

## LETTER TO SHAREHOLDERS

**Dear fellow shareholder,**

In 2016, Atico successfully executed its strategy and reached the year's targets by further growing and optimizing the El Roble mine while continuing to generate a sustainable cash flow for the Company. During these twelve-months we successfully increased copper and gold production by 55% and 5%, respectively, while realizing a \$1.10 cash cost per payable pound of copper, which was approximately in line with the industry average. These achievements were accomplished during very challenging market conditions while aiding Atico in establishing itself as a low cost producer and helped move us forward towards our vision of becoming a leading mid-tier producer.

### **El Roble exploration**

Finding other VMS deposits at the El Roble project still remains to be our main objective and the most attractive growth potential for the Company. In line with this goal, 2016 was the first year the Company successfully concluded its first phase of the regional drilling program, testing two of the fifteen surface targets on our 6,600-hectare prospective land package. We are currently reviewing the results of this program and expect to resume drilling on these two surface targets while planning to initiate drilling of three new regional targets in 2017. We will be as aggressive with this drill program as funding allows.

The underground drill program continued to prioritize known mineralization at the El Roble mine to further define the known mineralized bodies and step-out drilling to test for continuity of mineralization in proximity to these bodies. A total of 4,071 meters of underground drilling were completed during the year.

Step-out exploration drilling at mine vicinity will continue throughout 2017 focusing on prospective areas at depth and along strike to the known mineralization.

### **El Roble mine and scale-up plans**

In 2016, the El Roble mine continued on a similar growth trajectory as in the previous year. The Company's goals for the year were to achieve operational capacity beyond 750 tonnes per day, improve operational efficiency while improving profitability and raising operating standards. By year end, we have delivered on these goals as the capacity of 800 tonnes per day has been reached while improvements to efficiency and profitability with high operating standards at the El Roble mine have been accomplished.

The main capital investments made throughout the year, instrumental in achieving our goals, included further development of mine infrastructure, final phase of the new tailings facility and optimization of new equipment.

For 2017, we will continue evaluating opportunities at the El Roble mine to further optimize the operation and expand the processing facility beyond the newly reached capacity of 800 tonnes per day.



## **Our people and safety**

As we grow our young company, we remain very focused on our core asset — our people. On the job safety and well-being of our people is where we place enormous emphasis and remains our first priority. We are pleased to report that the operation has come a very long way since we originally assumed control in late 2013.

In 2016 the mine showed improvements in the two main safety metrics the Company uses. The frequency index decreased by 38% from 12.32 in the previous year to 6.38 in 2016 while the severity index decreased by 43% from 75 in the previous year to 43 in 2016. The frequency and severity index in the Colombian legislation represent the number of accidents and workdays lost respectively, for every 240,000 hours worked.

National mine safety metrics indicate the operation is operating at a very safe level for Colombia; however, our focus will be on reaching the same levels as per international standards, which are more stringent than those applied in Colombia.

## **Funding**

We project the cash flows generated by the operation along with the funds available will be sufficient to execute the plan set for El Roble throughout 2017.

## **Other growth opportunities**

As we have achieved our 2016 goals at the El Roble mine, we continue to see further growth opportunities yet to be unlocked. We will remain focused on these opportunities throughout 2017 but will intensify our search and maintain a strategic approach towards seeking quality assets that fit our strategy and business model.

In closing, I am very encouraged by the progress of our company during a very challenging year and the opportunities that are ahead.

I want to thank our management team, employees and technical advisors for the great effort displayed throughout a particularly difficult year without which our achievements would have not been possible. I also want to thank our shareholders for their continued support and trust. I look forward to reporting further progress in the months ahead.

Sincerely,

Signed: *"Fernando E. Ganoza"*

Chief Executive Officer