ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2015

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 12, 2016, should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015 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-two 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.

2015 FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for the year ended December 31, 2015 ("2015") amounted to $0.29 million, compared with net loss of $3.23 million for 2014. Net income in 2014 was affected by a significant deferred income tax expense, as a result of the devaluation of the Colombian peso. The 2015 income from mining operations increased to $11.16 million due to a significant increase in concentrate shipped and provisionally invoiced, partially offset by lower realized prices and lower metal content in the concentrate as compared to 2014.

- Sales for the year increased 45% to $36.7 million when compared with 2014. The increase is due to a significant increase in concentrate shipped, partially offset by lower realized prices and lower metal content in the concentrate. Copper accounted for 83.3% of the total, and gold and silver for 16.6% and 0.1% respectively. The average realized price per metal on provisional invoicing was $2.42 per pound of copper, $1,157.97 per ounce of gold, and $14.04 per ounce of silver.

- Cash costs were $95.39 per tonne of processed ore and $1.00 per pound of payable copper produced, a decrease of 12% over the 2014 cash cost per tonne and an increase of 22% for the cash cost per pound of payable copper (refer to non-GAAP Financial Measures). The increase in the cost per pound of payable copper net of by products is mainly explained by the lower contribution of gold and silver credits, partially offset by the reduction in the cost per tonne.

- Income from operations was $5.07 million while cash flow from operations, before changes in working capital, was $12.55 million. Cash used for capital expenditures amounted to $7.97 million.

- The Company produced 29,024 dry metric tonnes ("DMT") (2014 - 19,471) of concentrate during the year with a metal content of 12.0 million pounds ("lbs") of copper ("Cu"), 10,994 ounces ("oz") of gold ("Au"), and 35,965 oz of silver ("Ag") (2014 - 9.1 million lbs, 9,538 oz, and 25,701 oz, respectively).

- Processed tonnes increased 34% to 178,095 compared to 148,775 in 2014.

- At the year-end, 4,499 wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

FOURTH QUARTER 2015 HIGHLIGHTS

- The Company produced 9,417 dry metric tonnes of concentrate during the three months ended December 31, 2015 ("Q4-2015") with a metal content of 3.9 million lbs of copper, 3,436 oz of gold, and 10,578 oz of silver.

- Processed tonnes increased 40% to 55,775 compared to 39,923 in same period in 2014 ("Q4-2014").

- Daily throughput increased 32% to 729 tonnes per day compared to 551 in Q4-2014.

- Cash costs were $79.9 per tonne of processed ore and $0.81 per pound of payable copper produced, a decrease of 20% over the Q4-2014 cash cost per tonne and an increase of 50% for the cash cost per pound of payable copper (refer to non-GAAP Financial Measures). The increase in the cost per pound of payable copper net of by products is mainly explained by the lower contribution of gold and silver credits, partially offset by the reduction in the cost per tonne.

- Cash flow from operations, before changes in working capital, for Q4-2015 was $1.40 million.

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-two 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 2015	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**	YTD 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Production (contained metals)[1]										
Copper (000 lbs)	**12,044**	**3,876**	**3,255**	**2,910**	**2,003**	9,079	2,909	2,702	2,070	1,398
Gold (oz)	**10,994**	**3,436**	**2,969**	**2,298**	**2,291**	9,538	3,304	2,932	2,155	1,147
Silver (oz)	**35,964**	**10,578**	**12,137**	**6,941**	**6,308**	25,701	7,310	8,257	6,673	3,461
Mining										
Ore (tonnes)	**179,995**	**57,725**	**48,319**	**41,287**	**32,664**	148,775	44,690	40,088	37,206	26,791
Milling										
Milled (tonnes)	**178,095**	**55,775**	**48,015**	**40,747**	**33,558**	133,332	39,923	36,505	33,888	23,016
Tonnes per day	**638**	**729**	**641**	**575**	**557**	462	551	493	440	354
Copper grade (%)	**3.26**	**3.34**	**3.26**	**3.45**	**2.91**	3.37	3.61	3.63	3.07	3.01
Gold grade (g/t)	**2.78**	**2.63**	**2.81**	**2.65**	**3.14**	3.30	3.70	3.60	3.12	2.43
Silver grade (g/t)	**10.93**	**10.93**	**12.27**	**9.02**	**11.33**	12.30	11.30	13.48	13.27	10.65
Recoveries										
Copper (%)	**94.0**	**94.4**	**94.4**	**93.7**	**93.2**	91.4	91.3	92.4	90.1	91.5
Gold (%)	**69.1**	**72.7**	**68.5**	**66.2**	**67.5**	66.9	69.3	69.5	63.4	63.7
Silver (%)	**58.9**	**58.9**	**64.1**	**58.7**	**51.6**	48.8	50.4	52.2	46.2	43.9

	YTD 2015	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**	YTD 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Concentrate										
Cu concentrate produced (DMT)	**29,024**	**9,417**	**7,830**	**6,938**	**4,839**	19,417	6,526	5,768	4,388	2,735
Copper (%)	**18.8**	**18.7**	**18.9**	**19.0**	**18.8**	21.2	20.2	21.2	21.4	23.2
Gold (g/t)	**11.8**	**11.3**	**11.8**	**10.3**	**14.7**	15.3	15.7	15.8	15.3	13.1
Silver (g/t)	**38.5**	**34.9**	**48.2**	**31.1**	**40.6**	41.2	34.8	44.5	47.3	39.4
Payable copper produced (000 lbs)	**11,428**	**3,682**	**3,092**	**2,764**	**1,890**	8,630	2,764	2,567	1,967	1,332
Cash cost per pound of payable copper produced[(2)]	**1.00**	**0.81**	**0.98**	**1.16**	**1.16**	0.82	0.54	0.72	1.01	1.33

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

In 2015, the Company produced 12 million lbs of copper, 10,994 oz of gold, and 35,964 oz of silver. When compared to 2014, production increased 33%, 15%, and 40% for copper, gold, and silver, respectively. The increase in produced metal is mainly explained by a 34% increase in processed ore, partially offset by a 3% and 16% reduction in copper and gold head grade, respectively.

Throughout the year the Company has consistently increased production and improved operational variables quarter over quarter. In Q4-2015, processed ore increased 16%, daily throughput increased 16% and copper and gold produced increased by 20% and 15% respectively over Q3-2015. Copper recovery was steady at 94.4% and gold recovery increased by 6% to 72.7%.

Relative to the operational goals set out for Q4-2015, the Company accomplished processing over 48,000 tonnes and maintaining copper recovery above 93%. Gold recovery for the period was 72.7%, surpassing the 70% target set by the Company and the worked days for the period were slightly above the 75 day target at 76.5 days worked.

In terms of the annual operational goals set out for 2015, the Company processed 179,995 tonnes compared to the target of 185,000 tonnes. The difference is mainly explained by lower than expected worked days during Q1 and Q2-2015 due to equipment commissioning and extreme weather-related issues. The Company was able to partially mitigate the lost worked days during the second half of the year by increasing throughput and achieving a rate of over 700 tonnes per day. This rate was consistently achieved during the last four months of the year.

Copper and gold head grades for the year 2015 were down 3% and 16% respectively compared to 2014. The copper head grade in Q1-2015 suffered from an unexpected decline for the in-situ grade of copper in the source stopes and impacted the yearly average. Gold head grade was within the intended operational range throughout the year.

Copper recovery was further improved in 2015 reaching 94% and consistently being above the target of 93%. The gold recovery target of above 70% was exceeded in Q4-2015 and slightly below for the year at 69%.

Cash costs for 2015 were $95.39 per tonne of processed ore, and $1.00 per pound of payable copper produced, a 12% decrease in the cost per tonne and a 22% increase in the cash cost per pound of payable copper over 2014. The increase in the cash cost per pound of payable copper net of by products is mainly explained by a reduced contribution of gold and silver credits due to lower prices. This effect was partially offset by the lower cash cost per processed tonne.

Cash used for capital expenditure activities during 2015 were $7.97 million. Major categories of expenditure included $3.66 million in underground mine development, $1.11 million in equipment and infrastructure related to the mine, $0.65 million in the second phase of the tailings dam and $2.18 million related to the mill, surface and energy infrastructure.

Mine production came from three sources in 2015: Maximus, Goliath and Zeus. Zeus provided the preponderance of ore for processing, Goliath mining was completed in the fourth quarter while remnant mining continued in Maximus. The final Maximus stoping will be completed during the three months ended September 30, 2016.

During 2015, 487 meters at the main access ramp development were completed. Access to the Zeus mineralization at levels 1854, 1832, 1812, and 1792 was reached during the year. Additional workings from the main ramp are scheduled to access the Zeus mineralization on the 1776 level during the three months ended June 30, 2016.

The drift-and-fill mining method implemented to mine in Zeus continues to be successful. At the end of Q4-2015, the primary stopes on the 1837 sublevel had been completely filled and the next level above (1842 sublevel) successfully accessed on top of the rockfill. Stoping in the 1812 level was also completed; the second lift stopes on the 1817 level are now producing as per plans. Various stopes have now been mined and filled with no geotechnical or mining problems. Changes to the rockfill mix have increased the pumpability of the material without affecting strength characteristics. The drift-and-fill mining method continues to meet or exceed expectations regarding costs, safety, productivity and efficiency. Atico considers the implementation to be very successful.

During 2015, the El Roble mine had thirty eight (38) lost time accidents, with a total of two hundred and seven (207) eight-hour work days lost. While none of the accidents were severe or life-threatening, their occurrence emphasizes the continued measures the Company is taking to enforce the importance of safe practices with all employees. Additional training initiatives will be launched in 2016. The Company aims to reach international standards and will continue to advance towards this goal throughout 2016. Additionally, the Company continues to work with the local medical authorities to clearly define what may be considered a lost-time accident, the local criteria has been very subjectively flexible causing issues regarding reporting.

Concentrate inventory

Amounts in dry metric tonnes	**Q4 2015**	**YTD 2015**	Q4 2014	YTD 2014
Opening inventory	**1,203.6**	**5,475.8**	4,366.3	720.9
Production	**9,417.0**	**29,024.0**	6,526.4	19,417.4
Sales	**(6,275.7)**	**(30,333.0)**	(5,416.9)	(14,669.0)
Adjustment	**(250.9)**	**(72.8)**	-	6.5
Closing inventory	**4,094.0**	**4,094.0**	5,475.8	5,475.8

The Company recognizes revenue associated with the sale of concentrate when the risks and rewards of ownership of the concentrate are transferred to the customer, which under the current off-take agreement is when the Company loads the concentrate to the performing vessel at the port of Buenaventura, Colombia. As final price settlement may occur several months after the revenue is recognized, changes in metal prices during that time may have a material impact on the final revenue recognition.

Production is trucked routinely from the El Roble mine to the port of Buenaventura, where 6,000 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 prefers to sell lots closer to 5,000 WMT.

Exploration at El Roble

During 2015, the underground drilling program at the El Roble mine prioritized further defining the known mineralized bodies for mine planning purposes and step out drilling to test continuity of known mineralized bodies. The Company also completed underground drilling of some prospective areas at the El Roble mine for a total of 11,403 meters drilled underground.

In Q4-2015 the Company completed and released an updated resource estimate increasing the tonnage and the certainty of the El Roble mine resource.

						Contained Metal		
Cut-off CuEq (%)	**Tonnes (000's t)**	**CuEq (%)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**Cu (000's lbs)**	**Au (000's oz)**	**Ag (000's oz)**
Measured Resources								
0.50%	804	4.87	3.63	2.58	10.00	64,264	67	259
0.60%	802	4.88	3.63	2.58	10.02	64,255	67	258
0.70%	799	4.90	3.65	2.59	10.03	64,239	67	258

Cut-off CuEq (%)	Tonnes (000's t)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Contained Metal Cu (000's lbs)	Contained Metal Au (000's oz)	Contained Metal Ag (000's oz)
0.80%	795	4.92	3.66	2.60	10.05	64,213	66	257
0.90%	792	4.94	3.68	2.61	10.06	64,192	66	256
0.93%	**791**	**4.94**	**3.68**	**2.61**	**10.06**	**64,189**	**66**	**256**
1.00%	786	4.96	3.70	2.61	10.09	64,155	66	255
1.10%	780	4.99	3.73	2.62	10.10	64,107	66	253
1.20%	772	5.04	3.76	2.64	10.12	64,023	65	251
1.30%	763	5.08	3.80	2.65	10.13	63,936	65	249
1.40%	752	5.13	3.85	2.66	10.14	63,812	64	245
1.50%	741	5.19	3.90	2.67	10.15	63,672	64	242
Indicated Resources								
0.50%	1,125	4.11	3.16	1.98	7.95	78,254	72	287
0.60%	1,122	4.12	3.16	1.99	7.95	78,246	72	287
0.70%	1,116	4.14	3.18	1.99	7.96	78,225	71	285
0.80%	1,102	4.19	3.22	2.00	7.98	78,168	71	283
0.90%	1,080	4.25	3.28	2.02	7.99	78,058	70	278
0.93%	**1,074**	**4.27**	**3.29**	**2.02**	**8.00**	**78,023**	**70**	**276**
1.00%	1,059	4.32	3.34	2.03	8.00	77,942	69	272
1.10%	1,034	4.40	3.41	2.04	8.02	77,747	68	266
1.20%	1,007	4.48	3.49	2.06	8.03	77,507	67	260
1.30%	983	4.56	3.56	2.07	8.06	77,245	65	255
1.40%	963	4.63	3.63	2.08	8.08	76,984	64	250
1.50%	940	4.71	3.70	2.09	8.08	76,650	63	244
Total Measured + Indicated @ 0.93% Cu Eq.								
0.93%	**1,865**	**4.55**	**3.46**	**2.27**	**8.87**	**142,212**	**136**	**532**

Cut-off CuEq (%)	Tonnes (000's t)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Contained Metal Cu (000's lbs)	Contained Metal Au (000's oz)	Contained Metal Ag (000's oz)
Inferred Resources								
0.50%	265	4.60	3.97	1.31	5.26	23,135	11	44
0.60%	264	4.61	3.98	1.32	5.26	23,129	11	44
0.70%	262	4.65	4.01	1.32	5.25	23,108	11	44
0.80%	259	4.69	4.04	1.33	5.23	23,085	11	43
0.90%	256	4.73	4.09	1.34	5.21	23,052	10	42
0.93%	**255**	**4.75**	**4.10**	**1.34**	**5.21**	**23,042**	**10**	**42**
1.00%	254	4.77	4.12	1.34	5.21	23,027	10	42
1.10%	251	4.81	4.16	1.34	5.20	22,989	10	41
1.20%	247	4.86	4.21	1.35	5.18	22,946	10	41
1.30%	244	4.91	4.26	1.34	5.16	22,907	10	40
1.40%	242	4.93	4.28	1.34	5.15	22,884	10	40
1.50%	241	4.95	4.30	1.34	5.14	22,864	10	39

(1) Mineral Resources are as defined by CIM Definition Standards on Mineral Resources and Mineral Reserves;
(2) Mineral Resources are inclusive of Mineral Reserves;
(3) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability;
(4) There are no known legal, political, environmental or other risks that could materially affect the potential development of the Mineral Resources at El Roble;
(5) El Roble Mineral Resources are estimated and reported as of June 30, 2015;
(6) El Roble Mineral Resources are estimated and reported at a Cu Equivalent of 0.93% Cu, with Cu Equivalent in % using a Cu price of US$6,172/tonne Cu metal and US$1,200/tr. Oz. Au;
(7) Totals may not add due to rounding procedures.

(Expressed in US dollars, unless otherwise indicated)

The Company continues to note patterns in trace elements and metal ratios at the deposit indicate prospective areas for other massive sulphide mineralization to occur south of Zeus and down dip Goliath and Maximus massive sulphide bodies. The patterns also suggest additional mineralization may exist down dip of Zeus and Aquiles. Structural and lithological controls indicate north of Zeus is also a prospective area to drill test.

During 2016 the Company plans to systematically test the prospective areas for massive sulphide bodies.

Given the prevailing market conditions during 2015, the Company did limited work on the regional geology and advancement of drill targets. The Company expects regional geological workings will be resumed and two surface targets drilled in 2016.

OUTLOOK

The Company is basing 2016 guidance on year ended December 31, 2015 financial and production results. Please refer to Cautionary Note on Forward Looking Statements at the end of this document.

The Company has set the following objectives for 2016 at the El Roble mine:

- Process between 220,000 and 230,000 tonnes.
- Maintain copper recovery above 93% and 70% for gold.
- Maintain an average copper head grade between 3.2% and 3.4%
- Maintain an average gold head grade between 2.2 g/t and 2.5 g/t
- Increase production to between 34,000 and 37,000 dry tonnes of concentrate.
- Increase production to between 6,900 and 7,400 tonnes of copper.
- Maintain production between 10,500 and 11,000 ounces of gold.
- Increase the mill mechanical availability to 90% and reach 310 days worked.
- Continue increasing the safety and environmental standards.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to December 31, 2015, and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2015 and 2014.

	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Revenue	$ 6,314,214	$ 10,838,631	$ 6,116,976	$ 13,452,803
Income from operations	42,886	1,002,930	507,601	3,521,528
Net income (loss) for the period[(1)]	(1,148,549)	(509,049)	(470,246)	2,128,961
Earnings (loss) per share - basic and diluted	(0.01)	(0.01)	(0.01)	0.02
Weighted average shares outstanding - basic	97,591,571	97,591,571	97,591,571	97,591,571

	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Revenue	$ 8,374,680	$ 7,486,882	$ 7,500,276	$ 2,036,991
Income (loss) from operations	1,439,155	1,272,900	1,023,309	(472,383)
Net income (loss) for the period[(1)]	(2,422,732)	236,821	(280,963)	(790,064)
Earnings (loss) per share - basic and diluted	(0.02)	0.00	(0.00)	(0.01)
Weighted average shares outstanding - basic	97,591,571	97,591,571	97,586,860	96,848,683

[(1)] Income (loss) attributable to equity holders of the Company.

Given the Company's rate of production and plan to minimize shipping costs, there was not a consistent number of shipments on a quarter-by-quarter basis, where the Company had six shipments during fiscal 2015. This shipment schedule led to the cyclicality and variances for the 2015 quarterly revenue and income from operations.

FOURTH QUARTER FINANCIAL RESULTS

Fourth quarter net loss was $1,148,549 compared to net loss of $2,608,882 in Q4-2014 and loss per share was $0.01 and $0.02, respectively. Income from mining operations was $1,890,898 (Q4-2014 - $3,657,802), and the Company had an income from operations of $42,886 (Q4-2014 - $1,439,155). The Q4-2015 income from mining operations was affected by lower realized prices and lower metal content in the concentrate, partially offset by increase in concentrate shipped and provisionally invoiced. Both selling, general and administrative expenses and share-based payments in Q4-2015 decreased over Q4-2014. Net loss was further affected by higher deferred income tax expense as a result of the devaluation of the Colombian peso in Q4-2014.

Sales for Q4-2015 were $6,314,214 (Q4-2014 - $8,374,680) from the shipping and provisional invoicing of 6,275.7 (Q4-2014 - 5,416.9) 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 Q4-2015 decreased over Q4-2014 due to decreases in realized metal prices and metal content in the concentrate, partially offset by the increase in the tonnes of concentrate sold.

Three months ended		**December 31 2015**		December 31 2014
Sales and realized prices				
Provisional invoices	**$**	**6,525,995**	$	9,286,131
Adjustments[1]		**(211,781)**		(911,451)
Sales per financial statements	**$**	**6,314,214**	$	8,374,680
Copper				
Provisional sales (000's lbs)		**2,746.4**		2,549.6
Realized price ($/lb)[2]		**2.09**		3.01
Net realized price ($/lb)[3]		**1.97**		2.86
Gold				
Provisional sales (oz)		**2,521.9**		2,789.8
Realized price ($/oz)[2]		**1,069.82**		1,189.50
Net realized price ($/oz)[3]		**439.25**		716.85
Silver				
Provisional sales (oz)		**7,901.0**		7110.8
Realized price ($/oz)[2]		**14.04**		16.21
Net realized price ($/oz)[3]		**1.02**		0.81

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

Cost of sales for Q4-2015 was $4,423,316 (Q4-2014 - $4,716,878) consisting of the following components:

Three months ended		**December 31 2015**		December 31 2014
Direct mining and processing costs	**$**	**2,301,624**	$	2,567,604
Royalties		**132,584**		168,794
Depletion and amortization		**1,989,108**		1,980,480
	$	**4,423,316**	$	4,716,878

The decreased cost of sales for the Q4-2015 over the comparative period is due to a decrease in production cost per unit partially offset by an increase in the tonnes of concentrate sold.

(Expressed in US dollars, unless otherwise indicated)

Selling, general and administrative ("SG&A") expenses were lower in Q4-2015 compared to Q4-2014; $1,788,030 compared to $2,074,263. Selling expenses accounted for 11% of sales, which included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing. The breakdown of the Company's SG&A expenses is as follows:

	Three months ended December 31, 2015			Three months ended December 31, 2014		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Selling expenses	**$ 704,713**	**$ -**	**$ 704,713**	$ 671,765	$ -	$ 671,765
Amortization	**58,936**	**533**	**59,469**	13,754	1,043	14,797
Corporate administration	**152,613**	**99,155**	**251,768**	282,349	107,103	389,452
Professional fees	**29,831**	**73,573**	**103,404**	59,759	35,606	95,365
Salaries and benefits	**141,121**	**526,475**	**667,596**	397,370	504,651	902,021
Transfer agent and filing fees	**-**	**1,080**	**1,080**	-	863	863
	$1,087,214	**$ 700,816**	**$1,788,030**	$1,424,997	$ 649,266	$2,074,263

Other income and expenses: In Q4-2015, the Company recognized share-based payments of $59,982 (Q4-2014 - $116,736) for the 2,870,671 stock options granted in July 2014 that have vesting terms over 36 months.

In Q4-2015, the Company recognized interest expense of $206,759 (Q4-2014 - $297,997) for various long-term credit facilities, and accretion expense of $38,038 (Q4-2014 - $25,705) for its decommissioning and restoration provision related to the El Roble mine. The Company recognized current income tax expense of $151,003 for Q4-2015 (Q4-2014 - $Nil). In Q4-2014, the Company recognized deferred income tax expense of $3,000,936, affected by a non-cash income tax provision of $2,005,658 resulting from the initial recognition of the Colombian tax reform.

ANNUAL FINANCIAL RESULTS

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

Year ended	**December 31 2015**	December 31 2014	December 31 2013
Revenue[1]	**$ 36,722,624**	$ 25,398,829	$ Nil
Net income (loss)[2]	**(23,882)**	(3,256,938)	862,793
Earnings (loss) per share - basic and diluted	**(0.00)**	(0.03)	0.01
Total assets	**77,943,291**	79,600,075	68,596,992
Total long-term liabilities	**24,306,447**	24,567,084	23,251,690
Dividends declared	**Nil**	Nil	Nil

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

For the year ended December 31, 2015, net income was $286,469 compared to net loss of $3,231,062 for the comparative year and earnings (loss) per share was $(0.00) and $(0.03), respectively. Income from mining operations was $11,159,787 (2014 - $9,417,214), and the Company had an income from operations of $5,074,945 (2014 - $3,262,981). The income from mining operations for the year ended December 31, 2015 increased due to an increased quantity of concentrate shipped and provisionally invoiced and lower unit production costs, offset by a lower realized metal prices in the comparative year. The increase in selling, general and administrative expenses was offset by a lower share-based payment expense for the year ended December 31, 2015. Net income was further affected by deferred income tax expense of $1,765,269 (2014 - $4,159,555), primarily due to the devaluation of the Colombian peso.

Sales for the year ended December 31, 2015 were $36,722,624 (2014 - $25,398,829) from the shipping and provisional invoicing of 30,333.0 (2014 - 14,361.1) 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, 2015 increased over 2014 due to an increase in the tonnes of concentrate sold, partially offset by decreases in realized metal prices and lower metal content in the concentrate.

Year ended	**December 31 2015**	December 31 2014
Sales and realized prices		
Provisional invoices	**$ 37,283,247**	$ 25,960,745
Adjustments(1)	**(560,623)**	(561,916)
Sales per financial statements	**$ 36,722,624**	$ 25,398,829
Copper		
Provisional sales (000's lbs)	**13,020.0**	6,744.8
Realized price ($/lb)(2)	**2.42**	3.08
Net realized price ($/lb)(3)	**2.28**	2.92
Gold		
Provisional sales (oz)	**12,964.0**	7,626.8
Realized price ($/oz)(2)	**1,157.97**	1,258.22
Net realized price ($/oz)(3)	**577.02**	815.23
Silver		
Provisional sales (oz)	**38,461.3**	14,026.8
Realized price ($/oz)(2)	**15.44**	19.04
Net realized price ($/oz)(3)	**1.80**	1.33

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

Cost of sales for the year ended December 31, 2015 was $25,562,837 (2014 - $15,981,615) consisting of the following components:

Year ended	**December 31 2015**	December 31 2014
Direct mining and processing costs	**$ 14,952,242**	$ 10,927,070
Royalties	**764,102**	499,400
Depletion and amortization	**9,846,493**	4,555,145
	$ 25,562,837	$ 15,981,615

The increased cost of sales for the year ended December 31, 2015 over the comparative period is due to an increase in the tonnes of concentrate sold, partially offset by a significant decrease in production cost per unit.

Selling, general and administrative expenses were higher for the year ended December 31, 2015 compared to the comparative period in 2014; $5,745,590 compared to $5,263,074. Selling expenses accounted for 7% of sales, which included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing.

(Expressed in US dollars, unless otherwise indicated)

The breakdown of the Company's SG&A expenses is as follows:

	Year ended December 31, 2015			Year ended December 31, 2014		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Selling expenses	**$2,476,112**	**$ -**	**$2,476,112**	$1,630,791	$ -	$1,630,791
Amortization	**200,040**	**8,074**	**208,114**	77,271	3,599	80,870
Corporate administration	**497,409**	**455,243**	**952,652**	820,680	522,568	1,343,248
Professional fees	**179,194**	**236,701**	**415,895**	127,268	168,796	296,064
Salaries and benefits	**619,172**	**1,037,381**	**1,656,553**	826,390	1,038,445	1,864,835
Transfer agent and filing fees	**-**	**36,264**	**36,264**	-	47,266	47,266
	$3,971,927	**$1,773,663**	**$5,745,590**	$3,482,400	$1,780,674	$5,263,074

Other income and expenses: For the year ended December 31, 2015, the Company recognized share-based payments of $339,252 (2014 - $674,271) for the 2,870,671 stock options granted in July 2014 that have vesting terms over 36 months.

For the year ended December 31, 2015, the Company recognized interest expense of $874,222 (2014 - $1,147,634) for various long-term credit facilities, and accretion expense of $145,888 (2014 - $98,642) for its decommissioning and restoration provision related to the El Roble mine. The Company recognized current income tax expense of $1,299,801 (2014 - $722,024) for the year ended December 31, 2015. During the year ended December 31, 2015, the Company recognized deferred income tax expense of $1,765,269 (2014 - $4,159,555) primarily due to the devaluation of the Colombian peso. The 2014 deferred income tax expense was further affected by a non-cash income tax provision of $2,005,658 resulting from the initial recognition of the Colombian tax reform.

LIQUIDITY AND CAPITAL RESOURCES

The Company has begun to generate cash flows from operations that have been used to fund the increase in its working capital, capital expenditures on expansions, and meeting its financing obligations. 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, 2015 totaled $3,794,619 (2014 - $5,102,634) and its working capital deficit was $539,569 (2014 - $1,291,281).

The Company's debt facility with Trafigura Pte Ltd. is subject to various qualitative and quantitative covenants, and the Company was in compliance with all such debt covenants as at December 31, 2015.

Fourth quarter liquidity and capital resources

During Q4-2015, cash and cash equivalents increased by $1,502,500. The increase was due to net cash used in investing activities of $1,823,863 and financing activities of $156,568, offset by net cash provided by operating activities of $480,477. Exchange rate changes had a negative impact on cash and cash equivalents of $2,545.

Operating activities

During Q4-2015, net cash provided by operating activities amounted to $480,477, which included positive operating cash flow before changes in non-cash operating working capital items of $1,398,915, offset by changes in non-cash working capital items of $918,438. Non-cash working capital changes included the effects from increase in inventories and prepaid expense and deposits of $1,656,917 and $517,368, offset by a decrease in receivables of $587,810 during the normal course of business.

(Expressed in US dollars, unless otherwise indicated)

Investing activities

Cash used by the Company in investing activities during Q4-2015 totaled $1,823,863, which were primarily comprised of underground mine development, acquisition of new equipment, and phase two of the new tailings impoundment facility.

Financing activities

During Q4-2015, the Company used net cash of $156,568 for its financing activities. The Company drew a net advance of $2,327,166 on its concentrate inventories, and repaid net of $703,240 on its unsecured credit facilities with Colombian banks. Additionally, the Company paid $1,471,646 of principal and $217,574 of interest towards its long-term loans payable.

Annual liquidity and capital resources

For the year ended December 31, 2015, cash and cash equivalents decreased by $1,308,015. The decrease was due to net cash used in investing activities of $7,969,548 and financing activities of $6,742,838, offset by net cash provided by operating activities of $13,394,027. Exchange rate changes had a positive impact on cash and cash equivalents of $10,344.

Operating activities

For the year ended December 31, 2015, net cash provided by operating activities amounted to $13,394,027, which included positive operating cash flow before changes in non-cash operating working capital items of $12,545,082, and changes in non-cash working capital items of $848,945. Non-cash working capital changes included the effects from a decrease in inventories of $364,222, an increase of accounts payable and accrued liabilities of $995,086, and increase of taxes payable of $665,153, partially offset by an increase of receivables of $1,103,814 during the normal course of business.

Investing activities

Cash used by the Company in investing activities for the year ended December 31, 2015 totaled $7,969,548, which were primarily comprised of underground mine development, acquisition of new equipment, surface and energy infrastructure, construction of an on-site laboratory, and phase two of the new tailings impoundment facility.

Financing activities

For the year ended December 31, 2015, the Company used net cash of $6,742,838 for its financing activities. The Company repaid a net advance of $2,350,321 on its concentrate inventories. Additionally, the Company drew net of $963,000 from its unsecured credit facilities with Colombian banks. Finally, the Company paid $3,236,204 of principal and $1,715,003 of interest towards its long-term loans payable.

Contractual obligations

As at December 31, 2015, the Company expects the following cash flows for its financial liabilities and other contractual commitments:

	Less than 1 year	1 - 2 years	3 - 4 years	**Total**
Accounts payable and accrued liabilities	$ 5,323,531	$ -	$ -	$ 5,323,531
Advance on concentrate inventories	2,320,900	-	-	2,320,900
Bank credit facilities	1,550,000	-	-	1,550,000
Taxes payable	917,676	-	-	917,676
Finance lease obligations	140,485	285,807	-	426,292
Long-term loans payable	4,540,252	2,924,412	193,308	7,657,972
	$ 14,792,844	$ 3,210,219	$ 193,308	$ 18,196,371

(Expressed in US dollars, unless otherwise indicated)

Requirement of additional equity 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, 2015	Salary or fees	Share-based payments	Total
Management	$ 1,148,500	$ 180,697	$ 1,329,197
Outside directors	97,600	134,970	232,570
Seabord Services Corp.	185,872	-	185,872
	$ 1,431,972	$ 315,667	$ 1,747,639

Year ended December 31, 2014	Salary or fees	Share-based payments	Total
Management	$ 1,127,400	$ 353,332	$ 1,480,732
Outside directors	-	234,103	234,103
Seabord Services Corp.	182,320	-	182,320
	$ 1,309,720	$ 587,435	$ 1,897,155

Included in accounts payable and accrued liabilities, as at December 31, 2015, was $733,700 (2014 - $315,000) 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.

The above transactions are measured at the exchange amounts (the amounts established and agreed to by the related parties) which approximate the arm's length equivalent value. All balances due to related parties are included in accounts payable and accrued liabilities.

PROPOSED TRANSACTIONS

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

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.

CONTINGENCIES

During the year ended December 31, 2015, the Company settled the outstanding civil claim filed with the British Columbia Supreme Court by Carl Nelson and Recursos del Caribe S.A., the company through which Carl Nelson conducts his geological consulting business (collectively, "Mr. Nelson"). The allegations of Mr. Nelson had not been proven. The Company disputed Mr. Nelson's claims and defended itself in this matter. The action was filed on October 8, 2013 and a Response to Civil Claim was filed on November 26, 2013. In connection to the settlement with Mr. Nelson, the Company recognized an expense of $200,000 during the year ended December 31, 2015.

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. The claim of approximately $2,000,000 is at an administrative level and the Company will attempt to favorably resolve the claim at this level, and if necessary, will vigorously defend itself should legal action be required. As at December 31, 2015, 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:

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 the consolidated statement of income (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.

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.

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 26% for Canada, 40% 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.

Mineral reserve and/or resource estimates

The figures for 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 c change to future depletion rates.

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.

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 the consolidated statement of income (loss).

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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

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.

The Company expected a significant majority of the parent entity's operating cash flow to be sourced in the US dollar. The change in functional currency reflects the accumulation over time of those factors which are the main determinants of functional currency. Having considered the aggregate effect of all relevant factors, management concluded that this point was reached. Accordingly, the Company determined that the functional currency of the parent entity had changed to the US dollar from July 1, 2015. In accordance with International Accounting Standard 21 The Effects of Changes in Foreign Exchange Rates ("IAS 21"), this change will be accounted for prospectively. The US dollar was determined to be the functional currency for all entities within the corporate group on a prospective basis. All entities continue to measure the items in their financial statements using their functional currencies.

Recoverability of exploration and evaluation assets

The Company estimates its mineral reserves and 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 reserves and 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 reserves or 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.

Commercial production

In concluding when commercial production has been achieved, the Company considered the following factors: all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed; the mine or mill is operating as per design capacity and metallurgical recoveries were achieved; and the ability to sustain ongoing production of ore at a steady or increasing level.

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.

Identification of reportable segments

The identification of reportable segments, basis for measurement and disclosure of the segmented information may require the Company to make certain judgments, taking into the identification factors used by the chief operating decision maker.

NEW ACCOUNTING STANDARDS

The Company adopted the following accounting standards during the year ended December 31, 2015:

Derivative financial instruments

Derivative instruments that do not qualify for hedge accounting are initially recorded at fair value and are re-measured at each reporting date to their fair values, and any resulting gains or losses are recognized in the consolidated statements of income (loss).

Change in functional currency

IAS 21 describes functional currency as the currency of the primary economic environment in which an entity operates. The Company now expects a significant majority of the parent entity's operating cash flow to be sourced in United States dollar. The change in functional currency reflects the accumulation over time of those factors which are the main determinants of functional currency. Having considered the aggregate effect of all relevant factors, management concluded that this point was reached. Accordingly, the Company determined that the functional currency of the parent entity had changed to the US dollar from July 1, 2015. In accordance with IAS 21, this change will be accounted for prospectively.

Accounting pronouncements not yet effective

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

IFRS 9 Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 Financial Instruments: Recognition and Measurement requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018.

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.

(Expressed in US dollars, unless otherwise indicated)

DERIVATIVE INSTRUMENTS

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 would have been recognized in other financial assets or liabilities on the consolidated statement of financial position. During the year ended December 31, 2015, the Company recognized unrealized gains of $223,810 (2014 - $Nil) on derivative instruments in the consolidated statement of income (loss).

Commodity forward sale arrangements

As at December 31, 2015, the Company entered into a zero-cost commodity forward sale arrangement with its customer whereby both parties set the final settlement price on metals to be shipped and provisionally invoiced. The details of the arrangement are as follows:

	Quantity[1]		Settlement price
Copper	300	$	5,300

[1] Copper quantity in metric tonnes ("MT")

The commodity forward sale arrangement was settled subsequently in January 2016.

Currency forward arrangements

As at December 31, 2015, the Company entered into zero-cost non-deliverable currency forward arrangements with Banco Davivienda S.A. between the US dollar and the Colombian peso. The details of the arrangement are as follows:

Settlement date		Amount	Settlement rate
January 4, 2016	$	290,000	3,351.19
January 8, 2016		320,000	3,351.23
January 15, 2016		270,000	3,351.59
January 22, 2016		310,000	3,352.79
January 29, 2016		310,000	3,353.95
February 5, 2016		270,000	3,354.88
February 15, 2016		270,000	3,356.49
February 19, 2016		50,000	3,359.47

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.

(Expressed in US dollars, unless otherwise indicated)

As at December 31, 2015, 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	$	-	$	1,703,070	$	-	$	1,703,070
Derivative instruments	$	-	$	223,810	$	-	$	223,810

The carrying value of cash and cash equivalents, receivables (excluding trade receivable from provisional sales of metals concentrate), accounts payable and accrued liabilities, advance on concentrate inventories, and bank 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, currency risk, liquidity 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. A 1% change in copper and gold prices would result in an increase/decrease of approximately $135,000 and $95,000 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 London Inter-bank Offered Rates ("LIBOR") plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at December 31, 2015, a 10% change in LIBOR rates would result in an increase/decrease of approximately $50,000 in the Company's pre-tax income or loss on an annualized basis based on the debt 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.

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. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2015, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian soles	Euros	Colombian pesos (000's)
Cash and cash equivalents	$ 102,830	$ 106,228	$ -	$ 1,019,068
Receivables	8,653	136,321	-	6,827,877
Accounts payable and accrued liabilities	(235,758)	(93,192)	-	(13,706,140)
Taxes payable	-	-	-	(2,878,612)
Finance lease obligations	-	-	(390,825)	-
Long-term loan payables	-	-	(966,958)	-
Net exposure	$ (124,275)	$ 149,357	$ (1,357,783)	$ (8,737,807)
US dollar equivalent	$ (89,606)	$ 44,539	$ (1,481,002)	$ (2,785,535)

Based on the above net exposure, as at December 31, 2015, 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 $43,000 in the Company's pre-tax income or loss.

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, 2015).

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 2016, 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 97,591,571 common shares issued and outstanding. There were also 9,741,254 stock options outstanding with expiry dates ranging from June 30, 2016 to April 12, 2021.

QUALIFIED PERSONS

Mr. Thomas Kelly (SME Registered Member 1696580), Chief Operating Officer of 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.

El Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash cost per pound of payable copper produced to cost of sales in the consolidated financial statements for the years ended December 31, 2015 and 2014.

Expressed in $000's	**Q4 2015**	**YTD 2015**	Q4 2014	YTD 2014
Cash cost per tonne of processed ore				
Cost of sales[1]	**$ 4,423.3**	**$ 25,562.8**	$ 4,407.3	$ 15,672.1
Add / subtract				
Change in concentrate inventory	**2,079.6**	**(1,357.5)**	670.1	2,464.7
Depletion and amortization in concentrate inventory	**(628.9)**	**917.5**	74.9	(540.1)
Government royalties and mining taxes	**(132.6)**	**(764.1)**	(168.8)	(499.4)
Distribution costs	**704.7**	**2,476.1**	671.8	1,630.8
Depletion and amortization in cost of sales	**(1,989.1)**	**(9,846.5)**	(1,670.9)	(4,245.6)
Cash cost	**4,457.1**	**16,988.4**	3,984.4	14,482.5
Total processed ore (tonnes)	**55,775**	**178,095**	39,923	133,332
Cash cost per tonne of processed ore ($/t)	**$ 79.91**	**$ 95.39**	$ 99.80	$ 108.62
Mining cost per tonne	**$ 35.14**	**$ 40.52**	$ 42.21	$ 48.32
Milling cost per tonne	**13.31**	**15.46**	17.30	16.53
Indirect cost per tonne	**19.06**	**25.76**	28.15	32.90
Distribution cost per tonne	**12.40**	**13.63**	12.14	10.87
Total production cost per tonne of processed ore ($/t)	**$ 79.91**	**$ 95.39**	$ 99.80	$ 108.62
Cash cost per pound of payable copper produced				
Aggregate cash cost (above)	**$ 4,457.1**	**$ 16,988.4**	$ 3,984.4	$ 14,482.5
Add / subtract				
By-product credits	**(3,412.9)**	**(11,643.3)**	(3,801.1)	(11,330.3)
Refining charges	**1,490.6**	**4,654.1**	899.9	2,708.8
Transportation charges	**453.0**	**1,399.6**	402.5	1,240.3
Cash cost applicable to payable copper produced	**2,987.1**	**11,398.1**	1,485.7	7,101.3
Total payable copper produced (000's lbs)	**3,682.0**	**11,428.0**	2,764.0	8,630.3
Cash cost per pound of payable copper produced ($/lb)	**$ 0.81**	**$ 1.00**	$ 0.54	$ 0.82

[1] Includes depletion, amortization, government royalties and mining taxes.

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 $000's	**Q4 2015**	**YTD 2015**	Q4 2014	YTD 2014
Aggregate cash production cost	**$ 4,457.1**	**$ 16,988.4**	$ 3,984.4	$ 14,482.5
Cash cost per pound of payable copper produced				
Cash cost attributable to copper production[(2)]	**$ 2,821.8**	**$ 11,401.9**	$ 2,627.6	$ 9,458.5
Add / subtract				
By-product credit from silver	**(20.1)**	**(116.2)**	(16.2)	(111.4)
Refining charges	**1,243.3**	**4,268.0**	874.8	2,643.0
Transportation charges	**286.3**	**930.2**	265.4	810.0
Cash cost applicable to payable copper produced	**4,331.3**	**16,483.9**	3,751.6	12,880.2
Total payable copper produced (000's lbs)	**3,682.0**	**11,428.0**	2,764.0	8,630.3
Cash cost per pound of payable copper produced ($/lb)	**$ 1.18**	**$ 1.44**	$ 1.36	$ 1.48
Cash cost per ounce of payable gold produced				
Cash cost attributable to gold production[(2)]	**$ 1,635.4**	**$ 5,586.5**	$ 1,356.8	$ 5,024.0
Add / subtract				
Refining charges	**8.5**	**70.0**	25.1	72.5
Transportation charges	**166.0**	**468.7**	137.1	430.3
Cash cost applicable to payable gold produced	**1,809.9**	**6,152.2**	1,519.0	5,526.8
Total payable gold produced (oz)	**3,208.7**	**10,296.4**	3,138.8	9,061.1
Cash cost per ounce of payable gold produced ($/oz)	**$ 564.05**	**$ 594.88**	$ 483.94	$ 609.95

[(2)] 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, 2015 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.