



ATICO MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in United States Dollars)

MARCH 31, 2020

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Atico Mining Corporation (the "Company") for the three months ended March 31, 2020 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

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

	March 31 2020	December 31 2019
ASSETS		
Current assets		
Cash	\$ 3,374,783	\$ 7,162,475
Receivables (Note 3)	5,141,230	11,088,035
Inventories (Note 4)	6,707,338	6,643,372
Other assets (Note 5)	2,342,802	132,602
Total current assets	17,566,153	25,026,484
Non-current assets		
Mineral properties (Note 6)	61,958,181	62,477,860
Plant and equipment (Note 7)	13,552,569	13,599,348
Total non-current assets	75,510,750	76,077,208
TOTAL ASSETS	\$ 93,076,903	\$ 101,103,692
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 8,486,288	\$ 10,103,427
Loans payable and convertible debentures (Note 9)	1,105,550	3,465,020
Other liabilities (Note 10)	34,654	753,117
Lease liabilities (Note 11)	743,143	807,073
Total current liabilities	10,369,635	15,128,637
Non-current liabilities		
Loans payable and convertible debentures (Note 9)	1,650,000	2,200,000
Other liabilities (Note 10)	30,470	48,432
Lease liabilities (Note 11)	494,728	769,093
Decommissioning and restoration provision (Note 12)	2,121,760	2,073,007
Deferred income tax liabilities	14,834,240	15,870,638
Total non-current liabilities	19,131,198	20,961,170
Total liabilities	29,500,833	36,089,807
EQUITY		
Share capital (Note 14)	42,668,857	42,667,270
Reserves	3,582,885	3,466,838
Retained earnings	6,332,311	7,774,149
Total equity attributable to equity holders of the Company	52,584,053	53,908,257
Non-controlling interests (Note 18)	10,992,017	11,105,628
Total equity	63,576,070	65,013,885
TOTAL LIABILITIES AND EQUITY	\$ 93,076,903	\$ 101,103,692

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 19, 2020.

Approved by the Board of Directors

"Luis F. Sáenz" Director

"Jorge R. Ganoza" Director

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

ATICO MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited - Expressed in United States Dollars)

	Three months ended March 31 2020	Three months ended March 31 2019
Sales (Note 15)	\$ 7,563,092	\$ 21,102,085
Cost of sales (Note 16)	(8,970,716)	(15,438,726)
Income (loss) from mining operations	(1,407,624)	5,663,359
General and administrative expenses	(1,058,570)	(670,960)
Share-based payments (Note 14)	(93,923)	(142,535)
Income (loss) from operations	(2,560,117)	4,849,864
Accretion expenses	(74,616)	(84,600)
Interest on loans payable and convertible debentures (Note 9)	(116,805)	-
Interest and other expenses	(90,111)	(46,361)
Fair value adjustment on derivative instruments, net (Note 5)	2,044,267	(397,860)
Realized gain (loss) on derivative instruments, net (Note 5)	(235,292)	51,922
Foreign exchange loss	(682,246)	(110,458)
Income (loss) before income taxes	(1,714,920)	4,262,507
Current income tax expense (Note 13)	(876,928)	(148,329)
Deferred income tax (expense) recovery (Note 13)	1,036,399	(1,425,394)
Net income (loss) and comprehensive income (loss)	\$ (1,555,449)	\$ 2,688,784
Net income (loss) and comprehensive income (loss) attributable to:		
Equity holders of Atico Mining Corporation	\$ (1,441,838)	\$ 2,354,554
Non-controlling interests (Note 18)	(113,611)	334,230
	\$ (1,555,449)	\$ 2,688,784
Basic earnings (loss) per share (Note 17)	\$ (0.01)	\$ 0.02
Diluted earnings (loss) per share (Note 17)	\$ (0.01)	\$ 0.02
Weighted average no. of shares outstanding - basic (Note 17)	119,023,234	98,502,329
Weighted average no. of shares outstanding - diluted (Note 17)	119,023,234	98,502,329

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

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

	Three months ended March 31 2020	Three months ended March 31 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (1,555,449)	\$ 2,688,784
Items not affecting cash:		
Depletion and amortization	2,615,626	4,190,049
Share-based payments	93,923	142,535
Accretion of lease liabilities	25,863	40,680
Accretion of decommissioning and restoration provision	48,753	43,920
Interest income	(273)	(235)
Interest expense	116,805	38,719
Fair value adjustment on derivative instruments, net	(2,044,267)	426,057
Realized (gain) loss on derivative instruments, net	235,292	(51,922)
Deferred income tax expense (recovery)	(1,036,398)	1,425,394
Unrealized foreign exchange effect	(144,396)	172,887
	(1,644,521)	9,116,868
Changes in non-cash operating working capital items (Note 20)	3,715,826	3,308,391
Net cash provided by operating activities	2,071,305	12,425,259
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties	(1,388,430)	(308,323)
Acquisition of plant and equipment	(1,043,922)	(551,389)
Interest received	273	235
Settlements of derivative instruments	(235,292)	51,922
Net cash used in investing activities	(2,667,371)	(807,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans payable withdrawn (repaid), net	(2,636,043)	(5,000,000)
Payments on lease obligations, principal	(167,658)	(169,836)
Payments on lease obligations, interest	(48,753)	(40,680)
Interest paid	(334,861)	(33,516)
Shares issued	974	-
Net cash used in financing activities	(3,186,341)	(5,244,032)
Effect of exchange rate changes on cash	(5,285)	1,312
Change in cash	(3,787,692)	6,374,984
Cash, beginning of period	7,162,475	6,014,723
Cash, end of period	\$ 3,374,783	\$ 12,389,707

Supplemental disclosure with respect to cash flows (Note 20)

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

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

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Contributed surplus reserve	Non- controlling interests	Retained earnings	Total equity
Balance as at December 31, 2019	119,022,769	\$ 42,667,270	\$ 3,838,493	\$ (715,935)	\$ 344,280	\$ 11,105,628	\$ 7,774,149	\$ 65,013,885
Exercise of stock options	4,000	1,587	(613)	-	-	-	-	974
Share-based payments	-	-	116,660	-	-	-	-	116,660
Net loss and comprehensive loss	-	-	-	-	-	(113,611)	(1,441,838)	(1,555,449)
Balance as at March 31, 2020	119,026,769	\$ 42,668,857	\$ 3,954,540	\$ (715,935)	\$ 344,280	\$ 10,992,017	\$ 6,332,311	\$ 63,576,070

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Contributed surplus reserve	Non- controlling interests	Retained earnings	Total equity
Balance as at December 31, 2018	98,502,337	\$ 38,381,033	\$ 3,399,066	\$ (715,935)	\$ 344,280	\$ 4,205,328	\$ 1,891,186	\$ 47,504,958
Share-based payments	-	-	110,266	-	-	-	-	110,266
Net income and comprehensive income	-	-	-	-	-	334,230	2,354,554	2,688,784
Balance as at March 31, 2019	98,502,337	\$ 38,381,033	\$ 3,509,332	\$ (715,935)	\$ 344,280	\$ 4,539,558	\$ 4,245,740	\$ 50,304,008

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

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in United States Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

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.

On September 11, 2019, the Company acquired 100% of the issued and outstanding common shares of Toachi Mining Inc. ("Toachi") in a plan of arrangement. Toachi has a 60% interest (with an option for an additional 15%) in Compania Minera La Plata S.A. ("CMLP"), who holds the La Plata property.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company is closely monitoring the developments and has implemented preventative measures at the El Roble mine site, La Plata project, as well as corporate offices to safeguard the health of its employees, while continuing to operate effectively and responsibly in its communities. It is currently not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. However, management will continue to assess the situation and are prepared to swiftly make any necessary adjustments within the regulatory framework issued by the Colombian and Ecuadorian Ministry of Health and Social Protection.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These consolidated 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"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value. In addition, these consolidated 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, 2019.

3. RECEIVABLES

	March 31 2020	December 31 2019
Trade receivables	\$ 2,804,106	\$ 8,405,557
GST/VAT and other taxes recoverable	2,264,646	2,601,210
Other receivables	72,478	81,268
	\$ 5,141,230	\$ 11,088,035

The Company has a concentrate off-take agreement whereby 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. As at March 31, 2020 and December 31, 2019, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at March 31, 2020 and December 31, 2019 was \$Nil.

4. INVENTORIES

	March 31 2020	December 31 2019
Consumable parts and supplies	\$ 2,704,745	\$ 3,421,512
Ore stockpiles	352,815	515,766
Metals concentrate	3,649,778	2,706,094
	\$ 6,707,338	\$ 6,643,372

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. OTHER ASSETS

	March 31 2020	December 31 2019
Prepaid expenses and deposits	\$ 1,035,769	\$ 111,907
Derivative assets	1,307,033	20,695
	\$ 2,342,802	\$ 132,602

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 derivative instruments on the consolidated statement of financial position. During the three months ended March 31, 2020, the Company recognized a positive net fair value adjustment of \$2,044,267 (2019 - negative \$397,860) on its derivative instruments, and a net realized loss of \$235,292 (2019 - gain of \$51,922) on the settlement of its derivative instruments.

Currency forward arrangements

The Company has 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 receives proceeds if the contracted settlement rate is above the market exchange rate to purchase Colombian peso. As at March 31, 2020, the Company had outstanding arrangements to convert \$11,168,000 (December 31, 2019 - \$8,870,000) into Colombian peso at the negotiated exchange rates over the next nine months, resulting in a net asset carrying amount of \$1,307,033 (December 31, 2019 - net liability of \$587,379).

Commodity derivative arrangements

The Company 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 received proceeds if the contracted settlement price was above the market price. As at the March 31, 2020, the Company had no outstanding arrangements on gold to be settled (December 31, 2019 - 4,500 ounces of gold, resulting in a net liability carrying amount of \$89,125).

6. MINERAL PROPERTIES

	Land and				Total
	Depletable El Roble	non-depletable El Roble			
As at December 31, 2019, net	\$ 35,837,648	\$ 9,339,341	\$ 17,300,871	\$ 62,477,860	
Additions	238,375	621,143	528,912	1,388,430	
Depletion and amortization	(1,908,109)	-	-	(1,908,109)	
As at March 31, 2020, net	\$ 34,167,914	\$ 9,960,484	\$ 17,829,783	\$ 61,958,181	
As at December 31, 2019					
Historical cost	\$ 71,356,519	\$ 9,339,341	\$ 17,300,871	\$ 97,996,731	
Accumulated amortization	(35,518,871)	-	-	(35,518,871)	
Net carrying amount	\$ 35,837,648	\$ 9,339,341	\$ 17,300,871	\$ 62,477,860	
As at March 31, 2020					
Historical cost	\$ 71,594,894	\$ 9,960,484	\$ 17,829,783	\$ 99,385,161	
Accumulated amortization	(37,426,980)	-	-	(37,426,980)	
Net carrying amount	\$ 34,167,914	\$ 9,960,484	\$ 17,829,783	\$ 61,958,181	

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7. PLANT AND EQUIPMENT

	Plant and building	Machinery and equipment	Assets under lease	Total
As at December 31, 2019, net	\$ 9,785,629	\$ 2,697,058	\$ 1,116,661	\$ 13,599,348
Additions	695,776	348,146	-	1,043,922
Depletion and amortization	(371,854)	(473,392)	(245,455)	(1,090,701)
As at March 31, 2020, net	\$ 10,109,551	\$ 2,571,812	\$ 871,206	\$ 13,552,569
As at December 31, 2019				
Historical cost	\$ 12,887,262	\$ 17,279,255	\$ 3,587,780	\$ 33,754,297
Accumulated amortization	(3,101,633)	(14,582,197)	(2,471,119)	(20,154,949)
Net carrying amount	\$ 9,785,629	\$ 2,697,058	\$ 1,116,661	\$ 13,599,348
As at March 31, 2020				
Historical cost	\$ 13,583,038	\$ 17,627,401	\$ 3,587,780	\$ 34,798,219
Accumulated amortization	(3,473,487)	(15,055,589)	(2,716,574)	(21,245,650)
Net carrying amount	\$ 10,109,551	\$ 2,571,812	\$ 871,206	\$ 13,552,569

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2020	December 31 2019
Trade and other payables	\$ 3,876,282	\$ 5,258,897
Payables to non-controlling interest of MINER	61,152	75,725
Payroll and related liabilities	989,292	1,484,579
Taxes payable	3,200,321	2,937,403
Accrued liabilities	359,241	346,823
	\$ 8,486,288	\$ 10,103,427

9. LOANS PAYABLE AND CONVERTIBLE DEBENTURES

	Credit facilities	Loans payable	Convertible debentures	Total
As at December 31, 2019	\$ -	\$ 3,312,103	\$ 2,352,917	\$ 5,665,020
Additions	8,000,000	-	-	8,000,000
Interest expense	52,187	49,785	14,833	116,805
Repayments - principal	(8,000,000)	(550,000)	(2,086,043)	(10,636,043)
Repayments - interest	(52,187)	(56,338)	(226,336)	(334,861)
Currency translation adjustments	-	-	(55,371)	(55,371)
	-	2,755,550	-	2,755,550
Less: current portion	-	1,105,550	-	1,105,550
Non-current portion	\$ -	\$ 1,650,000	\$ -	\$ 1,650,000

Credit facilities

The Company has arrangements with several Colombian banks to enter into unsecured credit facilities with terms up to six months from the date of drawn down (Note 21).

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 London Interbank Offered Rates ("LIBOR") plus 4.5% from the date of advance and would be secured by such inventory until the date of the payment on provisional invoice has been made. As at March 31, 2020, there were no amounts advanced.

Loans payable

In September 2019, the Company entered into loan agreements with Colombian banks totaling \$3,300,000, which carry interest rates between LIBOR plus 2.0% to 2.5% per annum repayable over three years. Of the balance outstanding, \$1,105,550 will be payable within 12 months.

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9. LOANS PAYABLE AND CONVERTIBLE DEBENTURES (cont'd...)

Convertible debentures

On the acquisition of Toachi, the Company assumed convertible debentures with an aggregate principal balance of C\$2,800,000, which carried an interest rate of 10.85% per annum payable between January to March 2020. The principal balance was convertible into common shares of the Company at C\$0.48 per share. As of March 31, 2020, all convertible debentures have been paid in full by cash.

10. OTHER LIABILITIES

	March 31 2020	December 31 2019
Derivative liabilities (Note 5)	\$ -	\$ 697,199
Share purchase warrants outstanding (Note 14)	-	7,296
Provision for restricted share units (Note 14)	65,124	97,054
	65,124	801,549
Less: current portion	34,654	753,117
Non-current portion	\$ 30,470	\$ 48,432

11. LEASE LIABILITIES

	March 31 2020	December 31 2019
Not later than one year	\$ 806,481	\$ 895,330
Later than one year and not later than five years	537,616	832,720
Later than five years	-	-
Total minimum lease payments	1,344,096	1,728,050
Future finance charges at implicit rate	(106,226)	(151,884)
Present value of minimum lease payments	1,237,871	1,576,166
Less: current portion	743,143	807,073
Non-current portion	\$ 494,728	\$ 769,093

12. DECOMMISSIONING AND RESTORATION PROVISION

	March 31 2020	December 31 2019
Opening balance	\$ 2,073,007	\$ 1,888,879
Accretion expense	48,753	184,128
Ending balance	\$ 2,121,760	\$ 2,073,007

A decommissioning and restoration provision have 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 March 31, 2020 were \$3,150,000 (December 31, 2019 - \$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, 2019 - 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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13. INCOME TAXES

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

For the three months ended	March 31 2020	March 31 2019
Income (loss) before income taxes	\$ (1,714,920)	\$ 4,262,507
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax expense (recovery) at statutory income tax rate	(463,028)	1,150,877
Difference between Canadian and foreign tax rates	(67,360)	291,254
Changes in effective tax rates	(206,342)	(207,535)
Permanent differences and other adjustments	(77,657)	338,753
Changes in unrecognized deferred tax assets	99,856	112,399
Impact of foreign exchange on deferred tax assets and liabilities	555,061	(112,025)
	\$ (159,470)	\$ 1,573,723
Current income tax expense (recovery)	\$ 876,928	\$ 148,329
Deferred income tax expense (recovery)	\$ (1,036,399)	\$ 1,425,394

14. SHARE CAPITAL

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

Issued share capital

During the three months ended March 31, 2020, the Company issued 4,000 (2019 - Nil) common shares pursuant to the exercise of stock options.

Stock options

The continuity of stock options for the three months ended March 31, 2020 is as follows:

	Outstanding	Weighted average exercise price (C\$)
As at December 31, 2019	9,434,041	\$ 0.51
Exercised	(4,000)	0.35
Expired/Cancelled	(575,865)	1.18
As at March 31, 2020	8,854,176	\$ 0.47

As at March 31, 2020, the weighted average remaining life of the stock options outstanding is 2.90 (December 31, 2019 - 2.97) years with vesting periods ranging from 0 to 36 months. The Company's outstanding stock options as at March 31, 2020 are as follows:

Expiry date	Exercise price (C\$)	Outstanding	Exercisable
Apr 12, 2021	0.35	2,237,184	2,237,184
Jun 28, 2021	1.53	62,242	62,242
Apr 17, 2022	0.77	841,119	420,560
Aug 09, 2022	1.77	49,794	49,794
Jan 31, 2023	0.88	261,418	261,418
Feb 22, 2023	0.69	1,597,678	798,839
May 07, 2023	0.56	37,345	12,448
Jun 05, 2023	0.59	35,000	7,000
Mar 22, 2024	0.40	87,138	29,046
May 02, 2024	0.29	2,200,000	-
Oct 07, 2024	0.34	1,445,258	-

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

Share purchase warrants

In connection to the acquisition of Toachi, the Company issued 2,489,689 share purchase warrants exercisable at C\$0.68 per share until April 13, 2020. There were no changes during the three months ended March 31, 2020

	Exercise price	
Expiry date	(C\$)	Outstanding
Apr 13, 2020 ⁽¹⁾	0.68	-
⁽¹⁾ Expired subsequently		

As at March 31, 2020, the weighted average remaining life of the share purchase warrants outstanding is 0.04 (December 31, 2019 - 0.28) years.

Restricted share units

The continuity of RSUs for the three months ended March 31, 2020 are as follows:

	Outstanding
As at December 31, 2019	956,225
Vested	(37,393)
As at March 31, 2020	918,832

As at March 31, 2020, the weighted average remaining life of the RSUs outstanding was 1.84 (December 31, 2019 - 2.06) years with vesting periods of 36 months. The Company's outstanding RSUs as at March 31, 2020 are as follows:

Expiry date	Outstanding
Apr 17, 2020	73,681
Feb 22, 2021	62,322
May 02, 2022	782,829

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 \$93,923 (2019 - \$142,535) with an offsetting credit of \$116,660 (2019 - \$110,266) to the share-based payments reserve and debit of \$22,737 (2019 - \$32,269) to the provision, respectively, during the three months ended March 31, 2020.

15. SALES

	March 31	March 31
For the three months ended	2020	2019
Metals concentrate shipped and invoiced	\$ 10,039,512	\$ 20,887,148
Provisional pricing adjustments	(2,476,420)	214,937
	\$ 7,563,092	\$ 21,102,085

16. COST OF SALES

	March 31	March 31
For the three months ended	2020	2019
Direct mining and processing costs	\$ (5,595,990)	\$ (10,350,255)
Royalties	(151,529)	(337,496)
Selling expense	(615,341)	(680,759)
Depletion and amortization	(2,607,856)	(4,070,216)
	\$ (8,970,716)	\$ (15,438,726)

Direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs. Selling expense included mostly the transportation, storage, and security costs of concentrate prior to invoicing.

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17. EARNINGS (LOSS) PER SHARE

	March 31 2020	March 31 2019
For the three months ended		
Net income attributable to equity holders	\$ (1,441,838)	\$ 2,354,554
Weighted average number of shares	119,023,234	98,502,329
Dilutive effect of stock options	-	-
Diluted weighted average number of shares	119,023,234	98,502,329
Basic earnings (loss) per share	\$ (0.01)	\$ 0.02
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.02

⁽¹⁾ Attributable to equity holders of the Company

⁽²⁾ Amounts are Nil for periods with basic loss per share, as the effects would be anti-dilutive

18. NON-CONTROLLING INTERESTS

	MINER 90%	CMLP 60%	Total
Ownership %			
As at December 31, 2019	\$ 4,499,432	\$ 6,606,196	\$ 11,105,628
Net loss and comprehensive loss	(113,611)	-	(113,611)
As at March 31, 2020	\$ 4,385,821	\$ 6,606,196	\$ 10,992,017

Summarized financial information about MINER and CLMP is as follows:

	MINER March 31 2020	CMLP March 31 2020	MINER March 31 2019
For the three months ended			
Current assets	\$ 16,418,639	\$ 70,352	\$ 23,406,780
Non-current assets	53,601,477	17,047,039	54,079,187
Current liabilities	11,421,433	24,889	10,266,084
Non-current liabilities	17,450,728	-	20,147,556
Net income (loss) and comprehensive income (loss)	\$ (1,136,110)	\$ -	\$ 3,342,300

19. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers key management personnel to include its management, outside directors, and any entity controlled by them. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Salary or fees	Share-based payments	Total
For the three months ended March 31, 2020			
Management	\$ 208,888	\$ 31,389	\$ 240,277
Directors	24,000	34,149	58,149
Seabord Services Corp.	41,921	-	41,921
	\$ 274,809	\$ 65,538	\$ 340,347

	Salary or fees	Share-based payments	Total
For the three months ended March 31, 2019			
Management	\$ 160,000	\$ 90,319	\$ 250,319
Directors	22,000	29,487	51,487
Seabord Services Corp.	44,505	-	44,505
	\$ 226,505	\$ 119,806	\$ 346,311

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19. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd...)

As at March 31, 2020, the Company had \$616,425 (December 31, 2019 - \$595,952) 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.

20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Changes in non-cash working capital

For the three months ended	March 31 2020	March 31 2019
Receivables	\$ 5,946,805	\$ (2,882,368)
Inventories	319,215	6,039,590
Prepays and deposits	(923,862)	(333,220)
Accounts payable and accrued liabilities	(1,626,332)	484,389
Net change in non-cash working capital	\$ 3,715,826	\$ 3,308,391

Significant non-cash investing and financing activities

During the three months ended March 31, 2020, the Company:

- a) reallocated mineral property depletion of \$1,346,537 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date; and
- b) reallocated mineral property depletion of \$963,356 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales.

During the three months ended March 31, 2019, the Company:

- a) reallocated mineral property depletion of \$954,482 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 \$3,232,210 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales; and
- c) recorded \$871,604 of ROU asset and lease liability, respectively, on the adoption of IFRS 16 Leases.

21. 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 Company has arrangements for unsecured credit facilities to borrow up to approximately \$8,000,000 with a number of Colombian banks, including Banco Davivienda S.A., Banco de Occidente, Bancolombia, and Banco Popular.

In addition, 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 4.5% from the date of advance until the date of the payment on provisional invoice has been made.

Furthermore, the Company considers components of shareholders' equity as part of its capital. 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 March 31, 2020 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements.

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22. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Fair value hierarchy	March 31 2020	December 31 2019
Financial assets - amortized cost:			
Cash		\$ 3,374,783	\$ 6,014,723
Receivables		72,478	26,046
Financial assets - fair value through profit or loss:			
Trade receivables	Level 2	2,804,106	849,726
Derivative assets	Level 2	1,307,033	20,695
Financial liabilities - amortized cost:			
Accounts payable and accrued liabilities		5,285,967	7,166,024
Loans payable		2,755,550	6,510,544
Financial liabilities - fair value through profit or loss:			
Derivative liabilities	Level 2	-	697,199
Provision for restricted share units	Level 2	\$ 65,124	\$ 97,054

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; (b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and (c) Level 3 - Inputs for assets and liabilities that are not based on observable market data. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying value of cash, receivables (excluding trade receivable from sales of metals concentrate), and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's loans payable are approximated by their carrying values as their interest rates are comparable to current interest rates.

Trade receivable from 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 Company's exercise price of its share purchase warrants and conversion price on the convertible debentures are denominated in Canadian dollar. The trade receivable from sales of metals concentrate, derivative instruments, share purchase warrants, and derivative component of the convertible debentures 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

For concentrate shipped and provisionally invoiced during the three months ended March 31, 2020, a 10% change in copper and gold prices would result in an increase/decrease of approximately \$3,474,000 and \$1,217,000 respectively 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 9, 10, 11, and 12. All current liabilities are settled within one year.

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

Interest rate risk

As at March 31, 2020, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$26,000 in the Company's pre-tax income or loss on an annualized basis based on the loan and credit facilities used.

Currency risk

Based on the Company's net exposure, as at March 31, 2020, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, and Colombian peso would result in an increase/decrease of approximately \$479,000 in the Company's pre-tax income or loss.

23. CONTINGENCY

During the year ended December 31, 2015, the Company's Colombian 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. 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, 2020, 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.

24. 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 March 31, 2020, the Company only had a single off-take agreement for metals concentrate produced at the El Roble mining property.

Geographic segment details

As at March 31, 2020	Canada	Colombia	Ecuador and other	Total
Cash and other current assets	\$ 96,406	\$ 16,980,974	\$ 488,773	\$ 17,566,153
Mineral properties	-	44,128,398	17,829,783	61,958,181
Plant and equipment	-	13,541,751	10,818	13,552,569
Total assets	\$ 96,406	\$ 74,651,123	\$ 18,329,374	\$ 93,076,903

As at December 31, 2019	Canada	Colombia	Other	Total
Cash and other current assets	\$ 94,237	\$ 21,741,423	\$ 3,190,824	\$ 25,026,484
Mineral properties	-	45,176,989	17,300,871	62,477,860
Plant and equipment	-	13,588,530	10,818	13,599,348
Total assets	\$ 94,237	\$ 80,506,942	\$ 20,502,513	\$ 101,103,692