



**ATICO MINING CORPORATION**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

**For the Three Months Ended March 31, 2019**

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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 May 30, 2019, should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2019 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](http://www.sedar.com).

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

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**COMPANY OVERVIEW**

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

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

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

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

**FIRST QUARTER 2019 FINANCIAL AND OPERATING HIGHLIGHTS**

- Net income for the three months ended March 31, 2019 amounted to \$2.7 million, compared with \$0.4 million for the same period last year ("Q1-2018"). Net income for the period was affected by a significant increase in quantity of concentrate shipped and provisionally invoiced as compared to Q1-2018.
- Sales for the period increased 187% to \$21.1 million when compared with \$7.3 million in Q1-2018. The final 2018 shipment was delayed to the subsequent month for reasons beyond the control of the Company, which has increased the quantity of concentrate shipped and provisionally invoiced for Q1-2019. Copper ("Cu") and gold ("Au") accounted for 92.7% and 7.2% of the total amount provisionally invoiced during Q1-2019. The average realized price per metal on provisional invoicing was \$2.81 (Q1-2018 - \$3.16) per pound of copper and \$1,305.53 (Q1-2018 - \$1,332.69) per ounce of gold.
- Income from operations was \$5.7 million (Q1-2018 - loss of \$0.7 million) while cash flow from operations, before changes in working capital, was \$9.1 million (Q1-2018 - \$1.9 million). Cash used for capital expenditures amounted to \$0.9 million (Q1-2018 - \$2.2 million).
- Working capital was \$12.1 million (December 31, 2018 - \$7.2 million), while the Company had no outstanding long-term loans payable balance.
- Cash costs were \$116.49 per tonne of processed ore and \$1.41 per pound of payable copper produced, which were decreases of 9% and 2% over Q1-2018, respectively (refer to non-GAAP Financial Measures). The decrease in the cash cost per pound of payable copper net of by products is primarily explained by a lower cost per processed tonne.
- Cash margin was \$1.40 (Q1-2018 - \$1.72) per pound of payable copper produced, which was a decrease of 18% over Q1-2018 (refer to non-GAAP Financial Measures).
- All-in sustaining cash cost per payable pound of copper produced was \$2.13 (Q1-2018 - \$1.85) (refer to non-GAAP Financial Measures).

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- The Company produced 4,921 (Q1-2018 - 11,474) dry metric tonnes ("DMT") of concentrate with a metal content of 2.4 million (Q1-2018 - 5.5 million) pounds ("lbs") of copper and 1,552 (Q1-2018 - 2,825) ounces ("oz") of gold.
- Processed tonnes decreased 49% to 35,581 compared to 69,499 in Q1-2018.
- At the end of the quarter, 1,631 (December 31, 2018 - 11,036) wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

**RESULTS OF OPERATIONS**

**EI Roble mine review**

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

The mine has processed over the past twenty-three years, with an historic nominal capacity of 400 tonnes per day, a total of over 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 g/t. The operation has completed an expansion to a nominal capacity of 800 tonnes per day. Copper and gold mineralization at the EI 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.

**EI Roble operating performance**

	Q1 2019	Q1 2018
<b>Production (contained metals)<sup>(1)</sup></b>		
Copper (000 lbs)	2,362	5,476
Gold (oz)	1,552	2,825
Silver (oz)	5,027	10,606
<b>Mining</b>		
Material (tonnes)	34,796	67,022
<b>Milling</b>		
Milled (tonnes)	35,581	69,499
Tonnes per day	885	812
Copper grade (%)	3.29	3.80
Gold grade (g/t)	2.24	2.03
Silver grade (g/t)	10.10	8.71
<b>Recoveries</b>		
Copper (%)	91.6	94.0
Gold (%)	60.6	62.8
Silver (%)	43.6	48.6
<b>Concentrate</b>		
Cu concentrate produced (DMT)	4,921	11,474
Copper (%)	21.8	21.7
Gold (g/t)	9.8	7.7
Silver (g/t)	31.8	28.8
Payable copper produced (000 lbs)	2,244	5,202
Cash cost per pound of payable copper produced <sup>(2)</sup>	1.41	1.44

<sup>(1)</sup> Subject to adjustments due to final settlement.

<sup>(2)</sup> Net of by-product credits (refer to non-GAAP Financial Measures).

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In Q1-2019, the Company produced 2.36 million lbs of copper, 1,552 oz of gold, and 10,606 oz of silver. When compared to Q1-2018, production decreased by 6.0% for copper and 3.9% for gold. Production for the quarter was significantly impacted by the strike at the mine which began early February and ended in the subsequent quarter.

The average throughput rate for the quarter increased to 885 (Q1-2018 - 812) tonnes per day.

Average copper and gold head grade in Q1-2019 decreased relative to the same period last year but remained within Companies mine plan for the period.

Copper recovery decreased by 2.6% to 91.6% (Q1-2018 - 94.0%), while gold recovery was 60.6%, below the year's annual guidance of 62%.

Cash costs were \$116.49 per tonne of processed ore and \$1.41 per pound of payable copper produced, which were decreases of 8.5% and 2.5% over Q1-2018, respectively (refer to non-GAAP Financial Measures).

For Q1-2019, the all-in sustaining cash cost net of by credit products was \$2.13 (Q1-2018 - \$1.85) per pound of payable copper produced (refer to non-GAAP Financial Measures), which represents a 14.9% decrease over Q1-2018.

Cash used for capital expenditure activities during Q1-2019 were \$0.86 million. Major categories of expenditure included \$0.03 million in underground mine development, \$0.03 million in equipment and infrastructure related to the mine, \$0.30 million in the second phase of the tailings dam and \$0.21 million related to the mill, surface and energy infrastructure.

Mine production came from two sources in Q1-2019: Maximus-Goliath and Zeus. Zeus provided the preponderance of material for processing, and Maximus-Goliath mining continued to be related to recovering in-mine stockpiles and pillar recovery.

**Concentrate inventory**

<b>Amounts in dry metric tonnes</b>	<b>Q1 2019</b>	<b>Q1 2018</b>
Opening inventory	<b>11,036.5</b>	3,455.4
Production	<b>4,921.0</b>	11,474.2
Sales	<b>(14,499.2)</b>	(5,010.3)
Adjustment	<b>37.9</b>	366.7
Closing inventory	<b>1,496.2</b>	10,286.0

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

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

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

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

In Q1-2019, the Company carried forward 11,037 DMT from the previous year, produced 4,921 DMT and sold 14,499 DMT of concentrate; the difference of 1,496 DMT is the concentrate inventory carried over to Q2-2019.

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**Exploration at El Roble**

During Q1-2019, 1,638 meters of drilling were completed at the El Roble project, of which 417 meters were drilled underground looking for new massive sulphide deposits. On surface, the Company completed 1,167 meters between the Archie, Franja Estead and the Gorgona targets testing the new IP-DAS anomalies.

The Company's first quarter exploration plans and program were cut short due to the union negotiations and strike at the El Roble mine.

Core drilling program has resumed and will continue in the second quarter testing IP-DAS and gravity anomalies at depth and to the southeast of the mine mineralization (Zeus plunge target). In parallel, the Company plans to further test Archie, Gorgona and the Eastern trend (regional targets) along with two new regional target areas.

The Company plans to drill test at least three to four targets in 2019 along with the follow-up drill program at Archie starting in later half of Q2-2019.

**OUTLOOK**

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

The Company set the following objectives for 2019 at the El Roble mine:

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

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

**SUMMARY OF QUARTERLY RESULTS**

The following table provides selected financial information for the eight quarters up to March 31, 2019 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2018 and 2017.

	Q1-2019	Q4-2018	Q3-2018	Q2-2018
Revenue	\$ 21,102,085	\$ 11,949,562	\$ 14,900,072	\$ 20,401,188
Income (loss) from operations	4,849,864	1,100,481	2,807,190	4,880,149
Net income (loss) for the period <sup>(1)</sup>	2,354,554	(2,541,752)	2,625,660	2,476,818
Earnings (loss) per share - basic and diluted	0.02	(0.03)	0.03	0.03
Weighted average shares outstanding - basic	98,502,337	98,502,337	98,502,337	98,502,337
Weighted average shares outstanding - diluted	98,502,337	98,502,337	98,739,162	98,968,737

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	Q1-2018	Q4-2017	Q3-2017	Q2-2017
Revenue	\$ 7,349,124	\$ 13,753,261	\$ 11,955,651	\$ 14,074,005
Income (loss) from operations	(208,910)	1,305,629	1,152,169	2,320,219
Net income (loss) for the period <sup>(1)</sup>	289,547	1,050,586	723,901	488,902
Earnings (loss) per share - basic and diluted	0.00	0.01	0.01	0.00
Weighted average shares outstanding - basic	98,501,528	98,501,337	98,501,337	98,408,170
Weighted average shares outstanding - diluted	98,729,710	98,712,404	98,740,705	98,641,133

<sup>(1)</sup> Income (loss) attributable to equity holders of the Company.

<sup>(2)</sup> 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").

**FIRST QUARTER FINANCIAL RESULTS**

First quarter net income was \$2,688,784 compared to \$366,091 in Q1-2018 and basic and diluted earnings per share was \$0.02 and \$0.00, respectively. Income from mining operations was \$5,663,359 (Q1-2018 - \$683,854), and the Company had an income from operations of \$4,849,864 (Q1-2018 - loss of \$208,910). The Q1-2019 net income was affected by a significant increase in concentrate shipped and provisionally invoiced over Q1-2018.

**Sales** for Q1-2019 were \$21,102,085 (Q1-2018 - \$7,349,124) from the shipping and provisional invoicing of 14,499 (Q1-2018 - 5,010) 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.

	March 31 2019	March 31 2018
<b>Three months ended</b>		
<b>Sales and realized prices</b>		
Provisional invoices	\$ 20,887,148	\$ 7,873,588
Adjustments <sup>(1)</sup>	214,937	(524,464)
Sales per financial statements	\$ 21,102,085	\$ 7,349,124
<b>Copper</b>		
Provisional sales (000's lbs)	7,080.0	2,440.7
Realized price (\$/lb) <sup>(2)</sup>	2.81	3.16
Net realized price (\$/lb) <sup>(3)</sup>	2.74	3.00
<b>Gold</b>		
Provisional sales (oz)	3,544.2	1,273.9
Realized price (\$/oz) <sup>(2)</sup>	1,305.53	1,332.69
Net realized price (\$/oz) <sup>(3)</sup>	428.45	437.33
<b>Silver</b>		
Provisional sales (oz)	13,568.9	4,495.2
Realized price (\$/oz) <sup>(2)</sup>	15.50	16.50
Net realized price (\$/oz) <sup>(3)</sup>	0.00	0.00

<sup>(1)</sup> 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.

<sup>(2)</sup> Based on provisional sales before final price and assay adjustments.

<sup>(3)</sup> Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

**Cost of sales** for Q1-2019 was \$15,438,726 (Q1-2018 - \$6,665,270) consisting of the following components:

	March 31 2019	March 31 2018
<b>Three months ended</b>		
Direct mining and processing costs	\$ 10,350,255	\$ 3,654,298
Royalties	337,496	122,726
Selling expenses	680,759	773,440
Depletion and amortization	4,070,216	2,114,806
	\$ 15,438,726	\$ 6,665,270

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Selling expenses included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing. The increase cost of sales for Q1-2019 over the comparative period is due to a significant increase in concentrate shipped and provisionally invoiced.

**General and administrative** ("G&A") expenses were higher in Q1-2019 compared to Q1-2018; \$670,960 compared to \$835,003. The breakdown of the Company's G&A expenses is as follows:

	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Operations	Corporate	Total	Operations	Corporate	Total
Amortization	\$ 17,837	\$ 3,704	\$ 21,541	\$ 28,843	\$ 3,819	\$ 32,662
Corporate administration	190,125	140,638	249,763	167,269	144,574	311,843
Professional fees	32,927	28,988	61,915	46,659	28,475	75,134
Salaries and benefits	154,611	168,684	323,295	230,110	173,500	403,610
Transfer agent and filing fees	-	14,446	14,446	-	11,754	11,754
	<b>\$ 314,500</b>	<b>\$ 356,460</b>	<b>\$ 670,960</b>	<b>\$ 472,881</b>	<b>\$ 362,122</b>	<b>\$ 835,003</b>

**Other income and expenses:** In Q1-2019, the Company recognized share-based payments of \$142,535 (Q1-2018 - \$57,761) for stock options and restricted share units ("RSUs") granted in June 2018, April 2018, February 2018, and April 2017, where each has a vesting term over 36 months.

In Q1-2019, the Company recognized accretion expense of \$84,600 (Q1-2018 - \$74,484) for its provisions, a net realized gain of \$51,922 (Q1-2018 - \$373,644) on settlements of its derivative instruments, and a negative value adjustment of \$397,860 (Q1-2018 - positive \$73,924) to its derivative instruments outstanding at the reporting date.

In Q1-2019, the Company recognized current income tax expense of \$148,329 (Q1-2018 - \$492,204) and deferred income tax expense of \$1,425,394 (Q1-2018 - recovery of \$555,415).

## 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 March 31, 2019 totaled \$12,389,707 (December 31, 2018 - \$6,014,723) and its working capital was \$12,084,466 (December 31, 2018 - \$7,180,785). Working capital at any specific point in time is subject to many variables, including seasonality, inventory management, the timing of cash receipts and payments, credit facility and loan payment terms, and fluctuations in foreign exchange rates.

### First quarter liquidity and capital resources

During Q1-2019, cash and cash equivalents increased by \$6,374,984. The increase was due to net cash provided by operating activities of \$12,425,259, partially offset by net cash used in investing and financing activities of \$807,555 and \$5,244,032, respectively. Exchange rate changes had a positive impact on cash and cash equivalents of \$1,312.

#### *Operating activities*

During Q1-2019, net cash provided by operating activities amounted to \$12,425,259, which included operating cash flow before changes in non-cash operating working capital items of \$9,116,868, and changes in non-cash working capital items of \$3,308,391. Non-cash working capital changes included the effects from a decrease in inventories of \$6,039,590, partially offset by an increase in receivables of \$2,882,368.

#### *Investing activities*

Cash used by the Company in investing activities during Q1-2019 totaled \$807,555, which were primarily comprised of capital expenditures on underground mine development and acquisition of new equipment.



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*Financing activities*

During Q1-2019, net cash used in financing activities amounted to \$5,244,032. Primarily, the Company repaid \$5,000,000 on its credit facilities. Additionally, the Company paid \$210,516 towards its lease obligations.

**Contractual obligations**

As at March 31, 2019, the Company expects the following cash flows for its financial liabilities and other contractual commitments:

	Less than 1 year	1 - 2 years	More than 2 years	Total
Accounts payable and accrued liabilities	\$ 9,439,931	\$ -	\$ -	\$ 9,439,931
Credit facilities	1,515,747	-	-	1,515,747
Lease obligations	785,772	733,195	383,406	1,875,374
Share-based payment provision	119,336	4,981	-	124,317
Other financial liabilities	125,550	-	-	125,550
	\$ 11,959,339	\$ 738,176	\$ 383,406	\$ 13,080,922

**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:

	Salary or fees	Share-based payments	Total
<b>Three months ended March 31, 2019</b>			
Management	\$ 160,000	\$ 90,319	\$ 250,319
Outside directors	22,000	29,487	51,487
Seabord Services Corp.	44,505	-	44,505
	\$ 226,505	\$ 119,806	\$ 346,311
<b>Three months ended March 31, 2018</b>			
Management	\$ 160,000	\$ 21,048	\$ 181,408
Outside directors	19,250	24,530	43,780
Seabord Services Corp.	46,074	-	46,074
	\$ 225,324	\$ 45,938	\$ 271,262

Included in accounts payable and accrued liabilities, as at March 31, 2019 was \$843,832 (December 31, 2018 - \$846,188) 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.

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**DERIVATIVE INSTRUMENTS**

The Company enters into derivative instruments from time to time in the normal course of business in order to manage its exposure to fluctuations in copper price, gold price, and the Colombian peso/US dollar exchange rate. The Company does not enter into or trade derivative instruments for speculative purposes. The Company has not applied hedge accounting to these derivative transactions. Derivative instruments are marked-to-market at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustment has been recognized in other financial assets or liabilities on the consolidated statement of financial position. During the three months ended March 31, 2019, the Company recognized a negative net fair value adjustment of \$397,680 (2018 - positive \$73,924) on its derivative instruments, and a net realized gain of \$51,922 (2018 - \$373,644) on the settlement of its derivative instruments.

**Currency forward arrangements**

The Company had entered into zero-cost non-deliverable currency forward arrangements with local Colombian banks between the US dollar and Colombian peso. Each arrangement was net settled based on the difference between the market exchange rate and the contracted settlement rate, where the Company received proceeds if the contracted settlement rate is above the market exchange rate to purchase Colombian peso. As at March 31, 2019, the Company had outstanding arrangements to convert \$8,159,000 (December 31, 2018 - \$13,748,000) into Colombian peso at the negotiated exchange rates over the next twelve months, resulting in a net liability carrying amount of \$115,067 (December 31, 2018 - net asset of \$282,793).

**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 March 31, 2019, the Company's financial instruments measured at fair value are as follows:

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<b>Financial assets and liabilities</b>		Level 1	Level 2	Level 3	<b>Total</b>
Trade receivable from provisional sales	\$	-	\$ 3,153,379	\$ -	\$ 3,153,379
Other financial assets	\$	-	\$ 10,483	\$ -	\$ 10,483
Other financial liabilities	\$	-	\$ 125,550	\$ -	\$ 125,550
Share-based payment provision	\$	124,318	\$ -	\$ -	\$ 124,318

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The carrying value of cash and cash equivalents, receivables (excluding trade receivable from provisional sales of metals concentrate), accounts payable and accrued liabilities, and credit facilities approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's long-term loans payable and 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.

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

**Metal price risk**

The Company is exposed to metals price risk given that its revenues are derived from the sale of metals through its metals concentrate products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral property may be adversely affected by fluctuations in metals prices. For concentrate shipped and provisionally invoiced during the three months ended March 31, 2019, a 1% change in copper and gold prices would result in an increase/decrease of approximately \$794,000 and \$177,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

**Interest rate risk**

The Company is exposed to interest rate risk on its variable rate debt facilities. Variable interest rates are based on the US dollar LIBOR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at March 31, 2019, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$45,000 in the Company's pre-tax income or loss on an annualized basis based on the debt and credit facilities used.

**Credit risk**

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

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities (refer to Contractual Obligations for the expected payments due as at March 31, 2019).

**Currency risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Colombia and incurs expenditures in currencies other than the US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. As at March 31, 2019, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian nuevo soles	Colombian pesos (000's)
Cash and cash equivalents	\$ 98,670	\$ 107,237	\$ 2,157,623
Receivables	5,956	4,969	7,044,459
Accounts payable and accrued liabilities	(1,875)	(219,284)	(23,820,611)
lease obligations	-	-	(2,712,187)
Net exposure	\$ 102,751	\$ (107,078)	\$ (17,330,716)
US dollar equivalent	\$ 76,985	\$ (32,289)	\$ (5,439,389)

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Based on the above net exposure, as at March 31, 2019, 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 \$54,000 in the Company's pre-tax income or loss.

### **CONTINGENCY**

During the year ended December 31, 2015, the Company's operating subsidiary, Minera El Roble S.A. ("MINER"), received notice of claim from the mining authority in Colombia requesting payment of royalties related to past copper production. The mining authority is basing its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the contract regulating its royalty obligations. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Therefore, the Company and its legal counsel's position is that MINER has complied rigorously with royalty payments due and called for under the current contractual obligations. In April 2018, the Company received a revised claim of approximately \$5,000,000 (up from \$2,000,000) and additional interest and fees from the Administrative Tribunal of Cundinamarca (the "Tribunal"). After exhausting all options to find a resolution at the administrative level, the Company will vigorously defend itself against this action before the Tribunal. The Company has been advised by its Colombian legal counsel that this claim lacks merit, as it is in violation of Colombian law, and that such claims may take up to ten years to reach a resolution. As at March 31, 2019, 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.

### **EVENTS AFTER REPORTING DATE**

Subsequent to March 31, 2019:

- the strike at the El Roble mine ended with the beginning of an arbitration process as dictated by Colombian law on April 27, 2019. According to Colombian Labor Code, the arbitrator's council has been assembled. The Company has resumed all operations and re-initiated its diamond drill exploration program; and
- the Company granted 782,828 RSUs and 2,200,000 stock options exercisable at \$0.285 per share for five years to employees, directors, and officers of the Company, all of which will vest over 36 months.

### **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, 2018.

### **NEW ACCOUNTING STANDARDS**

#### **Accounting standards adopted during the period**

##### *Adoption of IFRS 16 Leases*

Effective January 1, 2019, the Company has adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

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IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (a) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (b) recognizes the amortization of ROU assets and interest on lease liabilities in the consolidated statement of income; and (c) separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. As a result, the Company, as a lessee, has recognized \$871,604 within lease obligations representing its obligation to make lease payments. ROU assets of the same amount were recognized within mineral property, plant and equipment, representing its right to use the underlying assets. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8%.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application and lease liabilities recognized on the consolidated statement of financial position at the date of initial application:

	January 1 2019
Operating lease obligation as at December 31, 2018	\$ 34,434
Leases with lease term of 12 months or less and low value assets	(34,343)
Leases identified as a result of IFRS 16 implementation	998,168
Effect from discounting at the incremental borrowing rate	(126,564)
Lease liabilities due to initial application of IFRS 16 as at January 1, 2019	\$ 871,604

*New accounting policy for leases under IFRS 16*

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of income on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

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ROU assets are included in mineral property, plant and equipment, and the lease liability is presented as part of provisions in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of income.

**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 30, 2019, 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 98,502,337 common shares issued and outstanding. There were also 9,446,285 options outstanding with expiry dates ranging from July 11, 2019 to May 2, 2024.

**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.

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

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

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

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

**EI 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 interim consolidated financial statements for the three months ended March 31, 2019:

Expressed in \$000's	Q1 2019	Q1 2018
<b>Cash cost per tonne of processed ore</b>		
Cost of sales <sup>(1)</sup>	\$ 15,438.7	\$ 6,285.5
Add / subtract		
Change in concentrate inventory	(8,051.2)	5,775.4
Depletion and amortization in concentrate inventory	1,164.8	(1,359.4)
Commercial and government royalties	(337.5)	(122.7)
Depletion and amortization in cost of sales	(4,070.2)	(1,735.0)
Aggregate cash cost	4,144.7	8,843.8
Total processed ore (tonnes)	35,581	69,499
Cash cost per tonne of processed ore (\$/t)	\$ 116.49	\$ 127.25
Mining cost per tonne	\$ 53.23	\$ 65.10
Milling cost per tonne	15.15	19.10
Indirect cost per tonne	29.11	31.95
Distribution cost per tonne	19.00	11.10
Total production cost per tonne of processed ore (\$/t)	\$ 116.49	\$ 127.25

<sup>(1)</sup> Includes depletion, amortization, selling expenses, government royalties and mining taxes.

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Expressed in \$000's	Q1 2019	Q1 2018
<b>Cash costs per pound of payable copper produced</b>		
Aggregate cash cost (above)	\$ 4,144.7	\$ 8,843.8
Add / subtract		
By-product credits	(1,884.7)	(3,367.4)
Refining charges	640.6	1,507.8
Transportation charges	253.4	522.5
<b>Cash cost applicable to payable copper produced</b>	<b>3,156.2</b>	<b>7,506.7</b>
Add / subtract		
Commercial and government royalties	337.5	122.7
G&A expenses	671.0	835.0
Share-based payments	142.5	57.8
Accretion of ARO	43.9	40.0
Sustaining capital expenditures <sup>(2)</sup>	425.3	1,079.4
<b>All-in sustaining cash cost</b>	<b>4,776.4</b>	<b>9,641.5</b>
Add / subtract		
Non-sustaining capital expenditures <sup>(2)</sup>	158.3	534.3
Brownfields exploration expenditures <sup>(2)</sup>	276.1	505.9
<b>All-in cash cost</b>	<b>5,210.8</b>	<b>10,681.8</b>
Total payable copper produced (000's lbs)	2,244.0	5,202.0
<b>Per pound of payable copper produced (\$/lb)</b>		
Cash cost, net of by-product credits	\$ 1.41	\$ 1.44
All-in sustaining cash cost	\$ 2.13	\$ 1.85
All-in cash cost	\$ 2.32	\$ 2.05
Cash margin <sup>(3)</sup>	\$ 1.40	\$ 1.72

<sup>(2)</sup> Amounts presented on a cash basis.

<sup>(3)</sup> Cash margin is calculated with (a) the realized price per pound of copper, less (b) the cash cost, net of by-product credits, per pound of payable copper produced.

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

Expressed in \$000's	Q1 2019	Q1 2018
<b>Aggregate cash production cost</b>	\$ 4,144.7	\$ 8,843.8
<b>Cash cost per pound of payable copper produced</b>		
Cash cost attributable to copper production <sup>(4)</sup>	\$ 3,845.6	\$ 8,218.0
Add / subtract		
By-product credit from silver	(0.0)	(0.0)
Refining charges	640.6	1,507.8
Transportation charges	237.2	485.5
Cash cost applicable to payable copper produced	4,723.4	10,211.3
Total payable copper produced (000's lbs)	2,244.0	5,202.0
Cash cost per pound of payable copper produced (\$/lb)	\$ 2.10	\$ 1.96
<b>Cash cost per ounce of payable gold produced</b>		
Cash cost attributable to gold production <sup>(4)</sup>	\$ 299.0	\$ 625.8
Add / subtract		
Refining charges	14.2	25.4
Transportation charges	18.4	37.0
Cash cost applicable to payable gold produced	331.6	688.2
Total payable gold produced (oz)	1,430.6	2,562.9
Cash cost per ounce of payable gold produced (\$/oz)	\$ 231.79	\$ 268.53

<sup>(4)</sup> 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;

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