



ATICO MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

YEAR ENDED DECEMBER 31, 2011
(Audited)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Atico Mining Corporation

We have audited the accompanying consolidated financial statements of Atico Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2011 and December 31, 2010 and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the year ended December 31, 2011 and for the period from incorporation on April 15, 2010 to December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Atico Mining Corporation as at December 31, 2011 and December 31, 2010 and its financial performance and its cash flows for the year ended December 31, 2011 and for the period from incorporation on April 15, 2010 to December 31, 2010 in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

April 24, 2012



ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	December 31, 2011	December 31, 2010
ASSETS		
Current assets		
Cash (Note 4)	\$ 127,141	\$ 26,400
Receivables (Note 5)	31,079	-
Prepays and deposits	11,092	-
Total current assets	169,312	26,400
Non-current assets		
Equipment (Note 6)	23,298	-
Exploration and evaluation assets (Note 7)	1,500,359	-
Deferred share issuance costs (Note 10)	83,455	-
Total non-current assets	1,607,112	-
TOTAL ASSETS	\$ 1,776,424	\$ 26,400
LIABILITIES AND EQUITY (DEFICIENCY)		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 509,943	\$ 273,870
Loans payable (Note 9)	708,250	-
Total liabilities	1,218,193	273,870
EQUITY (DEFICIENCY)		
Share capital (Note 10)	1,256,367	60,000
Share-based payments reserve (Note 10)	230,199	-
Deficit	(928,335)	(307,470)
Total equity (deficiency)	558,231	(247,470)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)	\$ 1,776,424	\$ 26,400

Nature of operations and going concern (Note 1)
Events after reporting date (Note 16)

These consolidated financial statements are authorized for issuance by the Board of Directors on April 24, 2012.

Approved by the Board of Directors

"Jorge R. Ganoza" Director

"David L. Miles" Director

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year ended December 31, 2011	From incorporation on April 15 to December 31, 2010
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services	\$ 83,400	\$ -
Amortization (Note 6)	5,549	-
Interest expense	8,250	-
Management fees	109,164	150,000
Office and miscellaneous	53,647	1,944
Professional fees	114,550	94,406
Property investigation costs	1,947	60,389
Share-based payments (Note 10)	230,199	-
Transfer agent and filing fees	13,039	-
	<u>619,745</u>	<u>306,739</u>
Loss before other item	<u>(619,745)</u>	<u>(306,739)</u>
OTHER ITEM		
Foreign exchange loss	(1,120)	(731)
	<u>(1,120)</u>	<u>(731)</u>
Loss and comprehensive loss for the period	<u>\$ (620,865)</u>	<u>\$ (307,470)</u>
Basic and diluted loss per share	\$ (0.05)	\$ (0.26)
Weighted average number of common shares outstanding	<u>13,651,233</u>	<u>1,200,000</u>

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2011	From incorporation on April 15 to December 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (620,865)	\$ (307,470)
Items not affecting cash:		
Amortization	5,549	-
Interest expense	8,250	-
Share-based payments	230,199	-
Changes in non-cash working capital items:		
Receivables	(31,079)	-
Prepays and deposits	(11,092)	-
Accounts payable and accrued liabilities	324,016	273,870
Net cash used in operating activities	(95,022)	(33,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(28,847)	-
Exploration and evaluation expenditures	(1,450,809)	-
Net cash used in investing activities	(1,479,656)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	1,145,000	60,000
Share issue costs	(98,633)	-
Deferred share issuance costs	(70,948)	-
Proceeds from loans payable	700,000	-
Net cash provided by financing activities	1,675,419	60,000
Increase in cash during the period	100,741	26,400
Cash, beginning of period	26,400	-
Cash, end of period	\$ 127,141	\$ 26,400

Supplemental disclosure with respect to cash flows (Note 13)

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Share-based Payments Reserve	Deficit	Total Equity (Deficiency)
Issued and outstanding shares					
Balance at incorporation as at April 15, 2010	-	\$ -	\$ -	\$ -	-
Common shares for cash, at \$0.05 per share	1,200,000	60,000	-	-	60,000
Loss for the period	-	-	-	(307,470)	(307,470)
Balance as at December 31, 2010	1,200,000	60,000	-	(307,470)	(247,470)
					-
Common shares for cash, at \$0.05 per share	10,900,000	545,000	-	-	545,000
Common shares for cash, at \$0.20 per share	3,000,000	600,000	-	-	600,000
Common shares to settle accounts payable	300,000	150,000	-	-	150,000
Share issue costs	-	(98,633)	-	-	(98,633)
Share-based payments	-	-	230,199	-	230,199
Loss for the year	-	-	-	(620,865)	(620,865)
Balance as at December 31, 2011	15,400,000	\$ 1,256,367	\$ 230,199	\$ (928,335)	\$ 558,231

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

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

1. NATURE OF OPERATIONS AND GOING CONCERN

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 privately held and is engaged in the acquisition, exploration and development of mineral projects in Colombia. The address of its head office is Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

The Company was in the process of completing its initial public offering ("IPO"), where it will issue 20,000,000 common shares of the Company at \$0.50 per common share for gross proceeds of \$10,000,000. The IPO was completed subsequent to the reporting date (Note 16) and the common shares of the Company began trading on the TSX Venture Exchange on March 13, 2012 under the symbol "ATY".

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

These consolidated financial statements of the Company are presented in Canadian dollars unless otherwise indicated. The consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. The consolidated 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 measurement

The consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Atico Mining Corporation Colombia S.A.S., after eliminating intercompany balances and transactions. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

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

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

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

Cash

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

Financial instruments

Financial assets

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

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

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

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

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

Financial instruments (cont'd...)

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

Impairment of financial assets

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

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

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

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

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

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

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

Financial instruments (cont'd...)

Financial liabilities

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

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

Other financial liabilities - This category comprises non-derivative liabilities, which are recognized at amortized cost.

The Company has classified its cash as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Amortization is provided at rates calculated to write off the cost of equipment, using the declining-balance method at a rate of 30% per annum.

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

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

Exploration and evaluation

Pre-exploration costs are expensed in the period in which they are incurred.

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets.

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

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

Exploration and evaluation (cont'd...)

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

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

Impairment of long-lived assets

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

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

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

Decommissioning and restoration provision

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. The Company has no known restoration, rehabilitation or environmental obligations.

Share capital

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

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Share-based payments

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

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

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

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

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

Use of estimates

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates include:

a) Recoverability of exploration and evaluation assets

Proven and probable mineral reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its proven and probable reserves and measured, indicated, and inferred 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 proven and probable 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 proven and probable reserves or measured, indicated, and inferred mineral resources estimates may impact the carrying value of exploration and evaluation properties, plant and equipment, goodwill, decommissioning and restoration provision, recognition of deferred tax amounts and depreciation, depletion and amortization.

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

Use of estimates (cont'd...)

b) Valuation of 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 statement of comprehensive 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.

c) Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

d) Decommissioning and restoration provisions

The determination of the fair value of decommissioning and restoration provisions requires subjective assumptions regarding costs to restore the property, the time period such costs will be incurred, an appropriate inflation factor and an appropriate discount rate. Changes in these assumptions could materially affect the recorded amount.

Segment Reporting

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

Accounting Pronouncements Not Yet Effective

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.

Accounting Standards Issued and Effective January 1, 2012

IAS 12 Income Taxes (Amended) ("IAS 12"), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value.

3. NEW AND FUTURE ACCOUNTING STANDARDS

Accounting Pronouncements Not Yet Effective (cont'd...)

Accounting Standards Issued and Effective January 1, 2013

IFRS 7 Financial instruments: Disclosures (Amended) requires additional disclosures on transferred financial assets.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements and:

- a) defines the principle of control, and establishes control as the basis for consolidation.
- b) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee.
- c) sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities.

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

3. NEW AND FUTURE ACCOUNTING STANDARDS (cont'd...)

Accounting Pronouncements Not Yet Effective (cont'd...)

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

4. CASH

Cash consists of cash on hand and deposits at banks earning interest at floating rates based on daily bank deposit rates:

	December 31, 2011	December 31, 2010
Cash	\$ 126,384	\$ 26,400
Held in trust	757	-
	\$ 127,141	\$ 26,400

5. RECEIVABLES

The Company's receivables arise from HST/VAT and other receivables due from government taxation authorities and other receivables:

	December 31, 2011	December 31, 2010
HST/VAT receivables	\$ 30,066	\$ -
Other receivables	1,013	-
	\$ 31,079	\$ -

The carrying amounts of the Company's HST/VAT and other receivables are denominated in the following currencies:

Currency	December 31, 2011	December 31, 2010
Canadian dollars	\$ 30,142	\$ -
Colombian pesos	937	-
	\$ 31,079	\$ -

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

6. EQUIPMENT

	Office Equipment	Field Equipment	Total
Cost			
As at December 31, 2010	\$ -	\$ -	\$ -
Additions	21,060	7,787	28,847
Disposals	-	-	-
As at December 31, 2011	21,060	7,787	28,847
Accumulated amortization			
As at December 31, 2010	-	-	-
Additions	4,064	1,485	5,549
Disposals	-	-	-
As at December 31, 2011	4,064	1,485	5,549
Net book value			
As at December 31, 2010	-	-	-
As at December 31, 2011	\$ 16,996	\$ 6,302	\$ 23,298

7. EXPLORATION AND EVALUATION ASSETS

On January 28, 2011, the Company entered into an option agreement to acquire 90% of the shares of a company, the main asset of which is the El Roble mineral property located in Colombia. To exercise the option, the Company must make staged payments of US\$2,250,000 over two years and a lump-sum payment of US\$14,000,000 at the end of the two year option period as follows:

- a) US\$200,000 on January 28, 2011 (paid);
- b) US\$350,000 on July 28, 2011 (paid);
- c) US\$650,000 on January 28, 2012 (paid subsequently in March 2012, Note 16);
- d) US\$1,050,000 on July 28, 2012; and
- e) US\$14,000,000 on exercise of the option.

The option period can be extended for one year for an additional US\$1,200,000.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

During the year ended December 31, 2011, the Company incurred the following exploration expenditures on its mineral properties:

	El Roble, Colombia
Balance, December 31, 2010	\$ -
Acquisition Costs	
Property acquisition costs	\$ 535,248
	<u>535,248</u>
Exploration Expenditures	
Field costs/logistical support	105,229
Geological consulting	178,312
Geophysics	103,380
Office and administration	240,825
Salaries and benefits	337,365
	<u>965,111</u>
Balance, December 31, 2011	<u>\$ 1,500,359</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	December 31, 2011	December 31, 2010
Trade and other accounts payable	\$ 462,436	\$ 206,365
Accrued liabilities	47,507	67,505
	<u>\$ 509,943</u>	<u>\$ 273,870</u>

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

9. LOANS PAYABLE

In September 2011, the Company entered into debenture agreements for an aggregate principal amount of \$500,000 with an interest rate of 6% per annum calculated and compounded annually. The maturity date is the earlier of (a) June 30, 2012 or (b) immediately prior to the completion of the Company's IPO (Note 16), where the principal will be converted into 1,111,111 common shares of the Company. During the year ended December 31, 2011, the Company recorded accrued interest of \$7,500.

In November 2011, the Company entered into promissory note agreements for an aggregate principal amount of \$200,000 with an interest rate of 6% per annum calculated and compounded annually. The promissory note is repayable at any time up to May 31, 2013. During the year ended December 31, 2011, the Company recorded accrued interest of \$750.

10. SHARE CAPITAL

Authorized Share Capital

Authorized share capital consists of an unlimited number of common shares without par value.

Issued Share Capital

In June 2011, the Company issued 300,000 common shares issued at a price of \$0.50 per share to settle an outstanding accounts payable balance.

In April 2011, the Company completed a financing comprised of 3,000,000 common shares issued at a price of \$0.20 per common share.

In February 2011, the Company completed a financing comprised of 10,900,000 common shares issued at a price of \$0.05 per common share.

During the period from incorporation on April 15, 2010 to December 31, 2010, the Company completed a seed financing comprised of 1,200,000 common shares at a price of \$0.05 per common share. These shares are held in escrow.

As at December 31, 2011, the Company paid or accrued \$83,455 of deferred share issuance costs related to the IPO that was completed subsequent to the reporting date.

Stock Options

The Company has adopted a stock option plan pursuant to the policies of the TSX-V that has been approved by the Company's shareholders. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued common shares of the Company at any time. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. All options granted vest immediately unless otherwise stated.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Stock Options (cont'd...)

The continuity of share purchase options for the year ended December 31, 2011 is as follows:

Expiry Date	Exercise Price	Balance, December 31, 2010	Granted	Exercised	Expired/ Cancelled	Balance, December 31, 2011
June 30, 2016	\$ 0.50	-	1,710,000	-	-	1,710,000
July 11, 2016	0.50	-	145,000	-	-	145,000
Total		-	1,855,000	-	-	1,855,000
Weighted average						
exercise price	\$	-	\$ 0.50	\$	-	\$ 0.50

Share-based Payments and Share-based Payment Reserve

During the year ended December 31, 2011, the Company issued 1,855,000 (2010 - Nil) stock options to directors, officers and employees of the Company, all of which vested immediately. Using the fair value method for share-based payments, the Company recorded a charge to operations of \$230,199 (2010 - \$Nil), or \$0.12 (2010 - \$Nil) per option, for stock options granted.

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

	December 31, 2011	December 31, 2010
Weighted average:		
Risk free interest rate	2.32%	-
Expected dividend yield	0%	-
Expected stock price volatility	100%	-
Expected life of options in years	5	-

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

11. RELATED PARTY TRANSACTIONS

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

Year ended December 31, 2011	Salary or Fees	Share-based Payments	Total
Management	\$ 90,428	\$ 99,296	\$ 189,724
Outside directors	-	93,090	93,090
	\$ 90,428	\$ 192,386	\$ 282,814

From incorporation on April 15, 2010 to December 31, 2010	Salary or Fees	Share-based Payments	Total
Management	\$ 150,000	\$ -	\$ 150,000
Outside directors	-	-	-
	\$ 150,000	\$ -	\$ 150,000

During the year ended December 31, 2011, the Company also entered into the following related party transactions:

- a) On January 5, February 9, and March 17, 2011, directors of the Company subscribed for 9,100,000, 1,000,000 and 1,575,000 common shares of the Company issued at a price of \$0.05, \$0.05 and \$0.20 per common shares for proceeds of \$455,000, \$50,000 and \$315,000, respectively.
- b) The Company issued 300,000 common shares, valued at \$150,000, to directors of the Company to settle \$150,000 of accounts payable balances outstanding (Note 10).

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

11. RELATED PARTY TRANSACTIONS (cont'd...)

Related party liabilities	Items or Services	December 31, 2011	December 31, 2010
Accounts payable and accrued liabilities:			
Jorge R. Ganoza Aicardi	Management fees	\$ 91,428	\$ -
Jorge A. Ganoza Durant	Consulting fees	-	75,000
Luis D. Ganoza Durant	Consulting fees	-	75,000
Seabord Services Corp.	Admin services/expense recovery	101,740	-
Loans payable:			
Jorge R. Ganoza Aicardi		\$ 101,000	\$ -
Jorge A. Ganoza Durant		100,750	-
Luis D. Ganoza Durant		101,000	-
Mario Szotlender		101,000	-

Seabord Services Corp., ("Seabord") is a management services company controlled by Michael Winn, 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 is an employee of Seabord and is not paid directly by the Company. During the year ended December 31, 2011, Seabord charged \$83,400 (from incorporation on April 15, 2010 to December 31, 2010 - \$Nil) for the administrative services, all of which is included in accounts payable as at December 31, 2011.

12. SEGMENTED INFORMATION

As at December 31, 2011, the Company operated in one reportable operating segment, being the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

As at December 31, 2011	Canada	Colombia	Total
Cash and other assets	\$ 142,534	\$ 26,778	\$ 169,312
Equipment	-	23,298	23,298
Exploration and evaluation assets	-	1,500,359	1,500,359
Deferred share issuance costs	83,455	-	83,455
Total assets	\$ 225,989	\$ 1,550,435	\$ 1,776,424

As at December 31, 2010, the Company had only one reportable operating segment.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2011, the Company:

- a) Issued 300,000 common shares, valued at \$150,000, to settle outstanding accounts payable balances of \$150,000;
- b) Incurred deferred share issuance costs of \$12,507 included in accounts payable and accrued liabilities; and
- c) Incurred exploration and evaluation expenditures of \$49,550 included in accounts payable and accrued liabilities.

During the period from incorporation on April 15, 2010 to December 31, 2010, the Company had no significant non-cash financing or investing activities.

14. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

Financial Instruments

The Company classified its financial instruments as follows:

	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
As at December 31, 2011			
Cash	\$ 127,141	\$ -	\$ -
Receivables	-	31,079	-
Accounts payable and accrued liabilities	-	-	(509,943)
Loans payable	-	-	(708,250)
	\$ 127,141	\$ 31,079	\$ (1,218,193)

	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
As at December 31, 2010			
Cash	\$ 26,400	\$ -	\$ -
Accounts payable and accrued liabilities	-	-	(273,870)
	\$ 26,400	\$ -	\$ (273,870)

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:

- 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.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

14. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)

Fair Value

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, accounts payable and accrued liabilities and loans payable approximated their fair value because of the short-term nature of these instruments.

As at December 31, 2011, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 127,141	\$ -	\$ -	\$ 127,141

Risk and Capital Management

The Company's capital includes share capital and the cumulative deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the 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 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.

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions.

There is no significant concentration of credit risk other than cash deposits. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure.

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

14. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)

Interest rate risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates. The Company's loans payable are carried at a fixed interest rate, which have minimal interest rate risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, as at December 31, 2011, included \$509,943 of accounts payable and accrued liabilities and loans payable of \$708,250 that have expected maturity dates of less than one year from December 31, 2011. Balances due within 12 months equal their carrying balance as the impact of discounting is not significant.

The Company is currently considering funding options that are available including raising additional funds from institutional investors and/or current shareholders and is confident that funding will be available to meet the final work program.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in both Canada and Colombia and incurs expenditures in currencies other than Canadian dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2011, the Company is exposed to currency risk through the following assets and liabilities:

	US dollars	Colombian pesos	Total
Cash	\$ 671	\$ 48,874,173	
Receivables	-	1,771,418	
Accounts payable and accrued liabilities	(125,576)	(28,413,195)	
Net exposure	(124,905)	22,232,396	
Canadian dollar equivalent	\$ (127,402)	\$ 11,755	\$ (115,647)

Based on the above net exposure as at December 31, 2011, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Colombian peso would result in an increase/decrease of approximately \$11,565 in the Company's pre-tax earnings (loss).

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

15. INCOME TAXES

A reconciliation of the income tax benefit determined by applying the Canadian income tax rates to the loss for the periods ended December 31, 2011 and 2010 has been prepared as follows:

	December 31, 2011	December 31, 2010
Loss before income taxes	\$ (620,865)	\$ (307,470)
Expected income tax recovery	(164,000)	(88,000)
Non-deductible items	61,000	-
Share issue costs	(25,000)	-
Impact of future income tax rates applied versus current statutory rate	4,000	11,000
Unrecognized benefit of non-capital losses	124,000	77,000
Total income tax recovery	\$ -	\$ -

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included in the consolidated statement of financial position are as follows:

	2011	Expiry Date Range	2010	Expiry Date Range
Share issue costs	\$ 79,000	2012-2015	\$ -	N/A
Non-capital loss carry forwards	713,000	2012-2031	307,000	2011-2030
Capital assets	6,000	N/A	-	N/A
Net deferred income tax assets	\$ 798,000		\$ 307,000	

Deferred tax benefits which may arise as a result of these non-capital losses and other deductions have not been recognized in these financial statements.

16. EVENTS AFTER REPORTING DATE

Subsequent to December 31, 2011, the Company:

- a) entered into a promissory note agreement with related parties for an aggregate principal amount of \$180,000 bearing interest at a rate of 6% per annum and payable at any time up to July 19, 2013;
- b) completed its initial public offering ("IPO") for gross proceeds of \$10,000,000 by issuing 20,000,000 common shares at \$0.50 per share. In connection with the IPO, the Company paid a commission at 7% of the gross proceeds and issued 1,600,000 finder's warrants to its agent, where each warrant is exercisable at \$0.50 per share for 2 years from the closing date;

ATICO MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED DECEMBER 31, 2011

16. EVENTS AFTER REPORTING DATE (cont'd...)

- c) issued 3,000,000 common shares at \$0.50 per share for gross proceeds of \$1,500,000 pursuant to the exercise of the over-allotment option of the Company's agent. The agent received a cash commission of 7% of the gross proceeds and 240,000 warrants to purchase common shares at \$0.50 per share for 2 years;
- d) issued 250,000 common shares as finder's fees in connection to the IPO;
- e) commenced trading of its common shares on the TSX Venture Exchange under the symbol "ATY";
- f) issued 1,111,111 common shares of the Company per the debenture agreements (Note 9); and
- g) paid the third option payment (US\$650,000) in connection with the option agreement for the El Roble mineral property (Note 7).