance. These measures are widely reported in the mining industry but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. The Company believes that certain investors use these non-GAAP financial measures to evaluate the Company's performance. Accordingly, non-GAAP financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. To facilitate a better understanding of these measures as calculated by the Company, we have provided detailed descriptions and reconciliations as required.

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COMPANY OVERVIEW

The Company was incorporated under the laws of the Yukon Territory on April 15, 2010, continued pursuant to the laws of British Columbia effective October 4, 2011, and its fiscal year end is December 31. The Company is headquartered at Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada and has regional offices in Colombia and Peru.

The Company is engaged in copper-gold mining and related activities including exploration, development, extraction, and processing in Colombia and the acquisition, exploration and development of copper and gold projects in Latin America. The Company completed its initial public offering ("IPO") in March 2012. In conjunction with the IPO, Atico began trading on the TSX Venture Exchange ("TSX-V") under the symbol "ATY".

On November 22, 2013, the Company completed the exercise of its mineral property purchase option, acquiring 90% of the shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble mineral property and took control of the producing El Roble mine and 6,679 hectares of surrounding claims.

MINER's principal asset is the operating El Roble underground copper-gold-silver mine and processing plant, located in Choco, Colombia. With a historic nominal capacity of 400 tonnes per day, the mine has processed over the past twenty-three years, 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 grams per tonne ("g/t"). Since obtaining control of the mine on November 22, 2013, the Company has upgraded the operation from the historic nominal capacity of 400 tonnes per day to the current nominal capacity of 800 tonnes per day.

FISCAL 2018 FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for the year ended December 31, 2018 amounted to $3.4 million, compared with $4.0 million for last year. Net income for the year was impacted by the decreased quantity of concentrate shipped and provisionally invoiced as compared to 2017, partially offset by higher average realized copper price.

- Sales for the year decreased 4% to $54.6 million when compared with 2017. The final 2018 shipment was delayed to the subsequent month for reasons beyond the control of the Company, which has decreased the quantity of concentrate shipped and provisionally invoiced. The effect of the delayed shipment was partially offset by a higher realized copper price when compared to 2017. Copper ("Cu") and gold ("Au") accounted for 93.9% and 6.1% of the total amount provisionally invoiced during 2018. The average realized price per metal on provisional invoicing was $3.06 (2017 - $2.79) per pound of copper and $1,257.75 (2017 - $1,265.21) per ounce of gold.

- Income from operations was $8.6 million (2017 - $7.6 million) while cash flow from operations, before changes in working capital, was $13.9 million (2017 - $18.2 million). Cash used for capital expenditures amounted to $11.7 million (2017 - $10.2 million).

- Working capital was $7.2 million (2017 - $4.6 million), while the Company repaid principal of $2.7 million (2017 - $3.1 million) on its long-term loans payable with no outstanding balance at the reporting date (2017 - $2.7 million).

- Cash costs were $124.38 per tonne of processed ore and $1.49 per pound of payable copper produced, which were increases of 5% and 3% over 2017, respectively (refer to non-GAAP Financial Measures). The increase in the cash cost per pound of payable copper net of by products is primarily explained by a higher cost per processed tonne.

- Cash margin was $1.45 (2017 - $1.35) per pound of payable copper produced, which was an increase of 7% over 2017 (refer to non-GAAP Financial Measures).

- All-in sustaining cash cost per payable pound of copper produced was $1.94 (2017 - $2.05) (refer to non-GAAP Financial Measures).

- The Company produced 44,895 (2017 - 42,801) dry metric tonnes ("DMT") of concentrate with a metal content of 21.9 million (2017 - 20.6 million) pounds ("lbs") of copper and 11,344 (2017 - 10,923) ounces ("oz") of gold.

- Processed tonnes increased 12% to 285,551 compared to 256,078 in 2017.

- At the end of the year, 11,036 (2017 - 3,797) wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

FOURTH QUARTER 2018 FINANCIAL AND OPERATING HIGHLIGHTS

- Income from operations for the three months ended December 31, 2018 ("Q4-2018") was $1.60 million, compared to $1.31 million for the comparative period in 2017 ("Q4-2017"); while cash flow from operations, before changes in working capital, was $1.91 million (Q4-2017 - $3.44 million). Cash used for capital expenditures amounted to $2.18 million (Q4-2017 - $2.41 million).

- Cash costs were $111.69 per tonne of processed ore and $1.37 per pound of payable copper produced, which were decreases of 16% and 18% over Q4-2017, respectively (refer to non-GAAP Financial Measures). The decrease in the cash cost per pound of payable copper net of by products is primarily explained by a lower cost per processed tonne.

- All-in sustaining cash cost per payable pound of copper produced was $1.76 (Q4-2017 - $2.27) (refer to non-GAAP Financial Measures).

- The Company produced 11,827 (Q4-2017 - 11,224) DMT of concentrate with a metal content of 5.8 million (Q4-2017 - 5.3 million) lbs of copper and 2,913 (Q4-2017 - 2,972) oz of gold.

- Processed tonnes increased 20% to 76,985 compared to 63,948 in Q4-2017.

RESULTS OF OPERATIONS

El Roble mine review

The El Roble mine is an underground copper, gold and silver mine and processing plant located in the Department of Choco in Colombia. Its commercial product is a copper concentrate with gold and silver by-product credits.

The mine has processed over the past twenty-three years, with an historic nominal capacity of 400 tonnes per day, a total of over 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 g/t. The operation has completed an expansion to a nominal capacity of 800 tonnes per day. Copper and gold mineralization at the El Roble property occurs in volcanogenic massive sulfide ("VMS") lenses.

The table below shows the main variables used by management to measure operating performance of the mine: throughput, grade, recovery, metal production and cost.

El Roble operating performance

	YTD 2018	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	YTD 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Production (contained metals)[1]										
Copper (000 lbs)	**21,865**	**5,811**	**5,358**	**5,220**	**5,476**	20,625	5,326	5,099	5,154	5,046
Gold (oz)	**11,344**	**2,913**	**3,010**	**2,596**	**2,825**	10,923	2,972	2,831	2,570	2,550
Silver (oz)	**42,569**	**11,699**	**10,250**	**10,014**	**10,606**	40,283	9,586	10,840	10,005	9,852
Mining										
Ore (tonnes)	**278,504**	**73,575**	**70,652**	**67,255**	**67,022**	269,034	64,705	74,919	65,942	63,468
Milling										
Milled (tonnes)	**285,551**	**76,985**	**71,760**	**67,308**	**69,499**	256,078	63,948	66,443	62,802	62,885
Tonnes per day	**827**	**867**	**837**	**792**	**812**	790	763	794	794	810
Copper grade (%)	**3.71**	**3.66**	**3.63**	**3.76**	**3.80**	3.87	3.98	3.68	3.94	3.89
Gold grade (g/t)	**2.05**	**2.00**	**2.17**	**2.02**	**2.03**	2.10	2.25	2.16	2.07	1.92
Silver grade (g/t)	**9.70**	**10.14**	**11.28**	**8.54**	**8.71**	9.42	8.24	10.31	9.96	9.12
Recoveries										
Copper (%)	**93.6**	**93.5**	**93.4**	**93.7**	**94.0**	94.3	95.0	94.3	94.4	93.5
Gold (%)	**60.3**	**59.0**	**60.3**	**59.8**	**62.8**	63.2	64.2	61.1	61.8	65.8
Silver (%)	**47.7**	**46.6**	**40.3**	**56.1**	**48.6**	52.5	56.7	49.5	49.9	53.9
Concentrate										
Cu concentrate produced (DMT)	**44,895**	**11,827**	**10,877**	**10,717**	**11,474**	42,801	11,224	10,551	10,460	10,566
Copper (%)	**22.1**	**22.3**	**22.3**	**22.1**	**21.7**	21.8	21.5	21.7	22.3	21.7
Gold (g/t)	**7.8**	**7.6**	**8.6**	**7.5**	**7.7**	7.9	8.2	7.5	7.6	7.5
Silver (g/t)	**29.5**	**30.7**	**29.3**	**29.1**	**28.8**	29.3	26.5	29.0	29.7	29.0
Payable copper produced (000 lbs)	**20,788**	**5,521**	**5,105**	**4,960**	**5,202**	19,591	5,060	4,844	4,897	4,790
Cash cost per pound of payable copper produced[2]	**1.49**	**1.37**	**1.49**	**1.67**	**1.44**	1.44	1.67	1.38	1.30	1.41

[1] Subject to adjustments due to final settlement.
[2] Net of by-product credits (refer to non-GAAP Financial Measures).

The Company has met and exceeded almost all of the operational goals set for El Roble mine in 2018. Metal production in particular stood out in the 2018 results for copper and gold being 5.5% and 13.4% respectively, above the higher end of the guidance range for the year.

In 2018, the Company produced 21.86 million lbs of copper, 11,344 oz of gold, and 42,569 oz of silver. When compared to 2017, production increased 6.0% for copper and 3.9% for gold. In the case of copper, the 11.5% increase in processed material was partially offset by a 4.1% decrease in the head grade and 0.7% recovery decrease relative to 2017, while for gold a decrease of 4.6% in recovery partially offsets the increase in processed material.

The average throughput rate for the year increased to 827 (2017 - 794) tonnes per day while the number of worked days increased by 6.5% to 345 days relative to 2017 and well beyond the guidance for the period.

Average copper and gold head grade in 2018 decreased slightly relative to the same period last year but were at the higher end of the year's guidance of 3.5% to 3.7% for copper and 1.8 to 2.0 grams per tonne for gold.

Copper recovery decreased by 0.7% to 93.6% (2017 - 94.3%), while gold recovery was 60.3%, below the year's annual guidance of 62%.

Cash costs were $124.38 per tonne of processed ore and $1.49 per pound of payable copper produced, which were increases of 4.6% and 3.2% over 2017, respectively (refer to non-GAAP Financial Measures). The increase in the cash cost per pound of payable copper net of by products is mainly explained by the higher cost per processed tonne, partially offset by a higher gold content value and a decrease in treatment and refining charges. The increase in direct mining cost of 15.6% for the same period, partially offset by a 5.2% reduction in the milling, processing and indirect cost, explain the increase in the cost per processed tonne.

Efforts to improve the cash cost per processed tonne during 2018 yielded results in the third and fourth quarter with a decrease of 9.7% and 9.6% respectively, relative to the previous quarters (Q2-2018 - $136.74; Q3-2018 - $123.64; and Q4-2018 - $111.69). The Company expects the cost improvement measures will continue yielding results in 2019.

Cash margin was $1.45 (2017 - $1.35) per pound of payable copper produced, which was an increase of 7.4% over 2017 (refer to non-GAAP Financial Measures).

For 2018, the all-in sustaining cash cost net of by credit products was $1.94 (2017 - $2.04) per pound of payable copper produced (refer to non-GAAP Financial Measures), which represents a 4.9% decrease over 2017.

Cash used for capital expenditure activities during 2018 were $11.71 million. Major categories of expenditure included $1.07 million in underground mine development, $0.45 million in equipment and infrastructure related to the mine, $1.51 million in the second phase of the tailings dam and $4.45 million related to the mill, surface and energy infrastructure.
Mine production came from two sources in 2018: Maximus-Goliath and Zeus. Zeus provided the preponderance of material for processing, and Maximus-Goliath mining continued to be related to recovering in-mine stockpiles and pillar recovery.

The drift-and-fill mining method continues in Zeus with ore being sourced throughout the year from primary and secondary stopes from five sublevels from the 1727 to the 1797 level.

During 2018, there was no further development in the main ramp, as level 1690 was reached during Q4-2017, which is the lowest level of known mineralization. With this achievement the Company has been ready to access and prepare all levels of the Zeus orebody without the need to further develop the ramp.

Since Q1-2018, the Company has been tracking two main safety metrics, the frequency and severity index, by 1,000,000 hours worked following international standards.

In July 2018, there was a fatal accident that occurred at the El Roble property during service maintenance work outside of the mining operations. A group of employees were performing surface maintenance, when a rainfall induced landslide occurred without warning. One of the employees was pronounced deceased at the scene, while two were immediately transported to a hospital in Medellin where they were treated for non-life-threatening injuries and have since fully recovered.

During the past five years, the Company has launched several initiatives to enforce the importance of safety practices at the operation, which have yielded good results. Examples of the initiatives undertaken by the Company include implementation of OHSAS 18001 "Occupational Health and Safety Management System - Requirements", a yearlong safety training program for supervisors, increasing the number of safety leaders and safety supervisors at the operation, enforcing 5-minute safety talks at the workplace, weekly safety meetings with all workers, counseling for workers with sub-standard work practices, and engaging an external safety consultant among others.

Concentrate inventory

Amounts in dry metric tonnes	**Q4 2018**	Q4 2017	**YTD 2018**	YTD 2017
Opening inventory	**8,196.0**	3,475.1	**3,455.4**	7,318.6
Production	**11,827.5**	11,223.5	**44,896.1**	42,801.0
Sales	**(8,987.0)**	(11,238.3)	**(37,849.5)**	(46,722.3)
Adjustment	**0.0**	(4.9)	**534.5**	58.1
Closing inventory	**11,036.5**	3,455.4	**11,036.5**	3,455.4

Production is trucked routinely from the El Roble mine to the port of Buenaventura, where 10,000 WMT of concentrate can be stored at the Company´s warehouse. Since the cost of shipping and freight is directly related to the size of the lot to be shipped, the Company plans to sell lots closer to 10,000 WMT.

The Company recognizes revenue from provisional invoicing when the risks and rewards of ownership are transferred to the customer, which under the current off-take agreement is when the Company loads the concentrate onto the performing vessel at the port of Buenaventura, Colombia. As final settlement may occur several months after the provisional invoicing, changes in metal prices during the quotation period may have a material impact on the revenue ultimately recognized.

The number of shipments the Company can export in any given quarter depends on several variables some of which the Company does not control, hence there may be an inherent variability in tonnes shipped and revenue recognized from quarter to quarter.

Given the Company's revenue recognition policy and shipment schedule, the concentrate produced in any given quarter may not be immediately reflected in its revenue. The timing difference between concentrate produced and revenue recognized tends to decrease significantly when viewed on a yearly basis.

In 2018, the Company carried forward 3,455 DMT from the previous year, produced 44,896 DMT and sold 37,850 DMT of concentrate; the difference of 11,036 DMT is the concentrate inventory carried over to 2019. The last shipment of the year, scheduled for early December, was delayed for reasons beyond the control of the Company and delivered in early January, leaving a significant concentrate inventory at year-end.

Exploration at El Roble

During 2018, 17,510 meters of drilling were completed at the El Roble project, of which 6,650 meters were drilled underground looking for new massive sulphide deposits. On surface, the Company completed 10,860 meters between the Archie, Franja Esteand and the Gorgona targets testing the new IP-DAS anomalies.

The Company is highly encouraged by results obtained during the scout drilling in these regional areas.

At the Gorgona target, four sub-vertical black chert units have been discovered, with each having favorable evidence to host massive sulphide mineralization. Abundance of chalcopyrite and pyrite stringers in the black chert unit with pirrotite-pytite banding have been identified. Also, of particular interest is the presence of dolomite within the black chert unit and the strong chloritic alteration on the basalt between the black chert units. At the Archie target, there have been outcrops and discovery of massive sulphide fragments which continue to support the thesis of potentially finding additional mineralization in the area.

With the major re-interpretation of the structural geology based on recent and previous years drilling and surface mapping suggests that the Zeus mineralization is faulted off at depth and the favorable contact geology offset some 140 meters to the east. The new IP-DAS data shows similar offsets but also shows the chargeability-resistivity anomaly continuing at depth.

Structural logging of the drill core and integration of the results into the regional mapping program has refined the Company's understanding of the local structural geology and its relationship to mineralization. The local structure is now interpreted as a southwest verging recumbent fold with the steeper limb hosting the El Roble mine mineralization and the shallower limb cropping out on the east side of the El Roble ridge. The anticlinal fold has been offset by an array of N-S and ENE-WSW faults and NW-SE strike-parallel thrusts, which offset the mineralization by up 140 meters.

The recent drilling clearly demonstrated a thickening of the "black chert" unit over a strike length of approximately 600 meters indicative of a sub-basin favorable for the deposition and preservation of massive sulfides. The sub-basin appears to be bounded by faults which may have acted as feeders for mineralization. The "black chert" unit contains 5-10% bedding-parallel stringers and blebs of pyrite-pyrrhotite suggesting a more distal sulfide depositional environment. Hole ATSA-005, drilled on the northern margin of the sub-basin intersected two intervals of highly anomalous gold (3.9 meters at 2.25 g/t Au from 114.80 meters and 5.3 meters at 2.31 g/t Au from 138.55 meters) supporting the alteration and pathfinder element vectors. The multi-element geochemistry vectors are concentrated with the sub-basin and trend toward the northern margin of the basin.

The Company will continue the core drilling program during 2019 to test IP-DAS and gravity anomalies at depth and to the southeast of the mine mineralization (Zeus plunge target). In parallel, the Company plans to further test Archie, Gorgona and the Eastern trend (regional targets) along with two new regional target areas.

The total budget for the 2019 drill program is over 16,000 meters.

In Q4-2018, the Company completed and released an updated resource estimate replacing most of the mined tonnage and increasing the certainty of the El Roble mine resource.

Category	Tonnes (000)	Cu (%)	Au (g/t)
Proven	1,143.0	3.53	1.91
Probable	324.0	2.93	1.81
Proven + Probable Reserves	1,467.0	3.40	1.88

Category	Tonnes (000)	Cu (%)	Au (g/t)
Measured	1,357.1	3.76	2.24
Indicated	446.2	3.24	2.27
Measured + Indicated Resources	1,803.3	3.63	2.25

Category	Tonnes (000)	Cu (%)	Au (g/t)
Inferred Resources	23.9	0.62	4.06

(1) Mineral Resources and Mineral Reserves are as defined by CIM Definition Standards on Mineral Resources and Mineral Reserves 2014.
(2) Mineral Resources and Mineral Reserves are estimated as of June 30, 2018
(3) Mineral Reserves are reported above a NSR breakeven cut-off value of US$121.97/t cost basis (January 2017 to June 2018)
(4) Mineral Resources are reported based on an NSR cut-off grade of US$59.55/t (January to December 2017)
(5) Metal prices considered were US$ 1,278.56/oz Au and US$ 3.26/lb Cu.
(6) Metallurgical recoveries are based in the historical recovery (January 2017 to June 2018): Au is 61.82% and Cu is 94.15%.
(7) Metal payable recovery used 89.74% for gold and 94.78% for copper (January 2017 to June 2018).
(8) Operating costs were estimated based on actual operating costs (January 2017 to June 2018)
(9) Density was calculated on each ore-body (Goliat = 3.34t/m3, Maximus = 3.50t/m3, Maximus Sur = 3.26t/m3, Zeus = 3.53t/m3).
(10) Mineral Resources, as reported, are undiluted. Mineral reserves are diluted based upon historic dilution rates for first pass, second pass and pillar recovery stoping at El Roble.
(11) Mineral Resources are reported to 0.88% Cu Eq cut-off grade
(12) CuEq for each block was calculated by multiplying one tonne of mass of each by block grade by its average recovery, metal payable recovery and metal price. If the block is higher that CuEq cut-off, the block is included in the resource estimate
(13) Reported mineral resources are inclusive of reported mineral reserves. Mineral resources, which are not mineral reserves, have not demonstrated economic viability. Environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues may materially affect the estimate of mineral resources. The quantity and grade of the Inferred resources reported in this estimation are conceptual in nature and it is uncertain if further exploration will result in upgrading of the Inferred resources to Indicated or Measured resources.

OUTLOOK

The Company is basing 2019 guidance on year ended December 31, 2018 financial and production results. Please refer to Cautionary Note on Forward Looking Statements at the end of this document.

The Company set the following objectives for 2018 at the El Roble mine:

- Process between 230,000 and 240,000 tonnes.
- Maintain copper recovery above 93% and 62% for gold.
- Maintain an average copper head grade between 3.4% and 3.6%
- Maintain an average gold head grade between 1.8 g/t and 2.0 g/t
- Increase production between 33,000 and 39,000 dry tonnes of concentrate.
- Maintain production between 7,700 and 8,200 tonnes of copper.
- Maintain production between 9,000 and 9,700 ounces of gold.
- Increase the mill mechanical availability to 95% and reach 267 days worked.
- Continue increasing the safety and environmental standards.

The 2019 adjusted guidance disclosed above and in the news release dated January 29, 2019 has been adjusted to reflect the strike which occurred at the El Roble mine between February 12 and April 27, 2019.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to December 31, 2018 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2018 and 2017.

	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Revenue	$ 11,949,562	$ 14,900,072	$ 20,401,188	$ 7,349,124
Income (loss) from operations	1,100,481	2,807,190	4,880,149	(208,910)
Net income (loss) for the period[1]	(2,541,752)	2,625,660	2,476,818	289,547
Earnings (loss) per share - basic and diluted	(0.03)	0.03	0.03	0.00
Weighted average shares outstanding - basic	98,502,337	98,502,337	98,502,337	98,501,528
Weighted average shares outstanding - diluted	98,502,337	98,739,162	98,968,737	98,729,710

	Q4-2017	Q3-3017	Q2-2017	Q1-2017
Revenue	$ 13,753,261	$ 11,955,651	$ 14,074,005	$ 17,213,518
Income (loss) from operations	1,305,629	1,152,169	2,320,219	2,800,548
Net income (loss) for the period[1]	1,050,586	723,901	488,902	1,111,949
Earnings (loss) per share - basic and diluted	0.01	0.01	0.00	0.01
Weighted average shares outstanding - basic	98,501,337	98,501,337	98,408,170	98,030,087
Weighted average shares outstanding - diluted	98,712,404	98,740,705	98,641,133	98,303,731

[1] Income (loss) attributable to equity holders of the Company.
[2] There is a variability of the Company's quarterly revenues and incomes from operations due to timing difference between production and shipment schedules (see discussion in "Concentrate inventory").

FOURTH QUARTER FINANCIAL RESULTS

Fourth quarter net loss was $2,751,818 compared to income of $1,258,309 in Q4-2017 and basic and diluted earnings (loss) per share was $(0.03) and $0.01, respectively. Income from mining operations was $2,320,371 (Q4-2017 - $2,800,315), and the Company had an income from operations of $1,100,481 (Q4-2017 - $1,305,629). The Q4-2018 net loss was affected by an increase in deferred income tax expense as compared to Q4-2017.

Sales for Q4-2018 were $11,949,562 (Q4-2017 - $13,753,261) from the shipping and provisional invoicing of 8,987 (Q4-2017 - 11,238) DMT of concentrate and adjustments on shipments made during prior periods. The Company's metal concentrates are provisionally priced at the time of sale based on the prevailing commodity market prices. Final prices are set in a period subsequent to the date of sale based on specified quotational period after delivery. Under the current sales agreement, final pricing for metals concentrates generally occurs four months after the month of sales.

Three months ended	**December 31 2018**	December 31 2017
Sales and realized prices		
Provisional invoices	**$ 14,882,906**	$ 15,593,260
Adjustments[1]	**(1,067,174)**	(1,839,999)
Sales per financial statements	**$ 11,949,562**	$ 13,753,261
Copper		
Provisional sales (000's lbs)	**4,509.0**	5,190.0
Realized price ($/lb)[2]	**2.82**	3.04
Net realized price ($/lb)[3]	**2.68**	2.97
Gold		
Provisional sales (oz)	**2,484.1**	2,907.6
Realized price ($/oz)[2]	**1,223.03**	1,289.88
Net realized price ($/oz)[3]	**376.46**	56.78

Three months ended	**December 31 2018**	December 31 2017
Silver		
Provisional sales (oz)	**8,672.4**	10,189.7
Realized price ($/oz)[2]	**14.55**	17.03
Net realized price ($/oz)[3]	**0.00**	0.40

[1] Include adjustments for mark-to-market price, forward sale arrangements, and foreign exchange rates. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.
[2] Based on provisional sales before final price and assay adjustments.
[3] Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

Cost of sales for Q4-2018 was $9,629,191 (Q4-2017 - $10,952,946) consisting of the following components:

Three months ended	**December 31 2018**	December 31 2017
Direct mining and processing costs	**$ 6,120,782**	$ 7,216,584
Royalties	**209,988**	252,015
Selling expenses	**814,856**	987,569
Depletion and amortization	**2,483,565**	2,496,778
	$ 9,629,191	$ 10,952,946

Selling expenses included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing. The decrease cost of sales for the year ended December 31, 2018 over the comparative period is due to a decrease in concentrate shipped and provisionally invoiced, partially offset by a higher production cost per unit.

General and administrative ("G&A") expenses were higher in Q4-2018 compared to Q4-2017; $1,142,900 compared to $1,280,171. The breakdown of the Company's G&A expenses is as follows:

	Three months ended December 31, 2018			Three months ended December 31, 2017		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Amortization	**$ 24,284**	**$ 3,705**	**$ 27,989**	$ 55,942	$ 4,047	$ 59,889
Corporate administration	**283,878**	**128,716**	**412,594**	155,377	136,162	291,539
Professional fees	**65,814**	**58,712**	**124,526**	140,018	59,435	199,453
Salaries and benefits	**205,567**	**366,906**	**572,473**	295,245	432,218	727,463
Transfer agent and filing fees	**-**	**5,318**	**5,318**	-	1,727	1,727
	$ 579,543	**$ 563,357**	**$1,142,900**	$ 646,582	$ 633,589	$1,280,171

Other income and expenses: In Q4-2018, the Company recognized share-based payments of $76,990 (Q4-2017 - $214,515) for stock options and restricted share units ("RSUs") granted in June 2018, April 2018, February 2018, April 2017, and April 2016, where each has a vesting term over 36 months.

In Q4-2018, the Company recognized accretion expense of $70,022 (Q4-2017 - $129,739) for its provisions, a net realized loss of $306,701 (Q4-2017 - gain of $157,780) on settlements of its derivative instruments, and a positive value adjustment of $411,975 (Q4-2017 - negative $199,835) to its derivative instruments outstanding at the reporting date.

In Q4-2018, the Company recognized current income tax expense of $808,665 (Q4-2017 - $481,357) and deferred income tax expense of $2,123,749 (Q4-2017 - recovery of $890,769).

FISCAL 2018 ANNUAL FINANCIAL RESULTS

Selected financial information from the Company's three most recently completed financial years is summarized as follows:

Year ended	**December 31 2018**	December 31 2017	December 31 2016
Revenue[1]	**$ 54,599,946**	$ 56,996,435	$ 38,253,384
Income from operations	**8,578,910**	7,578,565	1,560,826
Net income (loss)[2]	**2,850,273**	3,375,338	180,439
Earnings per share - basic and diluted	**0.03**	0.03	0.00
Total assets	**82,150,755**	78,224,288	79,398,651
Total long-term liabilities	**18,769,843**	20,090,462	22,534,545

[1] Include adjustments for mark-to-market price and foreign exchange rates.
[2] Income (loss), after income taxes, attributable to equity holders of the Company.

For the year ended December 31, 2018, net income was $3,397,513 compared to $4,035,769 in 2017 and basic and diluted earnings per share was $0.03 and $0.03, respectively. Income from mining operations was $12,837,858 (2017 - $11,776,207), and the Company had an income from operations of $8,578,910 (2017 - $7,578,565). Income for the year ended December 31, 2018 was minimally impacted by the decreased quantity of concentrate shipped and provisionally invoiced as compared to 2017, partially offset by higher average realized copper price.

Sales for the year ended December 31, 2018 were $54,599,946 (2017 - $56,996,435) from the shipping and provisional invoicing of 37,850 (2017 - 46,722) DMT of concentrate and adjustments on shipments made during prior periods. The Company's metal concentrates are provisionally priced at the time of sale based on the prevailing commodity market prices. Final prices are set in a period subsequent to the date of sale based on specified quotational period after delivery. Under the current sales agreement, final pricing for metals concentrates generally occurs four months after the month of sales. Sales for the year ended December 31, 2018 decreased over the comparative period in 2017 due to decreases in concentrate shipped and provisionally invoiced, partially offset by a higher realized copper price.

Year ended	**December 31 2018**	December 31 2017
Sales and realized prices		
Provisional invoices	**$ 57,378,237**	$ 60,440,552
Adjustments[1]	**(2,778,291)**	(3,444,117)
Sales per financial statements	**$ 54,599,946**	$ 56,996,435
Copper		
Provisional sales (000's lbs)	**18,488.8**	20,072.0
Realized price ($/lb)[2]	**3.06**	2.79
Net realized price ($/lb)[3]	**2.92**	2.67
Gold		
Provisional sales (oz)	**9,606.0**	11,139.9
Realized price ($/oz)[2]	**1,257.75**	1,265.21
Net realized price ($/oz)[3]	**351.17**	130.33
Silver		
Provisional sales (oz)	**36,109.6**	43,288.3
Realized price ($/oz)[2]	**15.51**	17.12
Net realized price ($/oz)[3]	**0.00**	0.09

[1] Include adjustments for mark-to-market price, forward sale arrangements, and foreign exchange rates. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.
[2] Based on provisional sales before final price and assay adjustments.
[3] Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

Cost of sales for year ended December 31, 2018 was $41,762,088 (2017 - $45,220,228) consisting of the following components:

Year ended	**December 31 2018**	December 31 2017
Direct mining and processing costs	**$ 26,749,804**	$ 27,896,256
Royalties	**884,425**	982,262
Selling expenses	**3,495,411**	3,547,367
Depletion and amortization	**10,632,448**	12,794,343
	$ 41,762,088	$ 45,220,228

The decreased cost of sales for the year ended December 31, 2018 over the comparative period is due to a decrease in the tonnes of concentrate shipped and provisionally invoiced, partially offset by a higher production cost per unit.

General and administrative expenses were higher for the year ended December 31, 2018 compared to the comparative period in 2017; $3,923,676 compared to $3,672,775. The breakdown of the Company's G&A expenses is as follows:

	Year ended December 31, 2018			Year ended December 31, 2017		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Amortization	**$ 114,412**	**$ 14,932**	**$ 129,344**	$ 154,316	$ 16,191	$ 170,507
Corporate administration	**763,308**	**534,661**	**1,297,969**	660,448	564,024	1,224,472
Professional fees	**193,902**	**99,878**	**293,780**	246,238	123,433	369,671
Salaries and benefits	**1,243,217**	**911,105**	**2,154,322**	806,704	1,053,307	1,860,011
Transfer agent and filing fees	**-**	**48,261**	**48,261**	-	48,114	48,114
	$2,314,839	**$1,608,837**	**$3,923,676**	$1,867,706	$1,805,069	$3,672,775

Other income and expenses: For the year ended December 31, 2018, the Company recognized share-based payments of $335,272 (2017 - $524,867) for the stock options and RSUs granted in June 2018, April 2018, February 2018, April 2017, April 2016, where each has a vesting term over 36 months.

For the year ended December 31, 2018, the Company recognized interest expense of $155,538 (2017 - $536,189) for various long-term credit facilities, accretion expense of $291,813 (2017 - $257,995) for its provisions, a net realized gain of $56,521 (2017 - loss of $445,520) on settlements of its derivative instruments, and a positive adjustment of $356,717 (2017 - $458,926) to its derivative instruments outstanding at the reporting date.

For the year ended December 31, 2018, the Company recognized current income tax expense of $4,166,137 (2017 - $2,646,291) and deferred income tax recovery of $945,262 (2017- $336,996).

LIQUIDITY AND CAPITAL RESOURCES

The Company generated cash flows from operations that have been used to fund capital expenditures for production increases, meet financial obligations and to increase working capital. Prior to January 1, 2014, the Company relied on private placement financings of equity securities, a secured loan facility, and a credit facility (refer to Contractual Obligations) to fund its operating and investing activities.

The Company's cash and cash equivalents as at December 31, 2018 totaled $6,014,723 (2017 - $2,991,334) and its working capital was $7,180,785 (2017 - $4,560,315). Working capital at any specific point in time is subject to many variables, including seasonality, inventory management, the timing of cash receipts and payments, credit facility and loan payment terms, and fluctuations in foreign exchange rates.

During the year ended December 31, 2016, the Company and Trafigura Pte Ltd. extended the loan repayment schedule to 2019, where each principal payment amount has been reduced and an accelerated payment component, dependent on metal prices, has been added. During the year ended December 31, 2018, the Company's debt facility with Trafigura Pte Ltd. has been paid in full.

Fourth quarter liquidity and capital resources

During Q4-2018, cash and cash equivalents increased by $1,626,254. The increase was due to net cash provided by operating and financing activities of $1,783,960 and $2,303,127, respectively, partially offset by net cash used in investing of $2,460,833. Exchange rate changes had a negative impact on cash and cash equivalents of $3,501.

Operating activities

During Q4-2018, net cash provided by operating activities amounted to $1,783,960, which included operating cash flow before changes in non-cash operating working capital items of $1,908,131, net of changes in non-cash working capital items of $124,171. Non-cash working capital changes included the effects from a decrease in in accounts payables and accrued liabilities of $3,576,522, partially offset by a decrease in receivables of $2,573,950.

Investing activities

Cash used by the Company in investing activities during Q4-2018 totaled $2,460,833, which were primarily comprised of capital expenditures on underground mine development and acquisition of new equipment.

Financing activities

During Q4-2018, net cash provided by financing activities amounted to $2,303,127. Primarily, the Company withdrawn net of $2,700,000 on its credit facilities. Additionally, the Company made its final payment of $205,222 towards its long-term loans payable. Finally, the Company paid $102,308 towards its finance lease obligations.

Annual liquidity and capital resources

During the year ended December 31, 2018, cash and cash equivalents increased by $3,023,389. The increase was due to net cash provided by operating activities of $15,058,386, offset by net cash used in investing and financing activities of $11,657,203 and $372,649, respectively. Exchange rate changes had a positive impact on cash and cash equivalents of $5,145.

Operating activities

During the year ended December 31, 2018, net cash provided by operating activities amounted to $15,058,386, which included operating cash flow before changes in non-cash operating working capital items of $13,884,857 and changes in non-cash working capital items of $1,173,529. Non-cash working capital changes included the effects from a decrease in receivables of $3,149,919, partially offset by an increase in inventories of $4,014,778.

Investing activities

Cash used by the Company in investing activities during the year ended December 31, 2018 totaled $11,657,203, which were primarily comprised of capital expenditures on underground mine development, acquisition of new equipment, and phase two of the new tailings impoundment facility.

Financing activities

During the year ended December 31, 2018, the Company used net cash of $372,649 in its financing activities. The Company drawn net of $3,500,000 on its credit facilities. Additionally, the Company paid $2,662,430 of principal and $161,922 of interest towards its long-term loans payable. Finally, the Company paid $435,419 towards its finance lease obligations.

Contractual obligations

As at December 31, 2018, the Company expects the following cash flows for its financial liabilities and other contractual commitments:

	Less than 1 year	1 - 2 years	More than 2 years	**Total**
Accounts payable and accrued liabilities	$ 8,948,258	$ -	$ -	$ 8,948,258
Credit facilities	6,510,544	-	-	6,510,544
Finance lease obligations	318,855	352,041	377,249	1,048,145
Share-based payment provision	84,421	11,710	3,202	99,333
Other financial liabilities	13,878	-	-	13,878
	$ 15,875,956	$ 363,751	$ 380,451	$ 16,620,158

Requirement of additional financing

Management believes that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents and cash generated from operations. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through debt financing, the issuance of hybrid debt-equity securities, or additional equity securities. The Company has relied entirely on equity financings and loans for all funds raised to date for its acquisitions, capital expansions, and operations. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company's growth and success may be dependent on external sources of financing which may not be available on acceptable terms.

TRANSACTIONS WITH RELATED PARTIES

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

Year ended December 31, 2018	Salary or fees	Share-based payments	**Total**
Management	$ 837,100	$ 134,587	$ 971,687
Outside directors	119,800	109,830	229,630
Seabord Services Corp.	174,321	-	174,321
	$ 1,131,221	$ 244,417	$ 1,375,638

Year ended December 31, 2017	Salary or fees	Share-based payments	**Total**
Management	$ 829,875	$ 359,544	$ 1,189,419
Outside directors	126,319	122,942	249,261
Seabord Services Corp.	189,313	-	189,313
	$ 1,145,507	$ 482,486	$ 1,627,993

Included in accounts payable and accrued liabilities, as at December 31, 2018 was $846,188 (2017 - $460,266) due to directors and management, related to remuneration and performance-based remuneration, which have been included in accounts payable and accrued liabilities.

Seabord Services Corp. ("Seabord") is a management services company controlled by a director. Seabord provides the Chief Financial Officer, Corporate Secretary, accounting staff, administration staff and office space to the Company pursuant to the service agreement. The Chief Financial Officer and Corporate Secretary are employees of Seabord and are not paid directly by the Company. In addition to the service agreement with Seabord, the Company entered into rental agreements with companies with common directors for office space for $2,200 and $800 per month, respectively.

EVENT AFTER REPORTING DATE

Subsequent to December 31, 2018, the Company entered into its biennial union negotiations with the miners. These negotiations led to a strike beginning February 12, 2019 which stopped almost all of the Company's activity at the mine. The strike ended with the beginning of an arbitrage process as dictated by Colombian law on April 27, 2019. According to Colombian Labor Code, the arbitrator's council has been assembled. The Company has resumed all operations and re-initiated its diamond drill exploration program.

DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments from time to time in the normal course of business in order to manage its exposure to fluctuations in copper price, gold price, and the Colombian peso/US dollar exchange rate. The Company does not enter into or trade derivative instruments for speculative purposes. The Company has not applied hedge accounting to these derivative transactions. Derivative instruments are marked-to-market at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustment has been recognized in other financial assets or liabilities on the consolidated statement of financial position. During the year ended December 31, 2018, the Company recognized a positive net fair value adjustment of $356,717 (2017 - $458,926) on its derivative instruments, and a net realized gain of $56,521 (2017 - loss of $455,520) on the settlement of its derivative instruments.

Currency forward arrangements

The Company had entered into zero-cost non-deliverable currency forward arrangements with local Colombian banks between the US dollar and Colombian peso. Each arrangement was net settled based on the difference between the market exchange rate and the contracted settlement rate, where the Company received proceeds if the contracted settlement rate is above the market exchange rate to purchase Colombian peso. As at December 31, 2018, the Company had outstanding arrangements to convert $13,748,000 (2017 - $5,340,000) into Colombian peso at the negotiated exchange rates over the next twelve months, resulting in a net asset carrying amount of $282,793 (2017 - net liability of $73,924).

FINANCIAL INSTRUMENTS

Fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at December 31, 2018, the Company's financial instruments measured at fair value are as follows:

Financial assets and liabilities	Level 1	Level 2	Level 3	**Total**
Trade receivable from provisional sales	$ -	$ 849,726	$ -	$ 849,726
Other financial assets	$ -	$ 296,671	$ -	$ 296,671
Other financial liabilities	$ -	$ 13,878	$ -	$ 13,878
Share-based payment provision	$ 99,333	$ -	$ -	$ 99,333

The carrying value of cash and cash equivalents, receivables (excluding trade receivable from provisional sales of metals concentrate), accounts payable and accrued liabilities, and credit facilities approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's long-term loans payable and finance lease obligations are approximated by their carrying values as their interest rates are comparable to current interest rates.

Trade receivable from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected copper prices, gold prices, and foreign exchange rates. The trade receivable from sales of metals concentrate and derivative instruments are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, liquidity risk, currency risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

Metal price risk

The Company is exposed to metals price risk given that its revenues are derived from the sale of metals through its metals concentrate products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral property may be adversely affected by fluctuations in metals prices. For concentrate shipped and provisionally invoiced during the year ended December 31, 2018, a 1% change in copper and gold prices would result in an increase/decrease of approximately $351,000 and $111,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

Interest rate risk

The Company is exposed to interest rate risk on its variable rate debt facilities. Variable interest rates are based on the US dollar LIBOR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at December 31, 2018, a 10% change in LIBOR rates would result in an increase/decrease of approximately $212,000 in the Company's pre-tax income or loss on an annualized basis based on the debt and credit facilities used.

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 Company's cash and cash equivalents are held through large Canadian, international and foreign national financial institutions. All of the Company's trade receivables from concentrate sales are held with a large international metals trading company. The Company mitigates this risk by transacting only with reputable financial institutions and requiring provisional payments of 90% of the value of the concentrate shipped to a single well-known buyer. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities (refer to Contractual Obligations for the expected payments due as at December 31, 2018).

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Colombia and incurs expenditures in currencies other than the US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. As at December 31, 2018, the Company is exposed to currency risk through the following monetary assets and liabilities:

		Canadian dollars		Peruvian nuevo soles		Colombian pesos (000's)
Cash and cash equivalents	$	80,918	$	9,527	$	3,361,121
Receivables		4,925		44,001		5,261,833
Accounts payable and accrued liabilities		(76,328)		(123,372)		(26,005,773)
Finance lease obligations		-		-		(2,465,165)
Net exposure	$	9,515	$	(69,844)	$	(19,847,983)
US dollar equivalent	$	6,981	$	(20,764)	$	(6,116,454)

Based on the above net exposure, as at December 31, 2018, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, Euro, and Colombian peso would result in an increase/decrease of approximately $61,000 in the Company's pre-tax income or loss.

CONTINGENCY

During the year ended December 31, 2015, the Company's operating subsidiary, Minera El Roble S.A. ("MINER"), received notice of claim from the mining authority in Colombia requesting payment of royalties related to past copper production. The mining authority is basing its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the contract regulating its royalty obligations. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Therefore, the Company and its legal counsel's position is that MINER has complied rigorously with royalty payments due and called for under the current contractual obligations. In April 2018, the Company received a revised claim of approximately $5,000,000 (up from $2,000,000) and additional interest and fees from the Administrative Tribunal of Cundinamarca (the "Tribunal"). After exhausting all options to find a resolution at the administrative level, the Company will vigorously defend itself against this action before the Tribunal. The Company has been advised by its Colombian legal counsel that this claim lacks merit, as it is in violation of Colombian law, and that such claims may take up to ten years to reach a resolution. As at December 31, 2018, no provisions have been recorded for any potential liability arising from this matter.

While the outcome of this matter is uncertain, based upon the information currently available, the Company does not believe that this matter in aggregate will have a material adverse effect on its consolidated financial position or results of operations. In the event that management's estimate of the future resolution of this matter changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Estimated decommissioning and restoration costs

The Company's provision for decommissioning and restoration represents management's interpretation of current regulatory requirements, constructive obligations, and best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expense.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Inventory valuation

Consumable parts and supplies, ore stockpiles, and metals concentrates are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and metals concentrate based on an appropriate allocation of direct mining costs, direct labour and material costs, overhead, and depletion and amortization. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

Income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets.

The tax rates expected to be in effect when temporary differences reverse are 27% for Canada, 33% for Colombia, and 30% for Peru. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Valuation of financial instruments

Financial instrument estimates are based on either unadjusted quoted prices in active markets or direct or indirect observable inputs in accordance with the definitions of the financial instruments. Provisional pricing calculations are determined based on the change in fair value of forward commodity prices of metals. To account for the change in metal prices from the total contract value to the provisional value amount that has been received, estimates of the value of metals concentrate are used to determine the provisionally-priced trade receivables at each reporting date.

Mineral reserve and/or resource estimates

Mineral reserves and/or resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as metal prices, and the market conditions could have a material effect in the future on the Company's financial position and results of operations.

Estimated recoverable resources

The carrying amount of the Company's mineral property is depleted based on recoverable resources. Changes to estimates of recoverable resources and depletable costs including changes resulting from revisions to the Company's mine plan and changes in metal price forecasts can result in a change to future depletion rates.

Amortization rate for plant and equipment and depletion for mineral property

Depletion and amortization expenses are allocated based on assumed asset lives. Should the asset life, depletion rates, or amortization rates differ from the initial estimate, an adjustment would be made in profit or loss.

Impairment of mineral property, plant and equipment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mineral property, plant and equipment are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mineral property, plant and equipment. Internal sources of information that management considers include the manner in which mineral property, plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's mineral property, plant and equipment, management makes estimates of the future operating results and discounted net cash flows expected to be derived from the Company's mineral property, costs to sell the mineral property and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral property, plant and equipment.

Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Recoverability of resource assets

The Company estimates its mineral resources based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The estimation of future cash flows related to mineral resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the mineral resources estimates may impact the carrying value of exploration and evaluation assets, mineral property, plant and equipment, decommissioning and restoration provision, recognition of deferred tax amounts and depletion.

Financial instruments

Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statements of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

NEW ACCOUNTING STANDARDS

Accounting standards adopted during the period

During the year ended December 31, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Please refer to the consolidated financial statements for more information.

Accounting pronouncements not yet effective

The following standard and pronouncement has been issued by the IASB and has not yet been adopted by the Company.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

On the transition date, the Company expects to recognize additional leases on the consolidated statement of financial position, which will increase finance lease obligations and result in the recognition of right of use assets. As a result of recognizing additional finance lease obligations, the expected impact is a reduction in cost of sales, as operating lease expense will be replaced by amortization expense and finance expense. In addition, cashflow from operating activities will increase with a corresponding decrease to cashflow from financing activities. The Company is currently finalizing the quantification of the effect of this standard on the consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered by the Company at the current time.

RISK FACTORS

The Company's ability to generate revenues and profits from its natural resource properties is subject to a number of risks and uncertainties including, without limitation, the following:

Operating hazards and risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions can occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Substantial reliance on the El Roble Mine

All of the Company's future revenues will be generated by the El Roble mine. For 2018, the Company anticipates that most if not all of its future revenue will come from the El Roble mine. Unless the Company develops or acquires additional properties or projects, the Company will remain largely dependent upon the operation of the El Roble mine for its revenue and profits, if any. If for any reason, production at the mine is reduced or stopped, the Company's anticipated revenues and profits would decrease significantly.

General economic conditions

Turmoil in global financial markets in recent years has had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, have been impacted by these market conditions. Some of the key impacts have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The sovereign debt crisis in Europe has been a visible risk to world financial stability. A continued or worsened slowdown in economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- Under a worst-case scenario, a new global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall market liquidity;
- The volatility of metal prices could impact the Company's revenues, profits, losses and cash flow;
- Volatile energy prices, commodity and consumables prices and currency exchange rates could impact the Company's production costs; and
- The devaluation and volatility of global stock markets, which are not related to the Company's operations or assets, could impact the valuation of the Company's equity and other securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases, and such competition could adversely affect the Company's ability to acquire suitable resource properties in the future.

Additional businesses and assets may not be successfully integrated

The Company undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of the Company; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be profitable or that the Company will be able to integrate the required businesses successfully, which could slow the Company's rate of expansion and the Company's business, results of operations and financial condition could suffer.

Atico may need additional capital to finance other acquisitions. If the Company obtains further debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such financings.

Political and country risk

The Company conducts, or will conduct, exploration, development and production activities in Colombia and potentially other countries. The Company is not able to determine the impact of potential political, social, economic or other risks on its future financial position, which include:

- Cancellation or renegotiation of contracts;
- Changes in foreign laws or regulations;
- Changes in tax laws;

- Royalty and tax increases or claims by governmental entities;
- Retroactive tax or royalty claims;
- Expropriation or nationalization of property;
- Inflation of costs that is not compensated by a currency devaluation;
- Restrictions on the remittance of dividend and interest payments offshore;
- Environmental controls and permitting;
- Opposition from local community members or non-governmental organizations;
- Civil strife, acts of war, guerrilla activities, insurrection and terrorism, and
- Other risks arising out of foreign sovereignty over the areas in which the Company's operations are conducted.

Such risks could potentially arise in any country in which the Company operates. Furthermore, in the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

Metal prices and marketability

The marketability of any metals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, metal markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting metals and environmental protection.

The price of the common shares of the Company, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of Cu, Au or other metals. The price of Cu, Au or other metals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major metal-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of Cu, Au or other metals could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of Cu, Au and other metals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent upon the prices of Cu, Au and other metals being adequate to make these properties economic.

In addition to adversely affecting the Company's resource estimates and its financial condition, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Government regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by political stability and government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

Environmental matters

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Dependence on key personnel

The Company is dependent on a number of key management and employee personnel. The Company's ability to manage its exploration, development, construction and operating activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled employees. The loss of the services of one or more key management personnel, as well as a prolonged labor disruption, could have a material adverse effect on the Company's ability to successfully manage and expand its affairs.

The Company's ability to recruit and assimilate new personnel will be critical to its performance. The Company will be required to recruit additional personnel and to train, motivate and manage its employees. The international mining industry is very active and the Company is facing increased competition for personnel in all disciplines and areas of operation, including geology and project management, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel.

Director and officer conflicts of interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. In such case, the Company's directors and officers comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

Title to properties

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore the precise area and location of the properties may be in doubt. The Company's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. The Company has conducted as thorough investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the properties.

Dilution from further equity financing

If the Company raises additional funding by issuing equity securities, such financing may substantially dilute the interests of existing shareholders of the Company and reduce the value of their investment.

Foreign currency

The Company's activities and operations in Colombia make it subject to foreign currency fluctuations. The Company's operating expenses are primarily incurred in Colombian pesos and the fluctuation of the US dollar in relation to this currency will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Exploration and development, and infrastructure

Development of any non-producing property will only follow upon obtaining satisfactory exploration results that confirm economically recoverable and saleable volumes of minerals and metal. The business of mineral exploration and development is speculative in nature and involve a high degree of risk, as few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of reserves of commercial ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish resources and reserves through drilling and development and for mining and processing facilities and infrastructure. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Economic feasibility of a project is based on several other factors including anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and timely completion of the development plan.

Completion of the development of the Company's advanced projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access and facilities. The lack of, or delay in, availability of any one or more of these items could prevent or delay development of the Company's advanced projects. There can be no assurance that adequate infrastructure, including road access, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will sufficiently satisfy the requirements of the advanced projects. As well, accidents or sabotage could affect the provision or maintenance of adequate infrastructure.

Insurance

Where practical, a reasonable amount of insurance is maintained against risks in the Company's operations, but coverage has exclusions and limitations. There is no assurance that the Company's insurance will be adequate to cover all liabilities or that it will continue to be available and at terms that are economically acceptable. Losses from un-insured or under-insured events may cause the Company to incur significant costs that could have a material adverse effect on its financial performance.

Estimation of mineral resources and reserves and precious metal recoveries

There is a degree of uncertainty attributable to the estimation of resources and reserves and to expected mineral grades. Mineral resources and mineral reserves may require revision based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs and reduced recovery rates, may render certain mineral reserves uneconomic and may ultimately result in a restatement of mineral resources and/or reserves. Short term operating factors relating to the mineral resources and reserves, such as the need for sequential development of ore bodies may adversely affect the Company's profitability in any accounting period.

Reclamation

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the project to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

Uncertainty of funding

The Company's operating cash flow from the El Roble mine may not be sufficient to cover the current costs of exploration and development of the Company's other projects. Exploration and development activities may be dependent upon the Company's ability to obtain financing through joint venturing, equity or debt financing or other means, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain additional financing or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of some of its plans.

Uncertainty of dividends on its common shares

The Company has paid no dividends on its common shares since incorporation and does not anticipate paying dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Legal proceedings

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

Uncertainty of inferred mineral resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. The estimates of mineral resources contained in this MD&A contain estimates of inferred mineral resources. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

As at the date of this MD&A, the Company had 98,502,337 common shares issued and outstanding. There were also 7,246,285 options outstanding with expiry dates ranging from July 11, 2019 to June 5, 2023.

QUALIFIED PERSONS

Mr. Thomas Kelly (SME Registered Member 1696580), advisor to the Company, and Dr. Demetrius Pohl, Ph.D. AIPG Certified Geologist, are qualified persons under National Instrument 43-101 standards and are responsible for ensuring that the technical information contained in this MD&A is an accurate summary of the original reports and data provided to or developed by the Company.

NON-GAAP FINANCIAL MEASURES

Cash cost per pound of payable copper produced and cash cost per tonne of processed ore are key performance measures that management uses to monitor performance. In addition, cash costs are an industry standard method of comparing certain costs on a per unit basis; however, these do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. Management believes that certain investors use these non-GAAP financial measures to evaluate the Company's performance. These performance measures have no meaning under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies.

The Company believes that "all-in sustaining cash cost" and "all-in cash cost" better meet the needs of analysts, investors, and other stakeholders of the Company in understanding the cost associated with producing copper, the economics of copper mining, the Company's operating performance, and the Company's ability to generate free cash flow from current operations and on an overall company basis.

The Company, in conjunction with an initiative undertaken within the gold mining industry, has adopted an all-in sustaining cost-performance measure; however, this performance measure has no standardized meaning. The Company conformed its all-in sustaining definition to that set out in the guidance note released by the World Gold Council ("WGC", a non-regulatory market development organization for the gold industry whose members comprise global senior gold mining companies) on June 27, 2013, and that came into effect January 1, 2014.

All-in sustaining cash cost and all-in cash cost are intended to provide additional information only and do not have standardized definitions under the IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with the IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under the IFRS. Although the WGC has published a standardized definition, companies may calculate these measures differently.

All-in sustaining cost includes total production cash costs incurred at the Company's mining operations, which form the basis of the Company's by-product cash costs. Additionally, the Company includes general and administrative ("G&A") expenses, share-based payments, accretion of decommissioning and restoration provision ("ARO"), sustaining capital expenditures, and brownfields exploration expenditures.

The Company believes that this measure represents the total costs of producing copper from operations and provides the Company and stakeholders of the Company with additional information on the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of copper production from operations, new project capital is not included. Certain other cash expenditures, including tax payments, dividends, and financing costs, are also not included. The Company reports this measure on a payable copper pound produced basis, net of by-product credits.

El Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash costs per pound of payable copper produced to cost of sales in the consolidated financial statements for the year ended December 31, 2018:

Expressed in $000's	**Q4 2018**	Q4 2017	**YTD 2018**	YTD 2017
Cash cost per tonne of processed ore				
Cost of sales[(1)]	**$ 9,629.2**	$ 10,953.0	**$ 41,762.1**	$ 45,220.3
Add / subtract				
Change in concentrate inventory	**1,535.7**	192.4	**6,009.0**	(2,567.8)
Depletion and amortization in concentrate inventory	**126.8**	123.7	**(736.4)**	1,581.9
Commercial and government royalties	**(210.0)**	(252.1)	**(884.4)**	(982.3)
Depletion and amortization in cost of sales	**(2,483.5)**	(2,496.7)	**(10,632.4)**	(12,794.3)
Aggregate cash cost	**8,598.1**	8,520.2	**35,517.9**	30,457.7
Total processed ore (tonnes)	**76,985**	63,948	**285,551**	256,078
Cash cost per tonne of processed ore ($/t)	**$ 111.69**	$ 133.24	**$ 124.38**	$ 118.94
Mining cost per tonne	**$ 59.58**	$ 62.71	**$ 64.68**	$ 55.95
Milling cost per tonne	**16.78**	20.79	**18.20**	19.20
Indirect cost per tonne	**24.71**	34.78	**29.28**	29.99
Distribution cost per tonne	**10.62**	14.96	**12.22**	13.80
Total production cost per tonne of processed ore ($/t)	**$ 111.69**	$ 133.24	**$ 124.38**	$ 118.94

(1) Includes depletion, amortization, selling expenses, government royalties and mining taxes.

Expressed in $000's	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Cash costs per pound of payable copper produced				
Aggregate cash cost (above)	**$ 8,598.1**	$ 8,520.2	**$ 35,517.9**	$ 30,457.7
Add / subtract				
By-product credits	**(3,223.4)**	(3,461.2)	**(12,773.8)**	(12,461.4)
Refining charges	**1,570.0**	2,864.4	**5,940.6**	8,244.5
Transportation charges	**596.8**	510.8	**2,209.4**	1,944.0
Cash cost applicable to payable copper produced	**7,541.0**	8,434.2	**30,894.1**	28,184.8
Add / subtract				
Commercial and government royalties	**210.0**	252.1	**884.4**	982.3
G&A expenses	**1,142.9**	1,280.2	**3,923.7**	3,672.8
Share-based payments	**77.0**	214.5	**335.3**	524.9
Accretion of ARO	**43.8**	39.9	**167.8**	152.6
Sustaining capital expenditures[2]	**694.2**	1,272.5	**4,202.6**	6,578.4
All-in sustaining cash cost	**9,708.9**	11,493.2	**40,407.8**	40,095.7
Add / subtract				
Non-sustaining capital expenditures[2]	**740.6**	64.6	**4,621.0**	1,626.6
Brownfields exploration expenditures[2]	**747.7**	1,062.3	**2,891.1**	1,966.2
All-in cash cost	**11,197.3**	12,620.1	**47,919.8**	43,688.5
Total payable copper produced (000's lbs)	**5,521.0**	5,060.0	**20,788.0**	19,591.0
Per pound of payable copper produced ($/lb)				
Cash cost, net of by-product credits	**$ 1.37**	$ 1.67	**$ 1.49**	$ 1.44
All-in sustaining cash cost	**$ 1.76**	$ 2.27	**$ 1.94**	$ 2.05
All-in cash cost	**$ 2.03**	$ 2.49	**$ 2.31**	$ 2.23
Cash margin[3]	**$ 1.45**	$ 1.37	**$ 1.57**	$ 1.35

[2] Amounts presented on a cash basis.
[3] Cash margin is calculated with (a) the realized price per pound of copper, less (b) the cash cost, net of by-product credits, per pound of payable copper produced.

Given the nature of the Company's metals concentrate management believes providing the cash cost on a co-product basis, presented in the following table, will enhance the reader's understanding of the Company's cash cost structure.

Expressed in $000's	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Aggregate cash production cost	**$ 8,265.1**	$ 8,520.2	**$ 35,517.9**	$ 30,457.7
Cash cost per pound of payable copper produced				
Cash cost attributable to copper production[4]	**$ 7,980.4**	$ 8,427.7	**$ 33,349.6**	$ 29,740.3
Add / subtract				
By-product credit from silver	**(0.0)**	(0.0)	**(0.1)**	(0.0)
Refining charges	**1,570.0**	2,864.4	**5,940.6**	8,244.5
Transportation charges	**553.5**	505.3	**2,073.9**	1,897.6
Cash cost applicable to payable copper produced	**10,103.9**	11,797.4	**41,364.0**	39,871.2
Total payable copper produced (000's lbs)	**5,521.0**	5,060.0	**20,788.0**	19,591.0
Cash cost per pound of payable copper produced ($/lb)	**$ 1.83**	$ 2.33	**$ 1.99**	$ 2.04
Cash cost per ounce of payable gold produced				
Cash cost attributable to gold production[4]	**$ 617.7**	$ 93.9	**$ 2,168.3**	$ 718.8
Add / subtract				
Refining charges	**24.3**	21.5	**96.4**	90.1
Transportation charges	**42.8**	5.5	**135.5**	97.8
Cash cost applicable to payable gold produced	**684.8**	119.5	**2,400.2**	905.3
Total payable gold produced (oz)	**2,628.0**	2,701.3	**10,276.5**	9,891.2
Cash cost per ounce of payable gold produced ($/oz)	**$ 260.58**	$ 44.23	**$ 233.56**	$ 91.53

[4] If copper and gold for the El Roble mine was treated as co-products, the allocation of aggregate cash production cost between copper and gold production is based on provisional invoice(s) issued and revenue (net of treatment and refining charges) recognized in the respective reporting periods.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A and any documents incorporated by reference into this MD&A constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). Forward-looking statements express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified using words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategies", "targets", "goals", "forecasts", "objectives", "budgets", "schedules", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) and are not statements of historical fact.

Forward-looking statements relate to, among other things:

- mineral "reserves" and "resources" as they involve the implied assessment, based on estimates and assumptions that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- timing of the completion of construction activities at the Company's properties and their completion on budget;
- production rates at the Company's properties;
- cash cost estimates;
- timing to achieve full production capacity at the Company's properties;
- timing for completion of infrastructure upgrades related to the Company's properties;
- timing for delivery of materials and equipment for the Company's properties;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities;
- the Company's planned processing, and estimated major investments for mine development, tailings dam expansion, mill expansion and brownfields exploration at the El Roble property in 2015;
- management's belief that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents, cash generated from operations, and the available credit facility;
- management's belief that if the Company needs to access the capital markets for additional financial resources, the Company will be able to do so at prevailing market rates;
- the expected maturities of the Company's financial liabilities, finance leases and other contractual
- commitments; and
- management's expectation that none of the investigations, claims, and legal, labor and tax proceedings arising in the ordinary course of business will have a material effect on the results of operations or financial conditions of the Company.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as at the date of such statements, are inherently subject to significant business, economic, social, political and competitive uncertainties and contingencies and other factors that could cause actual results or events to differ materially from those projected in the forward-looking statements. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A which may prove to be incorrect, include, but are not limited to, (1) that all required third party contractual, regulatory and governmental approvals will be obtained for the development, construction and production of its properties, (2) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for copper, gold and silver; (6) prices for and availability of fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource estimates; (9) labor and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

In addition, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include, risks associated with mineral exploration and project development; the need for additional financing; operational risks associated with mining and mineral processing; uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules, and economic returns; uncertainties relating to general economic conditions;

the Company's substantial reliance on the El Roble mine for revenues; risks related to the integration of businesses and assets acquired by the Company; risks associated with entering into commodity forward and option contracts for base metals production; potential conflicts of interest involving the Company's directors and officers; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does or may carry on business; the possibility of cost overruns or unanticipated expenses; fluctuations in copper, gold and silver prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; currency exchange rate fluctuations; competition; and other risks and uncertainties, including those described in the "Risks Factors" section in the MD&A for the financial year ended December 31, 2018 filed with the Canadian Securities Administrators and available at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These forward-looking statements are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, the Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

The Company has not based its production decisions and ongoing mine production on mineral reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure. Mineral resources that are not mineral reserves do not have demonstrated economic viability.