ATICO MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States Dollars)

SEPTEMBER 30, 2016

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Atico Mining Corporation (the "Company") for the nine months ended September 30, 2016 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

ATICO MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)

	September 30 2016	December 31 2015
ASSETS		
Current assets		
Cash and cash equivalents (Note 15)	$ 5,809,020	$ 3,794,619
Receivables (Note 3)	4,242,263	3,926,626
Inventories (Note 4)	8,600,503	5,179,035
Prepaids and deposits	1,657,531	1,129,185
Other financial assets (Note 5)	46,950	223,810
Total current assets	20,356,267	14,253,275
Non-current assets		
Advances to suppliers (Note 6)	-	101,798
Mineral property, plant and equipment (Note 6)	60,210,284	63,588,218
Total non-current assets	60,210,284	63,690,016
TOTAL ASSETS	$80,566,551	$77,943,291
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 6,797,365	$ 5,323,531
Other financial liabilities (Note 5)	70,680	-
Credit facilities (Note 8)	5,877,736	3,870,900
Taxes payable	2,219,523	917,676
Current portion of provisions (Note 9)	381,757	140,485
Current portion of long-term loans payable (Note 10)	1,999,138	4,540,252
Total current liabilities	17,346,199	14,792,844
Non-current liabilities		
Provisions (Note 9)	1,684,647	1,928,102
Long-term loans payable (Note 10)	4,014,937	3,117,720
Deferred income tax liabilities	17,614,169	19,260,625
Total non-current liabilities	23,313,753	24,306,447
Total liabilities	40,659,952	39,099,291
EQUITY		
Share capital (Note 12)	37,751,114	37,751,114
Share-based payments reserve (Note 12)	2,787,147	2,518,471
Foreign currency translation reserve	(715,935)	(715,935)
Deficit	(3,886,440)	(4,514,864)
Total equity attributable to equity holders of the Company	35,935,886	35,038,786
Non-controlling interests	3,970,713	3,805,214
Total equity	39,906,599	38,844,000
TOTAL LIABILITIES AND EQUITY	$80,566,551	$77,943,291

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 15, 2016.

Approved by the Board of Directors

"Luis F. Sáenz" Director *"Jorge R. Ganoza"* Director

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

ATICO MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS)

(Expressed in United States Dollars)

	Three months ended September 30 2016	Three months ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
Sales	$11,488,716	$10,838,631	$27,270,325	$30,408,410
Cost of sales				
Direct mining and processing costs	(6,405,318)	(4,944,240)	(13,065,156)	(12,650,618)
Royalties	(83,907)	(206,292)	(527,442)	(631,518)
Depletion and amortization	(3,125,540)	(3,259,383)	(8,199,057)	(7,857,385)
Total cost of sales (Note 4)	(9,614,765)	(8,409,915)	(21,791,655)	(21,139,521)
Income from mining operations	1,873,951	2,428,716	5,478,670	9,268,889
Selling, general and administrative expenses	(1,618,002)	(1,363,746)	(4,356,869)	(3,957,560)
Share-based payments (Note 12)	(186,913)	(62,040)	(399,171)	(279,270)
Income from operations	69,036	1,002,930	722,630	5,032,059
Interest on long-term loans payable (Note 10)	(147,030)	(228,658)	(472,612)	(667,463)
Accretion of provisions (Note 9)	(64,893)	(55,488)	(135,986)	(154,179)
Interest and other income (expenses)	51,475	(62,974)	(91,883)	(273,833)
Fair value adjustment on derivative instruments, net (Note 5)	(34,776)	-	(247,540)	-
Realized gain on forward currency arrangements, net (Note 5)	178,297	-	971,492	-
Foreign exchange gain (loss)	369,632	(199,891)	756,921	2,140
Income before income taxes	421,741	455,919	1,503,022	3,938,724
Current income tax expense (Note 11)	(300,596)	(141,599)	(2,361,024)	(1,148,798)
Deferred income tax recovery (expense) (Note 11)	113,951	(823,760)	1,646,456	(1,354,908)
Net income (loss)	$ 235,096	$ (509,440)	$ 788,454	$ 1,435,018
Net income (loss) attributable to:				
Equity holders of Atico Mining Corporation	$ 194,020	$ (509,049)	$ 628,424	$ 1,123,084
Non-controlling interests (Note 14)	41,076	(391)	160,030	311,934
	$ 235,096	$ (509,440)	$ 788,454	$ 1,435,018
Basic earnings (loss) per share (Note 13)	$ 0.00	$ (0.01)	$ 0.01	$ 0.01
Diluted earnings (loss) per share (Note 13)	$ 0.00	$ (0.01)	$ 0.01	$ 0.01
Weighted average no. of shares outstanding - basic (Note 13)	97,591,571	97,591,571	97,591,571	97,591,571
Weighted average no. of shares outstanding - diluted (Note 13)	97,591,571	97,591,571	97,591,571	97,591,571

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

ATICO MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in United States Dollars)

	Three months ended September 30 2016	Three months ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
Net income (loss)	$ 235,096	$ (509,440)	$ 788,454	$ 1,435,018
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment	-	-	-	(602,996)
Total other comprehensive income (loss)	-	-	-	(602,996)
Total comprehensive income (loss)	$ 235,096	$ (509,440)	$ 788,454	$ 832,022
Total comprehensive income (loss) attributable to:				
Equity holders of Atico Mining Corporation	$ 194,020	$ (509,049)	$ 628,424	$ 520,088
Non-controlling interests	41,076	(391)	160,030	311,934
	$ 235,096	$ (509,440)	$ 788,454	$ 832,022

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

ATICO MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	Three months ended September 30 2016	Three months ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ 235,096	$ (509,440)	$ 788,454	$ 1,435,018
Items not affecting cash and cash equivalents:				
Depletion and amortization	3,188,883	3,323,608	8,378,694	8,006,030
Share-based payments	186,913	62,040	399,171	279,270
Accretion of decommissioning and restoration provision	37,166	37,157	108,259	107,850
Interest on finance lease obligations	17,629	46,329	27,727	46,329
Interest income	(9)	(647)	(1,262)	(3,102)
Interest expense	191,275	290,226	602,164	847,904
Fair value adjustment on derivative instruments, net	34,776	-	247,540	-
Deferred income tax (recovery) expense	(113,951)	823,760	(1,646,456)	1,354,908
Unrealized foreign exchange effect	2,906	(229,021)	109,125	(962,282)
	3,780,684	3,844,012	9,013,416	11,111,925
Changes in non-cash operating working capital items (Note 15)	1,091,151	1,772,134	(877,430)	1,767,383
Net cash provided by operating activities	4,871,835	5,616,146	8,135,986	12,879,308
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral property, plant and equipment	(2,157,358)	(2,453,619)	(5,681,591)	(6,148,787)
Interest received	9	647	1,262	3,102
Net cash used in investing activities	(2,157,349)	(2,452,972)	(5,680,329)	(6,145,685)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of long-term loans payable	(518,732)	(1,353,333)	(2,141,451)	(3,261,987)
Payments on finance lease obligations	(45,432)	(45,565)	(136,295)	(91,130)
Advance on concentrate inventories withdrawn, net	(615,989)	-	681,767	(4,671,221)
Bank credit facilities (repaid) withdrawn, net	(1,209,700)	380,250	1,301,500	1,666,240
Interest paid	(37,541)	(61,568)	(105,984)	(180,441)
Net cash used in financing activities	(2,427,394)	(1,080,216)	(400,464)	(6,538,539)
Effect of exchange rate changes on cash and cash equivalents	(2,729)	(8,817)	(40,792)	(599)
Change in cash and cash equivalents	284,363	2,074,141	2,014,401	194,485
Cash and cash equivalents, beginning of period	5,524,657	3,222,978	3,794,619	5,102,634
Cash and cash equivalents, end of period	$ 5,809,020	$ 5,297,119	$ 5,809,020	$ 5,297,119

Supplemental disclosure with respect to cash flows (Note 15)

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

ATICO MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in United States Dollars)

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Non-controlling interests	Deficit	**Total equity**
Balance as at December 31, 2015	97,591,571	37,751,114	2,518,471	(715,935)	3,805,214	(4,514,864)	38,844,000
Share-based payments	-	-	268,676	-	-	-	268,676
Adjustment to non-controlling interests	-	-	-	-	5,469	-	5,469
Net income	-	-	-	-	160,030	628,424	788,454
Balance as at September 30, 2016	97,591,571	$37,751,114	$ 2,787,147	$ (715,935)	$ 3,970,713	$ (3,886,440)	$39,906,599
Balance as at December 31, 2014	97,591,571	$37,751,114	$ 2,179,219	$ (112,939)	$ 3,494,863	$ (4,490,982)	$38,821,275
Share-based payments	-	-	279,270	-	-	-	279,270
Foreign currency translation adjustment	-	-	-	(602,996)	-	-	(602,996)
Net income	-	-	-	-	311,934	1,123,084	1,435,018
Balance as at September 30, 2015	97,591,571	$37,751,114	$ 2,458,489	$ (715,935)	$ 3,806,797	$ (3,367,898)	$39,932,567

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

1. NATURE OF OPERATIONS

Atico Mining Corporation (the "Company") was incorporated in the Yukon Territories on April 15, 2010 and continued to British Columbia on October 4, 2011. 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's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "ATY". The address of its head office is Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

On November 22 2013, the Company acquired 90% of the issued and outstanding common shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble mining property ("El Roble"), an operating copper-gold mine in Colombia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual financial statements, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2015.

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 United States Dollars)

3. RECEIVABLES

	September 30 2016	December 31 2015
Trade receivables	$ 1,356,804	$ 1,703,070
GST/VAT and other taxes recoverable	2,781,697	2,077,677
Other receivables	103,762	145,879
	$ 4,242,263	$ 3,926,626

As at September 30, 2016 and December 31, 2015, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at September 30, 2016 and December 31, 2015 was $Nil.

The Company has a concentrate off-take agreement where the customer will purchase 100% of the metals concentrate produced at the El Roble mining property. This current agreement has an expected settlement period of four months. The aging analysis of the Company's trade receivables from sales of metals concentrate is as follows:

	September 30 2016	December 31 2015
0 to 30 days	$ 555,254	$ 1,133,362
31 to 60 days	-	-
61 to 90 days	638,632	-
91 to 120 days	-	569,708
Over 120 days	-	-
	$ 1,356,804	$ 1,703,070

4. INVENTORIES

	September 30 2016	December 31 2015
Consumable parts and supplies	$ 2,653,618	$ 2,029,908
Ore stockpiles	207,405	152,429
Metals concentrate	5,739,480	2,996,698
	$ 8,600,503	$ 5,179,035

For the three and nine months ended September 30, 2016, the Company recorded cost of sales of $9,614,765 and $21,791,655 (2015 - $8,409,915 and $21,139,521), where direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs.

(Expressed in United States Dollars)

5. OTHER FINANCIAL ASSETS AND LIABILITIES

	Commodity derivative arrangements	Commodity forward sale arrangements	Currency forward arrangements	**Total**
As at December 31, 2015	$ -	$ 180,000	$ 43,810	$ 223,810
Fair value adjustments during the period	(23,730)	-	-	(23,730)
Reversal of previous fair value adjustments	-	(180,000)	(43,810)	(223,810)
As at September 30, 2016	$ (23,730)	$ -	$ -	$ (23,730)
Other financial assets	$ 46,950	$ -	$ -	$ 46,950
Other financial liabilities	$ (70,680)	$ -	$ -	$ (70,680)

The Company enters into derivative instruments from time to time in the normal course of business in order to manage its exposure to fluctuations in copper price, gold price, and the Colombian peso/US dollar exchange rate. The Company does not enter into or trade derivative instruments for speculative purposes.

The Company has not applied hedge accounting to these derivative transactions. Derivative instruments are marked-to-market at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustment has been recognized in other financial assets or liabilities on the consolidated statement of financial position. During the nine months ended September 30, 2016, the Company recognized a negative net fair value adjustment of $247,540 (2015 - $Nil) on its derivative instruments, and a net realized gain of $971,492 (2015 - $Nil) on the settlement of its forward currency arrangements.

Commodity derivative arrangements

As at September 30, 2016, the Company had a series of zero-cost commodity derivative arrangements with Auramet International LLC. Each arrangement is net settled based on the difference between the market price and the contracted settlement price, where the Company receives proceeds if the contracted settlement price is above the market price. The details of the arrangements are as follows:

Settlement date	Quantity[1]	Settlement price
Copper		
October 17, 2016	300 MT	4,922
December 15, 2016	300 MT	4,850
January 14, 2017	300 MT	4,908
Gold		
October 17, 2016	400 oz	1,260
December 15, 2016	400 oz	1,260
January 17, 2017	400 oz	1,260

[1]Copper quantities in metric tonnes ("MT") and gold quantities in ounces ("oz")

(Expressed in United States Dollars)

5. OTHER FINANCIAL ASSETS (cont'd…)

Commodity forward sale arrangements

During the nine months ended September 30, 2016, the Company had entered into zero-cost commodity forward sale arrangements with its customer, whereby both parties agreed to preset the prices on metals shipped and to be settled at the end of the settlement period. As at September 30, 2016, the Company did not have any outstanding arrangements for metals to be shipped and provisionally invoiced.

Currency forward arrangements

During the nine months ended September 30, 2016, the Company had entered into zero-cost non-deliverable currency forward arrangements with Bancolombia between the US dollar and Colombian peso. Each arrangement was net settled based on the difference between the market exchange rate and the contracted settlement rate, where the Company received proceeds if the contracted settlement rate is above the market exchange rate to purchase Colombian peso. As at September 30, 2016, the Company did not have any outstanding arrangements.

6. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Plant, building, machinery, and equipment	Land	**Total**
As at December 31, 2015, net	$ 51,783,887	$ 11,528,497	$ 275,834	$ 63,588,218
Changes for the period:				
Additions	2,568,322	3,113,269	-	5,681,591
Provision adjustments (Note 9)	(145,888)	-	-	(145,888)
Depletion and amortization	(5,020,850)	(3,892,787)	-	(8,913,637)
As at September 30, 2016, net	$ 49,185,471	$ 10,748,979	$ 275,834	$ 60,210,284
As at December 31, 2015				
Historical cost	$ 62,950,637	$ 16,668,080	$ 275,834	$ 79,894,551
Accumulated amortization	(11,166,750)	(5,139,583)	-	(16,306,333)
Net carrying amount	$ 51,783,887	$ 11,528,497	$ 275,834	$ 63,588,218
As at September 30, 2016				
Historical cost	$ 65,373,071	$ 19,781,349	$ 275,834	$ 85,430,254
Accumulated amortization	(16,187,600)	(9,032,370)	-	(25,219,970)
Net carrying amount	$ 49,185,471	$ 10,748,979	$ 275,834	$ 60,210,284

As at September 30, 2016, the Company held leased assets with net carrying amount of $224,475 (December 31, 2015 - $408,137) financed by finance leases (Note 9) and carried $Nil (December 31, 2015 - $101,798) of non-current advances to suppliers.

(Expressed in United States Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2016	December 31 2015
Trade and other payables	$ 4,453,967	$ 3,821,348
Payables to non-controlling interest of MINER	240,675	83,817
Payroll and related liabilities	605,257	525,963
Accrued liabilities	1,497,466	892,403
	$ 6,797,365	$ 5,323,531

8. CREDIT FACILITIES

	September 30 2016	December 31 2015
Bank credit facilities	$ 2,851,500	$ 1,550,000
Advances on concentrate inventories	3,000,000	2,320,900
Accrued interest expense	26,236	-
	$ 5,877,736	$ 3,870,900

Advance on concentrate inventories

As part of the off-take agreement with the customer, Company has been provided an inventory facility. Any amount advanced by the customer carries annual interest based on the London Inter-bank Offered Rates (“LIBOR”) plus 4.50% from the date of advance until the date of the payment on provisional invoice has been made.

Bank credit facilities

The Company has arrangements for unsecured credit facilities with a number of Colombian banks, including Banco Davivienda S.A., Banco de Occidente, Bancolombia, and Banco Popular, of up to Colombian pesos (“COP”) $24,420,000,000 (approximately $8,505,000). As at September 30, 2016, the Company owed balances on these facilities, which carry annual interest based on the LIBOR plus 1.50% to 2.20% (December 31, 2015 - LIBOR plus 1.60%) and terms up to twelve months from the date of drawn down.

(Expressed in United States Dollars)

9. PROVISIONS

	Decommissioning and restoration provision	Finance lease obligations	Share-based payment provision	**Total**
As at December 31, 2015	$ 1,642,295	$ 426,292	$ -	$ 2,068,587
Change in estimates	(145,888)	-	-	(145,888)
Accretion expense	108,259	27,727	-	135,986
Payments during the period	-	(136,295)	-	(136,295)
Share-based payments (Note 12)	-	-	130,495	130,495
Currency translation adjustments	-	13,519	-	13,519
				-
As at September 30, 2016	1,604,666	331,243	130,495	2,066,404
Less: current portion	-	331,243	50,514	381,757
Long term portion	$ 1,604,666	$ -	$ 79,981	$ 1,684,647

Decommissioning and restoration provision

A decommissioning and restoration provision has been recognized in respect of the mining operations at the El Roble mining property, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy the decommissioning and restoration provision as at September 30, 2016 were $3,150,000 (December 31, 2015 - $3,150,000), which were adjusted for inflation and uncertainty of the cash flows and then discounted using a risk adjusted pre-tax discount rate of 9.75% (December 31, 2015 - 9.75%). The change in inflation estimates and uncertainty of cash flows resulted in a reduction of $145,888 to the decommissioning and restoration provision.

In view of the uncertainties concerning environmental reclamation, the ultimate cost of reclamation activities could differ materially from the estimated amount recorded. The estimate of the Company’s decommissioning and restoration liability relating to the El Roble mining property is subject to change based on amendments to laws and regulations and as new information regarding the Company’s operations becomes available. Future changes, if any, to the estimated liability as a result of amended requirements, laws, regulations, operating assumptions, estimated timing and amount of obligations may be significant and would be recognized prospectively as a change in accounting estimate. Any such change would result in an increase or decrease to the liability and a corresponding increase or decrease to the mineral property, plant and equipment balance.

Finance lease obligations

During the year ended December 31, 2014, the Company acquired certain mining equipment that are classified as finance leases, with the applicable costs included in mineral property, plant and equipment (Note 6). Future minimum lease payments as at September 30, 2016 and December 31, 2015 are as follows:

	September 30 2016	December 31 2015
2016	$ 49,279	$ 197,039
2017	334,732	334,732
Total minimum lease payments	384,011	531,771
Future finance charges at implicit rate	(22,997)	(50,926)
Currency translation adjustments	(29,771)	(54,553)
Balance of unpaid obligations	$ 331,243	$ 426,292

(Expressed in United States Dollars)

9. PROVISIONS (cont'd…)

Share-based payment provision

The Company recognized share-based payment provision for restricted share units (RSUs) granted, refer to Note 12 for details on the RSUs plans.

10. LONG-TERM LOANS PAYABLE

	Trafigura	Nordea/ Sandvik	Total
As at December 31, 2015	$ 6,603,262	$ 1,054,710	$ 7,657,972
Repayments - principal	(1,166,667)	(484,963)	(1,651,630)
Repayments - interest	(438,282)	(51,539)	(489,821)
Interest expense	424,485	48,127	472,612
Currency translation adjustments	-	24,942	24,942
As at September 30, 2016	5,422,798	591,277	6,014,075
Less: current portion	1,672,798	326,340	1,999,138
Long term portion	$ 3,750,000	$ 264,937	$ 4,014,937

Trafigura Pte. Ltd.

In November 2013, the Company entered into a senior secured repayable debt facility for $8,000,000 with Trafigura Pte. Ltd. ("Trafigura"). The funds drawn have a repayment term of 48 months, with stated annual interest of LIBOR plus 9%, payable quarterly, subject to a 12-month grace period with the first repayment date being February 22, 2015. There was a $125,000 financing fee paid to Trafigura when the funds were drawn. The facility is secured by the Company's shareholding in MINER. Under the effective interest method, this loan has an effective annual interest rate of 9.53%. In February 2015, the repayment schedule was amended where the Company has the option to postpone each of the first four principal repayments for twelve months; at which, the Company elected to postpone two of its principal repayments.

During nine months ended September 30, 2016, the repayment schedule was extended up to 2019 where each principal payment amount has been reduced and an accelerated payment component, dependent on metal prices, has been added.

As at September 30, 2016, the Company was in compliance with all qualitative and quantitative covenants.

Nordea Bank Finland plc and Sandvik AB

On the acquisition of MINER, the Company assumed two loans for an aggregate amount of €1,254,600 in connection with purchase financings of equipment from Sandvik AB ("Sandvik"). Under the terms of these arrangements, the Company makes quarterly installments totaling €104,550, along with applicable interest at a stated annual interest rate of 8.5% over three years. The facility is secured by the equipment financed. Sandvik subsequently assigned the loans to Nordea Bank Finland plc ("Nordea"), where the terms remained unchanged.

During the year ended December 31, 2015, the Company entered into loan agreements for an aggregate of €708,900 in connection with purchase financing of equipment from Sandvik. Under the terms of the arrangement, the Company makes quarterly installments totaling €59,075, along with applicable interest at a stated annual interest rate of 7.5% over three years.

(Expressed in United States Dollars)

10. LONG-TERM LOANS PAYABLE (cont'd…)

The schedule of maturities on outstanding loan obligations is as follows:

	September 30 2016
2016	$ 300,008
2017	2,265,181
2018	2,198,886
2019	1,250,000
Total	$ 6,014,075

11. INCOME TAXES

Income tax expense differs from the amount that would result from applying Canadian income tax rates to earnings before income taxes. These differences result from the following items:

For the nine months ended	September 30 2016	September 30 2015
Income before income taxes	$ 1,503,022	$ 3,938,724
Canadian federal and provincial income tax rates	26.00%	26.00%
Expected income tax expense at statutory income tax rate	390,786	905,529
Difference between Canadian and foreign tax rates	200,992	687,132
Change in effective tax rate	-	(263,774)
Permanent differences and other adjustments	239,950	69,713
Changes in recognized deferred tax assets and liabilities	-	322,243
Changes in unrecognized deferred tax assets	348,062	168,436
Impact of foreign exchange on deferred tax assets and liabilities	(465,222)	(350,932)
Total income tax expense	$ 714,568	$ 1,538,347
Current income tax expense	$ 2,361,024	$ 1,007,199
Deferred income tax expense (recovery)	(1,646,456)	531,148

12. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

During the nine months ended September 30, 2016, the Company did not issue any common shares.

(Expressed in United States Dollars)

12. SHARE CAPITAL (cont'd…)

Stock options

The continuity of stock options for the nine months ended September 30, 2016 is as follows:

Expiry Date	Exercise Price (CAD)	**Balance December 31 2015**	Granted	Exercised	Expired/ Cancelled	**Balance September 30 2016**
Jun 30, 2016	$ 0.50	1,710,000	-	-	(1,710,000)	-
Jul 11, 2016	0.50	140,000	-	-	(140,000)	-
Apr 24, 2017	0.55	250,000	-	-	-	250,000
May 16, 2017	0.51	130,000	-	-	-	130,000
Feb 04, 2018	0.98	1,810,000	-	-	(5,000)	1,805,000
Mar 01, 2018	0.98	340,000	-	-	-	340,000
July 11, 2019	0.79	2,870,671	-	-	-	2,870,671
Apr 12, 2021	0.345	-	2,490,583	-	-	2,490,583
Outstanding		7,250,671	2,490,583	-	(1,855,000)	7,886,254
Weighted average exercis		$ 0.76	$ 0.345	$ -	$ 0.50	$ 0.69
Exercisable		4,954,134				3,960,336

As at September 30, 2016, the weighted average remaining life of the stock options outstanding is 2.84 (December 31, 2015 - 2.22) years with vesting periods ranging from 0 to 36 months.

Restricted share units

The RSUs entitle employees, directors, or officers to cash payments, which vest and are payable in installments over a period of up to three years following the date of the award. The RSUs payment will be an amount equal to the fair market value of the Company's common share on the vesting date multiplied by the number of RSUs held. The continuity of RSUs for the nine months ended September 30, 2016 is as follows:

Expiry Date	**Balance December 31 2015**	Granted	Exercised	Expired/ Cancelled	**Balance September 30 2016**
April 12, 2019	-	971,429	-	-	971,429

As at September 30, 2016, the weighted average remaining life of the stock options outstanding is 2.53 (December 31, 2015 - Nil) years with vesting periods ranging from 12 to 36 months.

(Expressed in United States Dollars)

12. SHARE CAPITAL (cont'd…)

Share-based payments and share-based payment reserve

During the nine months ended September 30, 2016, the Company granted 2,490,583 stock options to employees, directors, and officers of the Company, all of which will vest over 36 months. Using the fair value method for share-based payments, the Company determined the fair value of the options granted to be C$540,404 or C$0.22 per option. The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

Weighted average:	September 30 2016	September 30 2015
Risk free interest rate	0.76%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	79%	n/a
Expected life in years	5	n/a
Forfeiture rate	0%	n/a

During the nine months ended September 30, 2016, the Company granted 971,429 RSUs to employees and officers of the Company, all of which will vest over 36 months. Using the fair value method for share-based payments, the Company determined the fair value of the RSUs granted to be C$301,143 or C$0.31 per RSUs.

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of $399,171 (2015 - $279,270) with the offsetting credit to share-based payments reserve and provision of $130,495 and $268,676 (2015 - $Nil and $279,270) respectively during the nine months ended September 30, 2016.

13. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share, calculated on a basic and diluted basis, is as follows:

	Three months ended September 30 2016	Three months ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
Net income (loss)[1]	$ 194,020	$ (509,049)	$ 628,424	$ 1,123,084
Weighted average number of common shares outstanding - basic	97,591,571	97,591,571	97,591,571	97,591,571
Dilutive effect of stock options outstanding	-	-	-	-
Weighted average number of common shares outstanding - diluted	97,591,571	97,591,571	97,591,571	97,591,571
Basic earnings (loss) per share[1]	$ 0.00	$ (0.01)	$ 0.01	$ 0.01
Diluted earnings (loss) per share[1]	$ 0.00	$ (0.01)	$ 0.01	$ 0.01

[1] Attributable to equity holders of the Company

(Expressed in United States Dollars)

14. RELATED PARTY BALANCES AND TRANSACTIONS

MINER non-controlling interests

MINER is a 90%-owned subsidiary of the Company and is 10% owned by a minority shareholders' group. On the acquisition date, the Company allocated $3,508,384 to the non-controlling interests based on the fair value of assets acquired and liabilities assumed on the acquisition of MINER. For the nine months ended September 30, 2016, income of $160,030 (2015 - $311,934) has been allocated to the non-controlling interests of MINER. Summarized financial information about MINER is as follows:

For the nine months ended	September 30 2016	September 30 2015
Current assets	$ 19,487,315	$ 12,327,571
Non-current assets	56,873,808	61,444,258
Current liabilities	14,753,446	8,652,504
Non-current liabilities	19,483,773	21,372,328
Net income and total comprehensive income	$ 1,600,300	$ 3,119,340

Compensation of key management personnel

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

Nine months ended September 30, 2016	Salary or fees	Share-based payments	**Total**
Management	$ 609,750	$ 239,934	$ 849,684
Outside directors	103,200	100,964	204,164
Seabord Services Corp.	135,604	-	135,604
	$ 848,554	$ 340,898	$ 1,189,452

Nine months ended September 30, 2015	Salary or fees	Share-based payments	**Total**
Management	$ 616,950	$ 148,679	$ 765,629
Outside directors	64,500	111,055	175,555
Seabord Services Corp.	141,608	-	141,608
	$ 823,058	$ 259,734	$ 1,082,792

As at September 30, 2016, the Company had $754,900 (December 31, 2015 - $733,700) 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 a 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.

(Expressed in United States Dollars)

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Components of cash and cash equivalents

	September 30 2016	December 31 2015
Cash	$ 5,722,770	$ 3,708,369
Short-term deposits	86,250	86,250
	$ 5,809,020	$ 3,794,619

The short-term deposits are used as collateral for the Company's credit cards.

Changes in non-cash working capital

The changes in non-cash working capital items are comprised as follows:

	Three months ended September 30 2016	Three months ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
Receivables	$ (92,280)	$ 417,619	$ (315,637)	$ (1,691,624)
Inventories	(123,696)	1,121,084	(2,916,395)	2,021,139
Prepaids and deposits	92,626	13,407	(528,346)	445,666
Accounts payable and accrued liabilities	916,238	336,878	1,581,101	510,296
Taxes payable	298,263	(116,854)	1,301,847	481,906
Net change in non-cash working capital	$ 1,091,151	$ 1,772,134	$ (877,430)	$ 1,767,383

Significant non-cash investing and financing activities

During the nine months ended September 30, 2016, the Company:

a) reallocated mineral property depletion of $1,873,907 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
b) reallocated mineral property depletion of $1,368,834 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
c) recorded adjustment to non-controlling interest of $5,469 in accounts payable and accrued liabilities; and
d) recorded adjustment to mineral property, plant and equipment of $145,888 in decommissioning and restoration provision.

During the nine months ended September 30, 2015, the Company:

a) reallocated mineral property depletion of $508,389 the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
b) reallocated mineral property depletion of $1,763,083 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
c) recorded advances to suppliers of $96,300 in accounts payable and accrued liabilities; and
d) recorded mineral property, plant and equipment additions of $786,188 in long-term loans payable.

(Expressed in United States Dollars)

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to provide shareholder returns through maximization of the profitable growth of the business and to maintain a degree of financial flexibility relevant to the underlying operating and metal price risks while safeguarding the Company's ability to continue as a going concern.

The capital of the Company consists of share capital and available credit facilities. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. The management of the Company believes that the capital resources of the Company as at September 30, 2016 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	September 30 2016	December 31 2015
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 5,809,020	$ 3,794,619
Receivables	103,762	145,879
Fair value through profit or loss		
Receivables from provisional sales	1,356,804	1,703,070
Other financial assets	46,950	223,810
	$ 7,316,536	$ 5,867,378
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 6,797,365	$ 5,323,531
Credit facilities	5,877,736	3,870,900
Finance lease obligations	331,243	426,292
Long-term loans payable	6,014,075	7,657,972
Fair value through profit or loss		
Other financial liabilities	70,680	-
Share-based payment provision	130,495	-
	$ 19,221,594	$ 17,278,695

(Expressed in United States Dollars)

17. FINANCIAL INSTRUMENTS (cont'd…)

Fair value

Financial instruments recorded at fair value on the consolidated 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:

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

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

As at September 30, 2016, 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	$ -	$ 1,356,804	$ -	$ 1,356,804
Other financial assets	-	46,950	-	46,950
Other financial liabilities	-	70,680	-	70,680
Share-based payment provision	$ -	$ 130,495	$ -	$ 130,495

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, derivative instruments, and share-based payment provision are valued using observable market commodity prices and the Company's own share price and thereby classified within Level 2 of the fair value hierarchy.

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

Metal price risk

The Company is exposed to metals price risk. Based on concentrate shipped and provisionally invoiced during the nine months ended September 30, 2016, a 1% change in copper and gold prices would result in an increase/decrease of approximately $163,000 and $53,000 in the Company's pre-tax income or loss on an annualized basis, respectively.

17. FINANCIAL INSTRUMENTS (cont'd…)

Credit risk

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Liquidity risk

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. The maturities of the Company's non-current liabilities are disclosed in Notes 9 and 10. All current liabilities are settled within one year.

Interest rate risk

As at September 30, 2016, a 10% change in LIBOR rates would result in an increase/decrease of approximately $83,000 in the Company's pre-tax income or loss on an annualized basis based on the debt and credit facilities used.

Currency risk

As at September 30, 2016, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian nuevo soles	Euros	Colombian pesos (000's)
Cash and cash equivalents	$ 163,714	$ 163,946	$ -	$ 749,611
Receivables	5,056	135,881	-	8,156,614
Accounts payable and accrued liabilities	(272,060)	(146,305)	-	(16,426,823)
Taxes payable	-	-	-	(6,372,672)
Finance lease obligations	-	-	(295,439)	-
Long-term loans payable	-	-	(527,366)	-
Net exposure	(103,290)	153,522	(822,805)	(13,893,270)
US dollar equivalent	$ (78,600)	$ 46,056	$ (923,369)	$ (4,838,854)

Based on the above net exposure, as at September 30, 2016, 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 $58,000 in the Company's pre-tax income or loss.

(Expressed in United States Dollars)

18. CONTINGENCY

During the year ended December 31, 2015, the Company's operating subsidiary, 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 September 30, 2016, 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.

19. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties, and has an operating mine in Colombia. The Company operates in one industry and has one reportable segment, which is reviewed by the chief operating decision maker and identified based on quantitative factors whereby its revenues or assets comprise 10% or more of the total revenues or assets of the Company. As at September 30, 2016, the Company only has a single off-take agreement for metals concentrate produced at the El Roble mining property.

Geographic segment details

As at September 30, 2016	Canada	Colombia	Other	**Total**
Cash and other current assets	$ 584,871	$ 19,558,014	$ 213,382	$ 20,356,267
Mineral property, plant and equipment	-	60,208,454	1,830	60,210,284
Total assets	$ 584,871	$ 79,766,468	$ 215,212	$ 80,566,551

As at December 31, 2015	Canada	Colombia	Other	**Total**
Cash and other current assets	$ 645,435	$ 13,518,982	$ 88,858	$ 14,253,275
Advances to suppliers	-	101,798	-	101,798
Mineral property, plant and equipment	-	63,585,041	3,177	63,588,218
Total assets	$ 645,435	$ 77,205,821	$ 92,035	$ 77,943,291