



ATICO MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Atico Mining Corporation

We have audited the accompanying consolidated financial statements of Atico Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income (loss), comprehensive income (loss), cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Atico Mining Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

April 14, 2015



ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)

	December 31 2014	December 31 2013
ASSETS		
Current assets		
Cash and cash equivalents (Note 16)	\$ 5,102,634	\$ 6,083,871
Receivables (Note 4)	2,822,812	1,487,248
Inventories (Note 5)	5,937,506	2,715,013
Prepays and deposits	1,057,483	1,167,271
Total current assets	14,920,435	11,453,403
Non-current assets		
Advances to suppliers (Note 6)	26,792	150,726
Mineral property, plant and equipment (Note 6)	64,652,848	56,992,863
Total non-current assets	64,679,640	57,143,589
TOTAL ASSETS	\$79,600,075	\$68,596,992
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 4,253,439	\$ 3,968,116
Advance on concentrate inventories (Note 4)	4,677,487	-
Bank credit facilities (Note 8)	587,000	-
Taxes payable (Note 11)	252,523	174,502
Current portion of finance lease obligations (Note 9)	197,039	-
Current portion of long-term loans payable (Note 10)	6,244,228	642,000
Total current liabilities	16,211,716	4,784,618
Non-current liabilities		
Finance lease obligations (Note 9)	419,802	-
Long-term loans payable (Note 10)	5,155,519	8,903,886
Decommissioning and restoration provision (Note 12)	1,496,407	1,012,003
Deferred income tax liabilities (Note 11)	17,495,356	13,335,801
Total non-current liabilities	24,567,084	23,251,690
Total liabilities	40,778,800	28,036,308
EQUITY		
Share capital (Note 13)	37,751,114	36,455,001
Share-based payments reserve (Note 13)	2,179,219	1,926,950
Foreign currency translation reserve	(112,939)	(56,210)
Deficit	(4,490,982)	(1,234,044)
Total equity attributable to equity holders of the Company	35,326,412	37,091,697
Non-controlling interests	3,494,863	3,468,987
Total equity	38,821,275	40,560,684
TOTAL LIABILITIES AND EQUITY	\$79,600,075	\$68,596,992

These consolidated financial statements were authorized for issuance by the Board of Directors on April 14, 2015.

Approved by the Board of Directors

_____ "Luis F. Sáenz" _____ Director _____ "Jorge R. Ganoza" _____ Director

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Expressed in United States Dollars)

	Year ended December 31 2014	Year ended December 31 2013
Sales	\$25,398,829	\$ -
Cost of sales		
Direct mining and processing costs	(10,927,070)	-
Royalties	(499,400)	-
Depletion and amortization	(4,555,145)	-
Total cost of sales (Note 5)	(15,981,615)	-
Income from mining operations	9,417,214	-
Selling, general and administrative expenses	(5,263,074)	(2,446,966)
Exploration expenses	(216,888)	(125,154)
Share-based payments (Note 13)	(674,271)	(1,082,017)
Income (loss) from operations	3,262,981	(3,654,137)
Interest on long-term loans payable (Note 10)	(1,147,634)	(83,950)
Accretion of decommissioning and restoration provision (Note 12)	(98,642)	(10,005)
Interest and other income (expenses)	(442,115)	61,877
Impairment on inventories (Note 5)	-	(195,649)
Bargain purchase on acquisition of MINER (Note 3)	-	735,691
Foreign exchange gain	75,927	81,484
Income (loss) before income taxes	1,650,517	(3,064,689)
Current income tax (expense) recovery (Note 11)	(722,024)	358,245
Deferred income tax (expense) recovery (Note 11)	(4,159,555)	3,529,840
Net income (loss)	\$ (3,231,062)	\$ 823,396
Net income (loss) attributable to:		
Equity holders of Atico Mining Corporation	\$ (3,256,938)	\$ 862,793
Non-controlling interests (Note 15)	25,876	(39,397)
	\$ (3,231,062)	\$ 823,396
Earnings (loss) per share - basic (Note 14)	\$ (0.03)	\$ 0.01
Earnings (loss) per share - diluted (Note 14)	\$ (0.03)	\$ 0.01
Weighted average number of shares outstanding - basic (Note 14)	97,407,219	63,862,910
Weighted average number of shares outstanding - diluted (Note 14)	97,407,219	64,906,674

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in United States Dollars)

	Year ended December 31 2014	Year ended December 31 2013
Net income (loss)	\$ (3,231,062)	\$ 823,396
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment	(56,729)	(98,639)
Total other comprehensive income (loss)	(56,729)	(98,639)
Total comprehensive income (loss)	\$ (3,287,791)	\$ 724,757
Total comprehensive income (loss) attributable to:		
Equity holders of Atico Mining Corporation	\$ (3,313,667)	\$ 764,154
Non-controlling interests	25,876	(39,397)
	\$ (3,287,791)	\$ 724,757

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	Year ended ended December 31 2014	Year ended ended December 31 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (3,231,062)	\$ 823,396
Items not affecting cash and cash equivalents:		
Depletion and amortization	4,636,015	337,430
Share-based payments	674,271	1,082,017
Accretion of decommissioning and restoration provision	98,642	10,005
Impairment on inventories	-	195,649
Bargain purchase on acquisition of MINER	-	(735,691)
Interest on finance lease obligations	22,363	-
Interest income	(12,669)	(148,274)
Interest expense	1,274,011	95,299
Deferred income tax expense (recovery)	4,159,555	(3,529,840)
Unrealized foreign exchange effect	(369,746)	(90,538)
	7,251,380	(1,960,547)
Changes in non-cash operating working capital items (Note 16)	(2,312,555)	(2,088,555)
Net cash provided by (used in) operating activities	4,938,825	(4,049,102)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	12,669	148,274
Expenditures on mineral property, plant and equipment	(13,091,144)	(3,773,695)
Acquisition of MINER - final option payment	-	(14,000,000)
Cash acquired on acquisition of MINER	-	868,339
Exploration and evaluation expenditures including staged option payments to MINER	-	(9,493,387)
Net cash used in investing activities	(13,078,475)	(26,250,469)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance on concentrate inventories received, net	4,671,221	-
Bank credit facilities withdrawn, net	587,000	-
Proceeds from long-term loans payable	1,974,040	8,819,936
Payments on finance lease obligations	(56,368)	-
Repayments of long-term loans payable	(756,352)	-
Interest paid	(102,274)	-
Shares issued	874,111	26,200,440
Share issue costs	-	(1,425,445)
Net cash provided by financing activities	7,191,378	33,594,931
Effect of exchange rate changes on cash and cash equivalents	(32,965)	(19,449)
Change in cash and cash equivalents	(981,237)	3,275,911
Cash and cash equivalents, beginning of year	6,083,871	2,807,960
Cash and cash equivalents, end of year	\$ 5,102,634	\$ 6,083,871

Supplemental disclosure with respect to cash flows (Note 16)

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

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

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Non- controlling interests	Deficit	Total equity
Balance as at December 31, 2012 (Note 21)	39,786,611	\$11,669,364	\$ 855,575	\$ 42,429	\$ -	\$ (2,096,837)	\$ 10,470,531
Private placement	55,477,238	26,180,208	-	-	-	-	26,180,208
Finder's units issued	400,000	171,821	-	-	-	-	171,821
Share issue costs	-	(1,597,266)	-	-	-	-	(1,597,266)
Exercise of finder's warrants	43,000	30,874	(10,642)	-	-	-	20,232
Acquisition of MINER	-	-	-	-	3,508,384	-	3,508,384
Share-based payments	-	-	1,082,017	-	-	-	1,082,017
Foreign currency translation adjustment	-	-	-	(98,639)	-	-	(98,639)
Net income (loss) for the year	-	-	-	-	(39,397)	862,793	823,396
Balance as at December 31, 2013	95,706,849	36,455,001	1,926,950	(56,210)	3,468,987	(1,234,044)	40,560,684
Exercise of stock options	5,000	2,825	(547)	-	-	-	2,278
Exercise of share purchase and finder's warrants	1,879,722	1,293,288	(421,455)	-	-	-	871,833
Share-based payments	-	-	674,271	-	-	-	674,271
Foreign currency translation adjustment	-	-	-	(56,729)	-	-	(56,729)
Net income (loss) for the year	-	-	-	-	25,876	(3,256,938)	(3,231,062)
Balance as at December 31, 2014	97,591,571	\$37,751,114	\$ 2,179,219	\$ (112,939)	\$ 3,494,863	\$ (4,490,982)	\$ 38,821,275

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

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE YEAR ENDED DECEMBER 31, 2014

1. NATURE OF OPERATIONS

Atico Mining Corporation (the “Company”) was incorporated in the Yukon Territories on April 15, 2010 and continued to British Columbia on October 4, 2011. The Company is engaged in copper-gold mining and related activities including exploration, development, extraction, and processing in Colombia and the acquisition, exploration and development of copper and gold projects in Latin America. The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “ATY”. The address of its head office is Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

On November 22 2013, the Company acquired 90% of the issued and outstanding common shares of Minera El Roble S.A. (“MINER”), the owner of the El Roble mining property (“El Roble”), an operating copper-gold mine in Colombia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

The consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Certain of the prior period comparative figures have been reclassified to conform to the presentation adopted in the current period.

Principles of consolidation

These consolidated financial statements include the accounts of the parent company and its subsidiaries after eliminating intercompany balances and transactions.

Subsidiaries

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company’s principal operating subsidiaries are as follows:

Name	Place of incorporation	Ownership %
Minera El Roble SA	Republic of Colombia	90%
Atico Mining Corporation Colombia SAS	Republic of Colombia	100%
Atico Mining Corporation Peru SAC	Republic of Peru	100%

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE YEAR ENDED DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of each of the entities in the group is the United States ("US") dollar, with the exception of the parent entity, being the Canadian dollar ("CAD" or "C\$"). The functional currency determinations were conducted through an analysis of the factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

The presentation currency of the Company is the US dollar.

Transactions in currencies other than the US dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of income (loss).

On translation of the parent entity, whose functional currency is the Canadian dollar, revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Assets and liabilities are translated at the rate of exchange at the reporting date. Exchange gains and losses, including results of re-translation, are recorded in the foreign currency translation reserve.

Business combinations

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed are recorded at 100% of their fair values at the date of acquisition. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred and the Company acquires the assets and assumes the liabilities of the acquiree. Acquisition related costs of business combinations are recognized as expenses.

Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired on initial recognition and are classified as a separate component of equity. The excess of (a) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (b) the non-controlling interests in the acquiree, over the fair value of net assets acquired, is recorded as goodwill. Any excess of the aggregate fair value of net assets acquired over the consideration paid is recognized in the consolidated statement of income (loss).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Revenue recognition

Revenue arising from the sale of metals concentrate is recognized following the transfer of title and significant risk and rewards of ownership, provided that collection is reasonably assured, the price is reasonably determinable, the Company has no significant continuing involvement, and the costs incurred or to be incurred in respect of the transaction can be measured readily. The Company's metals concentrate is provisionally priced at the time of sale based on the prevailing market price. Sales of metals concentrate are net of refining and treatment charges.

Variations between the price recorded at the delivery date and the final price set under the sales contracts are caused by changes in market prices, and result in an embedded derivative in receivables. The embedded derivative in receivables is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included in sales in the consolidated statement of income (loss).

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE YEAR ENDED DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Revenue recognition (cont'd...)

Revenues from metals concentrate sales are subject to adjustment upon final settlement of metals prices, weights, and assays as of a date that is typically three months after the delivery date. Typically, the adjustment is based on an inspection of the concentrate by the customer and, in certain cases, an inspection by a third party. The Company records adjustments to revenues based on quoted metal prices for the expected settlement period. Adjustments for weights and assays are recorded when results are determinable or on final settlement.

Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings attributable to equity holders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods where a loss is reported, diluted loss per share is the same as basic loss per share as the effects of potentially dilutive common shares would be anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises financial assets acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of income (loss).

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of income (loss).

Available-for-sale ("AFS") - Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of income (loss).

A financial asset is derecognized when the contractual right of the asset's cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Impairment of financial assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in accumulated other comprehensive income or loss are reclassified to profit or loss in the period. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liabilities were acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of income (loss).

Other financial liabilities - This category comprises non-derivative liabilities, which are recognized at amortized cost using the effective interest method.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE YEAR ENDED DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Effective interest method

The effective interest method calculates the amortized cost of a financial instrument and allocates interest income or expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts or payments over the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition. Income or expense is recognized on an effective interest basis for instruments other than those financial instruments classified as FVTPL.

Cash and cash equivalents

Cash includes cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and/or with original maturities of three months or less.

Inventories

Inventories include metals contained in concentrate, ore stockpiles, materials and supplies. The classification of metals inventory is determined by the stage in the production process. Finished goods inventories are sampled for metal content and are valued based on the lower of actual production costs incurred or estimated net realizable value based upon the period ending prices of contained metal. Concentrate and ore stockpile inventories are valued at the lower of actual production costs incurred or estimated net realizable value based upon the period ending prices of contained metal expected to be recovered. Production costs include all mine site costs. Materials and supplies are valued at the lower of average cost less allowance for obsolescence or net realizable value. If carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Mineral property

Operating mineral properties are recorded at cost less accumulated depletion and impairment charges. The costs associated with operating mineral properties include acquired interests in production stage properties representing the fair value at the time they were acquired. Operating mineral properties also include additional capitalized costs after initial acquisition, such as mine development costs. Upon sale or abandonment of an operating mineral property, the carrying value is written off and any gains or losses thereon is included in the consolidated statement of income (loss).

Plant and equipment

Completed mineral property, plant and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item are accounted for separately, including major inspection and overhaul expenditures which are capitalized.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of income (loss).

ATICO MINING CORPORATION
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(Expressed in United States Dollars)
FOR THE YEAR ENDED DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Capital work in progress

Mineral property development and plant and equipment construction commences when approved by management and/or the Board and the Company has obtained all regulatory permissions to proceed. Development and construction expenditures are capitalized and classified as capital work in progress. Once completed and available for use as intended, the costs associated with all applicable assets, related to the development and construction, are reclassified to the appropriate category within mineral property, plant and equipment.

Exploration and evaluation assets

Exploration and evaluation expenditures incurred for regional reconnaissance or property investigations prior to the acquisition of a property or the right to explore are obtained are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets.

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of exploration and evaluation assets quarterly. In the case of undeveloped projects, there may be only limited data to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for exploration and development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and put into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable resource has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to capital work in progress. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If the property is put into production, the costs of acquisition and exploration and evaluation will be amortized over the life of the property. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written off.

Depletion and amortization of mineral property, plant and equipment

The carrying amounts of mineral property, plant and equipment are depleted or amortized over the estimated economic life of the specific assets to which they relate, using the depletion and amortization methods and rates as indicated below.

Categories	Methods	Estimated economic life
Mineral property	Units of production	Estimated mineral resources
Plant and building	Straight line	5 to 10 years
Machinery and equipment	Straight line	3 to 5 years

On an annual basis, the amortization method, useful economic life and the residual value of each component asset is reviewed, with any changes recognized prospectively over its remaining useful economic life. Amortization commences on the date the asset is available for its use as intended by management.

ATICO MINING CORPORATION
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(Expressed in United States Dollars)
FOR THE YEAR ENDED DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. These estimates may include net cash flows expected to be realized from extraction, processing, and sale of mineral resources that do not currently qualify for inclusion in proven or probable ore reserves. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Leases

A lease is a finance lease when substantially all of the risks and rewards incidental to ownership of the leased asset are transferred from the lessor to the lessee by the agreement. Assets under finance leases are initially capitalized at the lower of the fair value or the estimated present value of the minimum lease payments and are depreciated over the assets' useful lives. The corresponding liability is recognized as a finance lease obligation. The interest element is allocated to reporting periods during the lease term to reflect the rate of interest on the remaining balance of the obligation. Operating lease assets are not capitalized and payments are included in the statement of income (loss) on a straight-line basis over the lease term.

Decommissioning, restoration and other provisions

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to income. The method of amortization follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. For a closed site or where the asset which generated a decommissioning and restoration provision no longer exists, there is no longer future benefit related to the costs. As such, adjustments to the provisions are required and the resulting changes in estimates are charged to income in the period in which the adjustment is identified. For operating sites, a revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the capitalized retirement cost.

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using a risk-adjusted market based pre-tax discount rate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as part of the share-based payments reserve. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants to acquire common shares of the Company. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of income (loss).

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

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, revenue, 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.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

a) Accounting for business combinations

The fair value of assets acquired and liabilities assumed and the resulting goodwill, if any, requires that management makes estimates based on the information provided by the acquiree. Changes to the provisional values of assets acquired and liabilities assumed, including the associated deferred income taxes and resulting goodwill, if any, will be retrospectively adjusted when the final measurements are determined (within one year of acquisition date). The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, foreign exchange rates and discount rates.

b) Estimated decommissioning and restoration costs

The Company's provision for decommissioning and restoration represents management's interpretation of current regulatory requirements, constructive obligations, and best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expense.

c) Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to the consolidated statement of income (loss) over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

d) Inventory valuation

Consumable parts and supplies, ore stockpiles, and metals concentrates are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and metals concentrate based on an appropriate allocation of direct mining costs, direct labour and material costs, overhead, and depletion and amortization. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Critical accounting estimates and judgments (cont'd...)

e) *Income taxes*

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets.

The tax rates expected to be in effect when temporary differences reverse are 26% for Canada, 34% for Colombia, and 30% for Peru. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

f) *Mineral reserve and/or resource estimates*

Mineral reserves and/or resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as metal prices, and the market conditions could have a material effect in the future on the Company's financial position and results of operations.

g) *Estimated recoverable resources*

The carrying amount of the Company's mineral property is depleted based on recoverable resources. Changes to estimates of recoverable resources and depletable costs including changes resulting from revisions to the Company's mine plan and changes in metal price forecasts can result in a change to future depletion rates.

h) *Amortization rate for plant and equipment and depletion for mineral property*

Depletion and amortization expenses are allocated based on assumed asset lives. Should the asset life, depletion rates, or amortization rates differ from the initial estimate, an adjustment would be made in the consolidated statement of income (loss).

i) *Impairment of mineral property, plant and equipment*

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mineral property, plant and equipment are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mineral property, plant and equipment. Internal sources of information that management considers include the manner in which mineral property, plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's mineral property, plant and equipment, management makes estimates of the future operating results and discounted net cash flows expected to be derived from the Company's mineral property, costs to sell the mineral property and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansary capital expenditures, reductions in the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral property, plant and equipment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Critical accounting estimates and judgments (cont'd...)

j) Valuation of financial instruments

Financial instrument estimates are based on either unadjusted quoted prices in active markets or direct or indirect observable inputs in accordance with the definitions of the financial instruments. Provisional pricing calculations are determined based on the change in fair value of forward commodity prices of metals. To account for the change in metal prices from the total contract value to the provisional value amount that has been received, estimates of the value of metals concentrate are used to determine the provisionally-priced trade receivables at each reporting date.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

a) Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates.

Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Effective November 22, 2013, the US dollar was determined to be the functional currency for all entities within the corporate group, except the parent entity, on a prospective basis. All entities continue to measure the items in their financial statements using their functional currencies.

b) Recoverability of exploration and evaluation assets

The Company estimates its mineral reserves and resources based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The estimation of future cash flows related to mineral reserves and resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the mineral reserves or resources estimates may impact the carrying value of exploration and evaluation assets, mineral property, plant and equipment, decommissioning and restoration provision, recognition of deferred tax amounts and depletion.

c) Commercial production

In concluding when commercial production has been achieved, the Company considered the following factors: all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed; the mine or mill is operating as per design capacity and metallurgical recoveries were achieved; and the ability to sustain ongoing production of ore at a steady or increasing level.

d) Business combination

Determination of whether a set of assets acquired or liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of MINER was determined to constitute a business acquisition.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Critical accounting estimates and judgments (cont'd...)

e) Financial instruments

Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statements of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

f) Identification of reportable segments

The identification of reportable segments, basis for measurement and disclosure of the segmented information may require the Company to make certain judgments, taking into account the identification factors used by the chief operating decision maker.

New and amended IFRS pronouncements effective January 1, 2014

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 32 Financial instruments: Presentation ("Amended IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of Amended IAS 32 did not have a significant impact on the Company's consolidated financial statements.

IAS 36 Impairment of Assets ("Amended IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of Amended IAS 36 did not have a significant impact on the Company's consolidated financial statements.

IFRIC 21 Levies ("IFRIC 21"), an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments was issued by the IASB in May 2013. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective prospectively for annual periods commencing on or after January 1, 2014. The adoption of IFRIC 21 did not result in an adjustment to the Company's consolidated financial statements.

Accounting pronouncements not yet effective

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Accounting pronouncements not yet effective (cont'd...)

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

3. ACQUISITION OF MINERA EL ROBLE S.A.

On November 22, 2013 ("the Closing Date"), the Company made the final lump-sum payment of \$14,000,000 to complete the acquisition of 90% of MINER. During the option period and up to the Closing Date of the acquisition, the Company made staged payments totaling \$3,450,000 and incurred exploration and evaluation expenditures of \$13,389,762 in order to quantify the mineral resources at the El Roble mining property and to support its decision to exercise the option.

The acquisition of MINER was considered a business combination and was accounted for using the acquisition method whereby identifiable assets and liabilities assumed are recorded at 100% of their fair values at the date of acquisition. Excess of the aggregate fair value of net assets acquired over the consideration paid was considered a gain on bargain purchase and recognized in the Company's consolidated statement of income (loss) for the year ended December 31, 2013.

As at December 31, 2014, the allocation of the purchase consideration based on the fair value of MINER's assets acquired and liabilities assumed had been finalized and is summarized as follows:

Purchase Price:	
Final option payment	\$14,000,000
Staged option payments and extension payment paid previously (Note 6)	3,450,000
Total purchase price	\$17,450,000
Purchase Price Allocation:	
Cash	\$ 868,339
Receivables	1,492,746
Inventories	1,871,234
Prepaid expenses	678,518
Mineral property, plant and equipment	53,406,314
Accounts payable and accrued liabilities	(4,853,903)
Income taxes payable	(511,772)
Decommissioning and restoration provision	(1,001,998)
Deferred income tax liability	(16,865,641)
	35,083,837
Non-controlling interest (10%)	(3,508,384)
Net assets acquired and liabilities assumed	31,575,453
Less: amounts allocated from exploration and evaluation assets (Note 6)	(13,389,762)
Gain on bargain purchase	\$ 735,691

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4. RECEIVABLES

	December 31 2014	December 31 2013
Trade receivables	\$ 246,568	\$ 207,144
GST/VAT and other taxes recoverable	2,481,782	1,243,676
Other receivables	94,462	36,428
	\$ 2,822,812	\$ 1,487,248

As at December 31, 2014, the Company did not have any trade receivables (2013 - \$Nil) that were past due. The Company's allowance for doubtful accounts at December 31, 2014 is \$Nil (2013 - \$Nil).

The Company has a concentrate off-take agreement where the customer will purchase 100% of the metals concentrate produced at the El Roble mine. As part of the agreement, the customer has provided the Company with an inventory credit facility. As at December 31, 2014, related to this credit facility, the Company had an outstanding balance of \$4,677,487, which included accrued interest expense of \$6,266 (2013 - \$Nil and \$Nil, respectively).

The Company's current concentrate off-take agreement has an expected settlement period of four months. Prior to the Closing Date of the acquisition, MINER had an off-take agreement, which has been closed with the final shipment of concentrate in February 2014, with the same customer that included a settlement period for metals concentrate of up to six months. The aging analysis of the Company's trade receivables from sales of metals concentrate is as follows:

	December 31 2014	December 31 2013
0 to 30 days	\$ -	\$ -
31 to 60 days	246,568	-
61 to 90 days	-	207,144
Over 90 days	-	-
	\$ 246,568	\$ 207,144

5. INVENTORIES

	December 31 2014	December 31 2013
Consumable parts and supplies	\$ 1,340,660	\$ 947,114
Ore stockpiles	242,692	-
Metals concentrate	4,354,154	1,767,899
	\$ 5,937,506	\$ 2,715,013

For the year ended December 31, 2014, the Company recorded a cost of sales of \$15,981,615 (2013 - \$Nil), where direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs.

As at December 31, 2013, the Company recognized a non-cash charge of \$195,649 related to the write-down of metals concentrate inventory to net realizable value; all metals concentrate related to this write-down was sold during the year ended December 31, 2014.

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6. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Land	Plant, building, machinery, and equipment	Capital work in progress	Total
As at December 31, 2012, net (Note 21) \$	- \$	- \$	150,284 \$	- \$	150,284 \$
Changes for the year:					
Additions	568,840	75,032	1,379,689	1,750,134	3,773,695
Acquisition of MINER, net	52,110,000	202,072	1,094,242	-	53,406,314
Depletion and amortization	(141,439)	-	(195,991)	-	(337,430)
As at December 31, 2013, net	52,537,401	277,104	2,428,224	1,750,134	56,992,863
Changes for the year:					
Additions	5,610,550	-	6,025,104	2,163,345	13,798,999
Provision adjustments (Note 12)	385,762	-	-	-	385,762
Reclassification	1,144,158	(1,270)	2,603,647	(3,746,535)	-
Depletion and amortization	(4,967,446)	-	(1,303,271)	-	(6,270,717)
Currency translation adjustments	(254,059)	-	-	-	(254,059)
As at December 31, 2014, net	\$54,456,366	\$ 275,834	\$ 9,753,704	\$ 166,944	\$64,652,848
As at December 31, 2013					
Historical cost	\$52,678,840	\$ 277,104	\$ 2,665,644	\$ 1,750,134	\$57,371,722
Accumulated amortization	(141,439)	-	(237,420)	-	(378,859)
Net carrying amount	\$52,537,401	\$ 277,104	\$ 2,428,224	\$ 1,750,134	\$56,992,863
As at December 31, 2014					
Historical cost	\$59,565,251	\$ 275,834	\$11,294,395	\$ 166,944	\$71,302,424
Accumulated amortization	(5,108,885)	-	(1,540,691)	-	(6,649,576)
Net carrying amount	\$54,456,366	\$ 275,834	\$ 9,753,704	\$ 166,944	\$64,652,848

Capital work in progress relates to capital costs incurred in connection with sustaining capital at the El Roble mining property. During the year ended December 31, 2014, certain equipment had been acquired (totaling approximately \$544,000), but was not yet available for use; therefore, no related amortization has been recognized.

As at December 31, 2014, the Company held leased assets with net carrying amount of \$653,019 (2013 - \$Nil) financed by finance leases (Note 9) and carried \$26,792 (2013 - \$150,726) of advances to suppliers related to the sustaining capital at the El Roble mining property.

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6. MINERAL PROPERTY, PLANT AND EQUIPMENT (cont'd...)

Exploration and evaluation assets - El Roble

On the Closing Date of the Acquisition, the Company made all required payments in connection to the option agreement and acquired 90% of the common shares of MINER and took full control of the producing El Roble mining property and surrounding claims (Note 3).

During the option period and up to the Closing Date, the Company incurred the following exploration and evaluation expenditures on the El Roble mining property:

	November 22
For the period ended	2013
As at December 31, 2012 (Note 21)	\$ 7,475,059
Additions during the period:	
Acquisition costs	1,200,000
	1,200,000
Exploration expenditures:	
Assays	770,043
Drilling	3,750,011
Field costs/logistical support	910,158
General and administrative	1,341,022
Geophysics	515,489
Salaries and benefits	877,980
	8,164,703
Allocated to purchase price on the Acquisition (Note 3)	(3,450,000)
Allocated to mineral property on the Acquisition (Note 3)	(13,389,762)
	\$ -

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31	December 31
	2014	2013
Trade and other payables	\$ 2,942,964	\$ 1,840,120
Payables to non-controlling interest of MINER	105,480	1,635,028
Payroll and related liabilities	307,826	342,330
Accrued liabilities	897,169	150,638
	\$ 4,253,439	\$ 3,968,116

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8. BANK CREDIT FACILITIES

The Company has arrangements for unsecured credit facilities with a number of Colombian banks, including Banco Davivienda S.A., Banco de Occidente, and Bancolombia, of up to Colombian pesos ("COP") \$7,800,000,000 (approximately \$3,200,000), where each draw carries interest based on the London Inter-bank Offered Rates ("LIBOR") plus 1.4% to 6.65% and is repayable in six months. As at December 31, 2014, the Company owed \$587,000 on these facilities, which included accrued interest expense of \$Nil (2013 - \$Nil and \$Nil, respectively).

9. FINANCE LEASE OBLIGATIONS

During the year ended December 31, 2014, the Company acquired certain mining equipment that are classified as finance leases, with the applicable costs included in mineral property, plant and equipment (Note 6). Future minimum lease payments as at December 31, 2014 are as follows:

	December 31 2014
2015	\$ 197,039
2016	197,039
2017	334,732
Total minimum lease payments	728,810
Future finance charges at implicit rate	(116,936)
Currency translation adjustments	4,967
Balance of unpaid obligations	616,841
Less: current portion	197,039
Long term portion	\$ 419,802

10. LONG-TERM LOANS PAYABLE

	Trafigura	NCI of MINER	Nordea	Total
As at December 31, 2013	\$ 7,958,950	\$ -	\$ 1,586,936	\$ 9,545,886
Principal received	-	1,974,040	-	1,974,040
Repayments	-	(179,267)	(577,085)	(756,352)
Interest expense	809,883	202,468	135,283	1,147,634
Currency translation adjustments	-	(321,370)	(190,091)	(511,461)
As at December 31, 2014	8,768,833	1,675,871	955,043	11,399,747
Less: current portion	4,059,974	1,675,871	508,383	6,244,228
Long term portion	\$ 4,708,859	\$ -	\$ 446,660	\$ 5,155,519

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

	Trafigura	Nordea	Total
As at December 31, 2012	\$ -	\$ -	\$ -
Principal received	8,000,000	-	8,000,000
Assumed on acquisition of MINER	-	851,196	851,196
Financing received on purchase of machinery and equipment	-	776,986	776,986
Financing fee	(125,000)	-	(125,000)
Interest expense	83,950	11,349	95,299
Currency translation adjustments	-	(52,595)	(52,595)
As at December 31, 2013	7,958,950	1,586,936	9,545,886
Less: current portion	-	642,000	642,000
Long term portion	\$ 7,958,950	\$ 944,936	\$ 8,903,886

Trafigura Pte. Ltd.

The Company entered into a senior secured repayable debt facility on November 22, 2013 of \$8,000,000 (the "Debt Financing") with Trafigura Pte. Ltd. ("Trafigura"). The funds drawn have a repayment term of 48 months, with stated annual interest of LIBOR plus 9%, payable quarterly, subject to a 12 month grace period with the first principal repayment date being February 22, 2015 (15 months from the date of the first advance). There was a financing fee paid to Trafigura when the funds were drawn. The facility is secured by the Company's shareholding in MINER. Under the effective interest method, the Debt Financing has an effective annual interest rate of 9.53%. As at December 31, 2014, the Company was in compliance with all qualitative and quantitative covenants.

Nordea Bank Finland plc

The Company has two loans for an aggregate amount of €1,254,600 in connection with purchase financings of equipment from Sandvik AB ("Sandvik"). Under the terms of these arrangements, the Company makes quarterly installments totaling €104,550, along with applicable interest at a stated annual interest rate of 8.5% over three years. The facility is secured by the equipment financed. Sandvik subsequently assigned the loans to Nordea Bank Finland plc ("Nordea"), where the terms remained unchanged.

Non-controlling interest of MINER

The Company entered into a loan agreement on January 25, 2014, denominated in COP, with certain non-controlling interest ("NCI") shareholders of MINER to borrow up to COP\$3,900,000,000 (approximately \$1,980,000), where each tranche of principal drawn has a repayment term of 12 months with a 12% annual implicit interest rate payable monthly. In February 2014, the full balance was drawn. In October 2014, the repayment date was extended to October 30, 2015 without any changes to other terms or any additional consideration.

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

	December 31 2014
2015	\$ 6,244,228
2016	3,037,970
2017	2,117,549
Total	\$11,399,747

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11. INCOME TAXES

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

For the year ended	December 31 2014	December 31 2013
Income (loss) before income taxes	\$ 1,650,517	\$ (3,064,689)
Canadian federal and provincial income tax rates	26.00%	25.75%
Expected income tax expense (recovery) at statutory income tax rate	429,134	(789,157)
Difference between Canadian and foreign tax rates	604,223	9,669
Change in Colombian tax rate	2,005,658	-
Items not deductible for income tax purposes	199,795	167,872
Changes in recognized deferred tax assets and liabilities	(342,526)	(3,612,878)
Changes in unrecognized deferred tax assets	1,019,521	336,409
Impact of foreign exchange on deferred tax assets and liabilities	965,774	-
Total income tax expense (recovery)	\$ 4,881,579	\$ (3,888,085)
Current income tax expense (recovery)	\$ 722,024	\$ (358,245)
Deferred income tax expense (recovery)	4,159,555	(3,529,840)

As at December 31, 2014, the Company had taxes payable of \$252,523 (2013 - \$174,502), which related to current income tax. The Canadian income tax rate rose during the year due to changes in the law that increased corporate income tax rates in Canada and British Columbia. In December 2014, the Colombian government enacted new tax reform bill amending the Colombian Tax Statute leading to higher tax rates in future years.

The composition of the Company's net deferred income tax asset (liability) that has been recognized is as follows:

Deferred income tax assets (liabilities)	December 31 2014	December 31 2013
Mineral property, plant and equipment	\$ (18,615,920)	\$ (13,936,451)
Decommissioning and restoration provision	508,778	333,961
Share issue costs	343,692	196,647
Non-capital losses and others	2,318,150	1,187,240
	(15,445,300)	(12,218,603)
Unrecognized deferred tax assets	(2,050,056)	(1,117,198)
Net deferred income tax asset (liability)	\$ (17,495,356)	\$ (13,335,801)

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11. INCOME TAXES (cont'd...)

The Company's significant temporary differences, unused tax credits, and unused tax losses that have not been recognized as deferred income tax assets are as follows:

	December 31 2014	Expiry date range	December 31 2013	Expiry date range
Mineral property, plant and equipment	\$ 65,830	No expiry date	\$ 67,426	No expiry date
Share issue costs	1,321,890	2035 to 2037	808,825	2034 to 2036
Non-capital losses and other - Canada	5,043,285	2030 to 2034	3,219,837	2030 to 2033
Non-capital losses and other - other	1,187,389	2030 onward	391,646	2030 onward

Tax attributes are subject to review, and potential adjustments, by tax authorities.

12. DECOMMISSIONING AND RESTORATION PROVISION

	Year ended December 31 2014	Year ended December 31 2013
Opening balance	\$ 1,012,003	\$ -
Acquisition of MINER (Note 3)	-	1,001,998
Change in estimates	385,762	-
Accretion expense	98,642	10,005
Ending balance	\$ 1,496,407	\$ 1,012,003

A decommissioning and restoration provision has been recognized in respect of the mining operations at the El Roble mining property, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy the decommissioning and restoration provision as at December 31, 2014 were \$3,150,000 (2013 - \$2,338,000), which were adjusted for inflation and uncertainty of the cash flows and then discounted using a risk adjusted pre-tax discount rate of 9.75% (2013 - 9.75%). In view of the uncertainties concerning environmental reclamation, the ultimate cost of reclamation activities could differ materially from the estimated amount recorded. The estimate of the Company's decommissioning and restoration liability relating to the El Roble mining property is subject to change based on amendments to laws and regulations and as new information regarding the Company's operations becomes available. Future changes, if any, to the estimated liability as a result of amended requirements, laws, regulations, operating assumptions, estimated timing and amount of obligations may be significant and would be recognized prospectively as a change in accounting estimate. Any such change would result in an increase or decrease to the liability and a corresponding increase or decrease to the mineral property, plant and equipment balance.

13. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value. As at December 31, 2014, 1,922,910 (2013 - 5,768,746) common shares of the Company were held in escrow.

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

Issued share capital

In September 2013, the Company completed a brokered private placement for gross proceeds of \$13,445,017 by issuing 31,300,000 units at C\$0.45 per unit. Each unit was comprised of one common share and one-half of one common non-transferable share purchase warrant, where each warrant entitles the holder to purchase an additional common share at C\$0.65 until September 19, 2015. The Company paid cash commissions of \$777,062 and issued 400,000 units (with the same terms), valued at \$171,821, as share issue costs.

In September 2013, the Company completed a non-brokered private placement for gross proceeds of \$5,098,687 by issuing 11,869,544 units at C\$0.45 per unit. Each unit was comprised of one common share and one-half of one common non-transferable share purchase warrant, where each warrant entitles the holder to purchase an additional common share at C\$0.65 until September 19, 2015. The Company paid cash finders' fees of \$222,518.

In January 2013, the Company completed a non-brokered private placement for gross proceeds of \$7,636,504 by issuing 12,307,694 units at C\$0.65 per unit. Each unit was comprised of one common share and one-half of one non-transferable common share purchase warrant, where each warrant entitles the holder to purchase an additional common share at C\$0.90 until July 16, 2014. The Company paid cash finders' fees of \$204,181.

No residual value was allocated to the warrants issued in the unit offerings disclosed above.

During the year ended December 31, 2014, the Company issued 5,000 (2013 - Nil), 12,222 (2013 - Nil), and 1,867,500 (2013 - 43,000) common shares for the exercise of stock options, share purchase warrants, and finder's warrants respectively, for aggregate proceeds of \$874,111 (2013 - \$20,232).

Stock options

The continuity of stock options for the years ended December 31, 2014 and 2013 is as follows:

Expiry Date	Exercise Price (CAD)	Balance December 31 2013	Granted	Exercised	Expired/Cancelled	Balance December 31 2014				
June 30, 2016	\$ 0.50	1,710,000	-	-	-	1,710,000				
July 11, 2016	0.50	145,000	-	(5,000)	-	140,000				
April 24, 2017	0.55	250,000	-	-	-	250,000				
May 16, 2017	0.51	130,000	-	-	-	130,000				
February 4, 2018	0.98	1,820,000	-	-	(5,000)	1,815,000				
March 1, 2018	0.98	340,000	-	-	-	340,000				
July 11, 2019	0.79	-	2,870,671	-	-	2,870,671				
Outstanding		4,395,000	2,870,671	(5,000)	(5,000)	7,255,671				
Weighted average exercise price	\$	0.74	\$	0.79	\$	0.50	\$	0.98	\$	0.76
Exercisable		2,235,000				4,385,000				

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

Options (cont'd...)

Expiry Date	Exercise Price (CAD)	Balance, December 31 2012	Granted	Exercised	Expired/ Cancelled	Balance, December 31 2013				
June 30, 2016	\$ 0.50	1,710,000	-	-	-	1,710,000				
July 11, 2016	0.50	145,000	-	-	-	145,000				
April 24, 2017	0.55	250,000	-	-	-	250,000				
May 16, 2017	0.51	130,000	-	-	-	130,000				
February 4, 2018	0.98	-	1,820,000	-	-	1,820,000				
March 1, 2018	0.98	-	340,000	-	-	340,000				
Outstanding		2,235,000	2,160,000	-	-	4,395,000				
Weighted average exercise price	\$	0.51	\$	0.98	\$	-	\$	-	\$	0.74
Exercisable		2,235,000				2,235,000				

As at December 31, 2014, the weighted average remaining life of the stock options outstanding is 3.22 (2013 - 3.36) years with vesting period ranging from 0 to 36 months.

Warrants

The continuity of share purchase warrants and finder's warrants for the year ended December 31, 2014 and 2013, all of which are exercisable, is as follows:

Expiry Date	Exercise Price (CAD)	Balance, December 31 2013	Issued	Exercised	Expired/ Cancelled	Balance, December 31 2014				
March 12, 2014	\$ 0.50	1,531,500	-	(1,531,500)	-	-				
March 21, 2014	0.50	240,000	-	(240,000)	-	-				
July 16, 2014	0.90	6,153,847	-	-	(6,153,847)	-				
September 19, 2015	0.65	21,784,872	-	(108,222)	-	21,676,650				
Total		29,710,219	-	(1,879,722)	(6,153,847)	21,676,650				
Weighted average exercise price	\$	0.69	\$	-	\$	0.51	\$	0.90	\$	0.65

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

Warrants (cont'd...)

Expiry Date	Exercise Price (CAD)	Balance		Issued	Exercised	Expired/ Cancelled	Balance	
		December 31 2012					December 31 2013	
March 12, 2014	\$ 0.50	1,574,500		-	(43,000)	-		1,531,500
March 21, 2014	0.50	240,000		-	-	-		240,000
July 16, 2014	0.90	-	6,153,847	-	-	-		6,153,847
September 19, 2015	0.65	-	21,784,872	-	-	-		21,784,872
Total		1,814,500	27,938,719		(43,000)	-		29,710,219
Weighted average exercise price		\$ 0.50	\$ 0.71		\$ 0.50	\$ -		\$ 0.69

As at December 31, 2014, the weighted average remaining life of the share purchase warrants and finder's warrants outstanding is 0.72 (2013 - 1.38) years.

Share-based payments and share-based payment reserve

During the year ended December 31, 2014, the Company granted 2,870,671 (2013 - 2,160,000) stock options to employees, directors and officers of the Company, all of which will vest over 36 months (2013 - 18 months). Using the fair value method for share-based payments, the Company determined the fair value of the options granted to be C\$1,050,805 or C\$0.37 (2013 - C\$1,591,848 or C\$0.74) per option. In accordance with the vesting terms, the Company recorded a charge to share-based payments expense with the offsetting credit to share-based payments reserve of \$674,271 (2013 - \$1,082,017) during the year ended December 31, 2014.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	December 31 2014	December 31 2013
Weighted average:		
Risk free interest rate	1.52%	1.45%
Expected dividend yield	0%	0%
Expected stock price volatility	55%	100%
Expected life in years	5	5
Forfeiture rate	0%	0%

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14. EARNINGS (LOSS) PER SHARE

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

For the year ended	December 31 2014	December 31 2013
Net income (loss) ⁽¹⁾	\$ (3,256,938)	\$ 862,793
Weighted average number of common shares outstanding - basic	97,407,219	63,862,910
Dilutive effect of stock options outstanding ⁽²⁾	-	520,909
Dilutive effect of share purchase warrants outstanding ⁽²⁾	-	522,855
Weighted average number of common shares outstanding - diluted	97,407,219	64,906,674
Basic earnings (loss) per share⁽¹⁾	\$ (0.03)	\$ 0.01
Diluted earnings (loss) per share⁽¹⁾	\$ (0.03)	\$ 0.01

⁽¹⁾ Attributable to equity holders of the Company

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

15. RELATED PARTY BALANCES AND TRANSACTIONS

MINER non-controlling interests

MINER is a 90%-owned subsidiary of the Company and is 10% owned by a minority shareholders group. On the Closing Date, the Company allocated \$3,508,384 to the non-controlling interests based on the fair value of assets acquired and liabilities assumed on the acquisition of MINER. For the year ended December 31, 2014, income of \$25,876 (2013 - loss of \$39,397) has been allocated to the non-controlling interests of MINER. Summarized financial information about MINER is as follows:

	Year ended December 31 2014	Period ended December 31 2013 ⁽¹⁾
Current assets	\$13,248,523	\$ 5,410,308
Non-current assets	61,175,894	54,979,435
Current liabilities	11,667,296	4,264,746
Non-current liabilities	19,858,225	15,292,740
Net income (loss) and total comprehensive income (loss)	\$ 258,760	\$ (393,970)

⁽¹⁾ Net loss for the period from November 22 to December 31, 2013

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

Compensation of key management personnel

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Salary or fees	Share-based payments	Total
Year ended December 31, 2014			
Management	\$ 1,127,400	\$ 353,332	\$ 1,480,732
Outside directors	-	234,103	234,103
Seabord Services Corp.	182,320	-	182,320
	\$ 1,309,720	\$ 587,435	\$ 1,897,155
Year ended December 31, 2013			
Management	\$ 810,280	\$ 513,271	\$ 1,323,551
Outside directors	-	351,733	351,733
Seabord Services Corp.	179,452	-	179,452
	\$ 989,732	\$ 865,004	\$ 1,854,736

As at December 31, 2014, the Company had \$315,000 due to management related to 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 a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to the Company. The Chief Financial Officer and Corporate Secretary are employees of Seabord and are not paid directly by the Company. In addition to the 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.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Components of cash and cash equivalents

	December 31 2014	December 31 2013
Cash	\$ 5,016,384	\$ 5,997,621
Short-term deposits	86,250	86,250
	\$ 5,102,634	\$ 6,083,871

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

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16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

Changes in non-cash working capital

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

For the year ended	December 31 2014	December 31 2013
Receivables	\$ (1,335,564)	\$ 32,243
Inventories	(1,600,849)	(1,039,428)
Prepays and deposits	109,788	(442,077)
Accounts payable and accrued liabilities	436,049	(813,795)
Taxes payable	78,021	174,502
Net change in non-cash working capital	\$ (2,312,555)	\$ (2,088,555)

Significant non-cash investing and financing activities

During the year ended December 31, 2014, the Company:

- a) reallocated mineral property depletion of \$1,763,083 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- b) reallocated mineral property depletion of \$141,439 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
- c) reallocated share-based payment reserve of \$422,002 to share capital for stock options and finder's warrants exercised;
- d) recorded mineral property, plant and equipment additions and advances to suppliers of \$150,726 in accounts payable and accrued liabilities;
- e) recorded mineral property, plant and equipment additions of \$734,647 in finance lease obligations; and
- f) recorded mineral property, plant and equipment additions of \$385,762 in decommissioning and restoration provision.

During the year ended December 31, 2013, the Company:

- a) issued 400,000 finder's units, valued at \$171,821, as share issue costs; and
- b) reallocated share-based payment reserve of \$10,642 to share capital for warrants exercised.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to provide shareholder returns through maximization of the profitable growth of the business and to maintain a degree of financial flexibility relevant to the underlying operating and metal price risks while safeguarding the Company's ability to continue as a going concern.

The capital of the Company consists of share capital and available credit facilities. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. The management of the Company believes that the capital resources of the Company as at December 31, 2014 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements.

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18. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Loans and receivables	Fair value through profit or loss	Other financial liabilities
As at December 31, 2014			
Cash and cash equivalents	\$ 5,102,634	\$ -	\$ -
Receivables	94,462	246,568	-
Accounts payable and accrued liabilities	-	-	4,253,439
Advance on concentrate inventories	-	-	4,677,487
Bank credit facilities	-	-	587,000
Long-term loans payable	-	-	11,399,747
Finance lease obligations	-	-	616,841
	\$ 5,197,096	\$ 246,568	\$21,534,514

	Loans and receivables	Fair value through profit or loss	Other financial liabilities
As at December 31, 2013			
Cash and cash equivalents	\$ 6,083,871	\$ -	\$ -
Receivables	36,428	207,144	-
Accounts payable and accrued liabilities	-	-	3,968,116
Long-term loans payable	-	-	9,545,886
	\$ 6,120,299	\$ 207,144	\$13,514,002

Fair value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at December 31, 2014, the Company's financial instruments measured at fair value are as follows:

Financial assets and liabilities	Level 1	Level 2	Level 3	Total
Trade receivable from provisional sales	\$ -	\$ 246,568	\$ -	\$ 246,568

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

Fair value (cont'd...)

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

Trade receivable from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. The trade receivable from sales of metals concentrate is valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

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

Metal price risk

The Company is exposed to metals price risk 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. The Company does not hedge its metals production. A 1% change in copper, gold, and silver prices would result in an increase/decrease of approximately \$198,000, \$85,000, and \$1,000 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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities. The maturities of the Company's non-current liabilities are disclosed in Notes 9 and 10. All current liabilities are settled within one year.

Interest rate risk

The Company is exposed to interest rate risk on its variable rate debt facilities. Variable interest rates are based on US dollar LIBOR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at December 31, 2014, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$31,000 in the Company's pre-tax income or loss on an annualized basis based on the debt facilities used.

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

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Colombia and incurs expenditures in currencies other than US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2014, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian nuevo soles	Euros	Colombian pesos (000's)
Cash and cash equivalents	\$ 331,578	\$ 81,817	\$ -	\$ 5,650,731
Receivables	6,462	-	-	6,042,192
Accounts payable and accrued liabilities	(124,936)	(98,790)	-	(8,690,091)
Taxes payable	-	-	-	(593,535)
Finance lease obligations	-	-	(507,413)	-
Loans payable	-	-	(785,619)	(3,939,000)
Net exposure	213,104	(16,973)	(1,293,032)	(1,529,703)
US dollar equivalent	\$ 183,284	\$ (5,796)	\$ (1,571,884)	\$ (650,821)

Based on the above net exposure, as at December 31, 2014, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, Euro, and Colombian peso would result in an increase/decrease of approximately \$20,000 in the Company's pre-tax income or loss.

19. CONTINGENCY

During the year ended December 31, 2013, the Company was advised that a notice of civil claim was filed with the British Columbia Supreme Court by Carl Nelson and Recursos del Caribe S.A., the company through which Carl Nelson conducts his geological consulting business (collectively, "Mr. Nelson"). The allegations of Mr. Nelson have not been proven. The Company disputes Mr. Nelson's claims and is defending itself in this matter. The action was filed on October 8, 2013 and a Response to Civil Claim was filed on November 26, 2013. The trial of this matter is scheduled to commence in December 2015. As at December 31, 2014, the Company believes it is too early to make a formal determination as to the claim.

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20. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties, and has an operating mine in Colombia. The Company operates in one industry and has one reportable segment, which is reviewed by the chief operating decision maker and identified based on quantitative factors whereby its revenues or assets comprise 10% or more of the total revenues or assets of the Company.

As at December 31, 2014, the Company only has a single off-take agreement for metals concentrate produced at the El Roble mining property.

Geographic segment details

As at December 31, 2014	Canada	Colombia	Other	Total
Cash and other current assets	\$ 1,149,698	\$13,726,193	\$ 44,544	\$14,920,435
Advances to suppliers	-	26,792	-	26,792
Mineral property, plant and equipment	-	64,645,196	7,652	64,652,848
Total assets	\$ 1,149,698	\$78,398,181	\$ 52,196	\$79,600,075

As at December 31, 2013	Canada	Colombia	Other	Total
Cash and other current assets	\$ 5,821,310	\$ 5,579,394	\$ 52,699	\$11,453,403
Advances to suppliers	-	150,726	-	150,726
Mineral property, plant and equipment	-	56,981,612	11,251	56,992,863
Total assets	\$ 5,821,310	\$62,711,732	\$ 63,950	\$68,596,992

21. CHANGE IN PRESENTATION CURRENCY

During the year ended December 31, 2013, the Company has changed its currency in which it presents its financial results from the Canadian dollar to the US dollar.

In order to satisfy the requirements of IAS 21 with respect to a change in presentation currency, the financial information previously stated in the Company's consolidated financial statements for the year ended December 31, 2012 has been translated from the Canadian dollar to the US dollar using the procedures outlined below:

- assets and liabilities were translated into the US dollar at the relevant closing rates of exchange;
- results from operations were translated into the US dollar at the relevant average rates of exchange;
- share capital and other reserves were translated into the US dollar at the historical rates prevailing at the dates of transactions; and
- differences arising from the retranslation of the opening net assets and results for the period have been taken to the foreign currency translation reserve.

The exchange rates used were as follows:

	December 31
US dollar/Canadian dollar exchange rate	2012
Closing rate at the reporting date	0.9966
Average rate	0.9996