ATICO MINING CORPORATION

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

JUNE 30, 2014

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Atico Mining Corporation (the "Company") for the three and six months ended June 30, 2014 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

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

	June 30 2014	December 31 2013
ASSETS		
Current assets		
Cash and cash equivalents (Note 15)	$ 2,848,754	$ 6,083,871
Receivables (Note 4)	3,605,426	1,487,248
Inventories (Note 5)	5,464,385	2,715,013
Prepaids and deposits	886,890	1,167,271
Total current assets	12,805,455	11,453,403
Non-current assets		
Advances to suppliers (Note 6)	436,453	150,726
Mineral property, plant and equipment (Note 6)	63,805,470	56,992,863
Total non-current assets	64,241,923	57,143,589
TOTAL ASSETS	$77,047,378	$68,596,992
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,892,995	$ 3,968,116
Advance on concentrate inventories (Note 4)	1,055,090	-
Bank credit facilities (Note 8)	315,000	-
Taxes payable	214,386	174,502
Current portion of finance lease obligations (Note 7)	202,835	-
Current portion of long-term loans payable (Note 9)	3,657,539	642,000
Total current liabilities	12,337,845	4,784,618
Non-current liabilities		
Finance lease obligations (Note 7)	532,182	-
Long-term loans payable (Note 9)	8,144,269	8,903,886
Decommissioning and restoration provision (Note 11)	1,059,809	1,012,003
Deferred income tax liabilities	14,029,519	13,335,801
Total non-current liabilities	23,765,779	23,251,690
Total liabilities	36,103,624	28,036,308
EQUITY		
Share capital (Note 12)	37,751,114	36,455,001
Share-based payments reserve (Note 12)	1,887,633	1,926,950
Foreign currency translation reserve	55,748	(56,210)
Deficit	(2,305,071)	(1,234,044)
Total equity attributable to equity holders of the Company	37,389,424	37,091,697
Non-controlling interests	3,554,330	3,468,987
Total equity	40,943,754	40,560,684
TOTAL LIABILITIES AND EQUITY	$77,047,378	$68,596,992

Events after reporting date (Note 21)

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on August 14, 2014.

Approved by the Board of Directors

______”*Luis F. Sáenz*”______________ Director ______”*Jorge R. Ganoza*”______________ Director

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

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

	Three months ended June 30 2014	Three months ended June 30 2013 (Note 20)	Six months ended June 30 2014	Six months ended June 30 2013 (Note 20)
Sales	$ 7,500,276	$ -	$ 9,537,267	$ -
Cost of sales				
Direct mining and processing costs	(3,787,964)	-	(4,903,932)	-
Royalties	(200,930)	-	(231,328)	-
Depletion and amortization	(1,050,700)	-	(1,401,455)	-
Total cost of sales (Note 5)	(5,039,594)	-	(6,536,715)	-
Income from mining operations	2,460,682	-	3,000,552	-
Selling, general and administrative expenses	(1,259,878)	(327,725)	(1,968,094)	(705,713)
Exploration expenses	(53,520)	(17,771)	(98,847)	(115,608)
Share-based payments (Note 12)	(123,975)	(298,338)	(382,685)	(478,785)
Income (loss) from operations	1,023,309	(643,834)	550,926	(1,300,106)
Interest on long-term loans payable (Note 9)	(266,733)	-	(526,633)	-
Accretion of decommissioning and restoration provision (Note 11)	(24,284)	-	(47,806)	-
Interest and other income	4,544	5,440	8,736	17,972
Interest and other expense	(158,997)	-	(151,901)	-
Foreign exchange gain (loss)	(156,819)	11,009	(125,288)	(8,389)
Income (loss) before income taxes	421,020	(627,385)	(291,966)	(1,290,523)
Current income tax (expense) recovery (Note 10)	-	-	-	-
Deferred income tax (expense) recovery (Note 10)	(626,732)	-	(693,718)	-
Net income (loss)	$ (205,712)	$ (627,385)	$ (985,684)	$ (1,290,523)
Net income (loss) attributable to:				
Equity holders of Atico Mining Corporation	$ (280,963)	$ (627,385)	$ (1,071,027)	$ (1,290,523)
Non-controlling interests	75,251	-	85,343	-
	$ (205,712)	$ (627,385)	$ (985,684)	$ (1,290,523)

Earnings (loss) per share (Note 13)

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

ATICO MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited - Expressed in United States Dollars)

	Three months ended June 30 2014	Three months ended June 30 2013	Six months ended June 30 2014	Six months ended June 30 2013
		(Note 20)		(Note 20)
Net income (loss)	$ (205,712)	$ (627,385)	$ (985,684)	$ (1,290,523)
Other comprehensive income (loss)				
Foreign currency translation adjustment	339,399	(562,846)	111,895	(546,464)
Total other comprehensive income (loss)	339,399	(562,846)	111,895	(546,464)
Total comprehensive income (loss)	$ 133,687	$ (1,190,231)	$ (873,789)	$ (1,836,987)
Total comprehensive income (loss) attributable to:				
Equity holders of Atico Mining Corporation	$ 58,436	$ (1,190,231)	$ (959,132)	$ (1,836,987)
Non-controlling interests	75,251	-	85,343	-
	$ 133,687	$ (1,190,231)	$ (873,789)	$ (1,836,987)

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

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

	Three months ended June 30 2014	Three months ended June 30 2013	Six months ended June 30 2014	Six months ended June 30 2013
		(Note 20)		(Note 20)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ (205,712)	$ (627,385)	$ (985,684)	$ (1,290,523)
Items not affecting cash and cash equivalents:				
Depletion and amortization	1,108,350	21,067	1,464,798	62,550
Accretion on decommissioning and restoration provision	24,284	-	47,806	-
Share-based payments	123,975	298,338	382,685	478,785
Interest income	(4,544)	(13,202)	(8,736)	(13,202)
Interest expense	301,176	-	563,528	-
Deferred income tax expense (recovery)	626,732	-	693,718	-
Unrealized foreign exchange effect	137,935	(69)	172,001	(242)
	2,112,196	(321,251)	2,330,116	(762,632)
Changes in non-cash working capital items (Note 15)	(367,122)	(432,340)	(2,363,570)	(551,099)
Net cash provided by (used in) operating activities	1,745,074	(753,591)	(33,454)	(1,313,731)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,544	13,202	8,736	13,202
Expenditures on mineral property, plant and equipment	(3,172,295)	(2,462,500)	(7,055,445)	(5,501,763)
Net cash used in investing activities	(3,167,751)	(2,449,298)	(7,046,709)	(5,488,561)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance on concentrate inventories received (repaid), net	(1,743,893)	-	1,053,997	-
Proceeds from bank credit facilities	315,000	-	315,000	-
Proceeds from long-term loans payable	-	-	1,974,040	-
Repayments on long-term loans payable	(194,990)	-	(338,268)	-
Interest paid	(35,802)	-	(35,802)	-
Shares issued for cash	63,828	-	874,111	7,642,709
Share issue costs	-	-	-	(207,616)
Net cash (used in) provided by financing activities	(1,595,857)	-	3,843,078	7,435,093
Effect of exchange rate changes on cash and cash equivalents	18,485	69	1,968	242
Change in cash and cash equivalents	(3,000,049)	(3,202,820)	(3,235,117)	633,043
Cash and cash equivalents, beginning of period	5,848,803	6,643,823	6,083,871	2,807,960
Cash and cash equivalents, end of period	$ 2,848,754	$ 3,441,003	$ 2,848,754	$ 3,441,003

Supplemental disclosure with respect to cash flows (Note 15)

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

ATICO MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - 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, 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 finder's warrants	1,879,722	1,293,288	(421,455)	-	-	-	871,833
Share-based payments	-	-	382,685	-	-	-	382,685
Foreign currency translation adjustment	-	-	-	111,958	-	-	111,958
Net income (loss) for the period	-	-	-	-	85,343	(1,071,027)	(985,684)
Balance as at June 30, 2014	97,591,571	$37,751,114	$ 1,887,633	$ 55,748	$ 3,554,330	$ (2,305,071)	$ 40,943,754
Balance as at December 31, 2012 (Note 20)	39,786,611	$11,669,364	$ 855,575	$ 42,429	$ -	$ (2,096,837)	$ 10,470,531
Private placement	12,307,694	7,636,504	-	-	-	-	7,636,504
Share issue costs	-	(207,616)	-	-	-	-	(207,616)
Exercise of finder's warrants	13,000	9,470	(3,265)	-	-	-	6,205
Share-based payments	-	-	478,785	-	-	-	478,785
Foreign currency translation adjustment	-	-	-	(546,464)	-	-	(546,464)
Net income (loss) for the period	-	-	-	-	-	(1,290,523)	(1,290,523)
Balance as at June 30, 2013 (Note 20)	52,107,305	$19,107,722	$ 1,331,095	$ (504,035)	$ -	$ (3,387,360)	$ 16,547,422

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

(Unaudited - Expressed in United States Dollars)

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 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'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. These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual financial statements, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2013.

In addition to the change in presentation currency disclosed in Note 20, certain of the prior period comparative figures have been reclassified to conform to the presentation adopted in the current period.

Inventories

Ore stockpile is valued at the lower of actual production cost incurred or estimated net realizable value based upon the period ending prices of contained metal. Production costs include all mine site costs. 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.

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. Effective January 1, 2014, the Company has made the following changes to the estimated economic life for certain classes of mineral property, plant and equipment as indicated below:

Categories	Methods	Estimated economic life
Plant and building	Straight line	5 to 10 years
Machine and equipment	Straight line	3 to 5 years

The change in estimate has been applied prospectively and impacts the amortization of certain plant, building, machine, and equipment for the current and future periods.

---

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

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. Leased assets 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 shorter of the asset's useful lives or the lease term. 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.

New and amended IFRS pronouncements effective January 1, 2014

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2013, except for the application of the following new interpretation and amendments to existing IFRSs, which were effective January 1, 2014:

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 the Amended IAS 32 did not have a significant impact on the Company's condensed consolidated interim financial statements.

IAS 36 Impairment of Assets ("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 IAS 36 did not have a significant impact on the Company's condensed consolidated interim 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 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 condensed consolidated interim 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.

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.

(Unaudited - Expressed in United States Dollars)

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 2013 year-end consolidated statement of income (loss). As at June 30, 2014, the allocation of the purchase consideration has not been finalized. The Company is currently in the process of determining the fair values of identifiable assets acquired and liabilities assumed. Management anticipates that the allocation of the purchase consideration will be finalized during the fourth quarter of 2014.

4. RECEIVABLES

	June 30 2014	December 31 2013
Trade receivables	$ 1,290,725	$ 207,144
HST/VAT and other taxes recoverable	2,289,249	1,243,676
Other receivables	25,452	36,428
	$ 3,605,426	$ 1,487,248

As at June 30, 2014, the Company did not have any trade receivables (December 31, 2013 - $Nil) that were past due. The Company's allowance for doubtful accounts is $Nil (December 31, 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 June 30, 2014, related to this credit facility, the Company has an outstanding balance of $1,055,090 (2013 - $Nil), which included accrued interest expense of $1,093 (2013 - $Nil).

The Company's current 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:

	June 30 2014	December 31 2013
0 to 30 days	$ -	$ -
31 to 60 days	1,135,438	-
61 to 90 days	-	207,144
91 to 120 days	155,286	-
Over 120 days	-	-
	$ 1,290,725	$ 207,144

(Unaudited - Expressed in United States Dollars)

5. INVENTORIES

	June 30 2014	December 31 2013
Consumable parts and supplies	$ 1,371,838	$ 947,114
Ore stockpile	487,278	-
Metals concentrate	3,605,269	1,767,899
	$ 5,464,385	$ 2,715,013

For the three and six months ended June 30, 2014, the Company recorded a cost of sales of $5,039,594 and $6,536,715 respectively (2013 - $Nil and $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 write-down of metals concentrate to net realizable value; all metals concentrate related to this write-down was sold during the six months ended June 30, 2014.

6. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Land	Plant, building, machine, and euipment	Capital work in progress	**Total**
As at December 31, 2013, net	$52,537,401	$ 277,104	$ 2,428,224	$ 1,750,134	$56,992,863
Changes for the period:					
Additions	3,678,778	-	3,412,363	2,163,345	9,254,486
Reclassification	1,144,158	(1,270)	1,933,009	(3,075,897)	-
Depletion and amortization	(2,007,417)	-	(391,467)	-	(2,398,884)
Currency translation adjustments	(42,995)	-	-	-	(42,995)
As at June 30, 2014, net	$55,309,925	$ 275,834	$ 7,382,129	$ 837,582	$63,805,470
As at December 31, 2013					
Historical cost	$52,678,840	$ 277,104	$ 3,517,877	$ 1,750,134	$58,223,955
Accumulated amortization	(141,439)	-	(1,089,653)	-	(1,231,092)
Net carrying amount	$52,537,401	$ 277,104	$ 2,428,224	$ 1,750,134	$56,992,863
As at June 30, 2014					
Historical cost	$57,458,781	$ 275,834	$ 8,863,249	$ 837,582	$67,435,446
Accumulated amortization	(2,148,856)	-	(1,481,120)	-	(3,629,976)
Net carrying amount	$55,309,925	$ 275,834	$ 7,382,129	$ 837,582	$63,805,470

Capital work in progress relates to capital costs incurred in connection with sustaining capital at the El Roble mining property. During the six months ended June 30, 2014, construction of the new tailings management facility has been completed but was not yet in use; therefore, no related amortization has been recognized.

(Unaudited - Expressed in United States Dollars)

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

	Exploration and evaluation assets	Machine and equipment	**Total**
As at December 31, 2012, net (Note 20)	$ 7,475,059	$ 150,284	$ 7,625,343
Changes for the period:			
Additions	5,662,991	156,447	5,819,438
Depletion and amortization	-	(58,412)	(58,412)
Currency translation adjustments	(360,985)	(16,088)	(377,073)
As at June 30, 2013, net (Note 20)	$12,777,065	$ 234,248	$13,011,313
As at December 31, 2012 (Note 20)			
Historical cost	$ 7,475,059	$ 191,713	$ 7,666,772
Accumulated amortization	-	(41,429)	(41,429)
Net carrying amount	$ 7,475,059	$ 150,284	$ 7,625,343
As at June 30, 2013 (Note 20)			
Historical cost	$12,777,065	$ 332,072	$13,109,137
Accumulated amortization	-	(97,824)	(97,824)
Net carrying amount	$12,777,065	$ 234,248	$13,011,313

As at June 30, 2014, the Company carried $436,453 (December 31, 2013 - $150,726) of advances to suppliers related to purchase of new machine and equipment.

7. FINANCE LEASE OBLIGATIONS

The Company has acquired certain assets that are classified as finance lease, with the applicable costs included in mineral property, plant and equipment. Future minimum lease payments as at June 30, 2014 are as follows:

	June 30 2014
2014	92,198
2015	221,275
2016	221,275
2017	349,582
Total minimum lease payments	884,330
Future finance charges at implicit rate	(149,238)
Currency translation adjustments	(75)
Balance of unpaid obligations	735,017
Less: current portion	202,835
Long term portion	$ 532,182

(Unaudited - Expressed in United States Dollars)

8. BANK CREDIT FACILITIES

The Company has an arrangement for unsecured credit facility with Davivienda, a Colombian bank, of up to $800,000. As at June 30, 2014, the Company drew down $315,000, which carries an interest of LIBOR plus 2.3% and is repayable in six months.

9. LONG-TERM LOANS PAYABLE

	Trafigura	NCI of MINER	Sandvik	June 30 2014
As at December 31, 2013	$ 7,958,950	$ -	$ 1,586,936	$ 9,545,886
Principal received	-	1,974,040	-	1,974,040
Repayment	-	(51,574)	(286,694)	(338,268)
Interest expense	386,173	71,492	68,968	526,633
Currency translation adjustments	-	102,147	(8,630)	93,517
As at June 30, 2014	8,345,123	2,096,105	1,360,580	11,801,808
Less: current portion	885,961	2,096,105	675,473	3,657,539
Long term portion	$ 7,459,162	$ -	$ 685,107	$ 8,144,269

	Trafigura	Sandvik	December 31 2013
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 machine 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 will 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 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%.

9. LONG-TERM LOANS PAYABLE (cont'd…)

Sandvik AB

The Company has two loans with Sandvik AB ("Sandvik") for an aggregate amount of €1,254,600 in connection to purchase financings of equipment. 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.

Non-controlling interest of MINER

The Company entered into a loan agreement on January 25, 2014 denominated in Colombian peso ("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 12% annual implicit rate payable monthly. In February 2014, COP$3,900,000,000 was drawn.

10. 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 six months ended	June 30 2014	June 30 2013
		(Note 20)
Income (loss) before income taxes	$ (291,966)	$ (1,290,523)
Expected income tax expense (recovery) at statutory income tax rate	(579,227)	(322,631)
Difference between Canadian and foreign tax rates	453,936	-
Items not deductible for income tax purposes	650,593	-
Unused tax losses and tax offsets not recognized in tax asset	292,238	322,631
Impact of foreign exchange on tax assets and liabilities	(123,822)	-
Total income tax expense (recovery)	$ 693,718	$ -
Current income tax expense (recovery)	$ -	$ -
Deferred income tax expense (recovery)	693,718	-

11. DECOMMISSIONING AND RESTORATION PROVISION

	June 30 2014	December 31 2013
Opening balance	$ 1,012,003	$ -
Recognition of provision on acquisition of MINER	-	1,001,998
Accretion expense	47,806	10,005
Ending balance	$ 1,059,809	$ 1,012,003

(Unaudited - Expressed in United States Dollars)

12. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value. During the six months ended June 30, 2014, all remaining 5,768,746 common shares of the Company held in escrow were released.

Issued share capital

During the six months ended June 30, 2014, the Company issued 5,000 (2013 - Nil), 12,222 (2013 - Nil), and 1,867,500 (2013 - 13,000) common shares for the exercise of stock options, share purchase warrants, and finders warrants respectively, for aggregate proceeds of $874,111 (2013 - $6,205).

Stock options

The continuity of stock options for the six months ended June 30, 2014 is as follows:

Expiry Date	Exercise Price (CAD)	**Balance December 31 2013**	Granted	Exercised	Expired/ Cancelled	**Balance June 30 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
Outstanding		4,395,000	-	(5,000)	(5,000)	4,385,000
Weighted average exercise price		$ 0.74	$ -	$ 0.50	$ 0.98	$ 0.74
Exercisable		2,235,000				3,307,500

As at June 30, 2014, the weighted average remaining life of the stock options outstanding is 2.87 (December 31, 2013 - 3.36) years.

(Unaudited - Expressed in United States Dollars)

12. SHARE CAPITAL (cont'd…)

Warrants

The continuity of share purchase warrants and finder's warrants for the six months ended June 30, 2014 is as follows:

Expiry Date	Exercise Price (CAD)	**Balance December 31 2013**	Issued	Exercised	Expired/ Cancelled	**Balance June 30 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)	-	27,830,497
Weighted average exercise price		$ 0.69	$ -	$ 0.51	$ -	$ 0.71

As at June 30, 2014, the weighted average remaining life of the share purchase warrants and finder's warrants outstanding is 0.96 (December 31, 2013 - 1.38) years.

Share-based payments and share-based payment reserve

During the six months ended June 30, 2013, the Company granted 2,160,000 stock options to employees, directors and officers of the Company, all of which will vest over 18 months. Using the fair value method for share-based payments, the Company determined the fair value of the options granted to be C$1,591,848 or C$0.74 per option.

During the six months ended June 30, 2014, no options were granted. However, 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 $382,685 (2013 - $478,785).

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

Weighted average:	June 30 2014	June 30 2013
Risk free interest rate	N/A	1.45%
Expected dividend yield	N/A	0%
Expected stock price volatility	N/A	100%
Expected life in years	N/A	5
Forfeiture rate	N/A	0%

(Unaudited - Expressed in United States Dollars)

13. EARNINGS (LOSS) PER SHARE

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

	Three months ended June 30 2014	Three months ended June 30 2013	Six months ended June 30 2014	Six months ended June 30 2013
		(Note 20)		(Note 20)
Net income (loss) attributable to equity holders of the Company	$ (280,963)	$ (627,385)	$ (1,071,027)	$ (1,290,523)
Weighted average number of common shares outstanding - basic	97,586,860	52,107,305	97,219,811	51,017,321
Basic and diluted earnings (loss) per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.03)

14. 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 six months ended June 30, 2014, income of $85,343 (2013 - $Nil) has been allocated to the non-controlling interests of MINER. Summarized financial information about MINER is as follows:

	Six months ended June 30 2014	Year ended December 31 2013[1]
Current assets	$10,509,197	$ 5,410,308
Non-current assets	47,802,158	54,979,435
Current liabilities	10,734,972	4,264,746
Non-current liabilities	16,306,617	15,292,740
Net income (loss) and total comprehensive income (loss)	$ 853,425	$ (393,970)

[1] Net loss for the period from November 22 to December 31, 2013

(Unaudited - Expressed in United States Dollars)

14. 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:

Six months ended June 30, 2014	Salary or fees	Share-based payments	Total
Management	$ 439,302	$ 229,030	$ 668,332
Outside directors	-	93,482	93,482
Seabord Services Corp.	91,125	-	91,125
	$ 530,427	$ 322,512	$ 852,939

Six months ended June 30, 2013 (Note 20)	Salary or fees	Share-based payments	Total
Management	$ 210,072	$ 228,050	$ 438,122
Outside directors	-	155,615	155,615
Seabord Services Corp.	90,990	-	90,990
	$ 301,062	$ 383,665	$ 684,727

Related party liabilities	Items or Services	June 30 2014	December 31 2013
Accounts payable and accrued liabilities:			
Chief Executive Officer	Management fees and expenses	$ 94,108	$ 80,000
President	Management fees	60,000	60,000
Chief Operating Officer	Management fees	40,000	62,000

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.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Components of cash and cash equivalents

	June 30 2014	December 31 2013
Cash	$ 2,762,504	$ 5,997,621
Short-term deposits	86,250	86,250
	$ 2,848,754	$ 6,083,871

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

(Unaudited - Expressed in United States Dollars)

15. 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:

	Three months ended June 30 2014	Three months ended June 30 2013 (Note 20)	Six months ended June 30 2014	Six months ended June 30 2013 (Note 20)
Receivables	$ (1,824,978)	$ (28,699)	$ (2,118,178)	$ (16,037)
Inventories	(225,802)	-	(1,826,775)	-
Prepaids and deposits	158,439	(425,037)	280,381	(585,945)
Accounts payable and accrued liabilities	1,347,210	21,396	1,261,118	50,883
Income taxes payable	178,009	-	39,884	-
Net change in non-cash working capital	$ (367,122)	$ (432,340)	$ (2,363,570)	$ (551,099)

Significant non-cash investing and financing activities

During the six months ended June 30, 2014, the Company:

a) reallocated mineral property depletion of $1,064,036 to carrying amount of 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 $1,663,761 in accounts payable and accrued liabilities;
e) recorded mineral property, plant and equipment additions of $735,017 in finance lease obligations.

During the six months ended June 30, 2013 (Note 20), the Company:

a) reallocated share-based payment reserve of $3,265 to share capital for share purchase warrants exercised; and
b) recorded mineral property, plant and equipment additions of $622,343 in accounts payable accrued liabilities and loans payable.

(Unaudited - Expressed in United States Dollars)

16. 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 June 30, 2014 are sufficient for its present needs for at least the next 12 months. The Company is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at June 30, 2014	Loans and receivables	Fair value through profit or loss	Other financial liabilities
Cash and cash equivalents	$ 2,848,754	$ -	$ -
Receivables	2,314,701	1,290,725	-
Accounts payable and accrued liabilities	-	-	6,892,995
Advance on concentrate inventories	-	-	1,055,090
Bank credit facilities	-	-	315,000
Long-term loans payable	-	-	11,801,808
	$ 5,163,455	$ 1,290,725	$20,064,893

As at December 31, 2013	Loans and receivables	Fair value through profit or loss	Other financial liabilities
Cash and cash equivalents	$ 6,083,871	$ -	$ -
Receivables	1,166,711	320,537	-
Accounts payable and accrued liabilities	-	-	3,968,116
Long-term loans payable	-	-	9,545,886
	$ 7,250,582	$ 320,537	$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.

(Unaudited - Expressed in United States Dollars)

17. FINANCIAL INSTRUMENTS (cont'd…)

Fair value (cont'd…)

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 June 30, 2014, the Company's financial instruments measured at fair value are as follows:

Financial assets	Level 1	Level 2	Level 3	**Total**
Trade receivable from concentrate sales	$ -	$ 1,290,725	$ -	$ 1,290,725

The carrying value of cash and cash equivalents, receivables (excluding trade receivable from 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 are approximated by their carrying values as their interest rates are comparable to current interest rate.

Trade receivable from 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, currency risk, liquidity 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. There have been no significant changes in the Company's exposure to these financial risks since as at December 31, 2013.

Liquidity risk

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

	Less than 1 year	1 - 2 years	3 - 4 years	**Total**
Trade and other paybles	$ 6,892,995	$ -	$ -	$ 6,892,995
Advance on concenetrate inventories	1,055,090	-	-	1,055,090
Bank credit facilities	315,000	-	-	315,000
Taxes payable	214,386	-	-	214,386
Finance lease obligations	202,835	442,550	238,945	884,330
Loans payable	5,208,207	7,047,490	1,379,095	13,634,792
	$13,888,513	$ 7,490,040	$ 1,618,040	$22,996,593

Interest rate risk

As at June 30, 2014, a 10% change in LIBOR rates would result in an increase/decrease of approximately $18,000 in the Company's pre-tax income or loss on an annualized basis based on the credit facilities used.

17. FINANCIAL INSTRUMENTS (cont'd…)

Currency risk

As at June 30, 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	$ 550,236	$ 22,320	$ -	$ 31,940
Receivables	12,733	71,190	-	4,278,031
Accounts payable and accrued liabilities	(102,804)	(126,477)	-	(11,877,999)
Taxes payable	-	-	-	(402,874)
Finance lease obligations	-	-	(538,400)	-
Loans payable	-	-	(996,625)	(3,939,000)
Net exposure	460,165	(32,967)	(1,535,025)	(11,909,902)
US dollar equivalent	$ 431,634	$ (11,787)	$ (2,095,597)	$ (6,337,751)

Based on the above net exposure, as at June 30, 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 $80,000 in the Company's pre-tax income or loss.

18. 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% of more of the total revenues or assets of the Company. As at June 30, 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 June 30, 2014	Canada	Colombia	Other	**Total**
Cash and other current assets	$ 1,975,163	$10,795,130	$ 35,162	$12,805,455
Advances to suppliers	-	436,453	-	436,453
Mineral property, plant and equipment	-	63,795,731	9,739	63,805,470
Total assets	$ 1,975,163	$75,027,314	$ 44,901	$77,047,378

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

(Unaudited - Expressed in United States Dollars)

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 June 30, 2014, the Company believes it is too early to make a formal determination as to the claim.

20. 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 condensed consolidated interim financial statements as at December 31, 2012, March 31, 2013, and June 30, 2013 and for the three and six months ended June 30, 2013 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 where as follows:

US dollar/Canadian dollar exchange rate	June 30 2013	March 31 2013	December 31 2012
Closing rate at the reporting date	1.0515	1.0171	0.9966
Average rate	1.0155	1.0077	-

As a result, the comparative information as at December 31, 2012, March 31, 2013, and June 30, 2013 and for the three and six months ended June 30, 2013 has been restated.

21. EVENTS AFTER REPORTING DATE

Subsequent to June 30, 2014:

a) the Company granted 2,870,671 stock options exercisable at $0.79 until July 11, 2019 with vesting term over 36 months; and

b) 6,153,847 share purchase warrants exercisable at $0.90 per share, expired unexercised.