

Atico Reports Financial Results for First Quarter of 2020

(All amounts expressed in US dollars, unless otherwise stated)

Vancouver, May 20, 2020 -- Atico Mining Corporation (the “Company” or “Atico”) (TSX.V: ATY | OTC: ATCMF) today announced its financial results for the three months ended March 31, 2020 (“Q1-2020”), posting loss from mining operations of \$1.4 million and a net loss of \$1.6 million.

Fernando E. Ganoza, CEO and Director, commented, “Even though the mine operated within the Company’s guidance and achieved planned concentrate production in the first quarter, the financials were negatively impacted by only one smaller concentrate shipment in the period, as well as a lower settlement copper price for past shipments. We anticipate a larger concentrate shipment and stabilized financial results for the second quarter. At El Roble, the Company will continue to focus on improving the all-in sustaining cash cost of \$1.61 achieved in the quarter and the planned exploration program. At La Plata, the focus will be on the drill program and advancing the feasibility study.” Mr. Ganoza continued, “we are pleased to report that to date we do not have any known COVID-19 cases at any of our operations. Health and safety of all of our employees is our first priority where we place tremendous emphasis as we continue to operate during these unprecedented times.”

First Quarter Financial Highlights

- Net loss for the three months ended March 31, 2020 (“Q1-2020”) amounted to \$1.6 million, compared with income of \$2.7 million for the same period last year (“Q1-2019”). Net loss for the quarter was substantially impacted by a significant decline in copper price, which affected the concentrate shipped during both Q1-2020 and the previous quarter, under the provisional sale and settlement terms of the Company’s off-take agreement. Concurrently, there was a decrease in concentrate shipped and invoiced, as compared to Q1-2019.
- Sales for the period decreased 64% to \$7.6 million when compared with \$21.1 million in Q1-2019. Copper (“Cu”) and gold (“Au”) accounted for 86% and 14% of the 8,588 (Q1-2019 - 14,499) dry metric tonnes (“DMT”) shipped and invoiced during Q1-2020. The average realized price per metal on invoicing was \$2.18 (Q1-2019 - \$2.81) per pound (“lbs”) of copper and \$1,578 (Q1-2019 - \$1,306) per ounce (“oz”) of gold.
- Working capital was \$7.2 million (December 31, 2019 - \$12.1 million), while the Company had \$1.7 million (December 31, 2019 - \$2.2 million) in long-term loans payable.

(1) Alternative performance measures; please refer to “Non-GAAP Financial Measures” at the end of this release.

(2) Net of by-product credits

(3) Subject to adjustments on final settlement

- Cash costs⁽¹⁾ were \$101.45 per tonne of processed ore and \$1.14 per pound of payable copper produced⁽²⁾, which were decreases of 13% and 19% over Q1-2019, respectively. The decrease in the cash cost per pound of payable copper net of by products is primarily explained by a lower cost per processed tonne, along with higher by-product credit from gold.
- Cash margin⁽¹⁾⁽²⁾ was \$1.04 (Q1-2019 - \$1.40) per pound of payable copper produced, which was a decrease of 26% over Q1-2019.
- All-in sustaining cash cost per payable pound of copper produced⁽¹⁾⁽²⁾ was \$1.60 (Q1-2019 - \$2.13).

First Quarter Summary of Financial Results

	Q1 2020	Q1 2019	% Change
Revenue	\$ 7,563,092	\$ 21,102,085	-64%
Cost of sales	(8,970,716)	(15,438,726)	-42%
Income (loss) from mining operations	(1,407,624)	5,663,359	-125%
<i>As a % of revenue</i>	<i>-19%</i>	<i>27%</i>	<i>-169%</i>
General and administrative expenses	1,058,570	670,960	58%
Income (loss) from operations	(2,560,117)	4,849,864	-153%
<i>As a % of revenue</i>	<i>-34%</i>	<i>23%</i>	<i>-247%</i>
Income (loss) before income taxes	(1,714,920)	4,262,507	-140%
Net income (loss)	(1,555,449)	2,688,784	-158%
<i>As a % of revenue</i>	<i>-21%</i>	<i>13%</i>	<i>-261%</i>
Operating cash flow before changes in non-cash operating working capital items ⁽¹⁾	\$ (1,644,521)	\$ 9,116,868	-118%

First Quarter Operational Review

During Q1-2020, the Company produced 5.0 million lbs of copper, 2,736 oz of gold, and 9,784 oz of silver. When compared to Q1-2019, production increased 110% for copper and 76% for gold. Production for Q1-2019 was significantly impacted by the strike at the mine, which began early February and ended in April 2019.

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Cash costs⁽¹⁾ for the period were \$101.45 per tonne of processed ore, and \$1.14 per pound of payable copper produced, decreases of 13% and 19% over the Q1-2019, respectively. All-in sustaining cash cost per payable pound of copper produced⁽¹⁾⁽²⁾ was \$1.60.

First Quarter Operational Details

	Q1 2020	Q1 2019	% Change
Production (Contained in Concentrate) ⁽³⁾			
Copper (000s lbs)	4,959	2,362	110%
Gold (oz)	2,736	1,552	76%
Silver (oz)	9,784	5,260	86%
Mine			
Tonnes of material mined	72,777	34,796	109%
Mill			
Tonnes processed	73,374	35,581	106%
Tonnes processed per day	878	885	-1%
Copper grade (%)	3.31	3.29	1%
Gold grade (g/t)	1.96	2.24	-13%
Silver grade (g/t)	10.86	10.10	8%
Recoveries			
Copper (%)	91.9	91.6	0%
Gold (%)	59.0	60.6	-3%
Silver (%)	38.2	43.6	-12%
Concentrates			
Copper Concentrates (DMT)	10,213	4,959	106%
Copper (%)	21.9	21.4	2%
Gold (g/t)	8.3	9.8	-15%
Silver (g/t)	29.8	31.8	-6%
Payable copper produced (000s lbs)	4,680	2,244	109%
Cash cost per pound of payable copper (\$/lbs) ⁽¹⁾⁽²⁾	1.14	1.41	-19%

The financial statements and MD&A are available on SEDAR and have also been posted on the company's website at <http://www.aticomining.com/s/FinancialStatements.asp>

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El Roble Mine

The El Roble mine is a high grade, underground copper and gold mine with nominal processing plant capacity of 1,000 tonnes per day, located in the Department of Choco in Colombia. Its commercial product is a copper-gold concentrate. Since obtaining control of the mine on November 22, 2013, Atico has upgraded the operation from a historical nominal capacity of 400 tonnes per day.

El Roble has Proven and Probable reserves of 1.47 million tonnes grading 3.40% copper and 1.88 g/t gold, at a cut-off grade of 1.93% copper equivalent as of June 30, 2018. Mineralization is open at depth and along strike and the Company plans to further test the limits of the deposit.

On the larger land package, the Company has identified a prospective stratigraphic contact between volcanic rocks and black and grey pelagic sediments and cherts that has been traced by Atico geologists for ten kilometers. This contact has been determined to be an important control on volcanogenic massive sulfide (“VMS”) mineralization on which Atico has identified numerous target areas prospective for VMS type mineralization occurrence, which is the focus of the current surface drill program at El Roble.

La Plata Overview

The La Plata project is a gold rich volcanogenic massive sulphide deposit that was the subject of small-scale mining from 1975-1981 by Outokumpu Finland. The project benefits from a modern drill and exploration database which was completed by Cambior Inc. from 1996-1999, Cornerstone Capital from 2006-2009 and Toachi from 2016-2019. In total, there is drill core and logs from more than 28,300 metres of drilling.

Historic resources based on drilling by Cambior and Cornerstone were estimated at 913,977 tonnes grading 8.01 grams gold per tonne, 88.3 grams silver per tonne, 5.01% copper, 6.71% zinc and 0.78% lead per tonne in the inferred category. More recently, Toachi Mining completed a PEA estimating an inferred resource of 1.85 million tonnes grading 4.10 grams gold per tonne, 50.0 grams silver per tonne, 3.30% copper, 4.60% zinc and 0.60% lead per tonne.

The La Plata project consists two concessions covering a total area of 2,300 hectares along its 4-kilometer length, which contains known mineralization in two VMS lenses and nine priority exploration targets.

The Company has a binding option agreement with a private Ecuadorean company to earn up to 75% in the La Plata project, of which the first option to acquire the initial 60% ownership has been exercised. Please refer to the Company’s MD&A for the year ended December 31, 2019 for further details.

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Qualified Person

Mr. Thomas Kelly (SME Registered Member 1696580), advisor to the Company and a qualified person under National Instrument 43-101 standards, is responsible for ensuring that the technical information contained in this news release is an accurate summary of the original reports and data provided to or developed by Atico.

About Atico Mining Corporation

Atico is a growth-oriented Company, focused on exploring, developing and mining copper and gold projects in Latin America. The Company operates the El Roble mine and is pursuing additional acquisition opportunities. For more information, please visit www.aticomining.com.

ON BEHALF OF THE BOARD

Fernando E. Ganoza
CEO
Atico Mining Corporation

Trading symbols: TSX.V: ATY | OTC: ATCMF

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Cautionary Note Regarding Forward Looking Statements

This announcement includes certain “forward-looking statements” within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, included herein, without limitation the use of net proceeds, are forward-looking statements. Forward- looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s expectations include uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs; the need to obtain additional financing to maintain its interest in and/or explore and develop the Company’s mineral projects; uncertainty of meeting anticipated program milestones for the Company’s mineral projects; the world-wide economic and social impact of COVID-19 is managed and the duration and extent of the coronavirus pandemic is minimized or not long-term; disruptions related to the COVID-19 pandemic or other health and safety issues, or the responses of governments, communities, the Company and others to such pandemic or other issues; and other risks and uncertainties disclosed under the heading “Risk Factors” in the prospectus of the Company dated March 2, 2012 filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com

Non-GAAP Financial Measures

The items marked with a "(1)" are alternative performance measures and readers should refer to Non-GAAP Financial Measures in the Company's Management's Discussion and Analysis for the three months ended March 31, 2020 as filed on SEDAR and as available on the Company's website for further details.

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