ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Nine Months Ended September 30, 2016

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 November 15, 2016, should be read in conjunction with the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2016 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.

THIRD QUARTER 2016 HIGHLIGHTS

- Net income for the three months ended September 30, 2016 ("Q3-2016") amounted to $0.24 million, compared with loss of $0.51 million for the comparative period in 2015 ("Q3-2015"). Net income in Q3-2016 was positively affected by an increase in concentrate shipped and provisionally invoiced, partially offset by a lower realized copper price and increased direct mining and processing costs caused by a national transportation strike in Colombia.

- Sales for Q3-2016 increased 6% to $11.5 million when compared with Q3-2015. The increase is due to an increase in concentrate shipped and provisionally invoiced, partially offset by lower realized copper price as compared to Q3-2015. Copper ("Cu") accounted for 85.0% and gold ("Au") 15.0% of total amount provisionally invoiced in Q3-2016. The average realized price per metal on provisional invoicing was $2.18 (Q3-2015 - $2.38) per pound of copper and $1,324.86 (Q3-2015 - $1,134.12) per ounce of gold.

- Cash costs were $116.20 per tonne of processed ore and $1.35 per pound of payable copper produced, which was increase of 23% and 38% over Q3-2015, respectively (refer to non-GAAP Financial Measures). The increase in the cash cost per pound of payable copper net of by products is mainly explained by a negative impact in the cost per processed tonne caused by the national transportation strike and a lower gold credit driven by less ounces produced.

- All-in sustaining cash cost per payable pound of copper produced for Q3-2016 was $1.86 (refer to non-GAAP Financial Measures).

- Income from operations was $0.07 million while cash flow from operations, before changes in working capital, was $3.78 million. Cash used for capital expenditures amounted to $2.16 million.

- The Company produced 10,221 (Q3-2015 - 7,830) dry metric tonnes ("DMT") of concentrate with a metal content of 4.5 million (Q3-2015 - 3.3 million) pounds ("lbs") of copper and 2,813 (Q3-2015 - 2,969) ounces ("oz") of gold.

- Processed tonnes increased 29% to 61,886 compared to 48,015 in Q3-2015.

- At the quarter-end, 7,366 wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

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 2016	Q3 2016	Q2 2016	Q1 2016	YTD 2015	Q3 2015	Q2 2015	Q1 2015
Production (contained metals)[1]								
Copper (000 lbs)	**13,578**	**4,515**	**4,787**	**4,277**	8,168	3,255	2,910	2,003
Gold (oz)	**8,327**	**2,813**	**2,948**	**2,566**	7,558	2,969	2,298	2,291
Silver (oz)	**27,159**	**8,893**	**9,953**	**8,313**	25,386	12,137	6,941	6,308
Mining								
Material (tonnes)	**180,403**	**63,539**	**63,112**	**53,752**	122,270	48,319	41,287	32,664
Milling								
Milled (tonnes)	**179,847**	**61,886**	**64,246**	**53,715**	122,320	48,015	40,747	33,558
Tonnes per day	**787**	**766**	**814**	**778**	596	641	575	557
Copper grade (%)	**3.63**	**3.48**	**3.63**	**3.81**	3.23	3.26	3.45	2.91
Gold grade (g/t)	**2.17**	**2.08**	**2.19**	**2.21**	2.85	2.81	2.65	3.14
Silver grade (g/t)	**7.87**	**7.70**	**8.03**	**7.87**	10.92	12.27	9.02	11.33
Recoveries								
Copper (%)	**94.0**	**94.6**	**93.0**	**94.4**	93.8	94.4	93.7	93.2
Gold (%)	**66.7**	**67.9**	**65.0**	**67.3**	67.5	68.5	66.2	67.5
Silver (%)	**60.2**	**59.5**	**59.8**	**61.4**	58.9	64.1	58.7	51.6
Concentrate								
Cu concentrate produced (DMT)	**30,613**	**10,221**	**10,718**	**9,674**	19,607	7,830	6,938	4,839
Copper (%)	**20.1**	**20.0**	**20.3**	**20.1**	18.9	18.9	19.0	18.8
Gold (g/t)	**8.5**	**8.6**	**8.6**	**8.3**	12.0	11.8	10.3	14.7
Silver (g/t)	**28.0**	**27.1**	**28.9**	**26.7**	40.3	48.2	31.1	40.6
Payable copper produced (000 lbs)	**12,887**	**4,312**	**4,527**	**4,048**	7,746	3,092	2,764	1,890
Cash cost per pound of payable copper produced[2]	**1.06**	**1.35**	**0.96**	**0.86**	1.09	0.98	1.16	1.16

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

The Company produced 4.51 million lbs of copper, 2,813 oz of gold, and 8,893 oz of silver in Q3-2016. When compared to Q3-2015, production increased 39% for copper, and decreased 5% for gold and 27% for silver. The increase in copper produced is mainly explained by a 29% increase in processed material and to a lesser extent a 7% increase in the copper head grade. In the case of gold, the increase in processed material was offset by a 26% decrease in the gold head grade and a slight decrease in the metal recovery.

Copper head grades for Q3-2016 were in line with the Company's expectations. Gold head grades were lower than anticipated for the quarter, explained by a lower in-situ gold grade in the stopes exploited during the quarter relative to the geological model. The Company has further assessed the grades in the blocks scheduled for mining in the three months ended December 31, 2016 and January 31, 2017 ("Q4-2016" and "Q1-2017") and expects the in-situ gold grade to be in line with the geological model.

Copper recovery was maintained above 94% while gold recovery was 67.9%, short of the 70% recovery for gold the Company has set as a goal. The Company has been successful in consistently increasing the copper content in the concentrate to above 20% but has not been able to reach the target gold recovery. For the remainder of the year, the gold recovery is expected to be in the same range as Q3-2016.

Metallurgical tests for El Roble are now being directed to study the possibility of materially increasing the copper content in the concentrate while maintaining the current gold recovery and in parallel assessing alternative methods to recover the gold associated with the pyrite.

Production results for the nine months ended September 30, 2016 are in line to achieve the production guidance and main goals for the year. The Company expects copper production will exceed the guidance and gold production will be in the higher end of the guidance range.

Cash costs for Q3-2016 were $116.20 per tonne of processed ore, and $1.35 per pound of payable copper produced net of by-product credits, which represents a 23% and 38% increase over Q3-2015, respectively (refer to non-GAAP Financial Measures).

The increase in cash cost is mainly explained by a negative impact in the cost per processed tonne caused by the national transportation strike, and lower gold credit driven by less ounces produced. The Company expects the cash cost for Q4-2016 will be closer to the average cost for the nine months ended September 30, 2016.

As of the second quarter of 2016 ("Q2-2016"), the Company has begun to include all-in sustaining cash cost metric in its publicly stated materials. For Q3-2016, the all-in sustaining cash cost net of by credit products is $1.86 per pound of payable copper produced (refer to non-GAAP Financial Measures).

Cash used for capital expenditure activities during Q3-2016 were $2.16 million. Major categories of expenditure included $1.20 million in underground mine development, $0.47 million in equipment and infrastructure related to the mine, $0.17 million in the second phase of the tailings dam and $0.22 million related to the mill, surface and energy infrastructure.

Mine production came from two sources in Q3-2016: Maximus and Zeus. Zeus provided the preponderance of material for processing, Maximus mining continued to be related to recovering in-mine stockpiles and pillar recovery.

During Q3-2016, the ramp deepening in the eastern side of the mineralized bodies continued confirming better ground conditions and the potential for productivity gains and cost savings.

The drift-and-fill mining method implemented in Zeus continues to be successful. At the end of Q3-2016, the primary stopes on the 1818 and 1792 sublevels had been completely filled. Mining during the quarter came from primary stopes on sublevels 1823, 1818, 1797 and 1792.

Pillar mining on the 1832 sublevel began during the quarter with good results indicating that the pillars are reacting as predicted, bearing the loads with no discernable pillar deterioration. Mining activities on all other sublevels in Zeus remain on schedule with conditions as predicted by geotechnical models of the ground conditions, backfill reactions, and other factors.

During Q3-2016, the El Roble mine had five (5) lost time accidents, with a total of eighteen (18) eight-hour work days lost, with none of the accidents being severe or life-threatening. The number of accidents and lost worked days represent a significant improvement over previous quarters. The Company will continue to be committed to support the initiatives launched in Q2-2016 and Q3-2016 to enforce the importance of safety practices at the operation and will assess supporting new initiatives as needed.

Concentrate inventory

Amounts in dry metric tonnes	Q3 2016	YTD 2016	Q3 2015	YTD 2015
Opening inventory	**8,284.6**	**4,094.0**	3,448.7	5,475.8
Production	**10,221.5**	**30,613.3**	7,830.0	19,606.5
Sales	**(11,722.3)**	**(28,003.9)**	(10,075.1)	(24,036.6)
Adjustment	**(80.4)**	**(80.4)**	157.9	157.9
Closing inventory	**6,703.4**	**6,703.4**	1,203.6	1,203.6

Production is trucked routinely from the El Roble mine to the port of Buenaventura, where 7,500 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.

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

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

Given the Company's revenue recognition policy and shipment schedule, the concentrate produced in any given quarter may not be immediately reflected in its revenue. The timing difference between concentrate produced and revenue recognized tends to decrease significantly when viewed on a yearly basis. In Q3-2016, the Company produced 10,221 DMT and sold 11,722 DMT of concentrate; the difference is explained by concentrate inventory carried forward from Q2-2016.

Exploration at El Roble

During Q3-2016, the underground drilling program at the El Roble mine continued further defining the known mineralized bodies for mine planning purposes and step out drilling to test continuity of known mineralized bodies.

The Company anticipates to have a second rig on-site during Q4-2016 to accelerate underground exploration step out drilling.

Drilling of the surface targets San Lorenzo and Santa Anita initially scheduled for late Q2-2016 was delayed due to logistics issues and is now expected to begin in Q4-2016. The drill program in these two targets includes close to 3,000 meters. Information provided by drill campaign will be assessed to evaluate further drill recommendations in these two areas.

Regional geology and advancement of drill targets has continued in Q3-2016 with a focus on discovering new targets and preparing known targets for the 2017 surface drill campaign. The Company anticipates this work will be ongoing throughout the remainder of the year.

OUTLOOK

The Company provided guidance for 2016 based 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 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.

The Company believes the Q3-2016 results are in line with the objectives set for 2016 at the El Roble mine.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to September 30, 2016, and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2015 and 2014.

	Q3-2016	Q2-2016	Q1-2016	Q4-2015
Revenue	$ 11,488,716	$ 3,659,067	$ 12,122,542	$ 6,314,214
Income (loss) from operations	69,036	(1,619,135)	2,272,729	42,886
Net income (loss) for the period[1]	194,020	(1,290,274)	1,724,678	(1,148,549)
Earnings (loss) per share - basic and diluted	0.00	(0.01)	0.02	(0.01)
Weighted average shares outstanding - basic	97,591,571	97,591,571	97,591,571	97,591,571

	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Revenue	$ 10,838,631	$ 6,116,976	$ 13,452,803	$ 8,374,680
Income (loss) from operations	1,002,930	507,601	3,521,528	1,439,155
Net income (loss) for the period[1]	(509,049)	(470,246)	2,128,961	(2,422,732)
Earnings (loss) per share - basic and diluted	(0.01)	(0.01)	0.02	(0.02)
Weighted average shares outstanding - basic	97,591,571	97,591,571	97,591,571	97,591,571

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

THIRD QUARTER FINANCIAL RESULTS

Third quarter net income was $235,096 compared to loss of $509,440 in Q3-2015 and basic and diluted earnings (loss) per share was $0.00 and $(0.01), respectively. Income from mining operations was $1,873,951 (Q3-2015 - $2,428,716), and the Company had an income from operations of $69,036 (Q3-2015 - $1,002,930). The Q3-2016 income from mining operations was affected by an increase in concentrate shipped and provisionally invoiced, partially offset by a lower realized copper price as compared to Q3-2015 and increased direct mining and processing costs caused by a transportation strike in Colombia. Increase in selling, general and administrative expenses was offset by lower interest expense on long-term credit facilities and net gain from derivative instruments in Q3-2016 over Q3-2015.

Sales for Q3-2016 were $11,488,716 (Q3-2015 - $10,838,631) from the shipping and provisional invoicing of 11,722.3 (Q3-2015 - 10,075.1) 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 Q3-2016 increased over Q3-2015 due to increase in concentrate sold, partially offset by decreases in realized copper price.

Three months ended	September 30 2016	September 30 2015
Sales and realized prices		
Provisional invoices	**$ 12,068,739**	$ 11,363,769
Adjustments[1]	**(580,023)**	(525,138)
Sales per financial statements	**$ 11,488,716**	$ 10,838,631
Copper		
Provisional sales (000's lbs)	**4,977.5**	4,233.8
Realized price ($/lb)[2]	**2.18**	2.38
Net realized price ($/lb)[3]	**2.06**	2.24
Gold		
Provisional sales (oz)	**3,370.8**	3,797.0
Realized price ($/oz)[2]	**1,324.86**	1,134.12
Net realized price ($/oz)[3]	**536.56**	483.07
Silver		
Provisional sales (oz)	**11,878.4**	13,904.1
Realized price ($/oz)[2]	**19.59**	15.04
Net realized price ($/oz)[3]	**0.23**	2.91

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

Cost of sales for Q3-2016 was $9,614,765 (Q3-2015 - $8,409,915) consisting of the following components:

Three months ended	September 30 2016	September 30 2015
Direct mining and processing costs	**$ 6,405,318**	$ 4,944,240
Royalties	**83,907**	206,292
Depletion and amortization	**3,125,540**	3,259,383
	$ 9,614,765	$ 8,409,915

The increased cost of sales for the Q3-2016 over the comparative period is due to an increase in the tonnes of concentrate shipped and provisionally invoiced, partially offset by a decrease in production cost per unit.

Selling, general and administrative ("SG&A") expenses were higher in Q3-2016 compared to Q3-2015; $1,618,002 compared to $1,363,746. Selling expenses accounted for 8% 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 September 30, 2016			Three months ended September 30, 2015		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Selling expenses	**$ 898,919**	**$ -**	**$ 898,919**	$ 655,603	$ -	$ 655,603
Amortization	**63,343**	**279**	**63,343**	62,369	1,856	64,225
Corporate administration	**134,826**	**107,734**	**242,560**	122,490	136,182	258,672
Professional fees	**37,677**	**30,989**	**68,666**	46,532	24,873	71,405
Salaries and benefits	**133,878**	**208,357**	**342,235**	136,163	177,340	313,503
Transfer agent and filing fees	**-**	**2,279**	**2,279**	-	388	388
	$1,268,364	**$ 349,638**	**$1,618,002**	$1,023,157	$ 340,589	$1,363,746

Other income and expenses: In Q3-2016, the Company recognized share-based payments of $186,913 (Q3-2015 - $62,040) for the 2,490,583 and 2,870,671 stock options granted in April 2016 and July 2014 and 971,429 restricted share units ("RSUs") granted in April 2016, where each has a vesting term over 36 months.

In Q3-2016, the Company recognized interest expense of $147,030 (Q3-2015 - $228,658) for various long-term credit facilities, accretion expense of $37,166 (Q3-2015 - $37,157) for its provisions, a net realized gain of $178,297 (Q3-2015 - $Nil) on settlements of its forward currency arrangements, and a net negative adjustment of $34,776 (Q3-2015 - $Nil) to its derivative instruments outstanding at the reporting date.

In Q3-2016, the Company recognized current income tax expense of $300,596 (Q3-2015 - $141,599) and deferred income tax recovery of $113,591 (Q3-2015 - expense of $823,760).

NINE MONTHS FINANCIAL RESULTS

For the nine months ended September 30, 2016, net income was $778,454 compared to $1,435,018in the comparative period in 2015 and basic and diluted earnings per share was $0.01 and $0.01, respectively. Income from mining operations was $5,478,670 (2015 - $9,268,889), and the Company had an income from operations of $722,630 (2015 - $5,032,059). The income from mining operations for the nine months ended September 30, 2016 was affected by an increase in concentrate shipped and provisionally invoiced, partially offset by a lower realized copper price as compared to Q3-2015. Increase in selling, general and administrative expenses was offset by decrease in interest expense on long-term credit facilities and a net gain from derivative instruments for the nine months ended September 30, 2016 over the comparative period in 2015.

Sales for the nine months ended September 30, 2016 were $27,270,325 (2015 - $30,408,410) from the shipping and provisional invoicing of 28,003.9 (2015 - 24,036.6) 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 nine months ended September 30, 2016 decreased over the comparative period in 2015 due to decreases in realized copper price, including negative pricing adjustments on provisionally priced prior shipments and metal content in the concentrate, partially offset by the increase in the tonnes of concentrate sold.

Nine months ended	**September 30 2016**	September 30 2015
Sales and realized prices		
Provisional invoices	**$ 27,991,360**	$ 30,757,252
Adjustments[1]	**(721,035)**	(348,842)
Sales per financial statements	**$ 27,270,325**	$ 30,408,410
Copper		
Provisional sales (000's lbs)	**11,869.5**	10,273.6
Realized price ($/lb)[2]	**2.14**	2.51
Net realized price ($/lb)[3]	**2.02**	2.37
Gold		
Provisional sales (oz)	**8,140.8**	10,442.1
Realized price ($/oz)[2]	**1,269.77**	1,179.26
Net realized price ($/oz)[3]	**479.33**	610.29
Silver		
Provisional sales (oz)	**26,418.0**	30,560.3
Realized price ($/oz)[2]	**17.43**	15.81
Net realized price ($/oz)[3]	**0.14**	2.00

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

Cost of sales for the nine months ended September 30, 2016 was $21,791,655 (2015 - $21,139,521) consisting of the following components:

Nine months ended	**September 30 2016**	September 30 2015
Direct mining and processing costs	**$ 13,065,156**	$ 12,650,618
Royalties	**527,442**	631,518
Depletion and amortization	**8,199,057**	7,857,385
	$ 21,791,655	$ 21,139,521

The increased cost of sales for the nine months ended September 30, 2016 over the comparative period is due to an increase in the tonnes of concentrate shipped and provisionally invoiced, partially offset by a decrease in production cost per unit.

Selling, general and administrative ("SG&A") expenses were lower for the nine months ended September 30, 2016 compared to the comparative period in 2015; $4,356,869 compared to $3,957,560. Selling expenses accounted for 8% 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:

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Selling expenses	**$2,129,037**	**$ -**	**$2,129,037**	$1,771,399	$ -	$1,771,399
Amortization	**178,290**	**1,347**	**179,637**	141,104	7,541	148,645
Corporate administration	**334,397**	**416,542**	**750,939**	344,796	356,088	700,884
Professional fees	**71,748**	**137,873**	**209,621**	149,363	163,128	312,491
Salaries and benefits	**409,126**	**651,114**	**1,060,240**	478,051	510,906	988,957
Transfer agent and filing fees	**-**	**27,395**	**27,395**	-	35,184	35,184
	$3,122,598	**$1,234,271**	**$4,356,869**	$2,884,713	$1,072,847	$3,957,560

Other income and expenses: For the nine months ended September 30, 2016, the Company recognized share-based payments of $399,171 (2015 - $279,270) for the 2,490,583 and 2,870,671 stock options granted in April 2016 and July 2014 and 971,429 RSUs granted in April 2016, where each has a vesting term over 36 months.

For the nine months ended September 30, 2016, the Company recognized interest expense of $472,612 (2015 - $667,463) for various long-term credit facilities, accretion expense of $108,259 (2015 - $107,850) for its provisions, a net realized gain of $971,492 (2015 - $Nil) on settlements of its forward currency arrangements, and a net negative adjustment of $247,540 (Q3-2015 - $Nil) to its derivative instruments outstanding at the reporting date.

For the nine months ended September 30, 2016, the Company recognized current income tax expense of $2,361,024 (2015 - $1,148,798) and deferred income tax recovery of $1,646,456 (2015 - expense of $1,354,908).

LIQUIDITY AND CAPITAL RESOURCES

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

The Company's cash and cash equivalents as at September 30, 2016 totaled $5,809,020 (December 31, 2015 - $3,794,619) and its working capital was $3,010,068 (December 31, 2015 - deficit of $539,569).

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

Third quarter liquidity and capital resources

During Q3-2016, cash and cash equivalents increased by $284,363. The increase was due to net cash provided by operating activities of $4,871,835 offset by net cash used in investing and financing activities of $2,157,349 and $2,427,394, respectively. Exchange rate changes had a negative impact on cash and cash equivalents of $2,729.

Operating activities

During Q3-2016, net cash provided by operating activities amounted to $4,871,835, which included positive operating cash flow before changes in non-cash operating working capital items of $2,780,684 and changes in non-cash working capital items of $1,091,151. Non-cash working capital changes included the effects from increases in accounts payable and accrued liabilities of $916,238 and taxes payable of $298,263 during the normal course of business.

Investing activities

Cash used by the Company in investing activities during Q3-2016 totaled $2,157,358, which were primarily comprised of underground mine development, acquisition of new equipment, and phase two of the new tailings impoundment facility.

Financing activities

During Q3-2016, the Company used net cash of $4,527,161 in its financing activities. The Company prepaid a net advance of $615,989 on its concentrate inventories, and $1,209,700 on its unsecured credit facilities with Colombian banks. Additionally, the Company paid $369,678 of principal and $149,054 of interest towards its long-term loans payable.

Nine months liquidity and capital resources

During the nine months ended September 30, 2016, cash and cash equivalents increased by $2,014,401. The increase was due to net cash provided by operating activities of $8,135,986, offset by net cash used in investing and financing activities of $5,680,329 and $400,464. Exchange rate changes had a negative impact on cash and cash equivalents of $40,792.

Operating activities

During the nine months ended September 30, 2016, net cash provided by operating activities amounted to $8,135,986, which included positive operating cash flow before changes in non-cash operating working capital items of $9,013,416, offset by changes in non-cash working capital items of $877,430. Non-cash working capital changes included the effects from an increase in inventories of $2,916,395, offset by increases in accounts payable and accrued liabilities of $1,581,101 and taxes payable of $1,301,847 during the normal course of business.

Investing activities

Cash used by the Company in investing activities during the nine months ended September 30, 2016 totaled $5,681,591, which were primarily comprised of underground mine development, acquisition of new equipment, and phase two of the new tailings impoundment facility.

Financing activities

During the nine months ended September 30, 2016, the Company used net cash of $400,464 in its financing activities. The Company drew a net advance of $681,767 on its concentrate inventories, and $1,301,500 on its unsecured credit facilities with Colombian banks. Additionally, the Company paid $1,651,630 of principal and $489,821 of interest towards its long-term loans payable.

Contractual obligations

As at September 30, 2016, 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	$ 6,797,365	$ -	$ -	$ 6,797,365
Other financial liabilities	70,680	-	-	70,680
Credit facilities	5,877,736	-	-	5,877,736
Taxes payable	2,219,523	-	-	2,219,523
Finance lease obligations	331,243	-	-	331,243
Share-based payment provision	50,514	79,981	-	130,495
Long-term loans payable	1,999,138	2,198,642	1,816,295	6,014,075
	$ 17,346,199	$ 2,278,623	$ 1,816,295	$ 21,441,117

Requirement of additional financing

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

TRANSACTIONS WITH RELATED PARTIES

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

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	-	135,640
	$ 609,795	$ 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

Included in accounts payable and accrued liabilities, as at September 30, 2016 was $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 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.

CONTINGENCY

During the year ended December 31, 2015, the Company's operating subsidiary, Minera El Roble S.A. ("MINER"), received notice of claim from the mining authority in Colombia requesting payment of royalties related to past copper production. The mining authority is basing its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the contract regulating its royalty obligations. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Therefore, the Company and its legal counsel's position is that MINER has complied rigorously with royalty payments due and called for under the current contractual obligations. 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.

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.

For full details on the critical accounting estimates and judgments affecting the Company, please refer to the Company's audited annual consolidated financial statements and notes and annual MD&A for the year ended December 31, 2015.

NEW ACCOUNTING STANDARDS

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.

DERIVATIVE INSTRUMENTS

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

The Company has not applied hedge accounting to these derivative transactions. Derivative instruments are marked-to-market at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustment would have 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 net fair value adjustment of $698,942 on its derivative instruments, and a net realized gain of $793,195 (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 proceed under the arrangement if the market price is below the contracted settlement price The details of the arrangements are as follows:

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

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

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 market exchange rate is below the contracted settlement rate to purchase Colombian peso. As at September 30, 2016, the Company did not have any outstanding arrangements.

FINANCIAL INSTRUMENTS

Fair value

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

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

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

As at 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	$ -	$ 1,345,864	$ -	$ 1,345,864
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, 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. For 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.

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 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 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 September 30, 2016, 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	$ 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 loan payables	-	-	(527,366)	-
Net exposure	$ (103,290)	$ 153,522	$ (822,805)	$ (13,893,270)
US dollar equivalent	$ (78,600)	$ 46,056	$ (922,369)	$ (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.

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 September 30, 2016).

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

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

RISK FACTORS

For further information regarding the Company's operational risks, please refer to the detailed disclosure concerning the material risks and uncertainties associated with the Company's business set out in its annual MD&A, dated April 12, 2016, which is available on SEDAR under the Company's filer profile.

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 7,886,254 stock options outstanding with expiry dates ranging from April 24, 2017 to April 12, 2021.

QUALIFIED PERSONS

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

NON-GAAP FINANCIAL MEASURES

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

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

The Company, in conjunction with an initiative undertaken within the gold mining industry, has adopted an all-in sustaining cost-performance measure; however, this performance measure has no standardized meaning. Effective March 31, 2016, the Company conformed its all-in sustaining definition to that set out in the guidance note released by the World Gold Council ("WGC", a non-regulatory market development organization for the gold industry whose members comprise global senior gold mining companies) on June 27, 2013, and that came into effect January 1, 2014.

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

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

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

El Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash costs per pound of payable copper produced to cost of sales in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 and 2015:

Expressed in $000's	**Q3 2016**	**YTD 2016**	Q3 2015	YTD 2015
Cash cost per tonne of processed ore				
Cost of sales[(1)]	**$ 9,614.8**	**$ 21,791.7**	$ 8,409.9	$ 21,139.5
Add / subtract				
Change in concentrate inventory	**(435.3)**	**2,742.8**	(1,715.1)	(3,437.1)
Depletion and amortization in concentrate inventory	**320.2**	**(487.3)**	663.1	1,546.4
Commercial and government royalties	**(83.9)**	**(527.4)**	(206.3)	(631.5)
Distribution costs	**898.9**	**2,129.0**	655.6	1,771.4
Depletion and amortization in cost of sales	**(3,125.6)**	**(8,199.1)**	(3,259.4)	(7,857.4)
Aggregate cash cost	**7,189.0**	**17,449.7**	4,547.7	12,531.3
Total processed ore (tonnes)	**61,886**	**179,848**	48,015	122,320
Cash cost per tonne of processed ore ($/t)	**$ 116.20**	**$ 97.02**	$ 94.72	$ 102.45
Mining cost per tonne	**$ 57.20**	**$ 45.52**	$ 42.27	$ 42.98
Milling cost per tonne	**17.40**	**16.00**	13.34	16.43
Indirect cost per tonne	**26.93**	**23.64**	25.87	28.84
Distribution cost per tonne	**14.67**	**11.86**	13.24	14.20
Total production cost per tonne of processed ore ($/t)	**$ 116.20**	**$ 97.02**	$ 94.72	$ 102.45

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

Expressed in $000's	Q3 2016	YTD 2016	Q3 2016	YTD 2015
Cash costs per pound of payable copper produced				
Aggregate cash cost (above)	**$ 7,189.0**	**$ 17,449.7**	$ 4,547.7	$ 12,531.3
Add / subtract				
By-product credits	**(3,355.0)**	**(9,750.2)**	(3,39.9)	(8,230.4)
Refining charges	**1,582.2**	**4,744.7**	1,243.3	3,163.5
Transportation charges	**404.7**	**1,216.7**	377.0	946.6
Cash cost applicable to payable copper produced	**5,820.9**	**13,660.9**	3,028.1	8,411.0
Add / subtract				
Commercial and government royalties	**83.9**	**527.4**	N/A	N/A
G&A expenses	**719.1**	**2,227.8**	N/A	N/A
Share-based payments	**186.9**	**399.2**	N/A	N/A
Accretion of ARO	**37.2**	**108.3**	N/A	N/A
Sustaining capital expenditures[2]	**1,060.8**	**3,216.1**	N/A	N/A
Brownfields exploration expenditures[2]	**112.8**	**357.4**	N/A	N/A
All-in sustaining cash cost	**8,021.6**	**20,497.1**	N/A	N/A
Add / subtract				
Non-sustaining capital expenditures[2]	**983.7**	**2,108.0**	N/A	N/A
All-in cash cost	**$ 9,005.3**	**$ 22,605.1**	N/A	N/A
Total payable copper produced (000's lbs)	**4,312.0**	**12,907.0**	3,092.0	7,746.0
Per pound of payable copper produced ($/lb)				
Cash cost, net of by-product credits	**$ 1.35**	**$ 1.06**	$ 0.98	$ 1.09
All-in sustaining cash cost	**$ 1.86**	**$ 1.59**	N/A	N/A
All-in cash cost	**$ 2.09**	**$ 1.75**	N/A	N/A

[2] Amounts presented on a cash basis

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 $000's	Q3 2016	YTD 2016	Q3 2016	YTD 2015
Aggregate cash production cost	**$ 7,189.0**	**$ 17,449.7**	$ 4,547.7	$ 12,531.3
Cash cost per pound of payable copper produced				
Cash cost attributable to copper production[3]	**$ 6,110.6**	**$ 14,934.7**	$ 2,916.4	$ 8,580.2
Add / subtract				
By-product credit from silver	**(0.0)**	**(0.0)**	(65.6)	(96.1)
Refining charges	**1,582.2**	**4,744.7**	1,104.4	3,024.7
Transportation charges	**344.0**	**1,040.8**	241.8	643.9
Cash cost applicable to payable copper produced	**8,036.8**	**20,720.2**	4,197.1	12,152.7
Total payable copper produced (000's lbs)	**4,312.0**	**12,907.0**	3,092.0	7,746.0
Cash cost per pound of payable copper produced ($/lb)	**$ 1.86**	**$ 1.61**	$ 1.36	$ 1.57
Cash cost per ounce of payable gold produced				
Cash cost attributable to gold production[3]	**$ 1,078.4**	**$ 1,436.6**	$ 1,631.4	$ 3,951.1
Add / subtract				
Refining charges	**25.4**	**73.7**	23.2	61.5
Transportation charges	**60.7**	**175.9**	135.2	302.7
Cash cost applicable to payable gold produced	**1,164.5**	**2,764.6**	1,789.8	4,315.3
Total payable gold produced (oz)	**2,566.5**	**7,589.0**	2,780.6	7,087.7
Cash cost per ounce of payable gold produced ($/oz)	**$ 453.71**	**$ 364.28**	$ 643.67	$ 608.84

[3] 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.