ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2013

GENERAL

This Management's Discussion and Analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") has been prepared based on information known to management as of August 27, 2013.

This MD&A is intended to help the reader understand the condensed consolidated interim financial statements and should be read in conjunction with the interim financial statements of the Company for the six months ended June 30, 2013 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included therein and in the following MD&A are in Canadian dollars except where noted.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Atico's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

The Company was incorporated under the laws of the Yukon Territory on April 15, 2010, continued pursuant to the laws of British Columbia effective October 4, 2011, and its fiscal year end is December 31. The Company is headquartered at Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

The Company is engaged in the acquisition, exploration and development of copper and gold projects in Latin America. Currently, the Company has an option to acquire 90% of the issued and outstanding shares of Minera El Roble S.A. ("MINER") (the "Option Agreement"), the owner of the El Roble Property, a copper-gold mine in Colombia.

The Company completed its initial public offering ("IPO") in March 2012. In conjunction with the IPO, Atico began trading on the TSX Venture Exchange ("TSX-V") under the symbol "ATY".

COMPANY MILESTONE

Since the completion of its IPO, the Company's objective has been to discover additional mineralization on the El Roble Property that would justify the exercise of the El Roble Option and acquisition of MINER. On August 15, 2013, based on the positive results of its drilling and exploration programs over the past two years, Atico announced its intention to exercise the El Roble Option and raise up to $20 million to facilitate the acquisition of MINER and upgrade the mine and production facilities. The anticipated completion of the financing and exercise of the El Roble Option is a key milestone in Atico's strategic vision to become a leading mid-tier copper-gold producer in Latin America. Atico is now positioned to achieve its mission, which is to create sustainable value for its shareholders, employees and the communities where we operate through the development of profitable mining operations with a commitment to safety and social and environmental responsibility.

EL ROBLE PROPERTY

Property Agreement

The Company has an option to acquire 90% of the issued and outstanding shares of MINER, pursuant to the terms of the Option Agreement entered into by the Company on January 28, 2011. The El Roble Property, located in the Choco Department of Colombia comprises 6,679 hectares and includes an operating underground copper-gold-silver mine. The Company's objective is to discover additional mineralization on the El Roble Property beyond that currently being mined that would justify an upgrade to the milling facility and ensure continuing production.

The Company made the required staged payments of US$2,250,000 as follows:

- US$200,000 on January 28, 2011 (paid);
- US$350,000 in six months after the date of execution (July 28, 2011) (paid);
- US$650,000 in twelve months after the date of execution (January 28, 2012, extended to March 13, 2012) (paid);
- US$1,050,000 in eighteen months after the date of execution (July 28, 2012) (paid).

The final lump sum payment of US$14,000,000 is due by January 28, 2014 (the Company extended the option payment due date by paying US$1,200,000).

El Roble Mine

MINER's principal asset is the operating El Roble underground copper-gold mine with a nominal capacity of 400 tonnes per day that, over the past twenty-two years, has processed 1.5 million tonnes of ore at an average head grade of 2.6% copper and estimated gold grade of 2.5 g/t. Copper and gold mineralization at the El Roble Property occurs in volcanogenic massive sulfide ("VMS") lenses. Exploration over the past two years has defined a productive contact and an enclosing package of host rocks extending for a distance of 10 km across the El Roble Property. This entire 10 km strike length is marked by VMS mineral occurrences.

Since entering into the option agreement in January 2011, the Company has discovered significant massive sulfide mineralization below the current working levels of the mine. The economic potential of the mineralization discovered to date is such that the Company has decided to exercise the option to acquire the El Roble Property including the operating mine. During the option term, the Company is not responsible for mining or for resource development and gains no income from the mine operation, but would aim to increase production and bring additional resources to account once it becomes the owner of the Property. In addition to the economic potential in the immediate mine vicinity, part of the Company's objective is to discover new VMS deposits either at the mine or elsewhere on the El Roble Property.

Results Overview

Nearfield Mine Vicinity Program

During the quarter ended June 30, 2013 the Company achieved a significant milestone at the El Roble mine by completing a NI 43-101 compliant resource estimate which established an inferred mineral resource of 1.58 million tonnes at 4.45% Cu, 3.17g/t Au and 11.3g/t Ag at a cut-off grade of 0.72% Cu equivalent. The resource estimate was based on data from 30 drill holes totaling 6,084 meters completed by Atico during 2012 and up to February 20, 2013. An additional 33 drill holes totaling 1,784 meters completed by MINER, current operator of the mine and independently reviewed, logged and sampled by Atico were also included. Mr. Michael Lechner and Mr. Donald Earnest acted as independent qualified persons responsible for the resource estimate, as defined by the Canadian National Instrument 43-101.

The reported resource lies immediately below the 2000 meter level, the lowest production level at the El Roble mine, and continues to a depth of 350 meters below that level. The newly-defined resource is interpreted as being a part of the same VMS mineralization that El Roble has mined for over 20 years. Mineralization continues to be very high grade and the deposit is open at depth and along strike which is encouraging for discovery of additional resources in the immediate mine area.

During the current quarter drilling was interrupted in April due to labor union negotiations (see news releases dated April 15, 2013 and April 23, 2013) and further delayed in May due to consecutive failure of holes 31a, 31b and 32 caused by ground conditions. Despite the interruption and delays the Company was able to complete 1,878 meters of underground drilling in 9 drill holes from the 2000 meter level. Drilling concentrated on further defining the interpreted boundaries of the Maximus and Goliath massive sulphide bodies, which are considered primary targets for mining operations below the 2000 level given their close proximity to current mine workings. The mineralized intercepts in these massive sulphide bodies support previously interpreted mineralization boundaries as well as the high copper and gold grades.

Greenfields Program

The Company started a reinterpretation of the Archie area with the information from the 1,329 meters of drilling in 4 drill holes completed during the first quarter. These results confirmed continuity of the favorable black chert formation to the north of El Roble mine with presence of chalcopyrite and pyrite stringers but massive sulphide mineralization was not intercepted. The Company expects the drill program at Archie will be revised as a result of the enhanced understanding of the area.

Target preparation work continued during the current quarter primarily in the San Lorenzo area. Work to delineate drill holes locations within prospective targets includes in-fill geochemical sampling, structural interpretation, detailed geological mapping and interpretation of geophysical anomalies.

El Roble Operation Assessment

The Company continued a comprehensive assessment of the El Roble mine operation during the second quarter. The technical and engineering studies conducted have significantly enhanced the Company’s understanding of the existing operation and have provided necessary information to assess the mill and processing facility´s potential for scale-up, optimization of the mine design, a tailings dam upgrade and the operation´s environmental standards.

As part of the assessment the Company has validated the location and upgraded the design of a new adit at the 1886 meter elevation, 114 meters below current mine workings, which will provide access to Maximus and Goliath bodies for mining activities. The new adit will also provide a platform from which diamond drilling can be directed at the newly discovered massive sulphide bodies perpendicular to their strike direction, which the Company believes is necessary for estimating measured and indicated resources.

Outlook

Nearfield Mine Vicinity Program

The goal of the underground drilling will be to confirm and expand resources identified by the current operators at and above the 2000 meter level and in-fill the newly discovered massive sulphide bodies below the 2000 meter level. The in-fill holes would be drilled from the new 1886 adit that is expected to begin during the third quarter.

Greenfields Program

The Company expects the reinterpretation of the Archie area will be completed during the third quarter which will allow for a revision of the drill program in this target.

Surface soil and rock geochemistry and geology work will continue in the San Lorenzo area as well as in other known target areas to better understand and prioritize drilling targets.

Demetrius Pohl, Ph.D. AIPG Certified Geologist, is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, and is responsible for the preparation and verification of the technical information in the MD&A.

RESULTS OF OPERATIONS

For the Three Months Ended June 30, 2013

The net loss for the current quarter was $645,142 compared to a net loss of $346,525 for the prior year's comparative quarter ("prior quarter"). Some of the factors of note when comparing the current quarter to the prior quarter are as follows:

- Office and administrative costs increased from $51,253 to $101,744. In the prior quarter, the Company was not operating at full capacity as it had recently completed its IPO. Therefore, office and administrative costs were substantially less than the current period.

- Interest income decreased from $22,939 to $6,454 in the current period due to less cash available for investment in the quarter ended June 30, 2013.

- Investor relations expenses increased from $5,952 to $44,686 as a result of an active shareholder communications program beginning after the Company became a reporting issuer.

For the Six Months Ended June 30, 2013

The net loss for the current period was $1,317,373 compared to a net loss of $591,848 for the prior year's comparative period ("prior period"). Some of the factors of note when comparing the current period to the prior period are as follows:

- Office and administrative costs increased from $133,505 to $259,333. In the prior period, the Company was not operating at full capacity and was in the process of establishing its corporate office in Peru.

- Share-based payments increased from $152,216 to $493,053, as there were 1,710,000 stock options granted in the prior period and 2,160,000 stock options granted in the current period at higher prices, thereby increasing the per option fair value in the current period.

- Management fees increased by $85,486 to $213,328 as the Company hired additional senior management.

- Investor relations expenses increased from $11,020 to $85,150 as a result of an active shareholder communications program beginning after the Company became a reporting issuer.

- Property investigation costs of $117,400 were incurred as the Company undertook due diligence on prospective acquisition opportunities. There were no comparable costs in the prior period.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the quarters up to June 30, 2013, and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2012 and 2011.

Quarter ended	June 30 2013	March 31 2013	December 31 2012	September 30 2012
Revenue	Nil	Nil	Nil	Nil
Share-based payments	307,229	185,824	Nil	Nil
Loss for the period	(645,142)	(672,231)	(331,031)	(263,085)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average shares outstanding	52,107,305	49,915,226	39,763,883	39,761,111

Quarter ended	June 30 2012	March 31 2012	December 31 2011	September 30 2011
Revenue	Nil	Nil	Nil	Nil
Share-based payments	152,216	Nil	Nil	17,955
Loss for the period	(346,525)	(245,323)	(150,772)	(181,093)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average shares outstanding	39,761,111	20,816,056	15,400,000	15,400,000

LIQUIDITY AND CAPITAL RESOURCES

Atico's working capital position at June 30, 2013 was $3,718,218 (December 31, 2012 - $2,835,515). In January 2013, the Company completed a non-brokered private placement financing, raising $8,000,001 by the issuance of 12,307,694 units at $0.65 per unit. On August 15, 2013, the Company announced its plans to complete a brokered private placement for aggregate gross proceeds of $10,035,000, a non-brokered private placement for aggregate gross proceeds of approximately $2,025,000, a US$6,000,000 senior secured repayable debt facility and a private placement of an aggregate of US$2,000,000 of convertible debentures. Upon completion of this financing, the Company will have sufficient resources to fund its exploration programs and administrative expenditures for the ensuing year and to make the final option payment of US$14,000,000 towards the El Roble Property. There can be no assurance that the Company will be successful completing the proposed financing or completing the option exercise for the El Roble Property by January 28, 2014.

Operating Activities

Cash used in operations was $1,376,045 for the six months ended June 30, 2013 (2012 - $981,838) and represents expenditures primarily on general and administrative expense and increases to prepaid expenses and deposits.

Financing Activities

The Company received net cash from financing activities of $7,789,002 (2012 - $10,420,495). The Company received $8,000,001 from the issuance of common shares pursuant to its private placement, offset by share issue costs of $217,499. A further $6,500 was received on exercise of warrants.

Investing Activities

During the six months ended June 30, 2013, net cash used in investing activities was $5,593,401 (2012 - $1,902,048). The cash used in investing activities was comprised of $154,059 in acquisition of equipment, $1,811,537 on property acquisition costs, and $3,648,141 in exploration expenditures consisting primarily of drilling, assays, geological consulting fees, field costs and logistical support, exploration personnel and office and administration of the Colombian office, offset by $20,336 of interest income.

Requirement of Additional Equity Financing

The Company has relied entirely on equity financings and loans for all funds raised to date for its operations. As noted above, the Company is currently working to complete a proposed $20 million financing to complete the acquisition of the El Roble Property. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

TRANSACTION WITH RELATED PARTIES

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

Six months ended June 30, 2013		Salary or Fees		Share-based Payments		**Total**
Management	$	213,328	$	234,846	$	448,174
Outside directors		-		160,252		160,252
Seabord Services Corp.		92,400		-		92,400
	$	305,728	$	395,098	$	700,826

Six months ended June 30, 2012		Salary or Fees		Share-based Payments		**Total**
Management	$	127,842	$	102,760	$	230,602
Outside directors		-		-		-
Seabord Services Corp.		88,200		-		88,200
	$	216,042	$	102,760	$	318,802

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

Included in accounts payable and accrued liabilities is $Nil (December 31, 2012 - $199) owed to related parties.

The above transactions are measured at the exchange amounts (the amounts established and agreed to by the related parties) which approximate the arm's length equivalent value. All balances due to related parties are included in accounts payable and accrued liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered by the Company other than its option to acquire the El Roble Property.

NEW ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements ("IFRS 10") replaces the guidance on control and consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC-12, Consolidation - Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11 Joint Arrangements ("IFRS 11") supersedes IAS 31 Interests in Joint Ventures and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28 Investments in Associates and Joint Ventures (amended in 2011) ("IAS 28"). The other amendments to IAS 28 did not affect the Company. The Company has not entered into any joint arrangements and concluded that the adoption of IFRS 11 did not have any effect on the Company's financial statements.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") contains the disclosure requirements for entities that have interests in in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structure entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity variability of returns from the performance of the other entity. The required disclosures aim to provide information I order to enable users to evaluate that nature, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. Given the nature of the Company's interest in other entities, the amendments did not have an impact on the Company's financial position or performance.

IFRS 13 Fair Value Measurement ("IFRS 13") provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company has adopted the amendments to IAS 1 Presentation of Financial Statements ("IAS 1"). These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

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, 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.

FINANCIAL INSTRUMENTS

Fair Value Hierarchy

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.

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

As at June 30, 2013, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 3,618,215	$ -	$ -	$ 3,618,215

Financial Instrument Risk Exposure and Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, 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.

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.

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. As at June 30, 2013, the Company did not have any interest-bearing loans.

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 June 30, 2013, included $768,671 of accounts payable and accrued liabilities that have expected maturity dates of less than one year. 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.

Foreign Currency Risk

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

At June 30, 2013, the Company is exposed to currency risk through the following assets and liabilities:

	US dollars	Colombian pesos	**Total**
Cash	$ 4,977	$ -	
Receivables	-	742,601	
Accounts payable and accrued liabilities	(114,613)	(1,066,694,614)	
Net exposure	(109,636)	(1,065,952,013)	
Canadian dollar equivalent	$ (115,406)	$ (581,979)	$ (697,385)

Based on the above net exposure as at June 30, 2013, 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 $69,700 in the Company's pre-tax profit or loss.

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

No Assurance of Titles or Borders

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company's operations.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company has an option to acquire a mineral property. The Company also considers other property acquisition opportunities. The main operating risks, should the Company acquire a property, include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities.

The Company may earn an interest in the El Roble Property through an option agreement and acquisition of title to the property is only completed when the option conditions have been met. These conditions primarily include making property option payments by January 28, 2014. If the Company does not satisfactorily complete the option payments in the time frame laid out in the option agreement, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

The securities markets can experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as the Company, may experience wide fluctuations in share prices which will not necessarily be related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Foreign Country and Political Risk

The Company is operating in Colombia that currently has varied political and economic environments. As such, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights, opposition from environmental or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business.

Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety. Notwithstanding any progress in restructuring political institutions or economic conditions, the present administration, or successor governments may not be able to sustain any progress. If any negative changes occur in the political or economic environment of Colombia, it may have an adverse effect on the Company's operations. The Company does not carry political risk insurance.

Currency Risks

The Company's equity financings are sourced in Canadian dollars but for the most part it primarily incurs its expenditures in Colombian pesos or in US dollars. At this time, there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against local currencies or the US dollar could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

OUTSTANDING SHARE DATA

As at August 27, 2013, the Company had 52,107,305 common shares issued and outstanding. There were also stock options to purchase 4,395,000 shares outstanding with expiry dates ranging from June 30, 2016 to March 1, 2018, and 7,955,347 warrants with expiry dates ranging from March 12, 2014 to July 16, 2014.