



ATICO MINING CORPORATION

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

SEPTEMBER 30, 2017

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Atico Mining Corporation (the "Company") for the nine months ended September 30, 2017 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 2017	December 31 2016
ASSETS		
Current assets		
Cash and cash equivalents (Note 15)	\$ 1,926,927	\$ 3,617,172
Receivables (Note 3)	7,122,767	4,794,591
Inventories (Note 4)	7,506,334	8,759,852
Prepays and deposits	2,291,449	1,536,105
Other financial assets (Note 11)	322,711	151,933
Total current assets	19,170,188	18,859,653
Non-current assets		
Mineral property, plant and equipment (Note 5)	59,700,476	60,538,998
Total non-current assets	59,700,476	60,538,998
TOTAL ASSETS	\$78,870,664	\$79,398,651
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 7,085,978	\$ 6,479,643
Credit facilities (Note 7)	3,001,878	5,390,680
Current portion of provisions (Note 8)	75,348	345,545
Current portion of long-term loans payable (Note 9)	2,613,841	2,172,088
Taxes payable	1,485,576	2,075,077
Other financial liabilities (Note 11)	196,800	684,783
Total current liabilities	14,459,421	17,147,816
Non-current liabilities		
Provisions (Note 8)	1,839,525	1,678,995
Long-term loans payable (Note 9)	1,977,525	3,436,533
Deferred income tax liabilities	17,972,791	17,419,017
Total non-current liabilities	21,789,841	22,534,545
Total liabilities	36,249,262	39,682,361
EQUITY		
Share capital (Note 12)	38,380,597	37,853,750
Reserves	2,464,648	2,492,376
Deficit	(2,009,673)	(4,334,425)
Total equity attributable to equity holders of the Company	38,835,572	36,011,701
Non-controlling interests	3,785,830	3,704,589
Total equity	42,621,402	39,716,290
TOTAL LIABILITIES AND EQUITY	\$78,870,664	\$79,398,651

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 22, 2017.

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 COMPREHENSIVE INCOME (LOSS)
(Expressed in United States Dollars)

	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Sales	\$11,955,651	\$11,488,716	\$43,243,174	\$27,270,325
Cost of sales				
Direct mining and processing costs	(5,662,871)	(6,405,318)	(20,679,672)	(13,065,156)
Royalties	(211,304)	(83,907)	(730,247)	(527,442)
Depletion and amortization	(3,149,534)	(3,125,540)	(10,297,565)	(8,199,057)
Total cost of sales (Note 4)	(9,023,709)	(9,614,765)	(31,707,484)	(21,791,655)
Income from mining operations	2,931,942	1,873,951	11,535,690	5,478,670
Selling, general and administrative expenses	(1,712,339)	(1,618,002)	(4,952,402)	(4,356,869)
Share-based payments (Note 12)	(67,434)	(186,913)	(310,352)	(399,171)
Income from operations	1,152,169	69,036	6,272,936	722,630
Accretion of provisions (Note 8)	(40,914)	(64,893)	(128,256)	(135,986)
Interest on long-term loans payable (Note 9)	(143,859)	(147,030)	(474,774)	(472,612)
Interest and other income (expenses)	(181,483)	51,475	(240,419)	(91,883)
Fair value adjustment on derivative instruments, net (Note 11)	307,194	(34,776)	658,761	(247,540)
Realized gain (loss) on derivative instruments, net (Note 11)	9,445	178,297	(613,300)	971,492
Foreign exchange gain (loss)	18,147	369,632	21,219	756,921
Income before income taxes	1,120,699	421,741	5,496,167	1,503,022
Current income tax (expense) recovery (Note 10)	(215,048)	(300,596)	(2,164,934)	(2,361,024)
Deferred income tax (expense) recovery (Note 10)	(33,054)	113,951	(553,773)	1,646,456
Net income and comprehensive income	\$ 872,597	\$ 235,096	\$ 2,777,460	\$ 788,454
Net income and comprehensive income attributable to:				
Equity holders of Atico Mining Corporation	\$ 723,901	\$ 194,020	\$ 2,324,752	\$ 628,424
Non-controlling interests (Note 14)	148,696	41,076	452,708	160,030
	\$ 872,597	\$ 235,096	\$ 2,777,460	\$ 788,454
Basic earnings (loss) per share (Note 13)	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01
Diluted earnings (loss) per share (Note 13)	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01
Weighted average no. of shares outstanding - basic (Note 13)	98,501,337	97,591,571	98,315,053	97,591,571
Weighted average no. of shares outstanding - diluted (Note 13)	98,740,705	97,591,571	98,565,143	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 CASH FLOWS
(Expressed in United States Dollars)

	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 872,597	\$ 235,096	\$ 2,777,460	\$ 788,454
Items not affecting cash and cash equivalents:				
Depletion and amortization	3,188,400	3,188,883	10,408,083	8,378,694
Share-based payments	67,434	186,913	220,000	399,171
Accretion of provisions	40,914	54,795	128,256	135,986
Interest income	(53,524)	(9)	(53,934)	(1,262)
Interest expense	262,243	191,275	707,185	602,164
Fair value adjustment on derivative instruments, net	(307,194)	34,776	(658,761)	247,540
Realized loss on derivative instruments, net	(9,445)	-	613,300	-
Deferred income tax recovery	33,055	(113,951)	553,774	(1,646,456)
Unrealized foreign exchange effect	42,512	2,906	42,034	109,125
	4,136,992	3,780,684	14,737,397	9,013,416
Changes in non-cash operating working capital items (Note 15)	(29,007)	1,091,151	(2,775,209)	(877,430)
Net cash provided by operating activities	4,107,985	4,871,835	11,962,188	8,135,986
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral property, plant and equipment	(2,786,084)	(2,157,358)	(7,771,746)	(5,681,591)
Interest received	53,524	9	53,934	1,262
Settlements of derivative instruments	9,445	-	(613,300)	-
Net cash used in investing activities	(2,723,115)	(2,157,349)	(8,331,112)	(5,680,329)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of long-term loans payable	(994,053)	(518,732)	(2,732,990)	(2,141,451)
Payments on finance lease obligations	(227,338)	(45,432)	(312,145)	(136,295)
Credit facilities withdrawn (repaid), net	(2,900,000)	(1,825,689)	(2,346,802)	1,983,266
Interest paid	(118,732)	(37,541)	(274,411)	(105,984)
Shares issued	-	-	332,554	-
Net cash provided by (used in) financing activities	(4,240,123)	(2,427,394)	(5,333,794)	(400,464)
Effect of exchange rate changes on cash and cash equivalents	4,138	(2,729)	12,473	(40,792)
Change in cash and cash equivalents	(2,851,115)	284,363	(1,690,245)	2,014,401
Cash and cash equivalents, beginning of period	4,778,042	5,524,657	3,617,172	3,794,619
Cash and cash equivalents, end of period	\$ 1,926,927	\$ 5,809,020	\$ 1,926,927	\$ 5,809,020

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	Contributed surplus reserve	Non- controlling interests	Deficit	Total equity
Balance as at December 31, 2016	97,836,970	\$37,853,750	\$ 2,864,031	\$ (715,935)	\$ 344,280	\$ 3,704,589	\$ (4,334,425)	\$39,716,290
Exercise of stock options	664,367	526,847	(194,293)	-	-	-	-	332,554
Share-based payments	-	-	166,565	-	-	-	-	166,565
Dividend declared by subsidiary	-	-	-	-	-	(371,467)	-	(371,467)
Net income and comprehensive income	-	-	-	-	-	452,708	2,324,752	2,777,460
Balance as at September 30, 2017	98,501,337	\$38,380,597	\$ 2,836,303	\$ (715,935)	\$ 344,280	\$ 3,785,830	\$ (2,009,673)	\$42,621,402
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
Dividend declared by subsidiary	-	-	-	-	-	(274,331)	-	(274,331)
Contribution by non-controlling interests	-	-	-	-	251,820	27,980	-	279,800
Net income and comprehensive income	-	-	-	-	-	160,030	628,424	788,454
Balance as at September 30, 2016	97,591,571	37,751,114	\$ 2,787,147	\$ (715,935)	\$ 251,820	\$ 3,718,893	\$ (3,886,440)	\$39,906,599

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

ATICO MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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, 2016.

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.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

3. RECEIVABLES AND OTHER ASSETS

	September 30 2017	December 31 2016
Trade receivables	\$ 2,158,058	\$ 1,298,125
GST/VAT and other taxes recoverable	4,629,805	3,403,260
Other receivables	334,904	93,206
	\$ 7,122,767	\$ 4,794,591

As at September 30, 2017 and December 31, 2016, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at September 30, 2017 and December 31, 2016 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 2017	December 31 2016
0 to 30 days	\$ 2,069,340	\$ 186,157
31 to 60 days	-	-
61 to 90 days	692,341	408,973
91 to 120 days	-	702,995
Over 120 days	-	-
	\$ 2,158,058	\$ 1,298,125

4. INVENTORIES

	September 30 2017	December 31 2016
Consumable parts and supplies	\$ 2,777,183	\$ 2,276,191
Ore stockpiles	1,363,298	357,575
Metals concentrate	3,365,853	6,126,086
	\$ 7,506,334	\$ 8,759,852

For the three and nine months ended September 30, 2017, the Company recorded cost of sales of \$9,023,709 and \$31,707,484 (2016 - \$9,614,765 and \$21,791,655) where direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

5. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Plant, building, machinery, and equipment	Land and non-depletable exploration property	Total
As at December 31, 2016, net	\$ 48,651,889	\$ 10,603,097	\$ 1,284,012	\$ 60,538,998
Changes for the period:				
Additions	3,108,487	4,308,487	1,562,010	8,978,984
Depletion and amortization	(4,966,441)	(4,851,065)	-	(9,817,506)
As at September 30, 2017, net	\$ 46,793,934	\$ 10,060,519	\$ 2,846,022	\$ 59,700,476
As at December 31, 2016				
Historical cost	\$ 65,782,799	\$ 21,109,036	\$ 1,284,012	\$ 88,175,847
Accumulated amortization	(17,130,910)	(10,505,939)	-	(27,636,849)
Net carrying amount	\$ 48,651,889	\$ 10,603,097	\$ 1,284,012	\$ 60,538,998
As at September 30, 2017				
Historical cost	\$ 68,891,286	\$ 24,759,041	\$ 2,846,022	\$ 96,496,349
Accumulated amortization	(22,097,351)	(14,698,522)	-	(36,795,873)
Net carrying amount	\$ 46,793,934	\$ 10,060,519	\$ 2,846,022	\$ 59,700,476

During the nine months ended September 30, 2017, the Company derecognized its fully amortized plant, building, machinery, and equipment with an aggregate gross historical cost of \$658,482 (2016 - \$Nil).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2017	December 31 2016
Trade and other payables	\$ 3,959,314	\$ 4,604,226
Payables to non-controlling interest of MINER	160,521	88,407
Payroll and related liabilities	867,181	816,940
Accrued liabilities	2,098,962	970,070
	\$ 7,085,978	\$ 6,479,643

7. CREDIT FACILITIES

	September 30 2017	December 31 2016
Bank credit facilities	\$ 3,000,000	\$ 2,014,000
Advances on concentrate inventories	-	3,332,802
Accrued interest expense	1,878	43,878
	\$ 3,001,878	\$ 5,390,680

ATICO MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

7. CREDIT FACILITIES (cont'd...)

Bank credit facilities

The Company has arrangements for unsecured credit facilities with a number of Colombian banks, including Banco Davivienda S.A. ("Davivienda"), Banco de Occidente, Bancolombia, and Banco Popular, of up to Colombian pesos ("COP") \$26,100,000,000 (approximately \$8,900,000). As at September 30, 2017, the Company owed balances on these facilities, which carry annual interest based on the London Interbank Offered Rates ("LIBOR") plus 0.8% to 1.0% (December 31, 2016 - LIBOR plus 1.9% to 2.2%) and terms up to nine months from the date of drawn down.

Advance on concentrate inventories

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

8. PROVISIONS

	Decommissioning and restoration provision	Finance lease obligations	Share-based payment provision	Total
As at December 31, 2016	\$ 1,568,548	\$ 275,789	\$ 180,203	\$ 2,024,540
Accretion expense	112,687	15,569	-	128,256
Payments during the period	-	(312,145)	(90,352)	(402,497)
Share-based payments (Note 12)	-	-	143,787	143,787
Currency translation adjustments	-	20,787	-	20,787
As at September 30, 2017	1,681,235	-	233,638	1,914,873
Less: current portion	-	-	75,348	75,348
Long term portion	\$ 1,681,235	\$ -	\$ 158,290	\$ 1,839,525

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, 2017 were \$3,150,000 (December 31, 2016 - \$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, 2016 - 9.75%).

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.

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8. PROVISIONS (cont'd...)

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. As at September 30, 2017, all outstanding lease obligations have been paid.

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.

9. LONG-TERM LOANS PAYABLE

	Trafigura		Sandvik		Colombian banks		Total
As at December 31, 2016	\$	5,167,937	\$	440,684	\$	-	\$ 5,608,621
Additions to principal		-		-		1,207,239	1,207,239
Repayments - principal		(2,050,000)		(197,348)		(75,367)	(2,322,715)
Repayments - interest		(343,824)		(22,077)		(44,374)	(410,275)
Interest expense		406,298		19,615		48,861	474,774
Currency translation adjustments		-		41,833		(8,111)	33,722
As at September 30, 2017		3,180,411		282,707		1,128,248	4,591,366
Less: current portion		1,980,411		282,707		350,723	2,613,841
Long term portion	\$	1,200,000	\$	-	\$	777,525	\$ 1,977,525

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 11.73%. 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. In August 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, 2017, the Company was in compliance with all qualitative and quantitative covenants.

Sandvik

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 AB ("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.

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9. LONG-TERM LOANS PAYABLE (cont'd...)

Colombian banks

During the nine months ended September 30, 2017, the Company entered into a loan agreement for COP\$1,639,931,100 with Davivienda. Under the terms of the arrangement, the Company is expected to make quarterly installments totaling COP\$129,023,637 (or approximately \$45,000), which includes applicable interest at an annual interest rate of prime plus 4.75% over four years.

During the nine months ended September 30, 2017, the Company entered into a loan agreement for COP\$1,113,146,608 with Bancolombia. Under the terms of the arrangement, the Company is expected to make monthly installments totaling COP\$23,346,580 (or approximately \$8,000), which includes applicable interest at an annual interest rate of 9.68% over five years.

During the nine months ended September 30, 2017, the Company entered into a loan agreement for COP\$747,351,455 with Banco de Occidente. Under the terms of the arrangement, the Company is expected to make quarterly installments totaling COP\$56,850,649 (or approximately \$19,000), which includes applicable interest at an annual interest rate of prime plus 5.00% over four years.

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

	September 30 2017
2017	\$ 616,495
2018	2,456,869
2019	975,322
2020	306,346
2021 and beyond	236,334
Total	\$ 4,591,366

10. 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:

	September 30 2017	September 30 2016
Nine months ended		
Income before income taxes	\$ 5,496,167	\$ 1,503,022
Canadian federal and provincial income tax rates	26.00%	26.00%
Expected income tax expense at statutory income tax rate	1,263,273	390,786
Difference between Canadian and foreign tax rates	390,433	200,992
Change in effective tax rate	(433,325)	-
Permanent differences and other adjustments	1,415,208	239,950
Changes in unrecognized deferred tax assets	469,289	348,062
Impact of foreign exchange on deferred tax assets and liabilities	(386,170)	(465,222)
Total income tax expense	\$ 2,718,708	\$ 714,568
Current income tax expense	\$ 2,164,934	\$ 2,361,024
Deferred income tax expense (recovery)	553,773	(1,646,456)

ATICO MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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11. OTHER FINANCIAL ASSETS AND LIABILITIES

	Commodity derivative arrangements	Commodity forward sale arrangements	Currency forward arrangements	Total
As at December 31, 2016	\$ (598,298)	\$ -	\$ 65,448	\$ (532,850)
Fair value adjustments during the period	-	(165,000)	290,911	125,911
Reversal of previous fair value adjustments	598,298	-	(65,448)	532,850
As at September 30, 2017	\$ -	\$ (165,000)	\$ 290,911	\$ 125,911
Other financial assets	\$ -	\$ 31,800	\$ 290,911	\$ 322,711
Other financial liabilities	\$ -	\$ (196,800)	\$ -	\$ (196,800)

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, 2017, the Company recognized a positive net fair value adjustment of \$658,761 (2016 - negative \$212,764) on its derivative instruments, and a net realized loss of \$613,300 (2016 - gain of \$793,195) on the settlement of its derivative instruments.

Commodity derivative arrangements

The Company had entered into zero-cost commodity derivative arrangements with Auramet International LLC. These arrangements were 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. As at September 30, 2017, the Company did not have any outstanding arrangements.

Commodity forward sale arrangements

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, 2017, the details of the arrangements are as follows:

Expected shipment period	Quantity ⁽¹⁾	Settlement price
Copper		
November 2017	200 MT	\$ 5,950
November 2017	200 MT	\$ 6,028
November 2017	200 MT	\$ 6,640

⁽¹⁾Copper quantities in metric tonnes ("MT")

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11. OTHER FINANCIAL ASSETS AND LIABILITIES

Currency forward arrangements

The Company had entered into zero-cost non-deliverable currency forward arrangements with Bancolombia and Davivenda 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, 2017, the summarized details of the arrangements are as follows:

Settlement period	Amount	Average settlement rate
October 2017	\$ 1,830,000	3,074.06
November 2017	2,115,000	3,089.17
December 2017	825,000	3,141.94
January 2018	\$ 185,000	3,147.36

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, 2017, the Company issued 664,367 (2016 - Nil) common shares for exercise of stock options.

Stock options

The continuity of stock options for the nine months ended September 30, 2017 is as follows:

Expiry Date	Exercise Price (CAD)	Balance December 31 2016	Granted	Exercised	Expired/Cancelled	Balance September 30 2017				
Apr 24, 2017	\$ 0.55	250,000	-	(250,000)	-	-				
May 16, 2017	0.51	130,000	-	(90,000)	(40,000)	-				
Feb 04, 2018	0.98	1,805,000	-	-	-	1,805,000				
Mar 01, 2018	0.98	340,000	-	-	(300,000)	40,000				
Jul 11, 2019	0.79	2,870,671	-	(321,367)	(18,000)	2,531,304				
Apr 12, 2021	0.345	2,245,184	-	(3,000)	-	2,242,184				
Apr 17, 2022	0.77	-	841,119	-	-	841,119				
Outstanding		7,640,855	841,119	(664,367)	(358,000)	7,459,607				
Weighted average exercise price	\$	0.70	\$	0.77	\$	0.66	\$	0.92	\$	0.70
Exercisable		4,130,019				4,824,741				

As at September 30, 2017, the weighted average remaining life of the stock options outstanding is 2.26 (December 31, 2016 - 2.53) years with vesting periods ranging from 0 to 36 months.

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12. SHARE CAPITAL (cont'd...)

Restricted share units

The continuity of RSUs for the nine months ended September 30, 2017 is as follows:

Expiry Date	Balance		Expired/ Cancelled	Balance
	December 31 2016	Granted		
Apr 12, 2019	771,429	-	(154,286)	617,143
Apr 17, 2020	-	147,362	-	147,362
Outstanding	771,429	147,362	(154,286)	764,505

As at September 30, 2017, the weighted average remaining life of the stock options outstanding is 1.73 (December 31, 2016 - 2.28) years with vesting periods ranging from 12 to 36 months.

Share-based payments and share-based payment reserve

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of \$310,352 (2016 - \$399,171) with the offsetting credit to share-based payments reserve and provision of \$166,565 and \$143,787 (2016 - \$130,495 and \$268,676) respectively during the nine months ended September 30, 2017.

13. EARNINGS (LOSS) PER SHARE

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

	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Net income ⁽¹⁾	\$ 723,901	\$ 194,020	\$ 2,324,752	\$ 628,424
Weighted average number of common shares outstanding - basic	98,501,337	97,591,571	98,315,053	97,591,571
Dilutive effect of stock options outstanding	239,368	-	250,090	-
Weighted average number of common shares outstanding - diluted	98,740,705	97,591,571	98,565,143	97,591,571
Basic earnings (loss) per share⁽¹⁾	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01
Diluted earnings (loss) per share⁽¹⁾	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01

⁽¹⁾ Attributable to equity holders of the Company

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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, 2017, income of \$452,708 (2016 - \$160,030) has been allocated to the non-controlling interests of MINER. Summarized financial information about MINER is as follows:

Nine months ended	September 30 2017	September 30 2016
Current assets	\$ 18,085,358	\$ 19,487,315
Non-current assets	56,026,021	56,873,808
Current liabilities	11,355,167	14,753,446
Non-current liabilities	20,605,451	19,483,773
Net income and total comprehensive income	\$ 4,527,080	\$ 1,600,300

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, 2017	Salary or fees	Share-based payments	Total
Management	\$ 435,750	\$ 275,346	\$ 711,096
Outside directors	90,669	105,243	195,912
Seabord Services Corp.	142,956	-	142,956
	\$ 669,375	\$ 380,589	\$ 1,049,964

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

As at September 30, 2017, the Company had \$366,300 (December 31, 2016 - \$763,250) 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.

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15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Components of cash and cash equivalents

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

	September 30 2017	December 31 2016
Cash	\$ 1,840,677	\$ 3,530,922
Short-term deposits	86,250	86,250
	\$ 1,926,927	\$ 3,617,172

Changes in non-cash working capital

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

	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Receivables	\$ 2,047,377	\$ (92,280)	\$ (2,328,176)	\$ (315,637)
Inventories	(1,326,010)	(123,696)	662,944	(2,916,395)
Prepays and deposits	435,973	92,626	(755,344)	(528,346)
Accounts payable and accrued liabilities	(1,094,371)	916,238	234,868	1,581,101
Taxes payable	(91,976)	298,263	(589,501)	1,301,847
Net change in non-cash working capital	\$ (29,007)	\$ 1,091,151	\$ (2,775,209)	\$ (877,430)

Significant non-cash investing and financing activities

During the nine months ended September 30, 2017, the Company:

- a) reallocated mineral property depletion of \$1,467,815 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 \$2,058,389 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
- c) recorded mineral property, plant and equipment of \$1,207,239 in long-term loans payable;
- d) recorded adjustment to non-controlling interest of \$371,467 in accounts payable and accrued liabilities; and
- e) reallocated \$194,293 from reserves to share capital for exercise of stock options.

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 adjustments to contributed surplus and non-controlling interest totalling \$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.

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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, 2017 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 2017	December 31 2016
Financial assets		
Loans and receivables:		
Cash and cash equivalents	\$ 1,926,927	\$ 3,617,172
Receivables	334,904	93,206
Fair value through profit or loss:		
Receivables from provisional sales	2,158,058	1,298,125
Other financial assets	322,711	151,933
	\$ 4,742,600	\$ 5,160,436
Financial liabilities		
Other financial liabilities:		
Accounts payable and accrued liabilities	\$ 7,085,978	\$ 6,479,643
Credit facilities	3,001,878	5,390,680
Finance lease obligations	-	275,789
Long-term loans payable	4,591,366	5,608,621
Fair value through profit or loss:		
Other financial liabilities	196,800	684,783
Share-based payment provision	233,638	180,203
	\$ 15,109,660	\$ 18,619,719

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.

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17. FINANCIAL INSTRUMENTS (cont'd...)

Fair value (cont'd...)

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, 2017, 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	\$	-	\$ 2,158,058	\$ -	\$ 2,158,058
Other financial assets	\$	-	\$ 322,711	\$ -	\$ 322,711
Other financial liabilities	\$	-	\$ 196,800	\$ -	\$ 196,800
Share-based payment provision	\$	233,638	\$ -	\$ -	\$ 233,638

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

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

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, 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, 2017, a 1% change in copper and gold prices would result in an increase/decrease of approximately \$181,000 and \$128,000 in the Company's pre-tax income or loss on an annualized basis, respectively.

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 8 and 9. All current liabilities are settled within one year.

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17. FINANCIAL INSTRUMENTS (cont'd...)

Currency risk

As at September 30, 2017, 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	\$ 131,684	\$ 116,750	\$ -	\$ 207,187
Receivables	5,861	2,181	-	14,474,795
Accounts payable and accrued liabilities	(124,786)	(177,702)	-	(12,835,292)
Taxes payable	-	-	-	(4,335,951)
Long-term loans payable	-	-	(239,254)	(1,489,959)
Net exposure	12,759	(58,771)	(239,254)	(3,979,220)
US dollar equivalent	\$ 10,236	\$ (18,261)	\$ (282,707)	\$ (1,363,354)

Based on the above net exposure, as at September 30, 2017, 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 \$17,000 in the Company's pre-tax income or loss.

Interest rate risk

As at September 30, 2017, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$93,000 in the Company's pre-tax income or loss on an annualized basis based on the debt and credit facilities used.

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, 2017, 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.

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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, 2017, 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, 2017		Canada	Colombia	Other	Total
Cash and other current assets	\$	135,835	\$ 18,287,116	\$ 747,237	\$ 19,170,188
Mineral property, plant and equipment		-	59,666,680	33,796	59,700,476
Total assets	\$	135,835	\$ 77,953,796	\$ 781,033	\$ 78,870,664

As at December 31, 2016		Canada	Colombia	Other	Total
Cash and other current assets	\$	236,879	\$ 17,986,327	\$ 636,447	\$ 18,859,653
Mineral property, plant and equipment		-	60,493,059	45,939	60,538,998
Total assets	\$	236,879	\$ 78,479,386	\$ 682,386	\$ 79,398,651