



**ATICO MINING CORPORATION**

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

**MARCH 31, 2021**

**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Atico Mining Corporation (the "Company") for the three months ended March 31, 2021 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

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

	March 31 2021	December 31 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 9,200,543	\$ 16,652,711
Receivables (Note 3)	21,540,092	11,764,183
Inventories (Note 4)	8,290,657	9,647,265
Other assets (Note 5)	2,370,698	1,089,771
<b>Total current assets</b>	<b>41,401,990</b>	<b>39,153,930</b>
<b>Non-current assets</b>		
Mineral properties (Note 6)	63,168,105	62,947,134
Plant and equipment (Note 7)	14,793,613	13,456,951
<b>Total non-current assets</b>	<b>77,961,718</b>	<b>76,404,085</b>
<b>TOTAL ASSETS</b>	<b>\$ 119,363,708</b>	<b>\$ 115,558,015</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 14,782,260	\$ 12,882,407
Loans payable and convertible debentures (Note 9)	3,011,462	3,032,741
Other liabilities (Note 10)	2,014,405	280,514
Lease liabilities (Note 11)	304,455	435,686
<b>Total current liabilities</b>	<b>20,112,582</b>	<b>16,631,348</b>
<b>Non-current liabilities</b>		
Loans payable and convertible debentures (Note 9)	6,602,460	6,790,239
Other liabilities (Note 10)	135,443	102,059
Lease liabilities (Note 11)	456,902	554,291
Decommissioning and restoration provision (Note 12)	2,328,106	2,275,646
Deferred income tax liabilities	14,830,768	15,386,580
<b>Total non-current liabilities</b>	<b>24,353,679</b>	<b>25,108,815</b>
<b>Total liabilities</b>	<b>44,466,261</b>	<b>41,740,163</b>
<b>EQUITY</b>		
Share capital (Note 14)	42,858,424	42,671,700
Reserves	4,562,647	4,423,332
Retained earnings	13,727,032	13,072,547
<b>Total equity attributable to equity holders of the Company</b>	<b>61,148,103</b>	<b>60,167,579</b>
Non-controlling interests (Note 18)	13,749,344	13,650,273
<b>Total equity</b>	<b>74,897,447</b>	<b>73,817,852</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 119,363,708</b>	<b>\$ 115,558,015</b>

Nature of operations (Note 1)

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 18, 2021.

Approved by the Board of Directors

\_\_\_\_\_  
*"Luis F. Sáenz"* Director

\_\_\_\_\_  
*"Jorge R. Ganoza"* Director

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

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

	Three months ended March 31 2021	Three months ended March 31 2020
<b>Sales</b> (Note 15)	\$ 19,303,903	\$ 7,563,092
<b>Cost of sales</b> (Note 16)	(12,356,497)	(8,970,716)
<b>Income (loss) from mining operations</b>	6,947,406	(1,407,624)
General and administrative expenses	(1,357,573)	(1,058,570)
Share-based payments (Note 14)	(278,084)	(93,923)
<b>Income (loss) from operations</b>	5,311,749	(2,560,117)
Accretion expenses	(69,418)	(74,616)
Interest on loans payable and convertible debentures (Note 9)	(204,363)	(116,805)
Interest and other expenses	(56,221)	(90,111)
Fair value adjustment on derivative instruments, net (Note 5)	(2,269,900)	2,044,267
Realized gain (loss) on derivative instruments, net (Note 5)	87,691	(235,292)
Foreign exchange loss	(45,826)	(682,246)
<b>Income (loss) before income taxes</b>	2,753,712	(1,714,920)
Current income tax expense (Note 13)	(2,057,462)	(876,928)
Deferred income tax recovery (Note 13)	529,532	1,036,399
<b>Net income (loss) and comprehensive income (loss)</b>	\$ 1,225,782	\$ (1,555,449)
Net income and comprehensive income attributable to:		
Equity holders of Atico Mining Corporation	\$ 981,566	\$ (1,441,838)
Non-controlling interests (Note 18)	244,216	(113,611)
	\$ 1,225,782	\$ (1,555,449)
Basic earnings per share (Note 17)	\$ 0.01	\$ (0.01)
Diluted earnings per share (Note 17)	\$ 0.01	\$ (0.01)
Weighted average no. of shares outstanding - basic (Note 17)	119,125,603	119,023,234
Weighted average no. of shares outstanding - diluted (Note 17)	120,131,609	119,023,234

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

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

	Three months ended March 31 2021	Three months ended March 31 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 1,225,782	\$ (1,555,449)
Items not affecting cash:		
Depletion and amortization	3,979,610	2,615,626
Share-based payments	278,084	93,923
Accretion of lease liabilities	16,958	25,863
Accretion of decommissioning and restoration provision	52,460	48,753
Interest income	(6)	(273)
Interest expense	204,363	116,805
Fair value adjustment on derivative instruments, net	2,269,900	(2,044,267)
Realized loss on derivative instruments, net	(87,691)	235,292
Deferred income tax recovery	(529,532)	(1,036,398)
Unrealized foreign exchange effect	(69,892)	(144,396)
	7,340,036	(1,644,521)
Changes in non-cash operating working capital items (Note 20)	(9,570,657)	3,715,826
<b>Net cash provided by (used in) operating activities</b>	<b>(2,230,621)</b>	<b>2,071,305</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on mineral properties	(1,716,957)	(1,388,430)
Acquisition of plant and equipment	(2,979,317)	(1,043,922)
Interest received	6	273
Settlements of derivative instruments	87,691	(235,292)
<b>Net cash used in investing activities</b>	<b>(4,608,577)</b>	<b>(2,667,371)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans payable withdrawn (repaid), net	(249,999)	(2,636,043)
Payments on lease obligations, principal	(166,326)	(167,658)
Payments on lease obligations, interest	(52,460)	(48,753)
Interest paid	(163,422)	(334,861)
Shares issued	114,020	974
<b>Net cash used in financing activities</b>	<b>(518,187)</b>	<b>(3,186,341)</b>
Effect of exchange rate changes on cash	(94,783)	(5,285)
<b>Change in cash</b>	<b>(7,452,168)</b>	<b>(3,787,692)</b>
<b>Cash, beginning of period</b>	<b>16,652,711</b>	<b>7,162,475</b>
<b>Cash, end of period</b>	<b>\$ 9,200,543</b>	<b>\$ 3,374,783</b>

Supplemental disclosure with respect to cash flows (Note 20)

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

**ATICO MINING CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited - Expressed in United States Dollars)

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Contributed surplus reserve	Non- controlling interests	Retained earnings	<b>Total equity</b>
<b>Balance as at December 31, 2020</b>	119,033,901	\$ 42,671,700	\$ 4,282,299	\$ (715,935)	\$ 856,968	\$ 13,650,273	\$ 13,072,547	\$ 73,817,852
Exercise of stock options	417,368	186,724	(72,704)	-	-	-	-	114,020
Share-based payments	-	-	212,019	-	-	-	-	212,019
Allocation to non-controlling interest (Note 18)	-	-	-	-	-	327,081	(327,081)	-
Dividend declared by subsidiary	-	-	-	-	-	(472,226)	-	(472,226)
Net income (loss) and comprehensive income (loss)	-	-	-	-	-	244,216	981,566	1,225,782
<b>Balance as at March 31, 2021</b>	119,451,269	\$ 42,858,424	\$ 4,421,614	\$ (715,935)	\$ 856,968	\$ 13,749,344	\$ 13,727,032	\$ 74,897,447

  

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Contributed surplus reserve	Non- controlling interests	Retained earnings	<b>Total equity</b>
<b>Balance as at December 31, 2019</b>	119,022,769	\$ 42,667,270	\$ 3,838,493	\$ (715,935)	\$ 344,280	\$ 11,105,628	\$ 7,774,149	\$ 65,013,885
Exercise of stock options	4,000	1,587	(613)	-	-	-	-	974
Share-based payments	-	-	116,660	-	-	-	-	116,660
Net loss and comprehensive loss	-	-	-	-	-	(113,611)	(1,441,838)	(1,555,449)
<b>Balance as at March 31, 2020</b>	119,026,769	\$ 42,668,857	\$ 3,954,540	\$ (715,935)	\$ 344,280	\$ 10,992,017	\$ 6,332,311	\$ 63,576,070

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

**ATICO MINING CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited - Expressed in United States Dollars)  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

**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-gold mining and related activities including exploration, development, 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.

On September 11, 2019, the Company acquired 100% of the issued and outstanding common shares of Toachi Mining Inc. ("Toachi") in a plan of arrangement (Note 6).

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company is closely monitoring the developments and has implemented preventative measures at the El Roble mine site, La Plata project, as well as corporate offices to safeguard the health of its employees, while continuing to operate effectively and responsibly in its communities. It is currently not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. However, management will continue to assess the situation and are prepared to swiftly make any necessary adjustments within the regulatory framework issued by the Colombian and Ecuadorian Ministry of Health and Social Protection.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation and measurement**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to preparation of interim financial statements including International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2020.

**3. RECEIVABLES**

	March 31 2021	December 31 2020
Trade receivables	\$ 18,326,209	\$ 9,555,509
GST/VAT and other taxes recoverable	3,151,040	2,174,866
Other receivables	62,843	33,806
	<b>\$ 21,540,092</b>	<b>\$ 11,764,183</b>

The Company has a concentrate off-take agreement whereby the customer will purchase 100% of the metals concentrate produced at the El Roble mining property. This current agreement has an expected settlement period of four months. As at March 31, 2021 and December 31, 2020, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at March 31, 2021 and December 31, 2020 was \$Nil.

**4. INVENTORIES**

	March 31 2021	December 31 2020
Consumable parts and supplies	\$ 3,477,347	\$ 3,600,058
Ore stockpiles	205,775	634,735
Metals concentrate	4,607,535	5,412,472
	<b>\$ 8,290,657</b>	<b>\$ 9,647,265</b>

**ATICO MINING CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited - Expressed in United States Dollars)  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

**5. OTHER ASSETS**

	March 31 2021	December 31 2020
Prepaid expenses and deposits	\$ 2,370,698	\$ 640,434
Derivative assets	-	449,337
	<b>\$ 2,370,698</b>	<b>\$ 1,089,771</b>

The Company enters into derivative instruments from time to time in the normal course of business in order to manage its exposure to fluctuations in copper price, gold price, and the Colombian peso/US dollar exchange rate. The Company does not enter into or trade derivative instruments for speculative purposes. The Company has not applied hedge accounting to these derivative transactions. Derivative instruments are marked-to-market at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustment has been recognized in derivative instruments on the consolidated statement of financial position. During the three months ended March 31, 2021, the Company recognized a negative net fair value adjustment of \$2,269,900 (2020 - positive \$2,044,267) on its derivative instruments, and a net realized gain of \$87,691 (2020 - loss of \$43,392) on the settlement of its derivative instruments.

**Currency forward arrangements**

The Company has entered into zero-cost non-deliverable currency forward arrangements with local Colombian banks between the US dollar and Colombian peso. Each arrangement was net settled based on the difference between the market exchange rate and the contracted settlement rate, where the Company receives (or pays) proceeds if the contracted settlement rate is above (or below) the market exchange rate to purchase Colombian peso. As at March 31, 2021, the Company had outstanding collar arrangements to convert \$2,695,000 (December 31, 2020 - \$6,300,000) into Colombian pesos at the negotiated exchange rates over the next three months, resulting in a net asset carrying amount of \$Nil (December 31, 2020 - \$449,337).

**Commodity derivative arrangements**

The Company entered into zero-cost commodity derivative arrangements with Auramet International LLC. These arrangements were net settled based on the difference between the market price and the contracted settlement price, where the Company received proceeds if the contracted settlement price was above the market price. As at the March 31, 2021, the Company had outstanding arrangements on 1,050 tonnes of copper and collar arrangements on 800 tonnes of copper to be settled over the next nine months, resulting in a net liability carrying amount of \$1,897,458 (December 31, 2020 - \$165,610).

**6. MINERAL PROPERTIES**

	Depletable El Roble	Land and non-depletable El Roble	Non-depletable La Plata	Total
As at December 31, 2020, net	\$ 28,675,990	\$ 12,033,479	\$ 22,237,665	\$ 62,947,134
Additions	-	516,591	1,200,366	1,716,957
Depletion and amortization	(1,495,986)	-	-	(1,495,986)
As at March 31, 2021, net	<b>\$ 27,180,004</b>	<b>\$ 12,550,070</b>	<b>\$ 23,438,031</b>	<b>\$ 63,168,105</b>
As at December 31, 2020				
Historical cost	\$ 71,667,567	\$ 12,033,479	\$ 22,237,665	\$ 105,938,711
Accumulated amortization	(42,991,577)	-	-	(42,991,577)
Net carrying amount	<b>\$ 28,675,990</b>	<b>\$ 12,033,479</b>	<b>\$ 22,237,665</b>	<b>\$ 62,947,134</b>
As at March 31, 2021				
Historical cost	\$ 71,667,567	\$ 12,550,070	\$ 23,438,031	\$ 107,655,668
Accumulated amortization	(44,487,563)	-	-	(44,487,563)
Net carrying amount	<b>\$ 27,180,004</b>	<b>\$ 12,550,070</b>	<b>\$ 23,438,031</b>	<b>\$ 63,168,105</b>

The Company has an option agreement to earn up to 75% ownership in Compania Minera La Plata S.A. ("CMLP") who holds the La Plata project, which is a polymetallic (primarily gold, silver, copper, lead, and zinc) exploration project at its pre-development stage located in Ecuador. The Company holds a 60% ownership interest has the further options to increase its ownership in CMLP:

- a) from 60% to 65% by financing the cost of a Feasibility Study by November 6, 2021; and
- b) from 65% to 70% by arranging construction financing of less than US\$60,000,000 to build a mine at the La Plata project; or
- c) from 65% to 75% by arranging construction financing of more than US\$60,000,000 to build a mine at the La Plata project.

Up to March 31, 2021, the optionor has retained its 60% ownership interest in CMLP, while the Company incurs exploration expenditure and pursues the options to increase its ownership interest in CMLP in accordance with the option agreement.



**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**7. PLANT AND EQUIPMENT**

	Plant and building	Machinery and equipment	Assets under lease	Total
As at December 31, 2020, net	\$ 10,894,896	\$ 1,893,805	\$ 668,250	\$ 13,456,951
Additions	2,735,020	135,413	-	2,870,433
Depletion and amortization	(1,086,444)	(323,004)	(124,323)	(1,533,771)
As at March 31, 2021, net	\$ 12,543,472	\$ 1,706,214	\$ 543,927	\$ 14,793,613
As at December 31, 2020				
Historical cost	\$ 17,283,060	\$ 18,125,345	\$ 3,899,851	\$ 39,308,256
Accumulated amortization	(6,388,164)	(16,231,540)	(3,231,601)	(25,851,305)
Net carrying amount	\$ 10,894,896	\$ 1,893,805	\$ 668,250	\$ 13,456,951
As at March 31, 2021				
Historical cost	\$ 20,018,080	\$ 18,260,758	\$ 3,899,851	\$ 42,178,689
Accumulated amortization	(7,474,608)	(16,554,544)	(3,355,924)	(27,385,076)
Net carrying amount	\$ 12,543,472	\$ 1,706,214	\$ 543,927	\$ 14,793,613

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31 2021	December 31 2020
Trade and other payables	\$ 7,377,818	\$ 6,533,004
Payables to non-controlling interest of MINER	495,944	72,229
Payroll and related liabilities	1,274,737	1,624,478
Taxes payable	4,806,291	3,974,236
Accrued liabilities	827,470	678,460
	\$ 14,782,260	\$ 12,882,407

**9. LOANS PAYABLE AND CONVERTIBLE DEBENTURES**

	Credit facilities	Loans payable	Convertible debentures	Total
As at December 31, 2020	\$ 2,001,475	\$ 2,428,042	\$ 5,393,463	\$ 9,822,980
Additions	12,116,210	-	-	12,116,210
Interest expense	25,498	22,786	156,079	204,363
Repayments - principal	(12,116,210)	(249,999)	-	(12,366,209)
Repayments - interest	(15,511)	(34,161)	(113,750)	(163,422)
	2,011,462	2,166,668	5,435,792	9,613,922
Less: current portion	2,011,462	1,000,000	-	3,011,462
Non-current portion	\$ -	\$ 1,166,668	\$ 5,435,792	\$ 6,602,460

**Credit facilities**

The Company has arrangements with several Colombian banks to enter into unsecured credit facilities with terms up to six months from the date of drawn down (Note 21). In December 2020, the Company entered into loan agreements with Colombian banks totaling \$2,000,000, which carry interest rates between London Interbank Offered Rates ("LIBOR") plus 0.75% per annum repayable in six months.

As part of the off-take agreement with the customer, the Company has been provided an inventory facility. Any amount advanced by the customer carries annual interest based on LIBOR plus 4.5% from the date of advance and would be secured by such inventory until the date of the payment on provisional invoice has been made. As at March 31, 2021 and December 31, 2020, there were no amounts advanced.

**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**9. LOANS PAYABLE AND CONVERTIBLE DEBENTURES (cont'd...)****Loans payable**

In September 2020, the Company entered into a loan arrangement with Export Development Canada (“EDC”) for a non-revolving facility of up to \$2,500,000 repayable over 30 months from the time of the initial advance. Any amount advanced carries interest rate of LIBOR plus 3.5% per annum. The Company received the initial advance of \$2,500,000 in November 2020.

**Convertible debentures**

In December 2020, the Company entered into an unsecured convertible debenture arrangement with Dundee Corporation (“Dundee”) for principal balance of \$6,500,000, which carries an interest rate of 7.0% per annum payable quarterly for five years. The principal balance is convertible into 11,627,907 common shares of the Company at \$0.559 per share. On the closing date, the Company paid \$357,500 as a finder’s fee. Over the term of the debenture, the Company may, at its option, redeem the debenture, in whole or in part, at par plus accrued and unpaid interest. The Company must pay a redemption fee equal to 2% of the principal amount if redeemed between 12 months and 2 years after the closing date and equal to 4% of the principal amount if redeemed within 12 months of the closing date. No redemption fee will be charged after two years of closing date. On initial recognition, the Company determined the fair value of the liability component to be \$5,393,572, which was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 10%. The equity component was determined to be \$689,517, which comprised the proceeds received less the liability component. A deferred tax liability of \$176,829 related to the taxable temporary difference arising from the equity portion of the convertible loan was recognized as an offset in equity reserves. The debt component of the convertible note is being accreted over the term to maturity, with accretion charge included in interest expense.

**10. OTHER LIABILITIES**

	March 31 2021	December 31 2020
Derivative liabilities (Note 5)	\$ 1,897,458	\$ 165,610
Provision for restricted share units (Note 14)	252,390	216,963
	2,149,848	382,573
Less: current portion	2,014,405	280,514
Non-current portion	\$ 135,443	\$ 102,059

**11. LEASE LIABILITIES**

	March 31 2021	December 31 2020
Not later than one year	\$ 333,480	\$ 492,171
Later than one year and not later than five years	458,473	571,592
Later than five years	37,506	49,582
Total minimum lease payments	829,459	1,113,345
Future finance charges at implicit rate	(97,753)	(123,368)
Present value of minimum lease payments	731,706	989,977
Less: current portion	304,455	435,686
Non-current portion	\$ 427,251	\$ 554,291

**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**12. DECOMMISSIONING AND RESTORATION PROVISION**

	March 31 2021	December 31 2020
Opening balance	\$ 2,275,646	\$ 2,073,007
Accretion expense	52,460	202,639
Ending balance	\$ 2,328,106	\$ 2,275,646

A decommissioning and restoration provision have been recognized in respect of the mining operations at the El Roble mining property, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy the decommissioning and restoration provision as at March 31, 2021 were \$3,150,000 (December 31, 2020 - \$3,150,000), which were adjusted for inflation and uncertainty of the cash flows and then discounted using a risk adjusted pre-tax discount rate of 9.75% (December 31, 2020 - 9.75%). In view of the uncertainties concerning environmental reclamation, the ultimate cost of reclamation activities could differ materially from the estimated amount recorded. The estimate of the Company's decommissioning and restoration liability relating to the El Roble mining property is subject to change based on amendments to laws and regulations and as new information regarding the Company's operations becomes available. Future changes, if any, to the estimated liability as a result of amended requirements, laws, regulations, operating assumptions, estimated timing and amount of obligations may be significant and would be recognized prospectively as a change in accounting estimate. Any such change would result in an increase or decrease to the liability and a corresponding increase or decrease to the mineral property, plant and equipment balance.

**13. 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:

	March 31 2021	March 31 2020
For the three months ended		
Income (loss) before income taxes	\$ 2,753,712	\$ (1,714,920)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax expense (recovery) at statutory income tax rate	743,502	(463,028)
Difference between Canadian and foreign tax rates	177,722	(67,360)
Changes in effective tax rates	(133,199)	(206,342)
Permanent differences and other adjustments	549,007	(77,657)
Changes in unrecognized deferred tax assets	91,670	99,856
Impact of foreign exchange on deferred tax assets and liabilities	(5,166)	555,061
	\$ 1,423,536	\$ (159,470)
Current income tax expense (recovery)	\$ 2,057,462	\$ 876,928
Deferred income tax expense (recovery)	\$ (529,532)	\$ (1,036,398)

**14. SHARE CAPITAL**

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

**Issued share capital**

During the three months ended March 31, 2021, the Company issued 417,368 (2020 - 4,000) common shares pursuant to the exercise of stock options for proceeds of \$114,139 (2020 - \$974).

**Stock options**

The continuity of stock options for the three months March 31, 2021 are as follows:

	Outstanding	Weighted average exercise price (C\$)
As at December 31, 2020	11,612,344	\$ 0.51
Exercised	(417,368)	0.34
As at March 31, 2021	11,194,976	\$ 0.47

**ATICO MINING CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited - Expressed in United States Dollars)  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

**14. SHARE CAPITAL (cont'd...)**

**Stock options (cont'd...)**

As at March 31, 2021, the weighted average remaining life of the stock options outstanding is 2.62 (December 31, 2020 - 2.78) years with vesting periods ranging from 0 to 36 months. The Company's outstanding stock options as at March 31, 2021 are as follows:

Expiry date	Exercise price (C\$)	Outstanding	Exercisable
Apr 12, 2021 <sup>(1)</sup>	0.35	1,834,816	1,834,816
Jun 28, 2021	1.53	62,242	62,242
Apr 17, 2022	0.77	841,119	841,119
Aug 09, 2022	1.77	49,794	49,794
Jan 31, 2023	0.88	261,418	261,418
Feb 22, 2023	0.69	1,597,678	798,839
May 07, 2023	0.56	37,345	37,345
Jun 05, 2023	0.59	35,000	17,500
Mar 22, 2024	0.40	87,138	62,242
May 02, 2024	0.29	2,197,868	437,868
Oct 07, 2024	0.34	1,420,258	264,052
Oct 09, 2025	0.48	2,770,300	-

<sup>(1)</sup> Exercised subsequently

**Restricted share units**

The continuity of restricted share units ("RSUs") for the three months ended March 31, 2021 are as follows:

	Outstanding
As at December 31, 2020	937,652
Vested	(218,888)
As at March 31, 2021	718,764

As at March 31, 2021, the weighted average remaining life of the RSUs outstanding was 1.59 (December 31, 2020 - 1.64) years with vesting periods of 36 months. The Company's outstanding RSUs as at March 31, 2021 are as follows:

Expiry date	Outstanding
May 02, 2022	469,697
Oct 09, 2023	249,067

**Share-based payments and share-based payment reserve**

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of \$274,084 (2020 - \$93,923) with an offsetting credit of \$212,019 (2020 - \$110,266) to the share-based payments reserve and \$66,065 (2020 - debit of \$22,737) to the provision, respectively, during the three months ended March 31, 2021.

**15. SALES**

	Three months ended March 31 2021	Three months ended March 31 2020
Metals concentrate shipped and invoiced	\$ 18,691,782	\$ 10,039,512
Provisional pricing adjustments	612,121	(2,476,420)
	<b>\$ 19,303,903</b>	<b>\$ 7,563,092</b>

**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**16. COST OF SALES**

	Three months ended March 31 2021	Three months ended March 31 2020
Direct mining and processing costs	\$ (7,297,582)	\$ (5,595,990)
Royalties	(297,379)	(151,529)
Selling expense	(837,124)	(615,341)
Depletion and amortization	(3,924,412)	(2,607,856)
	<b>\$ (12,356,497)</b>	<b>\$ (8,970,716)</b>

Direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs. Selling expense included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing.

**17. EARNINGS PER SHARE**

	Three months ended March 31 2021	Three months ended March 31 2020
Net income (loss) attributable to equity holders	\$ 981,566	\$ (1,441,838)
Weighted average number of shares	119,125,603	119,023,234
Dilutive effect of stock options	1,006,006	-
Diluted weighted average number of shares	120,131,609	119,023,234
Basic earnings per share <sup>(1)</sup>	\$ 0.01	\$ (0.01)
Diluted earnings per share <sup>(1)</sup>	\$ 0.01	\$ (0.01)

<sup>(1)</sup> Attributable to equity holders of the Company

<sup>(2)</sup> Amounts are Nil for periods with basic loss per share, as the effects would be anti-dilutive

**18. NON-CONTROLLING INTERESTS**

	MINER 90%	CMLP 60%	Total
Ownership %			
As at December 31, 2020	\$ 5,106,020	\$ 8,544,253	\$ 13,650,273
Carried interest allocation	-	327,081	327,081
Dividend declared by subsidiary	(472,226)	-	(472,226)
Net income and comprehensive income	244,216	-	244,216
As at March 31, 2021	<b>\$ 4,878,010</b>	<b>\$ 8,871,334</b>	<b>\$ 13,749,344</b>

Summarized financial information about MINER and CLMP is as follows:

	MINER March 31 2021	CMLP March 31 2021	MINER March 31 2020	CMLP March 31 2020
For the three months ended				
Current assets	\$ 35,300,238	\$ 71,060	\$ 16,418,639	\$ 70,352
Non-current assets	50,254,923	22,450,462	53,601,477	17,047,039
Current liabilities	18,280,585	343,188	11,421,433	24,889
Non-current liabilities	17,602,273	-	17,450,728	-
Net income and comprehensive income	<b>\$ 2,442,160</b>	<b>\$ -</b>	<b>\$ (1,136,110)</b>	<b>\$ -</b>

**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**19. RELATED PARTY BALANCES AND TRANSACTIONS**

The Company considers key management personnel to include its management, outside directors, and any entity controlled by them. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Salary or fees	Share-based payments	Total
For the three months ended March 31, 2021			
Management	\$ 196,666	\$ 138,050	\$ 334,716
Directors	23,990	79,466	103,456
Seabord Services Corp.	56,333	-	56,333
	\$ 276,989	\$ 217,516	\$ 494,505
For the three months ended March 31, 2020			
Management	\$ 208,888	\$ 31,389	\$ 240,277
Directors	24,000	34,149	58,149
Seabord Services Corp.	41,921	-	41,921
	\$ 274,809	\$ 65,538	\$ 340,347

As at March 31, 2021, the Company had \$577,694 (December 31, 2020 - \$1,159,028) due to directors and management related to remuneration and performance-based remuneration, which have been included in accounts payable and accrued liabilities.

Seabord Services Corp. ("Seabord") is a management services company controlled by a director. Seabord provides the Chief Financial Officer, Corporate Secretary, accounting staff, administration staff and office space to the Company pursuant to a service agreement. The Chief Financial Officer and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

**20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS****Changes in non-cash working capital**

	March 31 2021	March 31 2020
For the three months ended		
Receivables	\$ (9,775,909)	\$ 5,946,805
Inventories	396,368	319,215
Prepays and deposits	(1,730,264)	(923,862)
Accounts payable and accrued liabilities	1,539,148	(1,626,332)
Net change in non-cash working capital	\$ (9,570,657)	\$ 3,715,826

**Significant non-cash investing and financing activities**

During the three months ended March 31, 2021, the Company:

- reallocated mineral property depletion of \$1,355,262 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- reallocated mineral property depletion of \$2,315,502 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
- allocation to retained earnings of NCI carried interest in CMLP of \$327,081 and
- reallocated \$72,704 of reserve for stock options exercised.

During the three months ended March 31, 2020, the Company:

- reallocated mineral property depletion of \$1,346,537 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- reallocated mineral property depletion of \$963,356 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales; and
- reallocated \$613 of reserve for stock options exercised.

**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**21. 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 Company has arrangements for unsecured credit facilities to borrow up to approximately \$12,200,000 with a number of Colombian banks, including Banco Davivienda S.A., Banco de Occidente, Bancolombia, and Banco Popular.

In addition, as part of the off-take agreement with the customer, the Company has been provided an inventory facility. Any amount advanced by the customer carries annual interest based on LIBOR plus 4.5% from the date of advance until the date of the payment on provisional invoice has been made.

Furthermore, the Company considers components of shareholders' equity as part of its capital. 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 estimates that the capital resources of the Company as at March 31, 2021 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements.

**22. FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows:

	Fair value hierarchy	March 31 2021	December 31 2020
Financial assets - amortized cost:			
Cash		\$ 9,200,543	\$ 16,652,711
Receivables		62,843	33,808
Financial assets - fair value through profit or loss:			
Trade receivables	Level 2	18,326,209	9,555,509
Derivative assets	Level 2	-	449,337
Financial liabilities - amortized cost:			
Accounts payable and accrued liabilities		9,975,969	8,908,171
Loans payable		9,613,922	9,822,980
Financial liabilities - fair value through profit or loss:			
Derivative liabilities	Level 2	1,897,458	165,610
Provision for restricted share units	Level 2	\$ 252,390	\$ 216,963

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. 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 cash, receivables (excluding trade receivable from provisional sales of metals concentrate), and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's loans payable are approximated by their carrying values as their interest rates are comparable to current interest rates.

Trade receivable from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected copper prices, gold prices, and foreign exchange rates. The Company's exercise price of its share purchase warrants and conversion price on the convertible debentures are denominated in Canadian dollars or at a set exchange rate. The trade receivable from sales of metals concentrate, derivative instruments, share purchase warrants, and derivative component of the convertible debentures are 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, liquidity risk, currency 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.

**ATICO MINING CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited - Expressed in United States Dollars)  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

---

**22. FINANCIAL INSTRUMENTS (cont'd...)**

**Metal price risk**

For concentrate shipped and provisionally invoiced during the three months ended March 31 2021, a 10% change in copper and gold prices would result in an increase/decrease of approximately \$4,256,000 and \$1,510,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

**Credit risk**

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

**Liquidity risk**

The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities. The maturities of the Company's non-current liabilities are disclosed in Notes 9, 10, and 11. All current liabilities are settled within one year.

**Interest rate risk**

As at March 31, 2021, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$5,000 in the Company's pre-tax income or loss on an annualized basis based on the loan and credit facilities used.

**Currency risk**

Based on the Company's net exposure, as at March 31, 2021, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, and Colombian peso would result in an increase/decrease of approximately \$1,309,000 in the Company's pre-tax income or loss.

**23. CONTINGENCY**

During the year ended December 31, 2015, the Company's Colombian operating subsidiary, MINER, received notice of claim from the mining authority in Colombia requesting payment of royalties related to past copper production. The mining authority is basing its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the contract regulating its royalty obligations. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Therefore, the Company and its legal counsel's position is that MINER has complied rigorously with royalty payments due and called for under the current contractual obligations. In February 2021, the Company received a revised claim of approximately \$9,600,000 (up from \$2,000,000) and additional interest and fees from the Administrative Tribunal of Cundinamarca (the "Tribunal"). After exhausting all options to find a resolution at the administrative level, the Company will vigorously defend itself against this action before the Tribunal. The Company has been advised by its Colombian legal counsel that this claim lacks merit, as it is in violation of Colombian law, and that such claims may take up to ten years to reach a resolution. As at March 31, 2021, no provisions have been recorded for any potential liability arising from this matter.

While the outcome of this matter is uncertain, based upon the information currently available, the Company does not believe that this matter in aggregate will have a material adverse effect on its consolidated financial position or results of operations. In the event that management's estimate of the future resolution of this matter changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.



**ATICO MINING CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

**24. 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% or more of the total revenues or assets of the Company. As at March 31, 2021, the Company only had a single off-take agreement for metals concentrate produced at the El Roble mining property.

**Geographic segment details**

As at March 31, 2021, net	Canada	Colombia	Ecuador and other	Total
Cash and other current assets	\$ 4,650,032	\$ 35,690,329	\$ 1,061,629	\$ 41,401,990
Mineral properties	-	39,730,074	23,438,031	63,168,105
Plant and equipment	-	14,729,450	64,163	14,793,613
Total assets	\$ 4,650,032	\$ 90,149,853	\$ 24,563,823	\$ 119,363,708

  

As at December 31, 2020	Canada	Colombia	Other	Total
Cash and other current assets	\$ 7,110,348	\$ 31,003,556	\$ 1,040,026	\$ 39,153,930
Mineral properties	-	40,709,469	22,237,665	62,947,134
Plant and equipment	-	13,446,133	10,818	13,456,951
Total assets	\$ 7,110,348	\$ 85,159,158	\$ 23,288,509	\$ 115,558,015