ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2013

GENERAL

This management's discussion and analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") is intended to help the reader understand the significant factors that have affected Atico and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of April 16, 2014 should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included in the following MD&A are in United States dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

COMPANY OVERVIEW

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

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

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

2013 HIGHLIGHTS

Since the completion of its IPO, the Company's objective has been to discover additional mineralization on the El Roble Property that would justify the exercise of its option under the Option Agreement. On August 15, 2013, based on positive results of its drilling and exploration programs, Atico announced its intent to exercise the option and to raise up to $20 million to facilitate the acquisition of MINER and scale-up operations at the El Roble Mine. The Company closed an equity financing and secured debt facility on September 19, 2013 and exercised its option on September 23, 2013, with closing of the option taking place on November 22, 2013.

On November 22, 2013, the Company took control of the El Roble Mine and immediately began executing its plan to optimize and scale up the operation.

These transactions and advancements mark Atico's transition into a producing mining company, a key milestone in the Company's strategic vision to become a leading mid-tier copper-gold producer in Latin America. Management believes this achievement positions the Company to fulfill its mission of creating sustainable value for its shareholders, employees and the communities where it operates by developing profitable mining operations and by maintaining its commitment to safety, social and environmental responsibility.

EL ROBLE PROPERTY

Property Agreement

The Company exercised an option to acquire 90% of the issued and outstanding shares of MINER, pursuant to the terms of the Option Agreement dated January 28, 2011. The El Roble Property, located in the Choco Department of Colombia is comprised of 6,679 hectares and includes an operating underground copper-gold-silver mine.

Prior to the final payment to exercise the option agreement, the Company made the following required staged payments of $2,250,000:

- $200,000 on January 28, 2011;
- $350,000 in six months after the date of execution (July 28, 2011);
- $650,000 in twelve months after the date of execution (January 28, 2012, extended to March 13, 2012);
- $1,050,000 in eighteen months after the date of execution (July 28, 2012).

The Company also paid $1,200,000 on January 23, 2013 to extend the Option Agreement for one year to January 28, 2014.

The final lump sum payment of $14,000,000 was paid on November 22, 2013, the closing date for the exercise of the Option Agreement to acquire 90% of MINER.

El Roble Mine

MINER's principal asset is the operating El Roble underground copper-gold-silver mine, with a nominal capacity of 400 tonnes per day. Over the past twenty-two years, the mine has processed 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 g/t. Copper and gold mineralization at the El Roble Property occurs in volcanogenic massive sulfide ("VMS") lenses. Exploration over the past two years has defined a productive contact and an enclosing package of host rocks extending for a distance of 10 km across the El Roble Property. This entire 10 km strike length is marked by VMS mineral occurrences.

Since entering into the Option Agreement in January 2011, the Company has discovered significant massive sulfide mineralization below the current working levels of the mine. A National Instrument 43-101 compliant resource estimate has established an inferred mineral resource of 1.58 million tonnes at 4.45% Cu, 3.17 g/t Au and 11.3 g/t Ag, at a cut-off grade of 0.72% Cu equivalent. The economic potential of this mineralization is such that the Company has exercised the option to acquire the El Roble Property, including the operating mine.

During the option term, the Company was not responsible for mining or for resource development, and gained no income from mining operations. The Company aims to increase production and resources. In addition to the developing the economic potential in the immediate mine vicinity, the Company also plans to explore for new VMS deposits elsewhere on the El Roble Property.

RESULTS OVERVIEW

Exploration Program

On June 26, 2013 the Company achieved a significant milestone at the El Roble mine by completing a National Instrument 43-101 compliant resource estimate which established an inferred mineral resource of 1.58 million tonnes at 4.45% Cu, 3.17 g/t Au and 11.3g/t Ag at a cut-off grade of 0.72% Cu equivalent.

The resource estimate was based on data from 30 drill holes totaling 6,084 meters completed by Atico during 2012 and up to February 20, 2013. An additional 33 drill holes totaling 1,784 meters completed by MINER, and independently reviewed, logged and sampled by Atico, were also included. Mr. Michael Lechner and Mr. Donald Earnest acted as independent qualified persons responsible for the resource estimate, as defined by National Instrument 43-101.

Since the Company announced its intent to exercise the option agreement on August 15, 2013, the objective of the exploration program at the El Roble mine temporarily shifted to provide information to the Company's operations team. Drilling focused on defining massive sulfide bodies located between levels 1975 and 2150 which was intended to provide information necessary to further define mineralization and guide mining in the upper levels of the El Roble mine.

During the year ending December 31, 2013, the Company completed 8,602 meters of drilling of the 12,000 meters budgeted. The reduced amount of drilling is due to the focus on preparations to take control of the El Roble mine.

On the larger land package, the Company continued working on the 10 kilometer prospective contact that has the potential to host additional VMS deposits. This work also enhanced the understanding of the San Lorenzo and Santa Anita areas and has aided in delineating potential drill hole locations for the upcoming surface drill program which is anticipated to start in the first quarter of 2015.

El Roble Mine

The Company took control of the El Roble mine on November 22, 2013 and continued operating the mill at approximately 320 tonnes per day for 20 days during 2013. The operation stopped on December 20th for three weeks for collective vacations to all employees.

During the 20 days of operation in 2013, the Company produced 50 tonnes of copper and 215 ounces of gold, while the total production of El Roble mine for the year was 1,412,000 pounds of copper, 2,297 ounces of gold and 7,167 ounces of silver, from 69,895 processed tonnes.

Metal Production for years ended December 31, 2013 and 2012

For the year ended	December 31 2013	December 31 2012
Copper (000 lbs)	1,412	1,653
Gold (oz)	2,297	2,084
Silver (oz)	7,167	5,543

During the option term, the Company was not responsible for mining or for resource development, and gained no income from mining operations. The table below shows the main variables used by the previous operator to measure operating performance.

Operating performance variables for 2013 and 2012

For the year ended	December 31 2013	December 31 2012
Tonnes mined	69,895	69,831
Average tonnes mined per day	303	282
Copper		
Head grade (%)	1.07	1.18
Recovery (%)	89.6	91.3
Production (000 lbs)	1,412	1,653
Gold		
Head grade (g/t)	1.56	1.61
Recovery (%)	65.2	57.6
Production (oz)	2,297	2,084
Silver		
Head grade (g/t)	7.41	5.80
Recovery (%)	42.9	42.4
Production (oz)	7,167	5,543
Concentrate produced (t)	3,294	3,761

Immediately after taking over the El Roble operation, the Company began executing its plan to integrate, optimize and scale up the operation. The capital investment plan includes a new 830 meter adit to access the new resources 105 meters below the existing mine workings, a new tailings dam and the mill expansion. These investments were initiated along with a plan to improve standards and operational performance. The new 5 by 5 meter adit at the 1880 level was scheduled to be completed in the second quarter of 2014. On March 3, 2014, the Company announced the completion of the new adit ahead of schedule.

The Company has retained all the employees of the operation and added a team of staff and technicians to support and train the local workforce. During the scale-up and optimization phase, the Company has used the existing infrastructure to train personnel, increase safety and environmental standards and generate cash flow.

OUTLOOK

Exploration Program

The goal of the underground drilling planned for 2014 at El Roble mine is to further define the known mineralized bodies and expand the identified resource. In-fill drilling of the newly discovered massive sulphide bodies and drilling of new prospective areas below the 2000 meter level will be conducted from the new 1880 adit. The in-fill drilling began in January 2014 and the Company anticipates drilling for new mineralized areas at the mine will begin in the second quarter of 2014.

Surface soil sampling, rock geochemistry and geology work will continue in the 10 kilometer prospective contact with a focus on Santa Anita, San Lorenzo and other target areas to further define drilling targets for the upcoming surface drill program. The Company expects drilling in the Santa Anita and San Lorenzo areas will begin during the first quarter of 2015 after optimization and scale-up of the El Roble Mine.

El Roble Mine

The El Roble mine has continued to operate at approximately 350 tonnes per day processing ore from the upper levels of the mine while the new resources are reached and developed. Underground stope preparation in the Goliath and Maximus massive sulfide deposits will provide some high-grade ore prior to the start of full-scale stoping activities, which are planned for the third quarter of 2014.

As a part of the Company's integration process an on-site training program at the 1880 level is being performed by a team comprised of experienced operators and local miners. Other on-going activities key to the integration process include improving safety and environmental standards as well as upgrading supporting processes, all of which are expected to conclude in the first quarter of 2015.

Scale-up of the El Roble milling facility to 650 tonnes per day is on schedule to be completed in the third quarter of 2014. The Company has secured all major equipment, with some components already on site and the remainder expected to be delivered during the first quarter of 2014.

Construction of the new tailings dam is expected to be completed as originally planned, in the second quarter of 2014.

Demetrius Pohl, Ph.D. AIPG Certified Geologist, is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, and is responsible for the preparation and verification of the technical information in the MD&A.

ANNUAL 2013 RESULTS

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

	For the Years Ended December 31,		
	2013	2012	2011
Net income (loss)	$ 823,396	$ (1,186,438)	$ (608,870)
Earnings (loss) per share - basic and diluted	0.01	(0.03)	(0.04)
Total assets	68,596,992	10,657,450	1,742,105
Total long-term liabilities	23,251,690	-	-
Dividends declared	Nil	Nil	Nil

Net income for the year ended December 31, 2013 ("2013"), amounted to $823,396, compared to a net loss of $1,186,438 for the year ended December 31, 2012 ("2012"). The gain was driven by a non-cash gain on bargain purchase on the acquisition of MINER of $735,691 and a deferred income tax recovery of $3,529,840. The Company did not record any revenues in 2013 as all contained metals in concentrate were shown in finished goods inventory and as no shipments were made between the acquisition of MINER on November 22, 2013 and December 31, 2013.

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. Any excess of the aggregate fair value of net assets acquired over the consideration paid is considered a gain on bargain purchase and is recognized in the consolidated statement of income (loss). The Company applied the discounted cash flow model to estimate a fair value of $52,110,000 for the El Roble Mineral Property, which resulted in the gain on bargain purchase of $735,691. The discounted cash flow model value is determined based on the life-of-mine before tax cash flow forecast which incorporate management's best estimates of future metal prices, production based on current estimates of recoverable resources, future operating costs and non-expansionary capital

expenditures. The addition of El Roble Mineral Property during the acquisition of MINER accounted for the majority of the $57,939,542 increase in total assets during 2013.

The Company's long-term liabilities increased from $Nil in 2012 to $23,251,690 in 2013. The acquisition and fair value of the El Roble assets also resulted in the recognition of a deferred income tax liability of $16,865,641. The deferred tax liability is recognized primarily due to temporary differences between the accounting value and tax basis of the El Roble assets. The Company also recognized a deferred tax recovery of $3,529,840 during 2013.

Also included in long-term liabilities is the senior secured repayable debt facility of $8,000,000 with Trafigura Pte. Ltd. which the Company drew down on November 22, 2013. As the first repayment date is 15 months from the date of the draw down, all of the debt is considered long term as of December 31, 2013.

In accounting for the acquisition of MINER, the Company now recognizes a long-term liability relating to decommissioning and restoration plans of the El Roble mining property, including associated infrastructure and buildings, the balance at December 31, 2013 being $1,012,003. The estimated undiscounted cash flows required to satisfy decommissioning and restoration provision as at December 31, 2013 were $3,150,000, which were adjusted for inflation and uncertainty of the cash flows and then discounted using risk adjusted pre-tax discount rate of 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 Company has an agreement for purchases of equipment that requires the Company to make quarterly payments over the next three years. The portion that is payable beyond the current year, $944,936, is included in long-term liabilities.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to December 31, 2013, and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2013 and 2012.

Quarter ended	December 31 2013	September 30 2013	June 30 2013	March 31 2013
Net income (loss) for the period	$ 2,966,399	$ (865,234)	$ (630,317)	$ (647,451)
Income (loss) per share - basic and diluted	$ 0.03	$ (0.02)	$ (0.01)	$ (0.01)
Weighted average shares outstanding	95,681,414	57,316,731	52,107,305	49,915,226

Quarter ended	December 31 2012	September 30 2012	June 30 2012	March 31 2012
Net income (loss) for the period	$ (331,505)	$ (263,085)	$ (346,525)	$ (245,323)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average shares outstanding	39,763,883	39,761,111	39,761,111	20,816,056

Fourth-Quarter 2013 Financial Results

The fourth-quarter net income was $2,966,399 (Q4 2012 - loss of $263,085) resulting in a gain per share of $0.03 (Q4 2012 loss per share - $0.01). The gain was driven by a non-cash gain on bargain purchase of $735,691 and deferred income tax recovery of $3,529,840 as discussed above in the Annual 2013 Results section.

Loss for the fourth-quarter before the gain on bargain purchase and deferred income tax recovery was $1,299,132. The increase in Q4 2013 can be attributed to increases in general and administrative expenses relating to legal fees incurred for the Carl Nelson litigation, and increased audit and related costs incurred for preparation of the Company's Business Acquisition Report, and audit of the consolidated operations which now include MINER's operations.

The Company did not record any revenues in Q4 2013 as all contained metals in concentrate were shown in finished goods inventory and as no shipments were made between the acquisition of MINER on November 22, 2013 and December 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents as at December 31, 2013 totaled $6,083,871 (December 31, 2012 - $2,807,960) and its working capital position was $6,819,511 (December 31, 2012 - $2,845,188).

Operating Activities

Cash used in operating activities was $4,049,102 for the year ended December 31, 2013 (2012 - $1,515,989) and included changes in non-cash working capital items of $2,088,555 (2012 - $576,052). Operating activities primarily represent general and administrative expenses.

Financing Activities

During the year ended December 31, 2013, the Company received net cash from financing activities of $33,594,931 (2012 - $10,234,192) which was primarily comprised of:

- In January 2013, the Company completed a non-brokered private placement financing, raising C$8,000,001 by the issuance of 12,307,694 units at C$0.65 per unit. In September 2013, the Company completed a brokered private placement of 31,300,000 units at a price of C$0.45 per unit for gross proceeds of C$14,085,000 and a non-brokered private placement of 11,869,744 units for gross proceeds of approximately C$5,341,385. In total, the Company raised $26,180,208 offset by $1,425,445 of costs related to the offerings.

- In November 2013, the Company entered into an agreement with Trafigura Pte. Ltd. with respect to a senior secured repayable debt facility of $8,000,000. The full amount of the funds were advanced to the Company on November 22, 2013, and have a repayment term of 48 months, with annual carried interest of LIBOR plus 9%, payable quarterly, subject to a 12 month grace period (with the first repayment date being 15 months from the date of the first advance). Transaction fees of $125,000 were incurred on the debt facility. The debt facility is secured by all issued and outstanding shares of Atico Mining International (BVI) Corp. and 90% of the issued and outstanding shares of Minera El Roble S.A. The debt facility is subject to various qualitative and quantitative covenants, and the Company is in compliance with all such debt covenants as at December 31, 2013.

Investing Activities

Cash used by the Company in investing activities for the year ended December 31, 2013 was $26,250,469 (2012 - $6,034,928) and was primarily comprised of:

- Exploration and evaluation expenditures of $9,493,387 represent monies spent prior to the acquisition of MINER on November 22, 2013. Included in this amount is the $1,200,000 extension payment made to MINER shareholders in early 2013. The remainder relates to the exploration and drilling programs that were undertaken to support the Company's decision to exercise the option to acquire 90% of the shares of MINER. On acquisition of MINER, the Company reclassified the exploration and evaluation expenditures to mineral property, plant and equipment.

- The final option payment of $14,000,000 was made on November 22, 2013. The Company received $868,339 on the acquisition of MINER as part of the working capital adjustment which also included certain offsetting current liabilities.

- Cash used for purchase of plant and equipment of $3,773,695 included mine equipment, and partial construction of the new adit and tailings facility.

Requirement of Additional Capital

Management believes that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents and cash generated from operations. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through debt financing, the issuance of hybrid debt-equity securities, or additional equity securities. The Company has relied entirely on equity financings and loans for all funds raised to date for its operations. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company's growth and success may be dependent on external sources of financing which may not be available on acceptable terms.

Subsequent Event

In January 2014, MINER entered into a credit facility with certain minority shareholders (the "lenders"). The lenders will lend up to COP$3,900,000,000 (approximately $2 Million) between January 25, 2014 and May 1, 2014. On January 25, 2014, the Company drew COP$1,900,000,000 (approximately US$900,000) to be repaid by February 10, 2015. Interest is payable monthly as follows: 0.15% on the full amount of the facility, and 1% on amounts lent.

Contractual Obligations

The following table summarizes the current contractual obligations of the Company and associated payment requirements (including interest) over the next five years and thereafter:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	**Total**
Trade and other paybles	$ 4,610,116	$ -	$ -	$ -	$ 4,610,116
Income taxes payable	174,502	-	-	-	174,502
Long-term debt	-	5,555,550	5,111,106	-	10,666,656
Other long-term payable	-	944,936	-	-	944,936
	$ 4,784,618	$ 6,500,486	$ 5,111,106	$ -	$ 16,396,210

TRANSACTIONS WITH RELATED PARTIES

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

Year ended December 31, 2013	Salary or Fees	Share-based Payments	Total
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

Year ended December 31, 2012	Salary or Fees	Share-based Payments	Total
Management	$ 310,504	$ 102,801	$ 413,305
Seabord Services Corp.	176,471	-	176,471
	$ 486,975	$ 102,801	$ 589,776

Related party liabilities	Items or Services	December 31 2013	December 31 2012
Accounts payable and accrued liabilities:			
Chief Executive Officer	Management fees	$ 80,000	$ -
President	Management fees	60,000	-
Chief Operating Officer	Management fees	62,000	-
Seabord Services Corp.	Expense recovery	-	199

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.

The above transactions are measured at the exchange amounts (the amounts established and agreed to by the related parties) which approximate the arm's length equivalent value. All balances due to related parties are included in accounts payable and accrued liabilities.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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:

Accounting for business combination

The fair value of assets acquired and liabilities assumed and the resulting goodwill or gain on bargain purchase, 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 or gain on bargain purchase, if any, will be retrospectively adjusted when the final measurements are determined (with 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.

Estimated decommissioning and restoration costs

The Company's provision for decommissioning and restoration provision represents management's 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 related mineral property can result in a change to future depletion expense.

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.

Inventory valuation

Consumable parts and supplies 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 metals concentrate based on an appropriate allocation of direct mining costs, direct labour and material costs, overhead, and depletion and amortization.

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, 33% 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.

Mineral reserve and/or resource estimates

The figures for 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 operation.

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).

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-expansionary 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.

Valuation of financial instruments

Financial instrument estimates are based on either unadjusted quoted prices in active markets and 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 concentrates 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:

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 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 adopted as 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.

Recoverability of exploration and evaluation assets

Mineral reserves are the economically mineable parts of the Company's mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its mineral 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 reserves 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 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.

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.

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 balance sheet 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.

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 the identification factors used by the chief operating decision maker.

CONTINGENCY

During the year ended December 31, 2013, the Company has been advised that a notice of civil claim has been 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 will defend itself in this matter. An action was filed on October 8, 2013 and no trial date has been set. As at December 31, 2013, the Company believes it is too early to make a formal determination as to the claim.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

PROPOSED TRANSACTIONS

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

NEW ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements ("IFRS 10") replaces the guidance on control and consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC-12, Consolidation - Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11 Joint Arrangements ("IFRS 11") supersedes IAS 31 Interests in Joint Ventures and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28 Investments in Associates and Joint Ventures (amended in 2011) ("IAS 28"). The other amendments to IAS 28 did not affect the Company. The Company has not entered into any joint arrangements and concluded that the adoption of IFRS 11 did not have any effect on the Company's consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") contains the disclosure requirements for entities that have interests in in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structure entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity variability of returns from the performance of the other entity. The required disclosures aim to provide information I order to enable users to evaluate that nature, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. Given the nature of the Company's interest in other entities, the amendments did not have an impact on the Company's financial position or performance.

IFRS 13 Fair Value Measurement ("IFRS 13") provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company has adopted the amendments to IAS 1 Presentation of Financial Statements ("IAS 1"). These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

FINANCIAL INSTRUMENTS

Fair Value

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

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

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

The carrying value of receivables (excluding trade receivables from sales of metals concentrate) and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's other long-term payables are approximated by their carrying values.

As at December 31, 2013, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 6,083,871	$ -	$ -	$ 6,083,871
Trade receivables	$ -	$ 320,537	$ -	$ 320,537

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

This note presents information about the Company's exposure to each of these risks, the Company's objectives and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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 metal prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value is limited because the balances are generally held with major financial institutions in demand deposit accounts. A 10% change in interest rates would cause an $82,000 change in income (loss) on an annualized basis.

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 and short term investments are held through large Canadian, international and foreign national financial institutions. These investments mature at various dates within one year. 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 to minimize credit risk.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Liquidity Risk

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 cash equivalents and its committed liabilities.

The Company expects the following maturities of its monetary liabilities (including interest) and other contractual commitments:

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	**Total**
Trade and other paybles	$ 4,610,116	$ -	$ -	$ -	$ 4,610,116
Income taxes payable	174,502	-	-	-	174,502
Long-term debt	-	5,555,550	5,111,106	-	10,666,656
Other long-term payable	-	944,936	-	-	944,936
	$ 4,784,618	$ 6,500,486	$ 5,111,106	$ -	$ 16,396,210

Foreign Currency Risks

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada, Peru and Colombia and incurs expenditures in currencies other than United States dollars. Therefore, the Company is exposed to foreign exchange risk. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2013, the Company is exposed to currency risk through the following assets and liabilities:

	Canadian dollars	Peruvian nuevo soles	Colombian pesos (000's)
Cash and cash equivalents	$ 205,818	$ 18,758	$ 537,412
Receivables	10,064	100,584	616,151
Accounts payable and accrued liabilities	(219,055)	(90,487)	(8,272,395)
Other long-term payable	-	-	(1,819,569)
Net exposure	(3,173)	28,855	(8,938,401)
US dollar equivalent	$ (2,967)	$ 10,450	$ (4,641,879)

Based on the above net exposure as at December 31, 2013, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo soles and Colombian peso would result in an increase/decrease of approximately $463,000 in the Company’s pre-tax profit or loss.

RISK FACTORS

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

Operating hazards and risks

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

General economic conditions

Turmoil in global financial markets in recent years has had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, have been impacted by these market conditions. Some of the key impacts have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The sovereign debt crisis in Europe has been the most visible risk to world financial stability. A continued or worsened slowdown in economic conditions,

including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

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

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

Competition

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

Substantial reliance on the El Roble Mine

All of the Company's future revenues are generated by the El Roble. For 2014, the Company anticipates that most if not all of its future revenue will come from the El Roble mine. Unless the Company develops or acquires additional properties or projects, the Company will remain largely dependent upon the operation of the El Roble mine for its revenue and profits, if any. If for any reason, production at the mine is reduced or stopped, the Company's anticipated revenues and profits would decrease significantly.

Additional businesses and assets may not be successfully integrated

The Company undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of the Company; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be profitable or that the Company will be able to integrate the required businesses successfully, which could slow the Company's rate of expansion and the Company's business, results of operations and financial condition could suffer.

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

Political and country risk

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

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

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

Metal prices and marketability

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

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

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

Government regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by political stability and government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

Environmental matters

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

Dependence on key personnel

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

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

Director and officer conflicts of interest

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

Title to properties

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore the precise area and location of the properties may be in doubt. The Company's properties may

be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. The Company has conducted as thorough investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the properties.

Dilution from further equity financing

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

Foreign currency

The Company's activities and operations in Colombia make it subject to foreign currency fluctuations. The Company's operating expenses are primarily incurred in Colombian pesos and the fluctuation of the US dollar in relation to this currency will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Exploration and development, and infrastructure

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

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

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

Insurance

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

Estimation of Mineral Resources and Reserves and Precious Metal Recoveries

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

Reclamation

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

Uncertainty of Funding

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

Uncertainty of Dividends on its Common Shares

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

Legal Proceedings

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

Uncertainty of Inferred Mineral Resources

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

Cautionary Statement on Forward-Looking Statements

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

- mineral "resources" as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated and they can be profitably extracted in the future;

- timing on completion of construction activities at the Company's properties and their completion on budget, such activities include construction of the new tailings dam, which is expected to be completed as originally planned, the second quarter of 2014;

- timing on completion of scale-up and infrastructure upgrades, thereby achieving expected full production capacity of 650 tonnes per day, at the Company's properties by the third quarter of 2014, resulting in an increase in production rate;

- timing on delivery of supplies, materials and equipment to meet the current and planned production and operational needs on the Company's properties;

- timing and value on the expected maturity of each of the Company's financial liabilities and other contractual commitments;

- management's estimates on disclosures of production cash costs and other related cost;

- management's belief that a combination of the Company's cash position, cash flows from operating activities, and access to the capital market (i.e. ability to raise equity and/or access to debt facilities, at the prevailing market rates) is sufficient to fund current operational requirements and planned capital projects during 2014, which include mine development, tailings dam expansion, and brownfield exploration at the El Roble property; and

- management's expectation that none of the investigations, claims, and legal, labor and tax proceedings arising in the ordinary course of business will have a material effect on the results of operations or financial conditions of the Company.

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

availability of natural gas, fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource estimates; (9) labor and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

In addition, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include, risks associated with mineral exploration and project development; the need for additional financing; operational risks associated with mining and mineral processing; uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules; economic returns; uncertainties relating to general economic conditions; the Company's substantial reliance on the El Roble mine for revenues; risks related to the integration of businesses and assets acquired by the Company; potential conflicts of interest involving the Company's directors and officers; the risk that monies allotted for land reclamation may not be sufficient; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia, Peru or other countries in which the Company does or may carry on business; the possibility of cost overruns or unanticipated expenses; fluctuations in copper, gold and silver prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; currency exchange rate fluctuations; competition; and other risks and uncertainties, including those described in the "Risks and Uncertainties" section in the MD&A.

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

OUTSTANDING SHARE DATA

As at April 16, 2014, the Company had 97,579,571 common shares issued and outstanding. There were also stock options to purchase 4,385,000 shares outstanding with expiry dates ranging from June 30, 2016 to March 1, 2018, and 27,862,497 warrants with expiry dates ranging from July 16, 2014 to September 19, 2015.