



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

For the year ended December 31, 2020

ATICO MINING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Expressed in US dollars, unless otherwise indicated)
FOR THE YEAR ENDED DECEMBER 31, 2020

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 April 20, 2021, should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 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 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-kilometer length, which contains known mineralization in two VMS lenses and nine priority exploration targets.

FISCAL 2020 FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for the year ended December 31, 2020 amounted to \$8.4 million, compared with \$6.9 million for last year. Net income for the year was positively affected by a higher realized copper price and a lower cost of concentrate production, as compared to 2019.
- Sales for the year decreased 3% to \$59.6 million when compared with \$61.4 million in 2019. Copper ("Cu") and gold ("Au") accounted for 86% and 14% of the 43,150 (2019 - 42,420) dry metric tonnes ("DMT") provisionally invoiced during 2020.
- The average realized price per metal on provisional invoicing was \$2.87 (2018 - \$2.72) per pound of copper and \$1,802.61 (2019 - \$1,412.96) per ounce of gold.
- Income from operations was \$12.8 million (2019 - \$11.6 million) while cash flow from operations, before changes in working capital, was \$20.3 million (2019 - \$21.4 million). Cash used for capital expenditures amounted to \$10.9 million (2019 - \$9.4 million).
- Working capital was \$22.5 million (2019 - \$9.9 million), while the Company had \$6.8 million (2019 - \$2.2 million) in long-term loans payable.
- Cash costs were \$104.78 per tonne of processed ore and \$1.06 per pound of payable copper produced, which were decreases of 9% and 15% over 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 \$1.81 (2019 - \$1.48) per pound of payable copper produced, which was an increase of 22% over 2019 (refer to non-GAAP Financial Measures).
- All-in sustaining cash cost per payable pound of copper produced was \$1.53 (2019 - \$1.81) (refer to non-GAAP Financial Measures).
- The Company produced 44,534 (2019 - 34,946) DMT of concentrate with a metal content of 20.7 million (2019 - 16.8 million) pounds ("lbs") of copper and 10,821 (2019 - 10,480) ounces ("oz") of gold.
- Processed tonnes increased 24% to 294,281 compared to 236,354 in 2019.
- At the end of the year, 5,291 (2019 - 3,104) wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

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FOURTH QUARTER 2020 FINANCIAL AND OPERATING HIGHLIGHTS

- Income from operations for the three months ended December 31, 2020 ("Q4-2020") was \$8.6 million (Q4-2019 - \$7.9 million) while cash flow from operations, before changes in working capital, was \$11.7 million (Q4-2019 - \$10.2 million). Cash used for capital expenditures amounted to 3.4 million (Q4-2019 - \$4.0 million).
- Cash costs were \$109.30 per tonne of processed ore and \$1.02 per pound of payable copper produced, which were decreases of 3% and 11% over Q4-2019, 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 higher by-product credit from gold.
- All-in sustaining cash cost per payable pound of copper produced was \$1.65 (Q4-2019 - \$1.71) (refer to non-GAAP Financial Measures).
- The Company produced 11,516 (Q4-2019 - 11,669) DMT of concentrate with a metal content of 5.2 million (Q4-2019 - 5.6 million) lbs of copper and 2,809 (Q4-2019 - 3,492) oz of gold.
- Processed tonnes decreased 4% to 73,500 compared to 76,707 in Q4-2019.

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.

El Roble operating performance

	YTD 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	YTD 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Production (contained metals)⁽¹⁾										
Copper (000 lbs)	20,626	5,181	5,540	4,956	4,947	16,846	5,615	5,712	3,157	2,362
Gold (oz)	10,821	2,838	2,607	2,718	2,658	10,480	3,492	3,320	2,116	1,552
Silver (oz)	39,593	9,318	9,953	10,401	9,921	36,700	12,310	12,216	6,914	5,260
Mining										
Ore (tonnes)	294,421	72,825	71,993	76,825	72,777	231,746	75,167	74,462	47,321	34,796
Milling										
Milled (tonnes)	292,281	73,500	73,603	71,804	73,374	236,354	76,707	76,532	47,534	35,581
Tonnes per day	871	870	860	877	878	859	859	863	839	885
Copper grade (%)	3.48	3.50	3.74	3.38	3.32	3.51	3.61	3.66	3.28	3.29
Gold grade (g/t)	1.98	2.03	1.93	2.02	1.94	2.35	2.41	2.34	2.34	2.24
Silver grade (g/t)	8.92	8.20	9.20	9.10	9.20	10.57	10.00	10.80	11.10	10.10
Recoveries										
Copper (%)	92.0	91.4	91.4	92.9	91.9	92.0	92.0	92.5	91.7	91.6
Gold (%)	58.2	59.1	56.3	58.6	59.0	58.4	58.0	58.0	58.4	60.6
Silver (%)	47.9	48.3	47.0	49.4	46.3	45.9	45.9	45.7	40.1	43.6
Concentrate										
Cu concentrate produced (DMT)	44,534	11,516	11,957	10,828	10,232	34,946	11,669	11,757	6,561	4,959
Copper (%)	21.0	20.4	21.0	20.8	21.9	21.9	21.8	22.0	21.8	21.4
Gold (g/t)	7.5	7.6	6.8	7.8	8.1	9.3	9.3	8.8	10.1	9.8
Silver (g/t)	27.7	25.2	25.8	29.8	30.1	32.6	32.8	32.4	32.8	31.8

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	YTD 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	YTD 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Payable copper produced (000 lbs)	19,595	4,922	5,263	4,708	4,700	16,003	5,334	5,426	2,999	2,244
Cash cost per pound of payable copper produced ⁽²⁾	1.06	1.03	1.13	0.93	1.13	1.24	1.14	1.08	1.59	1.41

⁽¹⁾ Subject to adjustments due to final settlement. The final assay results for the Q1, Q2 and Q3 2020 production numbers were received after the previous reporting period's cut-off dates, resulting in a non-material change. The delay was caused by temporary lab delays as a result of COVID-19 preventative measures.

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

The Company has met most while exceeding other operational goals set for El Roble mine in 2020. Beyond achieving operational guidance, the most impressive feat this year was the team's ability to safely deliver results while navigating through unprecedented conditions caused by the global pandemic as no employees of the Company contracted any serious illness due to COVID-19 during the year ended December 31, 2020.

In 2020, the Company produced 20.7 million lbs of copper, 10,821 oz of gold, and 39,593 oz of silver. When compared to 2019, production increased by 22.4% for copper and 3.3% for gold. The increase for both copper and gold are mainly explained by the 75-day strike in 2019 during which the Company did not operate the mine and mill. In the case of gold, the increase in processed tonnes was partially offset by a decrease in gold head grades.

The average throughput rate for the year increased to 871 (2019 - 859) tonnes per day.

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

Copper recovery remained consistent at 92.0% (2019 - 92.0%), while gold recovery was 58.2% (2019 - 58.4%); both were below the 2020 annual guidance of 93% and 62%.

Cash costs were \$104.78 per tonne of processed ore and \$1.06 per pound of payable copper produced, which were decreases of 8.9% and 14.6% over 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 direct mining, processing, and indirect costs.

For 2020, the all-in sustaining cash cost net of by credit products was \$1.53 (2019 - \$1.81) per pound of payable copper produced (refer to non-GAAP Financial Measures), which represents a 15.5% decrease over 2019.

Cash used for capital expenditure activities during 2020 were \$6.0 million. Major categories of expenditure included \$2.7 million in exploration, \$1.5 million in the second phase of the tailings dam, \$0.6 million related to the mill, surface and energy infrastructure, \$0.3 million in underground mine development, and \$0.3 million in equipment and infrastructure related to the mine.

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

	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Amounts in dry metric tonnes				
Opening inventory	8,932	7,013	2,810	11,037
Production	11,516	11,311	44,534	34,590
Sales	(16,247)	(15,241)	(43,150)	(42,420)
Adjustment	623	(273)	630	(397)
Closing inventory	4,824	2,810	4,824	2,810

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.

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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 2020, the Company carried forward 2,810 DMT from the previous year, produced 44,534 DMT and sold 43,150 DMT of concentrate; the difference of 4,548 DMT is the concentrate inventory carried over to Q1-2021.

Exploration at El Roble

During 2020, 12,820 meters of drilling were completed at the El Roble project, of which 5,614 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 with strong pyrite-pyrhotite ("Py-Po") stringers and good silicification alteration. The second round of holes inside the mine are designed to test the SW black chert unit along the strike of Zeus ore body. The preliminary results of these holes is showing multiple hydrothermal breccias with strong silicification and disseminated py.

On the regional surface targets, the Company completed 7,206 meters at the La Calera, Santa Anita and Archie targets. At the Calera target, we drilled hole ATDH-CB-07 intercepting 6.37 meters of MS – SMS from 37.08 to 43.45 meters and from 43.45 to 86.02 meters (42.77 meters) further cutting SMS in bands. Hole ATDH-CB-08 also intercepted bands of SMS from 312.30 to 314.09 meters (2.60 meters). These MS and SMS intercepts had highly anomalous Ag, Zn, Pb with traces of Au.

Core drilling program will continue in the first quarter testing anomalies at greater depths and to the southeast of the mine mineralization (Zeus strike and plunge as well as below Archie target). In parallel, the Company plans to further drill test the Santa Anita target while also preparing three new regional target areas to be drill tested: Calera Baja, Anomaly 28, and Mariela.

At the El Roble property, the Company is planning to drill test at least 18,000 meters with its ongoing exploration program in 2021. In addition, Inneveplo alongside with SRK Canada has been engaged to develop structural interpretation of all El Roble target areas. The main objective is to define in more detail our regional targets with the enhanced help of the new AI interpretation technology for all the historic and current data (3D Target Generation).

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 metres of drilling.

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 paid a total of US\$2.0 million in cash and 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.

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

- From 60% to 65% (additional 5%) by financing the cost of 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

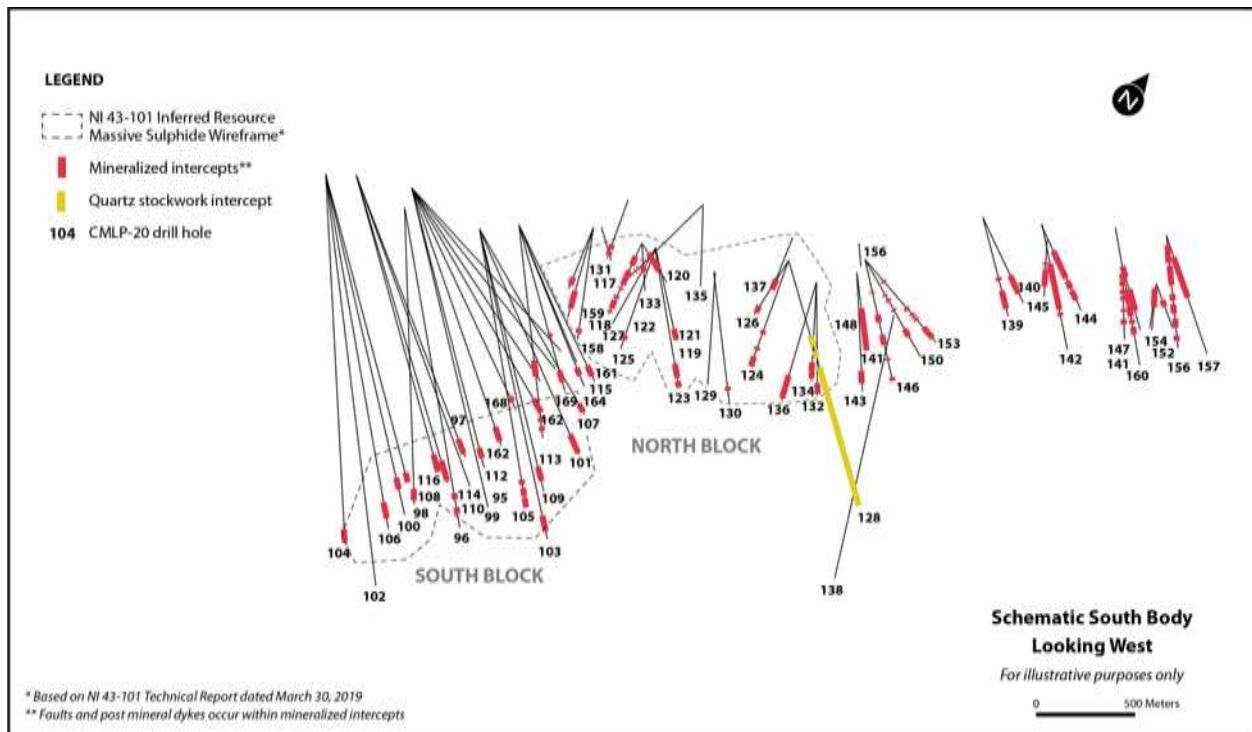
During 2020, a total of 15,361 meters were drilled at the La Plata project, 9,771 meters in the South Block, 4,306 meters in the North Block and 1,283 meters in the Guatuzá (Figure 1). The results of the 2020 infill and step-out drilling program are highlighted below.

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- Increase in the La Mina VMS footprint with 1,283 meters drilled in 13 drill holes at the Guatuzá area (Figure 1).
- Increase in the North Block VMS footprint to the northeast with drill holes CMLP-20-146, CMLP-20-150 & CMLP-20-153.
 - Hole CMLP-20-146 collared in the North Block's northeast extension, assayed from 64.44 to 74.75 meters, an average of 2.79 g/t Au, 43.06 g/t Ag, 2.65% Cu & 0.91% Zn including from 69.69 to 71.64 meters an average of 6.15 g/t Au, 182 g/t Ag, 7.77% Cu & 2.68% Zn, in addition a second interval, from 85.05 to 98.75 meters averaging 4.49 g/t Au, 35.09 g/t Ag, 1.10% Cu & 6.35 % Zn including from 93.15 to 96.75 meters 11.35 g/t Au, 88.5 g/t Ag, 1.85% Cu & 7.50% Zn.
 - Hole CMLP-20-150 in the northeast extension of the North Block intercepted two VMS mineralized intervals, the first from 36.2 to 38.17 meters assaying 2.43 g/t Au, 19 g/t Ag, 0.87% Cu, 2.2% Zn. The second interval from 91.45 to 102.00 meters with assays averaging 13.19 g/t Au, 76.84 g/t Ag, 5.51% Cu & 4.47% Zn
 - Hole CMLP-20-153 also in the North Block's northeast extension intercepted mineralization from 21.57 to 29.4 meters averaging 0.86 g/t Au, 5.97 g/t Ag, 0.56% Cu, & 0.49% Zn.
- In the Guatuzá Zone, hole CMLP-20-142, intercepted VMS mineralized intervals from 82.45 to 83.48 meters averaging 6.31 g/t Au, 24 g/t Ag, 0.43% Cu & 36.29 % Zn, and from 103.9 to 104.69 meters assaying 5.66 g/t Au, 93 g/t Ag, 4.36% Cu, & 6.65% Zn. These results combined with previous drill hole assays in the Guatuzá Zone show the continuation of the Zn – Cu VMS mineralization trend in this area.

The 2021 La Plata exploration drilling program includes 12,000 meters of diamond drilling intended to further infill and test the North Block of the La Mina area. In addition, work will begin on upgrading the current mineral resource from the inferred category, and continuing exploration and evaluation of regional targets at Guatuzá North, San Pablo, Bella Vista and El Diablo. 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 surveying.

Figure 1:



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Infill Drill Program Assay Results:

Hole ID	Azimuth (°)	Dip (°)	Total Length (m)	Intercept*			Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
				From (m)	To (m)	Interval (m)					
CMLP-20-107	318	-57	254.97	242.49	248.15	5.66	4.14	137.11	1.07	2.20	6.10
<i>Including</i>				242.49	243.53	1.04	6.62	359.00	2.30	4.33	14.90
<i>Including</i>				243.53	245.20	1.67	7.32	224.00	1.34	1.37	5.64
CMLP-20-108	285	-67	388.00	381.34	386.56	5.22	3.99	77.99	0.22	0.88	2.18
<i>Including</i>				381.34	382.96	1.62	9.15	200.00	0.61	2.24	6.02
CMLP-20-109	295	-68	329.49	296.77	301.8	5.02	11.46	177.26	0.83	3.15	8.10
<i>and</i>				306.89	311.4	4.53	1.59	26.61	3.17	0.53	7.08
CMLP-20-110	308	-74	370.00	341.28	348.12	6.84	19.54	223.98	12.19	0.33	3.70
<i>Including</i>				341.28	344.00	2.72	45.51	478.86	17.34	0.55	3.71
<i>and</i>				357.40	362.88	5.48	0.43	5.35	1.03	0.03	0.65
CMLP-20-111	309	-70	197.52	179.72	191.00	11.28	0.97	47.49	6.72	0.15	1.13
<i>Including</i>				179.72	184.67	4.95	1.47	103.13	12.94	0.30	2.29
CMLP-20-112	327	-73	367.78	No Significant Intercept							
CMLP-20-113	285	-75	252.93	228.00	236.66	8.66	1.96	32.83	0.32	0.80	2.84
<i>Including</i>				228.00	229.16	1.16	12.60	183.00	1.17	5.74	7.67
CMLP-20-114	312	-67	355.42	330.85	340.09	9.24	9.54	64.38	2.74	0.93	6.68
<i>Including</i>				330.85	335.55	4.70	18.00	119.96	3.58	1.82	13.08
CMLP-20-115	280	-65	212.16	177.09	197.84	18.75	6.14	67.89	6.62	1.36	4.96
<i>Including</i>				181.86	184.71	2.85	5.44	94.81	15.37	0.39	4.03
<i>Including</i>				189.20	194.84	5.64	12.46	137.42	9.02	3.32	12.02
CMLP-20-118	171	-62	85.00	15.00	26.05	11.05	1.03	11.47	1.62	0.03	0.20
<i>and</i>				32.31	49.54	17.23	3.42	53.97	3.23	0.10	1.65
<i>and</i>				52.60	55.30	2.70	8.71	34.00	4.64	0.04	4.50
<i>and</i>				62.18	66.10	3.92	4.37	25.15	3.95	0.18	2.38
<i>and</i>				68.00	78.53	10.53	1.35	12.11	1.85	0.06	0.65
CMLP-20-119	301	-62	120.56	108.40	109.00	0.60	1.09	11.00	2.74	0.10	1.01
CMLP-20-120	328	-53	56.45	No Significant Intercept							
CMLP-20-121	292	-43	120.89	No Significant Intercept							
CMLP-20-122	90	-85	50.35	16.52	18.29	1.77	2.79	24.00	4.98	0.07	1.05
<i>and</i>				24.29	30.24	5.95	6.45	40.36	4.52	0.32	7.15

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CMLP-20-123	310	-75	162.65	136.00	141.33	5.33	8.62	73.43	10.89	0.79	5.64
CMLP-20-124	225	-68	130.09	85.34	89.3	3.96	0.96	10.23	1.00	0.05	1.15
<i>and</i>				107.21	112.2	3.59	0.24	2.38	1.25	0.03	0.04
CMLP-20-125	248	-57	137.53	119.47	122.95	3.48	0.57	7.00	0.80	0.07	1.35
CMLP-20-126	255	-45	100.03	75.43	77.06	1.63	0.46	5.00	1.69	0.01	0.52
<i>and</i>				86.05	89.16	3.11	0.68	8.19	1.69	0.02	1.21
CMLP-20-127	250	-42	133.17	No Significant Intercept							
CMLP-20-128	310	-55	414.56	66.35	70.8	4.45	0.71	4.63	0.72	0.08	0.53
CMLP-20-129	265	-77	130.25	No Significant Intercept							
CMLP-20-130	320	-79	151.20	Geotechnical Hole							
CMLP-20-131	140	-57	76.10	No Significant Intercept							
CMLP-20-132	288	-65	155.00	139.22	141.8	2.59	1.37	23.22	0.78	0.17	1.29
CMLP-20-133	185	-45	117.44	83.57	88.26	4.69	0.81	6.23	0.97	0.01	0.28
CMLP-20-134	286	-52	160.03	No Significant Intercept							
CMLP-20-135	108	-80	94.45	85.23	86.08	0.85	0.18	5.00	1.50	0.04	0.21
CMLP-20-136	252	-66	152.66	123.32	130.7	7.38	4.43	60.24	3.76	0.70	6.32
CMLP-20-137	269	-40	99.11	86.55	89.95	3.40	87.90	247.9	8.59	0.13	2.56
<i>including</i>				86.55	88.00	1.45	204.0	485.9	17.4	0.26	4.18
CMLP-20-138	264	-67	351.08	No significant intercept							
CMLP-20-139	90	-59	120.00	96.60	101.40	4.78	0.62	2.83	0.83	0.05	0.04
CMLP-20-140	90	-38	128.15	No significant intercept							
CMLP-20-141	301	-54	116.32	55.40	59.10	3.70	1.09	16.09	0.51	0.19	1.74
<i>and</i>				63.30	67.42	4.12	0.98	11.84	0.89	0.07	0.84
CMLP-20-142	90	-61	144.25	82.45	83.48	1.03	6.31	24.00	0.43	0.31	36.29
<i>and</i>				103.90	104.69	0.79	5.66	93.00	4.36	0.83	6.65
CMLP-20-144	90	-41	120.15	No significant intercept							
CMLP-20-145	360	-90	60.04	No significant intercept							
CMLP-20-146	45	-75	140.95	36.76	37.17	0.41	21.7	324.0	4.31	7.32	24.10
<i>and</i>				64.44	74.75	10.31	2.79	43.06	2.65	0.18	0.91
<i>including</i>				69.69	71.64	1.95	6.14	182.1	7.77	0.74	2.68
<i>and</i>				85.05	98.75	13.70	4.49	35.09	1.10	0.94	6.35
<i>including</i>				93.15	96.75	3.60	11.35	88.5	1.85	2.82	7.50
CMLP-20-147	90	-79	68.66	No significant intercept							
CMLP-20-148	305	-45	55.24	No significant intercept							
CMLP-20-149	90	-55	65.26	No significant intercept							
CMLP-20-150	21	-61	125.82	36.2	38.17	1.97	2.43	19.00	0.87	0.70	2.20

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and				91.45	102.00	10.55	13.19	76.84	5.51	0.71	4.47
including				94.47	97.49	3.02	34.1	111.5	11.33	0.53	3.49
CMLP-20-151	180	-90	50.44	10.49	15.00	4.51	0.44	4.40	0.90	0.01	0.56
CMLP-20-152	128	-55	49.03	12.19	16.28	4.09	0.48	3.49	1.57	0.03	0.20
and				18.06	19.06	1.00	1.99	14.00	0.46	0.36	2.59
CMLP-20-153	13	-48	125.46	21.57	29.4	7.83	0.86	5.97	0.56	0.02	0.49
CMLP-20-154	90	-55	50.00	17.00	25.65	8.65	0.59	7.15	0.36	0.20	1.40
CMLP-20-155	90	-82	26.17	No significant intercept							
CMLP-20-156	90	-75	125.53	100.58	104.21	3.63	0.98	19.82	0.06	0.40	1.68
CMLP-20-157	90	-55	141.96	77.65	83.70	6.05	1.10	7.63	0.10	0.22	1.77
CMLP-20-158	228	-68	110.66	79.50	82.95	3.45	0.89	12.34	1.05	0.05	0.43
and				91.33	96.47	5.14	2.17	19.89	6.32	0.11	1.71
CMLP-20-159	245	-52	92.62	76.71	79.75	3.04	2.15	53.03	3.80	0.30	2.13
CMLP-20-160	90	-70	159.98	106.6	108.60	2.00	1.51	11.00	0.12	0.75	3.34
CMLP-20-161	195	-80	123.43	110.6	117.15	6.55	2.49	20.76	1.66	0.20	1.66
including				114.19	115.90	1.71	3.22	34.74	4.68	0.26	2.00
CMLP-20-162	296	-61	234.75	148.75	149.63	0.88	20.3	271.0	4.50	1.02	5.03
CMLP-20-163	311	-59	313.32	296.59	297.49	0.90	1.87	34.00	0.13	0.33	1.31
CMLP-20-164	315	-64	176.05	No significant intercept							
CMLP-20-165	330	-68	198.70	175.90	179.23	3.33	2.37	4.24	1.12	0.01	0.08
CMLP-20-166	320	-59	316.46	299.50	300.09	0.59	1.98	41.00	0.85	0.32	2.26
CMLP-20-167	340	-64	196.40	179.40	182.00	2.60	2.23	7.00	0.41	0.06	0.78
and				185.25	186.1	0.85	7.67	8.00	4.07	0.17	1.19
CMLP-20-168	323	-56	277.34	No significant intercept							
CMLP-20-169	332	-54	268.61	No significant intercept							
CMLP-20-170	335	-49	254.58	No significant intercept							

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.

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Acquisition of Toachi

In September 2019, the Company completed the Arrangement to acquire the issued and outstanding shares of Toachi. For further details, please refer to the news release dated July 8 and September 11, 2019 on the Company's website and www.sedar.com. Furthermore, Mr. Jonathan Goodman was appointed the Company's board of directors. In addition, Mr. Alain Bureau was appointed as President of the Company, while Mr. Jorge Ganoza was appointed as VP Operations and Developments.

OUTLOOK

The Company is basing 2021 guidance on year ended December 31, 2020 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 2021 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
- Maintain 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 December 31, 2020 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2020 and 2019.

	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Revenue	\$ 25,120,612	\$ 14,064,743	\$ 12,826,237	\$ 7,563,092
Income (loss) from operations	8,558,266	3,769,289	3,017,827	(2,560,117)
Net income (loss) for the period ⁽¹⁾	6,022,003	1,606,580	1,049,710	(1,441,838)
Earnings (loss) per share - basic and diluted	0.05	0.01	0.01	(0.01)
Weighted average shares outstanding - basic	119,033,901	119,032,661	119,026,769	119,023,234
Weighted average shares outstanding - diluted	119,991,525	119,925,369	119,026,769	119,023,234

	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Revenue	\$ 23,816,546	\$ 9,581,287	\$ 6,936,341	\$ 21,102,085
Income (loss) from operations	6,375,203	1,181,530	(847,211)	4,849,864
Net income (loss) for the period ⁽¹⁾	4,339,062	(352,100)	(458,553)	2,354,554
Earnings (loss) per share - basic and diluted	0.04	(0.00)	(0.00)	0.02
Weighted average shares outstanding - basic	119,022,769	102,740,252	98,502,337	98,502,337
Weighted average shares outstanding - diluted	119,022,769	102,740,252	98,502,337	98,502,337

⁽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").

FOURTH QUARTER FINANCIAL RESULTS

Fourth quarter net income was \$6,868,920 compared to \$4,918,634 in Q4-2019 and basic and diluted earnings per share was \$0.00 and \$0.00, respectively. Income from mining operations was \$10,369,494 (Q4-2019 - \$7,887,448), and the Company had income from operations of \$8,558,286 (Q4-2019 - \$6,375,203). The Q4-2020 net income was significantly affected by an increase in concentrate shipped and provisionally invoiced and a higher realized copper price, as compared to Q4-2019.

Sales for Q4-2020 were \$25,120,612 (Q4-2019 - \$23,816,546) from the shipping and provisional invoicing of 16,247 (Q4-2019 - 15,241) 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.

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Three months ended	December 31 2020	December 31 2019
Sales and realized prices		
Provisional invoices	\$ 26,141,195	\$ 22,862,262
Adjustments ⁽¹⁾	(1,020,583)	954,284
Sales per financial statements	\$ 25,120,612	\$ 23,816,546
Copper		
Provisional sales (000's lbs)	7,800.5	7,434.5
Realized price (\$/lb) ⁽²⁾	3.31	2.69
Net realized price (\$/lb) ⁽³⁾	3.00	2.47
Gold		
Provisional sales (oz)	3,419.0	4,168.3
Realized price (\$/oz) ⁽²⁾	1,872.14	1,470.53
Net realized price (\$/oz) ⁽³⁾	797.16	1,061.83
Silver		
Provisional sales (oz)	15,243.2	15,216.7
Realized price (\$/oz) ⁽²⁾	26.42	16.97
Net realized price (\$/oz) ⁽³⁾	0.20	2.92

⁽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 Q4-2020 was \$14,751,118 (Q4-2019 - \$15,929,098). The decrease in cost of sales for the over the comparative period was due to a decrease in production costs, partially offset by an increase in concentrate shipped and invoiced.

General and administrative ("G&A") expenses were higher for Q4-2020 compared to Q4-2019 consisting of the following components:

	Three months ended December 31, 2020			Three months ended December 31, 2019		
	Operations	Corporate	Total	Operations	Corporate	Total
Amortization	\$ 52,339	\$ 1,394	\$ 53,733	\$ 12,871	\$ 3,704	\$ 16,575
Corporate administration	307,544	192,163	499,707	256,564	260,741	517,305
Professional fees	47,930	65,841	113,771	108,954	69,419	178,373
Salaries and benefits	221,527	710,462	931,989	322,482	247,911	570,393
Transfer agent and filing fees	-	9,761	9,761	-	2,767	2,767
	\$ 629,340	\$ 979,621	\$ 1,608,961	\$ 700,871	\$ 584,542	\$ 1,285,413

Other income and expenses: In Q4-2020, the Company recognized share-based payments of \$202,267 (Q4-2019 - \$226,832) for stock options and restricted share units ("RSUs") granted in between February 2018 and October 2020, where each has a vesting term over 36 months.

In Q4-2020, the Company recognized accretion expense of \$72,742 (Q4-2019 - \$79,458) for its decommissioning and restoration provision and lease liabilities, a net realized gain of \$15,303 (Q4-2019 - loss of \$306,701) on settlements of its derivative instruments, and a positive value adjustment of \$104,588 (Q4-2019 - negative \$943,302) to its derivative instruments outstanding at the reporting date.

In Q4-2020, the Company recognized current income tax expense of \$1,438,466 (Q4-2019 - \$1,629,994) and deferred income tax expense of \$1,064,514 (Q4-2019 - recovery of \$657,123).

FISCAL 2020 ANNUAL FINANCIAL RESULTS

Selected financial information from the Company's three most recently completed financial years is summarized as follows:

Year ended	December 31 2020	December 31 2019	December 31 2018
Revenue ⁽¹⁾	\$ 59,574,684	\$ 61,436,259	\$ 54,599,946
Income from operations	12,785,265	11,559,386	8,578,910
Net income (loss) ⁽²⁾	7,236,455	5,882,963	2,850,273
Earnings per share - basic and diluted	0.06	0.06	0.03
Total assets	115,558,015	101,103,692	82,150,755
Total long-term liabilities	25,108,815	20,961,170	18,769,843

⁽¹⁾ Include adjustments for mark-to-market price and foreign exchange rates.

⁽²⁾ Income (loss), after income taxes, attributable to equity holders of the Company.

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For the year ended December 31, 2020, net income was \$8,396,293 compared to \$6,855,537 in 2019 and basic and diluted earnings per share was \$0.06 and \$0.06, respectively. Income from mining operations was \$18,066,824 (2019 - \$16,269,653), and the Company had an income from operations of \$12,785,265 (2019 - \$11,559,386). Income for the year ended December 31, 2020 was positively affected by a higher realized copper price and a lower cost of concentrate production, as compared to 2019.

Sales for the year ended December 31, 2020 were \$59,574,684 (2019 - \$61,436,259) from the shipping and provisional invoicing of 43,150 (2019 - 42,420) 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.

Year ended	December 31 2020	December 31 2019
Sales and realized prices		
Provisional invoices	\$ 63,328,345	\$ 61,430,646
Adjustments ⁽¹⁾	(3,753,661)	5,613
Sales per financial statements	\$ 59,574,684	\$ 61,436,259
Copper		
Provisional sales (000's lbs)	20,449.5	20,583.1
Realized price (\$/lb) ⁽²⁾	2.87	2.72
Net realized price (\$/lb) ⁽³⁾	2.66	2.57
Gold		
Provisional sales (oz)	10,108.0	11,422.8
Realized price (\$/oz) ⁽²⁾	1,802.61	1,412.96
Net realized price (\$/oz) ⁽³⁾	873.96	747.92
Silver		
Provisional sales (oz)	42,473.8	41,766.6
Realized price (\$/oz) ⁽²⁾	21.82	16.27
Net realized price (\$/oz) ⁽³⁾	0.17	0.88

⁽¹⁾ Include adjustments for mark-to-market price, forward sale arrangements, and foreign exchange rates. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.

⁽²⁾ Based on provisional sales before final price and assay adjustments.

⁽³⁾ Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

Cost of sales for the year ended December 31, 2020 was \$41,507,860 (2019 - \$45,166,606). The decrease in cost of sales for the over the comparative year was due to a decrease in production costs, partially offset by an increase in concentrate shipped and invoiced.

General and administrative expenses were higher for the year ended December 31, 2020 compared to the comparative period in 2019 consisting of the following components:

	Year ended December 31, 2020			Year ended December 31, 2019		
	Operations	Corporate	Total	Operations	Corporate	Total
Amortization	\$ 77,992	\$ 5,945	\$ 83,937	\$ 45,813	\$ 14,817	\$ 60,630
Corporate administration	1,023,506	732,995	1,756,501	994,569	802,643	1,797,212
Professional fees	128,488	237,254	365,742	321,473	208,665	530,138
Salaries and benefits	1,002,391	1,399,499	2,401,890	950,727	796,469	1,747,196
Transfer agent and filing fees	-	48,730	48,730	-	49,830	49,830
	\$ 2,232,377	\$ 2,424,423	\$ 4,656,800	\$ 2,312,582	\$ 1,872,424	\$ 4,185,006

Other income and expenses: For the year ended December 31, 2020, the Company recognized share-based payments of \$624,759 (2019 - \$525,261) for stock options and RSUs granted between April 2017 and October 2020, where each has a vesting term over 36 months.

For the year ended December 31, 2020, the Company recognized accretion expense of \$293,916 (2019 - \$324,528) for its decommissioning and restoration provision and lease liabilities, a net realized loss of \$617,492 (2019 - \$256,802) on settlements of its derivative instruments, and a positive value adjustment of \$784,378 (2019 - negative \$957,757) to its derivative instruments outstanding at the reporting date. The Company's derivative instruments were affected by the depreciating Colombian peso against US dollar.

For the year ended December 31, 2020, the Company recognized current income tax expense of \$4,817,702 (2019 - \$3,422,663), net of deferred income tax recovery of \$474,269 (2019 - \$266,122).

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LIQUIDITY AND CAPITAL RESOURCES

The Company's cash as at December 31, 2020 totaled \$16,652,711 (2019 - \$7,162,475) and its working capital was \$22,522,582 (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.

In September 2020, the Company entered into a loan arrangement with Export Development Canada ("EDC") for a non-revolving facility of up to \$2,500,000 repayable over 30 months from the time of the initial advance. Any amount advanced carries interest rate of LIBOR plus 3.5% per annum. The Company received the initial advance of \$2,500,000 in November 2020.

In December 2020, the Company entered into an unsecured convertible debenture arrangement with Dundee Corporation ("Dundee") for principal balance of \$6,500,000, which carries an interest rate of 7.0% per annum payable quarterly for five years. The principal balance is convertible into 11,627,907 common shares of the Company at \$0.559 per share. Over the term of the debenture, the Company may, at its option, redeem the debenture, in whole or in part, at par plus accrued and unpaid interest. There is an associated redemption fee between 2% to 4% of the principal amount if redeemed within 2 years after the closing date.

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.

Fourth quarter liquidity and capital resources

During Q4-2020, cash increased by \$8,866,285. The increase was due to net cash provided by operating and financing activities of \$7,774,519 and \$4,483,923, respectively, partially offset by cash used in investing activities of \$3,392,157. Exchange rate changes had a positive impact on cash of \$2,189.

Operating activities

During Q4-2020, net cash used in operating activities amounted to \$7,774,519, which included operating cash flow before changes in non-cash operating working capital items of \$11,692,844, partially offset by changes in non-cash working capital items of \$3,918,325. Non-cash working capital changes included the effects from an increase in receivables of \$7,032,608 and a decrease in accounts payable and accrued liabilities of \$516,884, partially offset by a decrease in inventories of \$1,698,224.

Investing activities

Cash used by the Company in investing activities during Q4-2020 totaled \$3,392,157, which was 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.

Financing activities

During Q4-2020, net cash provided by financing activities amounted to \$4,483,923. The Company repaid a \$5,700,000 on its credit facilities with Colombian banks and entered into new loan arrangements with EDC, Dundee and other lenders totaling \$11,000,000. Additionally, the Company paid \$247,653 towards its lease obligations.

Annual liquidity and capital resources

During the year ended December 31, 2020, cash increased by \$9,490,236. The increase was due to net cash provided by operating and financing activities of \$17,875,198 and \$3,107,891, respectively, partially offset by net cash used in investing activities of \$11,476,716. Exchange rate changes had a negative impact on cash of \$16,137.

Operating activities

During the year ended December 31, 2020, net cash provided by operating activities amounted to \$17,875,198, which included operating cash flow before changes in non-cash operating working capital items of \$20,333,705, partially offset by changes in non-cash working capital items of \$2,458,507. Non-cash working capital changes included the effects from increases in receivables and inventories of \$676,148 and \$1,651,747, respectively, partially offset by an increase in accounts payable and accrued liabilities of \$397,915.

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Investing activities

Cash used by the Company in investing activities during the year ended December 31, 2020 totaled \$11,476,716, which was primarily comprised of capital expenditures on underground mine development, exploration activities, and acquisition of new equipment.

Financing activities

During the year ended December 31, 2020, net cash provided by financing activities amounted to \$3,107,891. Primarily, the Company entered into loan arrangements with EDC, Dundee, and other lenders totaling \$11,000,000, partially offset by financing costs of \$436,912 and repayments of \$3,300,000 on loans owed to Colombian banks and \$2,086,043 on loans assumed on the acquisition of Toachi. Furthermore, the Company paid \$895,143 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:

Year ended December 31, 2020	Salary or fees	Share-based payments	Total
Management	\$ 1,288,300	\$ 377,108	\$ 1,665,408
Directors	150,000	137,269	287,269
Seabord Services Corp.	193,516	-	193,516
	\$ 1,631,816	\$ 514,377	\$ 2,146,193

Year ended December 31, 2019	Salary or fees	Share-based payments	Total
Management	\$ 688,888	\$ 323,325	\$ 1,012,213
Directors	143,467	115,237	258,704
Seabord Services Corp.	182,546	-	182,546
	\$ 1,014,901	\$ 438,562	\$ 1,453,463

Included in accounts payable and accrued liabilities, as at December 31, 2020 was \$1,159,028 (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 December 31, 2020, the Company had outstanding arrangements to convert \$6,300,000 (2019 - \$8,870,000) into Colombian pesos 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 December 31, 2020, the Company had outstanding arrangements on 1,050 tonnes of copper to be settled over the next twelve months.

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The Company's Level 2 fair valued financial instruments included trade receivable from provisional sales, derivative instruments, share purchase warrants, and derivative component of the convertible debenture; and no Level 3 financial instruments are held. Trade receivable from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected copper prices, gold prices, and foreign exchange rates. The trade receivable from sales of metals concentrate and derivative instruments are valued using observable market commodity prices. The Company's exercise price of its share purchase warrants and conversion price on the convertible debentures are denominated in Canadian dollars or at a set exchange rate.

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 February 2021, the Company received a revised claim of approximately \$9,600,000 (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 December 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.

EVENTS AFTER REPORTING DATE

Subsequent to December 31, 2020, the Company:

- issued 2,232,184 common shares related to the exercise of stock options; and
- granted 2,360,975 stock options exercisable at C\$0.65 per share for five years and 200,386 RSUs expiring in three years to directors, officers, employees, and consultants of the Company.

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, 2020.

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.

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 119,026,769 common shares issued and outstanding. There were also 8,646,044 stock options outstanding with expiry dates ranging from April 17, 2022 to October 9, 2025.

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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.

EI Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash costs per pound of payable copper produced to cost of sales in the condensed interim consolidated financial statements for the year ended December 31, 2020:

Expressed in \$000's	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Cash cost per tonne of processed ore				
Cost of sales ⁽¹⁾	\$ 14,751.1	\$ 15,929.1	\$ 41,507.9	\$ 45,166.6
Add / subtract				
Change in concentrate inventory	(2,395.1)	(3,846.8)	2,706.4	(6,861.2)
Depletion and amortization in concentrate inventory	(338.4)	1,658.3	(893.1)	2,385.0
Commercial and government royalties	(386.9)	(461.6)	(998.7)	(1,101.0)
Depletion and amortization in cost of sales	(3,597.2)	(4,683.7)	(11,696.7)	(12,416.0)
Aggregate cash cost	8,033.5	8,595.4	30,625.7	27,173.4
Total processed ore (tonnes)	73,500	76,707	292,281	236,354
Cash cost per tonne of processed ore (\$/t)	\$ 109.30	\$ 112.05	\$ 104.78	\$ 114.97
Mining cost per tonne	\$ 54.68	\$ 59.91	\$ 53.63	\$ 59.15
Milling cost per tonne	15.75	14.66	14.97	15.39
Indirect cost per tonne	26.24	26.33	25.26	28.55
Distribution cost per tonne	12.63	11.15	10.92	11.88
Total production cost per tonne of processed ore (\$/t)	\$ 109.30	\$ 112.05	\$ 104.78	\$ 114.97

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

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Expressed in \$000's	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Cash costs per pound of payable copper produced				
Aggregate cash cost (above)	\$ 8,033.5	\$ 8,595.4	\$ 30,625.7	\$ 27,173.4
Add / subtract				
By-product credits	(4,705.1)	(4,791.0)	(17,157.7)	(13,804.7)
Refining charges	1,119.5	1,510.9	4,996.4	4,528.4
Transportation charges	605.5	740.5	2,241.0	1,939.0
Cash cost applicable to payable copper produced	5,053.4	6,055.8	20,705.4	19,836.1
Add / subtract				
Commercial and government royalties	386.9	453.9	998.7	1,093.4
G&A expenses	1,609.0	1,369.6	4,656.8	4,269.2
Share-based payments	202.3	226.8	624.8	525.3
Accretion of ARO	52.7	48.0	202.6	184.1
Sustaining capital expenditures ⁽²⁾	805.9	1,058.5	2,853.1	3,201.2
All-in sustaining cash cost	8,110.0	9,212.8	30,041.4	29,109.3
Add / subtract				
Non-sustaining capital expenditures ⁽²⁾	0.0	1,386.7	433.3	3,175.8
Brownfields exploration expenditures ⁽²⁾	712.2	819.2	2,649.1	2,216.9
All-in cash cost	8,822.2	11,418.6	32,123.8	34,502.0
Total payable copper produced (000's lbs)	4,922.0	5,334.0	19,593.0	16,003.0
Per pound of payable copper produced (\$/lb)				
Cash cost, net of by-product credits	\$ 1.03	\$ 1.14	\$ 1.06	\$ 1.24
All-in sustaining cash cost	\$ 1.65	\$ 1.71	\$ 1.53	\$ 1.81
All-in cash cost	\$ 1.79	\$ 2.13	\$ 1.69	\$ 2.15
Cash margin ⁽³⁾	\$ 2.28	\$ 1.55	\$ 1.81	\$ 1.48

⁽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	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Aggregate cash production cost	\$ 8,033.5	\$ 8,595.4	\$ 30,625.7	\$ 27,173.4
Cash cost per pound of payable copper produced				
Cash cost attributable to copper production ⁽⁴⁾	\$ 7,198.0	\$ 6,931.1	\$ 26,179.6	\$ 23,115.9
Add / subtract				
By-product credit from silver	(0.0)	(17.6)	(13.4)	(47.2)
Refining charges	1,119.5	1,510.9	4,996.4	4,528.4
Transportation charges	542.5	597.1	1,916.0	1,643.8
Cash cost applicable to payable copper produced	8,860.0	9,021.5	33,078.6	29,240.9
Total payable copper produced (000's lbs)	4,922.0	5,334.0	19,593.0	16,003.0
Cash cost per pound of payable copper produced (\$/lb)	\$ 1.80	\$ 1.69	\$ 1.69	\$ 1.83
Cash cost per ounce of payable gold produced				
Cash cost attributable to gold production ⁽⁴⁾	\$ 835.5	\$ 1,664.4	\$ 4,446.1	\$ 4,057.5
Add / subtract				
Refining charges	35.6	36.1	129.6	103.9
Transportation charges	63.0	143.4	325.0	295.2
Cash cost applicable to payable gold produced	934.1	1,843.9	4,900.7	4,456.6
Total payable gold produced (oz)	2,560.4	3,218.1	9,721.0	9,642.7
Cash cost per ounce of payable gold produced (\$/oz)	\$ 364.82	\$ 572.98	\$ 504.14	\$ 462.17

⁽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.

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RISK FACTORS

The Company's ability to generate revenues and profits from its natural resource properties is subject to a number of risks and uncertainties including, without limitation, the following:

Operating hazards and risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions can occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Substantial reliance on the El Roble Mine

All of the Company's future revenues will be generated by the El Roble mine. For 2021, the Company anticipates that most if not all of its future revenue will come from the El Roble mine. Unless the Company develops or acquires additional properties or projects, the Company will remain largely dependent upon the operation of the El Roble mine for its revenue and profits, if any. If for any reason, production at the mine is reduced or stopped, the Company's anticipated revenues and profits would decrease significantly.

General economic conditions

The COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including copper, gold, and silver) and has raised the prospect of an extended global recession. As efforts are undertaken to slow the spread of the COVID-19 pandemic, the exploration, development, and operation at the Company's mining projects may be impacted. Any suspensions of activity by the Canadian, Colombian, Peruvian, and/or Ecuadorian governments and other effects of the pandemic on the Company's operations may have an adverse impact on the Company's profitability, financial condition and the trading price of the Company's securities. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations, financial conditions and the trading price of the Company's securities.

Turmoil in global financial markets in recent years has had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, have been impacted by these market conditions. Some of the key impacts have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The sovereign debt crisis in Europe has been a visible risk to world financial stability. A continued or worsened slowdown in economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- Under a worst-case scenario, a new global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall market liquidity;
- The volatility of metal prices could impact the Company's revenues, profits, losses and cash flow;
- Volatile energy prices, commodity and consumables prices and currency exchange rates could impact the Company's production costs; and
- The devaluation and volatility of global stock markets, which are not related to the Company's operations or assets, could impact the valuation of the Company's equity and other securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases, and such competition could adversely affect the Company's ability to acquire suitable resource properties in the future.

Additional businesses and assets may not be successfully integrated

The Company undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of the Company; the failure to maintain

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uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be profitable or that the Company will be able to integrate the required businesses successfully, which could slow the Company's rate of expansion and the Company's business, results of operations and financial condition could suffer.

Atico may need additional capital to finance other acquisitions. If the Company obtains further debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such financings.

Political and country risk

The Company conducts, or will conduct, exploration, development and production activities in Colombia and potentially other countries. The Company is not able to determine the impact of potential political, social, economic or other risks on its future financial position, which include:

- Cancellation or renegotiation of contracts;
- Changes in foreign laws or regulations;
- Changes in tax laws;
- Royalty and tax increases or claims by governmental entities;
- Retroactive tax or royalty claims;
- Expropriation or nationalization of property;
- Inflation of costs that is not compensated by a currency devaluation;
- Restrictions on the remittance of dividend and interest payments offshore;
- Environmental controls and permitting;
- Opposition from local community members or non-governmental organizations;
- Civil strife, acts of war, guerrilla activities, insurrection and terrorism, and
- Other risks arising out of foreign sovereignty over the areas in which the Company's operations are conducted.

Such risks could potentially arise in any country in which the Company operates. Furthermore, in the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

Metal prices and marketability

The marketability of any metals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, metal markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting metals and environmental protection.

The price of the common shares of the Company, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of Cu, Au or other metals. The price of Cu, Au or other metals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major metal-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of Cu, Au or other metals could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of Cu, Au and other metals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent upon the prices of Cu, Au and other metals being adequate to make these properties economic.

In addition to adversely affecting the Company's resource estimates and its financial condition, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Government regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by political stability and government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. The activities of the Company require

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licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

Environmental matters

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Dependence on key personnel

The Company is dependent on a number of key management and employee personnel. The Company's ability to manage its exploration, development, construction and operating activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled employees. The loss of the services of one or more key management personnel, as well as a prolonged labor disruption, could have a material adverse effect on the Company's ability to successfully manage and expand its affairs.

The Company's ability to recruit and assimilate new personnel will be critical to its performance. The Company will be required to recruit additional personnel and to train, motivate and manage its employees. The international mining industry is very active and the Company is facing increased competition for personnel in all disciplines and areas of operation, including geology and project management, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel.

Director and officer conflicts of interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. In such case, the Company's directors and officers comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

Title to properties

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore the precise area and location of the properties may be in doubt. The Company's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. The Company has conducted as thorough investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the properties.

Dilution from further equity financing

If the Company raises additional funding by issuing equity securities, such financing may substantially dilute the interests of existing shareholders of the Company and reduce the value of their investment.

Foreign currency

The Company's activities and operations in Colombia make it subject to foreign currency fluctuations. The Company's operating expenses are primarily incurred in Colombian pesos and the fluctuation of the US dollar in relation to this currency will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. Based on the Company's net exposure, as at December 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 \$847,000 in the Company's pre-tax income or loss.

Exploration and development, and infrastructure

Development of any non-producing property will only follow upon obtaining satisfactory exploration results that confirm economically recoverable and saleable volumes of minerals and metal. The business of mineral exploration and development is speculative in nature and involve a high degree of risk, as few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of reserves of commercial ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

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Substantial expenditures are required to establish resources and reserves through drilling and development and for mining and processing facilities and infrastructure. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Economic feasibility of a project is based on several other factors including anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and timely completion of the development plan.

Completion of the development of the Company's advanced projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access and facilities. The lack of, or delay in, availability of any one or more of these items could prevent or delay development of the Company's advanced projects. There can be no assurance that adequate infrastructure, including road access, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will sufficiently satisfy the requirements of the advanced projects. As well, accidents or sabotage could affect the provision or maintenance of adequate infrastructure.

Insurance

Where practical, a reasonable amount of insurance is maintained against risks in the Company's operations, but coverage has exclusions and limitations. There is no assurance that the Company's insurance will be adequate to cover all liabilities or that it will continue to be available and at terms that are economically acceptable. Losses from un-insured or under-insured events may cause the Company to incur significant costs that could have a material adverse effect on its financial performance.

Estimation of mineral resources and reserves and precious metal recoveries

There is a degree of uncertainty attributable to the estimation of resources and reserves and to expected mineral grades. Mineral resources and mineral reserves may require revision based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs and reduced recovery rates, may render certain mineral reserves uneconomic and may ultimately result in a restatement of mineral resources and/or reserves. Short term operating factors relating to the mineral resources and reserves, such as the need for sequential development of ore bodies may adversely affect the Company's profitability in any accounting period.

Reclamation

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the project to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

Uncertainty of funding

The Company's operating cash flow from the El Roble mine may not be sufficient to cover the current costs of exploration and development of the Company's other projects. Exploration and development activities may be dependent upon the Company's ability to obtain financing through joint venturing, equity or debt financing or other means, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain additional financing or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of some of its plans.

Uncertainty of dividends on its common shares

The Company has paid no dividends on its common shares since incorporation and does not anticipate paying dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Legal proceedings

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

Uncertainty of inferred mineral resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. The estimates of mineral resources contained in this MD&A contain estimates of inferred mineral resources. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or

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that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

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 December 31, 2020, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$3,000 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 year ended December 31, 2020, a 10% change in copper and gold prices would result in an increase/decrease of approximately \$3,235,000 and \$1,360,000 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	\$ 12,882,407	\$ -	\$ -	\$ 12,882,407
Loans payable	3,012,850	1,000,000	416,667	4,429,517
Convertible debentures	19,891	-	6,500,000	6,519,891
Derivative liabilities	165,610	-	-	165,610
Provision for restricted share units	114,904	97,593	4,466	216,963
Lease obligations	492,171	265,066	356,109	1,113,345
	\$ 16,687,833	\$ 1,362,659	\$ 7,277,241	\$ 25,327,733

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;

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- 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, 2020 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.