ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the six months ended June 30, 2020

Atico Mining Corporation
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GENERAL

This management's discussion and analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") is intended to help the reader understand the significant factors that have affected Atico and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of August 11, 2020, should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2020 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included in the following MD&A are in the United States ("US") dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

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

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COMPANY OVERVIEW

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

The Company is engaged in copper-gold mining and related activities including exploration, development, extraction, and processing in Colombia and Ecuador 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 6,355 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 1,000 tonnes per day.

On September 11, 2019, the Company completed its plan of arrangement (the "Arrangement") pursuant to the definitive agreement dated July 8, 2019 (the "Arrangement Agreement") to acquire Toachi Mining Inc. ("Toachi"), whereby each of the issued and outstanding shares of Toachi was exchanged on a basis of 0.24897 common shares of the Company (the "Exchange Ratio"). Toachi has an option agreement to earn up to 75% ownership in Compania Minera La Plata S.A. ("CMLP") who holds the La Plata project, which is a gold-rich volcanogenic massive sulphide ("VMS") deposit that was the subject of small-scale mining from 1975-1981 by Outokumpu Finland. The La Plata project consists two concessions covering a total area of 2,300 hectares along its 4-kilometre length, which contains known mineralization in two VMS lenses and nine priority exploration targets.

SECOND QUARTER 2020 FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for the three months ended June 30, 2020 ("Q2-2020") amounted to $1.2 million, compared with loss of $0.4 million for the same period last year ("Q2-2019"). Net income for the quarter was positively affected by an increase in concentrate shipped and invoiced with lower cost of sales per unit, partially offset by a lower realized copper price, as compared to Q2-2019.

- Sales for the period increased 85% to $12.8 million when compared with $6.9 million in Q2-2019. Copper ("Cu") and gold ("Au") accounted for 82% and 18% of the 9,014 (Q2-2019 - 5,769) dry metric tonnes ("DMT") shipped and invoiced during Q2-2020.

- The average realized price per metal on invoicing was $2.60 (Q2-2019 - $2.69) per pound ("lbs") of copper and $1,726 (Q2-2019 - $1,410.62) per ounce ("oz") of gold.

- Income from operations was $3.0 million (Q2-2019 - loss of $0.8 million) while cash flow provided by operations, before changes in working capital, was $7.3 million (Q2-2019 - negative $1.2 million). Cash used for capital expenditures amounted to $1.9 million (Q2-2019 - $1.8 million).

- Working capital was $11.4 million (December 31, 2019 - $9.9 million), while the Company had $1.7 million (December 31, 2019 - $2.2 million) in long-term loans payable.

- Cash costs were $94.21 per tonne of processed ore and $0.93 per pound of payable copper produced, which were decreases of 28% and 42% over Q2-2019, 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, along with higher by-product credit from gold.

- Cash margin was $1.67 (Q2-2019 - $1.10) per pound of payable copper produced, which was an increase of 52% over Q2-2019 (refer to non-GAAP Financial Measures).

- All-in sustaining cash cost per payable pound of copper produced was $1.34 (Q2-2019 - $2.29) (refer to non-GAAP Financial Measures).

- The Company produced 10,847 (Q2-2019 - 6,561) DMT of concentrate with a metal content of 5.0 million (Q2-2019 - 3.2 million) pounds of copper and 2,733 (Q2-2019 - 2,116) ounces of gold.

- Processed tonnes increased 51% to 71,804 compared to 47,534 in Q2-2019.

- At the end of the quarter, approximately 6,925 (December 31, 2019 - 3,104) wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

RESULTS OF OPERATIONS

El Roble mine review

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

The mine has processed over the past twenty-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 1,000 tonnes per day. Copper and gold mineralization at the El Roble property occurs in volcanogenic massive sulfide 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.

	YTD 2020	**Q2 2020**	**Q1 2020**	YTD 2019	Q2 2019	Q1 2019
Production (contained metals)[1]						
Copper (000 lbs)	**9,899**	**4,952**	**4,947**	5,519	3,157	2,362
Gold (oz)	**5,391**	**2,733**	**2,658**	3,668	2,116	1,552
Silver (oz)	**21,125**	**11,204**	**9,921**	12,174	6,914	5,260
Mining						
Material (tonnes)	**149,602**	**76,825**	**72,777**	82,117	47,321	34,796
Milling						
Milled (tonnes)	**145,178**	**71,804**	**73,374**	83,115	47,534	35,581
Tonnes per day	**890**	**903**	**878**	858	839	885
Copper grade (%)	**3.34**	**3.38**	**3.31**	3.28	3.28	3.29
Gold grade (g/t)	**1.99**	**2.02**	**1.96**	2.30	2.34	2.24
Silver grade (g/t)	**10.09**	**9.30**	**10.86**	10.67	11.10	10.10
Recoveries						
Copper (%)	**92.3**	**92.7**	**91.9**	91.7	91.7	91.6
Gold (%)	**58.8**	**58.6**	**58.9**	59.2	58.4	60.6
Silver (%)	**45.2**	**52.3**	**38.2**	41.6	40.1	43.6
Concentrate						
Cu concentrate produced (DMT)	**21,041**	**10,828**	**10,213**	11,520	6,561	4,959
Copper (%)	**21.3**	**20.7**	**21.9**	21.6	21.8	21.4
Gold (g/t)	**8.0**	**7.8**	**8.3**	10.0	10.1	9.8
Silver (g/t)	**31.0**	**32.2**	**29.8**	32.4	32.8	31.8
Payable copper produced (000 lbs)	**9,404**	**4,704**	**4,700**	5,243	2,999	2,244
Cash cost per pound of payable copper produced[2]	**1.03**	**0.93**	**1.13**	1.51	1.59	1.41

[1] Subject to adjustments due to final settlement. The final assay results for the Q1-2020 production numbers were received after the previous reporting period's cut-off date, resulting in a non-material change. The delay was caused by temporary lab closures as a result of COVID-19 preventative measures.
[2] Net of by-product credits (refer to non-GAAP Financial Measures).

El Roble operating performance

In Q2-2020, the Company produced 4.9 million lbs of copper, 2,733 oz of gold, and 11,204 oz of silver. When compared to Q2-2019, production increased by 56.9% for copper and 29.2% for gold. The increase for both copper and gold are mainly explained by the 75-day strike that occurred in the first half of 2019 during which the Company did not operate the mine and mill.

The average throughput rate for the quarter increased to 903 (Q2-2019 - 839) tonnes per day.

Average copper head grade slightly increased relative to last year and remained within the Company's mine plan for the period while the gold head grade decreased and was in line with the Company's guidance.

Copper recovery increased by 1.1% to 92.7% (Q2-2019 - 91.7%), while gold recovery was 58.6% (Q2-2019 - 58.4%); both were below the 2020 annual guidance of 93% and 62%.

(Expressed in US dollars, unless otherwise indicated)

Cash costs were $94.21 per tonne of processed ore and $0.93 per pound of payable copper produced, which were decreases of 28.0% and 41.5% over Q2-2019, respectively (refer to non-GAAP Financial Measures). The cash cost per pound of payable copper produced decrease is mainly explained by a lower cost per processed tonne and an increase in the gold contribution as a by-product. The decrease in the cost per processed tonne was driven by decreases in all cost areas, with the mining cost showing the largest decrease.

For Q2-2020, the all-in sustaining cash cost net of by credit products was $1.34 (Q2-2019 - $2.29) per pound of payable copper produced (refer to non-GAAP Financial Measures), which represents a 41.5% decrease over Q2-2019.

Cash used for capital expenditure activities during Q2-2020 was $1.0 million. Major categories of expenditure included $0.1 million in underground mine development, $0.4 million related to the mill, surface and energy infrastructure, and $0.5 million related to exploration.

The drift-and-fill mining method continues in Zeus with ore being sourced throughout the year from primary and secondary stopes from five sublevels from the 1727 to the 1797 level.

Concentrate inventory

Amounts in dry metric tonnes	**Q2 2020**	Q2 2019	**YTD 2020**	YTD 2019
Opening inventory	**4,435**	1,496	**2,810**	11,036
Production	**10,847**	6,601	**21,060**	11,522
Sales	**(9,014)**	(5,769)	**(17,602)**	(20,268)
Adjustment	**(0)**	327	**(0)**	365
Closing inventory	**6,268**	2,655	**6,268**	2,655

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 Q2-2020, the Company carried forward 4,435 DMT from the previous quarter, produced 10,847 DMT and sold 9,014 DMT of concentrate; the difference of 6,268 DMT is the concentrate inventory carried over to the next quarter.

Exploration at El Roble

During Q2-2020, 1,791.10 meters of drilling were completed at the El Roble project, of which 1,558.10 meters were drilled underground looking for new massive sulphide ("MS") at depth (plunge) of the Zeus body. The underground drilling below Zeus shows a fault that is displacing the favorable horizon ("Black Chert") along with small pieces of MS ranging from 5 to 35 centimeters ("cm") in size and strong pyrite-pyrhotite ("Py-Po") stringers with good silicification alteration. On regional surface targets, the Company only completed 233.00 meters at the La Calera target. At the beginning of the second quarter, the surface drilling program was put on hold due to the COVID-19 pandemic and was restarted on June 13, 2020.

Core drilling program will continue in the third quarter testing anomalies at greater depths and to the southeast of the mine mineralization (Zeus plunge and below Archie target). In parallel, the Company plans to further drill test three new regional target areas: La Calera, Anomaly 28, and Mariela.

At the El Roble property, the Company is planning to drill test at least 13,000 meters with its ongoing exploration program in 2020.

LA PLATA OVERVIEW

The La Plata project is a gold rich volcanogenic massive sulphide deposit that was the subject of small-scale mining from 1975-1981 by Outokumpu Finland. The project benefits from a modern drill and exploration database which was completed by Cambior Inc. from 1996-1999, Cornerstone Capital from 2006-2009 and Toachi from 2016-2019. In total, there is drill core and logs from more than 28,300 meters of drilling.

(Expressed in US dollars, unless otherwise indicated)

Historic resources based on drilling by Cambior and Cornerstone were estimated at 913,977 tonnes grading 8.01 grams gold per tonne, 88.3 grams silver per tonne, 5.01% copper, 6.71% zinc and 0.78% lead per tonne in the inferred category. More recently, Toachi Mining completed a PEA estimating an inferred resource of 1.85 million tonnes grading 4.10 grams gold per tonne, 50.0 grams silver per tonne, 3.30% copper, 4.60% zinc and 0.60% lead per tonne.

The La Plata project consists two concessions covering a total area of 2,300 hectares along its 4-kilometer length, which contains known mineralization in two VMS lenses and nine priority exploration targets.

La Plata option agreement

The Company has a binding option agreement with a private Ecuadorean company to earn up to 75% in the La Plata gold-rich copper-zinc-silver-lead volcanogenic massive sulphide project located approximately 100 km southwest of Quito, Ecuador.

To date, the Company has fulfilled its requirement to incur a minimum of US$3.8 million in exploration expenditures during the first phase of the option agreement. With the delivery of the said payments, including the final payment, the Company has been granted a 60% ownership interest and full operational control of the project since the third quarter of 2019.

Subsequent earn-ins opportunities to increase its ownership of the project:

- From 60% to 65% (additional 5%) by financing the cost of and delivering a Feasibility Study; and
- From 65% to 70% (additional 5%) by arranging construction financing of less than US$60 million to build a mine at the La Plata project; or
- From 65% to 75% (additional 10%) by arranging construction financing of more than US$60 million to build a mine at the La Plata project.

Exploration at La Plata

During Q2-2020, 1,771.56 meters were drilled at the La Plata Project. In April 2020, the infill drilling program was put on hold due to the COVID-19 pandemic and was restarted on June 11, 2020. The results of the infilling drilling program of these five holes are shown in the Table 1 below.

- CMLP-20-104: was drilled outside of the known mineralized envelope and reports additional mineralisation to the south of the La Plata. The intercept starts with 8 meters of massive and semi massive sulfide composed of sphalerite and finishes in a mineralised stockwork zone.
- CMLP-20-105: was drilled to test the edge of the existing envelope at the bottom of the South Block, reporting a massive sulfide with spectacular intercepts of zinc within sphalerite which deeper transitioned to end in chalcopyrite.
- CMLP-20-106: is positioned within the south body for infill purposes. The intercept starts in 8 meters of massive sulfide mineralisation and continues in a stockwork zone. It cut mostly highly mineralised chalcopyrite and finishes in sphalerite and pyrite.

The 2020 La Plata infill exploration program includes 11,000 meters of diamond drilling and is intended to infill the south and north blocks of the La Mina area while upgrading the known mineralised resources from the inferred category. This program is also designed to increase the known resources at the main La Mina VMS lenses while providing the necessary samples to further metallurgical testing along with geotechnical investigations.

Infill Drill Program Assay Results:

					Intercept*						
Hole ID	Azimuth (°)	Dip (°)	Total Length (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
CMLP-20-102				No significant intercept							
CMLP-20-104	257	-74	430.02	415.75	424.00	8.25	14.60	303.37	0.34	1.84	2.10
Including				415.75	417.75	2.00	16.75	367.32	0.53	4.20	5.63
Including				418.70	421.50	2.80	21.40	421.88	0.36	1.42	0.70
CMLP-20-105	288	-68	341.39	309.09	329.39	20.30	1.54	30.33	1.26	0.16	7.43
Including				320.44	321.10	0.66	14.70	97.00	2.12	1.23	27.00

(Expressed in US dollars, unless otherwise indicated)

Including				322.14	324.44	2.30	1.14	112.97	4.07	0.04	28.79
CMLP-20-106	283	-74	401.23	387.59	390.70	3.11	16.55	156.95	10.67	0.94	7.46
Including				387.59	388.90	1.31	32.90	237.00	16.25	0.32	2.16
and				391.90	398.15	6.25	1.73	23.59	4.73	0.10	3.79
Including				394.00	397.17	3.17	1.35	25.53	7.08	0.04	2.80
CMLP-20-108				Results pending							

Table 1. True widths are dependent on uncertainties in the local strike and dip of the mineralization and are estimated to be between 76% and 83% of the drill intercept.

CORPORATE UPDATES

COVID-19 response measures

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, we 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.

OUTLOOK

The Company is basing 2020 guidance on year ended December 31, 2019 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 2020 at the El Roble mine:

- Process between 280,000 and 300,000 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 41,000 and 43,000 dry tonnes of concentrate.
- Maintain production between 9,100 and 9,500 tonnes of copper.
- Maintain production between 10,500 and 11,500 ounces of gold.
- Increase the mill mechanical availability to 95% and reach 330 days worked.
- Continue increasing the safety and environmental standards.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to June 30, 2020 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2019 and 2018.

	Q2-2020	Q1-2020	Q4-2019	Q3-2019
Revenue	$ 12,826,237	$ 7,563,092	$ 23,816,546	$ 9,581,287
Income (loss) from operations	3,017,827	(2,560,117)	6,375,203	1,181,530
Net income (loss) for the period[(1)]	1,049,710	(1,441,838)	4,339,062	(352,100)
Earnings (loss) per share - basic and diluted	0.01	(0.01)	0.04	(0.00)
Weighted average shares outstanding - basic	119,026,769	119,023,234	119,022,769	102,740,252
Weighted average shares outstanding - diluted	119,026,769	119,023,234	119,022,769	102,740,252

	Q2-2019	Q1-2019	Q4-2018	Q3-2018
Revenue	$ 6,936,341	$ 21,102,085	$ 11,949,562	$ 14,900,072
Income (loss) from operations	(847,211)	4,849,864	1,100,481	2,807,190
Net income (loss) for the period[(1)]	(458,553)	2,354,554	(2,541,752)	2,625,660
Earnings (loss) per share - basic and diluted	(0.00)	0.02	(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	98,502,337	98,739,162

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

SECOND QUARTER FINANCIAL RESULTS

Second quarter net income was $1,206,999 compared to net loss of $448,411 in Q2-2019 and basic and diluted earnings (loss) per share was $0.01 and $(0.00), respectively. Income from mining operations was $4,111,007 (Q2-2019 - $251,963), and the Company had income from operations of $3,017,827 (Q2-2019 - loss of $847,211). Net income for the quarter was positively affected by an increase in concentrate shipped and invoiced with lower cost of sales per unit, partially offset by lower realized copper price, as compared to Q2-2019.

Sales for Q2-2020 were $12,826,237 (Q2-2019 - $6,936,341) from the shipping and invoicing of 9,014 (Q2-2019 - 5,769) 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.

Three months ended	**June 30 2020**	June 30 2019
Sales and realized prices		
Provisional invoices	**$ 12,759,409**	$ 8,126,467
Adjustments[(1)]	**66,828**	(1,190,126)
Sales per financial statements	**$ 12,826,237**	$ 6,936,341
Copper		
Provisional sales (000's lbs)	**4,220.8**	2,631.9
Realized price ($/lb)[(2)]	**2.60**	2.69
Net realized price ($/lb)[(3)]	**2.47**	2.55
Gold		
Provisional sales (oz)	**2,381.1**	1,935.4
Realized price ($/oz)[(2)]	**1,725.79**	1,410.62
Net realized price ($/oz)[(3)]	**975.58**	726.30
Silver		
Provisional sales (oz)	**9,466.3**	5,302.6
Realized price ($/oz)[(2)]	**17.63**	16.34
Net realized price ($/oz)[(3)]	**1.14**	0.00

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

Cost of sales for Q2-2020 was $8,715,230 (Q2-2019 - $6,684,378). The increase in cost of sales over the comparative period was due to a significant increase in concentrate shipped and invoiced, partially offset by lower unit cost.

General and administrative ("G&A") expenses were lower for Q2-2020 compared to Q2-2019 consisting of the following components:

	Three months ended June 30, 2020			Three months ended June 30, 2019		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Amortization	**$ 11,409**	**$ 880**	**$ 12,289**	$ 4,867	$ 3,704	$ 8,571
Corporate administration	**235,933**	**177,128**	**413,061**	275,631	213,665	489,296
Professional fees	**1,127**	**45,332**	**46,459**	53,340	63,570	116,910
Salaries and benefits	**245,979**	**221,958**	**467,937**	206,149	180,926	387,075
Transfer agent and filing fees	**-**	**2,814**	**2,814**	-	15,965	15,965
	$ 494,448	**$ 448,112**	**$ 942,560**	$ 539,987	$ 477,830	$ 1,017,817

Other income and expenses: In Q2-2020, the Company recognized share-based payments of $150,620 (Q2-2019 - $81,357) for stock options and restricted share units ("RSUs") granted in between April 2017 and October 2019, where each has a vesting term over 36 months.

In Q2-2020, the Company recognized accretion expense of $70,854 (Q2-2019 - $81,839) for its decommissioning and restoration provision and lease liabilities, a net realized loss of $287,572 (Q2-2019 - gain of $20,229) on settlements of its derivative instruments, and a negative value adjustment of $1,319,563 (Q2-2019 - positive $62,489) to its derivative instruments outstanding at the reporting date.

In Q2-2020, the Company recognized current income tax recovery of $710,599 (Q2-2019 - expense of $2,380,314), offset by deferred income tax expense of $1,494,234 (Q2-2019 - recovery of $2,846,751).

SIX MONTHS QUARTER FINANCIAL RESULTS

For the six months ended June 30, 2020, net loss was $348,450 compared to income of $2,240,373 during the comparative period in 2019 and basic and diluted earnings per share was $(0.00) and $0.02, respectively. Income from mining operations was $2,703,383 (2019 - $5,915,322), and the Company had an income from operations of $457,710 (2019 - $4,002,653). Net loss for the six months ended June 30, 2020 was substantially impacted by a decline in copper price and a decrease in concentrate shipped, partially offset by a higher realized gold price, over the comparative period in 2019.

Sales for the six months ended June 30, 2020 were $20,389,329 (2019 - $28,038,426) from the shipping and provisional invoicing of 17,602 (2019 - 20,268) 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.

Six months ended	**June 30 2020**	June 30 2019
Sales and realized prices		
Provisional invoices	**$ 22,798,921**	$ 29,013,615
Adjustments[(1)]	**(2,409,592)**	(975,189)
Sales per financial statements	**$ 20,389,329**	$ 28,038,426
Copper		
Provisional sales (000's lbs)	**8,420.2**	9,879.2
Realized price ($/lb)[(2)]	**2.39**	2.78
Net realized price ($/lb)[(3)]	**2.27**	2.64
Gold		
Provisional sales (oz)	**4,479.8**	5,769.0
Realized price ($/oz)[(2)]	**1,656.67**	1,342.51
Net realized price ($/oz)[(3)]	**816.12**	506.88
Silver		
Provisional sales (oz)	**17,916.3**	20,097.4
Realized price ($/oz)[(2)]	**15.27**	15.72
Net realized price ($/oz)[(3)]	**0.36**	0.00

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

(Expressed in US dollars, unless otherwise indicated)

Cost of sales for the six months ended June 30, 2020 was $17,685,946 (2019 - $22,123,104). The decrease in cost of sales over the comparative period was due to a decrease in concentrate shipped and invoiced.

General and administrative expenses were higher for the six months ended June 30, 2020 compared to the comparative period in 2019; $2,001,130 compared to $1,688,777. The breakdown of the Company's G&A expenses is as follows:

	Six months ended June 30, 2020			Six months ended June 30, 2019		
	Operations	**Corporate**	**Total**	Operations	Corporate	Total
Amortization	**$ 16,544**	**$ 3,515**	**$ 20,059**	$ 22,704	$ 7,408	$ 30,112
Corporate administration	**501,137**	**361,340**	**862,477**	384,756	354,303	739,059
Professional fees	**48,631**	**85,284**	**133,915**	86,267	92,558	178,825
Salaries and benefits	**515,885**	**445,270**	**961,155**	360,760	349,610	710,370
Transfer agent and filing fees	**-**	**23,524**	**23,524**	-	30,411	30,411
	$ 1,082,197	**$ 918,933**	**$ 2,001,130**	$ 854,487	$ 834,290	$ 1,688,777

Other income and expenses: For the six months ended June 30, 2020, the Company recognized share-based payments of $244,543 (2019 - $223,892) for stock options and RSUs granted in May 2019, June 2018, April 2018, February 2018, and April 2017, where each has a vesting term over 36 months.

For the six months ended June 30, 2020, the Company recognized accretion expense of $145,470 (2019 - $166,439) for its provisions, a net realized loss of $522,864 (2019 - gain of $72,151) on settlements of its derivative instruments, and a positive value adjustment of $724,704 (2019 - negative $335,371) to its derivative instruments outstanding at the reporting date.

For the six months ended June 30, 2020, the Company recognized current income tax expense of $166,329 (2019 - $2,528,643) and deferred income tax expense of $457,835 (2019 - recovery of $1,421,357).

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash as at June 30, 2020 totaled $8,925,115 (December 31, 2019 - $7,162,475) and its working capital was $11,441,031 (December 31, 2019 - $9,897,847). 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. 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.

Management believes that the Company's current operational requirements and capital projects can be funded from existing cash 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. To date, the Company has relied on a combination of equity financings and loans 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.

Second quarter liquidity and capital resources

During Q2-2020, cash increased by $5,550,332. The increase was due to net cash provided by operation and financing activities of $4,751,088 and $3,003,522, respectively, partially offset by net cash used in investing activities of $2,202,454. Exchange rate changes had a negative impact on cash of $1,824.

Operating activities

During Q2-2020, net cash provided by operating activities amounted to $4,751,088, which included operating cash flow used before changes in non-cash operating working capital items of $7,247,448, partially offset by changes in non-cash working capital items of $2,496,360. Non-cash working capital changes included the effects from an increase in inventories of $2,278,792 and a decrease in accounts payable and accrued liabilities of $1,363,863, partially offset by a decrease in receivables of $1,167,333,

Investing activities

Cash used by the Company in investing activities during Q2-2020 totaled $2,202,454, which were primarily comprised of capital expenditures on underground mine development, exploration activities, and acquisition of new equipment at El Roble and exploration activities at La Plata.

(Expressed in US dollars, unless otherwise indicated)

Financing activities

During Q2-2020, net cash provided by financing activities amounted to $3,003,522. The Company entered into new short-term loan arrangements of $3,500,000 with local banks. Additionally, the Company paid $208,384 towards its lease obligations and $253,619 of dividend to non-controlling interest of MINER.

Six months liquidity and capital resources

During the six months ended June 30, 2020, cash increased by $1,762,640. The increase was due to net cash provided by operating activities of $6,867,540, partially offset by cash used in investing and financing activities of $4,867,205 and $182,819, respectively. Exchange rate changes had a negative impact on cash and cash equivalents of $54,876.

Operating activities

During the six months ended June 30, 2020, net cash provided by operating activities amounted to $6,867,540, which included operating cash flow before changes in non-cash operating working capital items of $5,648,074, and changes in non-cash working capital items of $1,219,466. Non-cash working capital changes included the effects from a decrease in receivables of $7,114,138, partially offset by an increase in inventories of $1,959,577 and a decrease in accounts payable and accrued liabilities of $2,990,195.

Investing activities

Cash used by the Company in investing activities during the six months ended June 30, 2020 totaled $4,867,205, which was primarily comprised of capital expenditures on underground mine development and acquisition of new equipment.

Financing activities

During the six months ended June 30, 2020, net cash used in financing activities amounted to $182,819. The Company repaid all convertible debentures with principal balances totaling $2,636,043 assumed on the acquisition of Toachi. Additionally, the Company entered into new short-term loan arrangements of $3,500,000 with local banks. Furthermore, the Company paid $424,795 towards its lease obligations.

TRANSACTIONS WITH RELATED PARTIES

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

Six months ended June 30, 2020		Salary or fees		Share-based payments		**Total**
Management	$	393,332	$	133,911	$	527,243
Directors		74,400		62,301		136,701
Seabord Services Corp.		87,088		-		87,088
	$	554,820	$	196,212	$	751,032

Six months ended June 30, 2019		Salary or fees		Share-based payments		**Total**
Management	$	320,000	$	158,955	$	478,955
Directors		64,250		52,197		116,447
Seabord Services Corp.		90,782		-		90,782
	$	475,032	$	211,152	$	686,184

Included in accounts payable and accrued liabilities, as at June 30, 2020 was $628,912 (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 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.

FINANCIAL 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.

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 June 30, 2020, the Company had outstanding arrangements to convert $7,338,000 (December 31, 2019 - $8,870,000) into Colombian peso at the negotiated exchange rates over the next six months.

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 June 30, 2020, the Company had no outstanding arrangements.

The Company's Level 2 fair valued financial instruments included trade receivable from sales, derivative instruments, share purchase warrants, and derivative component of the convertible debenture; and no Level 3 financial instruments are held. 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 trade receivable from sales of metals concentrate and derivative instruments are valued using observable market commodity prices. The Company's exercise price of its share purchase warrants and conversion price on the convertible debentures are denominated in Canadian dollar.

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 June 30, 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.

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 for the year ended December 31, 2019.

NEW ACCOUNTING STANDARDS

Effective January 1, 2019, the Company adopted IFRS 16 Leases. For full details, please refer to the Company's consolidated financial statements and notes for the year ended December 31, 2019.

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.

NON-GAAP FINANCIAL MEASURES

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

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

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

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

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

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

El Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash costs per pound of payable copper produced to cost of sales in the condensed interim consolidated financial statements for the six months ended June 30, 2020:

Expressed in $000's	**Q2 2020**	Q2 2019	**YTD 2020**	YTD 2019
Cash cost per tonne of processed ore				
Cost of sales[(1)]	**$ 8,715.2**	$ 6,684.4	**$ 17,685.9**	$ 22,123.1
Add / subtract				
Change in concentrate inventory	**1,714.6**	1,281.8	**2,658.2**	(6,769.4)
Depletion and amortization in concentrate inventory	**(680.1)**	239.5	**(391.6)**	1,404.3
Commercial and government royalties	**(214.6)**	(134.7)	**(366.1)**	(472.2)
Depletion and amortization in cost of sales	**(2,770.0)**	(1,855.5)	**(5,377.9)**	(5,925.7)
Aggregate cash cost	**6,765.0**	6,215.5	**14,208.5**	10,360.1
Total processed ore (tonnes)	**71,804**	47,534	**145,178**	83,115
Cash cost per tonne of processed ore ($/t)	**$ 94.21**	$ 130.76	**$ 97.87**	$ 124.65
Mining cost per tonne	**$ 47.57**	$ 68.05	**$ 50.83**	$ 61.70
Milling cost per tonne	**13.67**	17.31	**13.73**	16.39
Indirect cost per tonne	**23.24**	35.08	**24.32**	32.53
Distribution cost per tonne	**9.73**	10.32	**8.99**	14.03
Total production cost per tonne of processed ore ($/t)	**$ 94.21**	$ 130.76	**$ 97.87**	$ 124.65

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

Expressed in $000's	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Cash costs per pound of payable copper produced				
Aggregate cash cost (above)	**$ 6,765.0**	$ 6,215.5	**$ 14,208.6**	$ 10,360.1
Add / subtract				
By-product credits	**(4,260.5)**	(2,630.0)	**(8,218.5)**	(4,514.7)
Refining charges	**1,379.2**	849.6	**2,702.8**	1,490.2
Transportation charges	**489.4**	337.8	**1,013.9**	593.4
Cash cost applicable to payable copper produced	**4,373.1**	4,772.9	**9,706.8**	7,929.0
Add / subtract				
Commercial and government royalties	**214.6**	134.7	**366.1**	472.2
G&A expenses	**942.6**	1,017.8	**2,001.1**	1,688.8
Share-based payments	**150.6**	81.4	**244.5**	223.9
Accretion of ARO	**49.7**	45.3	**98.5**	89.2
Sustaining capital expenditures(2)	**595.1**	817.1	**1,402.5**	1,242.4
All-in sustaining cash cost	**6,325.7**	6,869.1	**13,819.6**	11,645.5
Add / subtract				
Non-sustaining capital expenditures(2)	**0.0**	693.4	**428.8**	851.7
Brownfields exploration expenditures(2)	**450.8**	297.2	**1,071.9**	573.2
All-in cash cost	**6,776.5**	7,859.7	**15,320.3**	13,070.5
Total payable copper produced (000's lbs)	**4,704.0**	2,999.0	**9,404.0**	5,243.0
Per pound of payable copper produced ($/lb)				
Cash cost, net of by-product credits	**$ 0.93**	$ 1.59	**$ 1.03**	$ 1.51
All-in sustaining cash cost	**$ 1.34**	$ 2.29	**$ 1.47**	$ 2.22
All-in cash cost	**$ 1.44**	$ 2.62	**$ 1.63**	$ 2.49
Cash margin(3)	**$ 1.67**	$ 1.10	**$ 1.36**	$ 1.27

(2) Amounts presented on a cash basis.

(3) 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 $000's	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Aggregate cash production cost	**$ 6,765.0**	$ 6,215.5	**$ 14,208.6**	$ 10,360.1
Cash cost per pound of payable copper produced				
Cash cost attributable to copper production(4)	**$ 5,547.3**	$ 5,140.4	**$ 12,023.2**	$ 8,986.0
Add / subtract				
By-product credit from silver	**(13.4)**	(8.4)	**(13.4)**	(8.4)
Refining charges	**1,379.2**	849.6	**2,702.8**	1,490.2
Transportation charges	**401.3**	279.4	**857.6**	516.6
Cash cost applicable to payable copper produced	**7,314.4**	6,261.0	**15,570.2**	10,984.4
Total payable copper produced (000's lbs)	**4,704.0**	2,999.0	**9,404.0**	5,243.0
Cash cost per pound of payable copper produced ($/lb)	**$ 1.55**	$ 2.09	**$ 1.66**	$ 2.10
Cash cost per ounce of payable gold produced				
Cash cost attributable to gold production(4)	**$ 1,217.7**	$ 1,075.1	**$ 2,185.4**	$ 1,374.1
Add / subtract				
Refining charges	**32.1**	19.8	**62.0**	34.0
Transportation charges	**88.1**	58.4	**156.3**	76.8
Cash cost applicable to payable gold produced	**1,337.9**	1,153.3	**2,403.7**	1,484.9
Total payable gold produced (oz)	**2,472.2**	1,957.4	**4,962.0**	3,388.0
Cash cost per ounce of payable gold produced ($/oz)	**$ 541.18**	$ 589.20	**$ 484.42**	$ 438.28

(4) 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.

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.

PROPOSED TRANSACTIONS

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

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

As at the date of this MD&A, the Company had 119,033,901 common shares issued and outstanding. There were also 8,847,044 stock options outstanding with expiry dates ranging from April 12, 2021 to October 7, 2024.

RISK FACTORS

The Company is exposed to many risks in conducting its business, including but not limited to metal price risk as the Company derives its revenue from the sale of copper, gold, and silver; credit risk in the normal course of business; currency risk as the Company reports its financial statements in US dollars whereas the Company operates in jurisdictions that conducts its business in other currencies. 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 14, 2020, which is available on SEDAR under the Company's filer profile.

Foreign currency

Based on the Company's net exposure, as at June 30, 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 $404,000 in the Company's pre-tax income or loss.

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 June 30, 2020, a 10% change in LIBOR rates would result in an increase/decrease of approximately $13,000 in the Company's pre-tax income or loss on an annualized basis based on the loan and credit facilities used.

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 six months ended June 30, 2020, a 10% change in copper and gold prices would result in an increase/decrease of approximately $2,628,000 and $824,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

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

The Company expects the following maturities of its financial liabilities, lease obligations, and other contractual commitments, excluding payments relating to interest:

	Less than 1 year	1 - 2 years	More than 2 years	**Total**
Accounts payable and accrued liabilities	$ 7,172,566	$ -	$ -	$ 7,172,566
Loans payable	4,667,276	1,100,000	550,000	6,317,276
Derivative liabilities	72,299	-	-	72,299
Provision for restricted share units	42,148	34,591	-	76,739
Lease obligations	699,454	263,896	222,769	1,186,119
	$ 12,653,743	$ 1,398,487	$ 772,769	$ 14,824,999

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A and any documents incorporated by reference into this MD&A constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). Forward-looking statements express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified using words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategies", "targets", "goals", "forecasts", "objectives", "budgets", "schedules", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) and are not statements of historical fact.

Forward-looking statements relate to, among other things:

- mineral "reserves" and "resources" as they involve the implied assessment, based on estimates and assumptions that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- timing of the completion of construction activities at the Company's properties and their completion on budget;
- production rates at the Company's properties;
- cash cost estimates;
- timing to achieve full production capacity at the Company's properties;
- timing for completion of infrastructure upgrades related to the Company's properties;
- timing for delivery of materials and equipment for the Company's properties;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities;
- the Company's planned processing, and estimated major investments for mine development, tailings dam expansion, mill expansion and brownfields exploration at the El Roble property in 2015;
- management's belief that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents, cash generated from operations, and the available credit facility;
- management's belief that if the Company needs to access the capital markets for additional financial resources, the Company will be able to do so at prevailing market rates;
- the expected maturities of the Company's financial liabilities, finance leases and other contractual
- commitments; and
- management's expectation that none of the investigations, claims, and legal, labor and tax proceedings arising in the ordinary course of business will have a material effect on the results of operations or financial conditions of the Company.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as at the date of such statements, are inherently subject to significant business, economic, social, political and competitive uncertainties and contingencies and other factors that could cause actual results or events to differ materially from those projected in the forward-looking statements. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A which may prove to be incorrect, include, but are not limited to, (1) that all required third party contractual, regulatory and governmental approvals will be obtained for the development, construction and production of its properties, (2) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for copper, gold and silver; (6) prices for and availability of fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource estimates; (9) labor and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

In addition, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include, risks associated with mineral exploration and project development; the need for additional financing; operational risks associated with mining and mineral processing; uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules, and economic returns; uncertainties relating to general economic conditions; the Company's substantial reliance on the El Roble mine for revenues; risks related to the integration of businesses and assets acquired by the Company; risks associated with entering into commodity forward and option contracts for base metals production; potential conflicts of interest involving the Company's directors and officers; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does or may carry on business; the world-wide economic and social impact of COVID-19 is managed and the duration and extent of the coronavirus pandemic is minimized or not long-term; disruptions related to the COVID-19 pandemic or other health and safety issues, or the responses of governments, communities, the Company and others to such pandemic or other issues; 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, 2019 filed with the Canadian Securities Administrators and available at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These forward-looking statements are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, the Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

The Company has not based its production decisions and ongoing mine production on mineral reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure. Mineral resources that are not mineral reserves do not have demonstrated economic viability.