



**ATICO MINING CORPORATION**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**For the Three and Nine Months Ended September 30, 2014**

Atico Mining Corporation

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

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**GENERAL**

This management's discussion and analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") is intended to help the reader understand the significant factors that have affected Atico and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of November 19, 2014, should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2014 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included in the following MD&A are in United States dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A refers to certain non-GAAP financial measures such as cash cost per tonne of processed ore and cash cost per pound of payable copper produced, used by the Company to manage and evaluate operating performance. These measures are widely reported in the mining industry but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. The Company believes that certain investors use these non-GAAP financial measures to evaluate the Company's performance. Accordingly, non-GAAP financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. To facilitate a better understanding of these measures as calculated by the Company, we have provided detailed descriptions and reconciliations as required.

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**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 and has regional offices in Peru and Colombia.

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 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".

On November 22, 2013, the Company completed the exercise of its mineral property purchase option, acquiring 90% of the shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble mineral property and took control of the producing El Roble mine and 6,679 hectares of surrounding claims.

MINER's principal asset is the operating El Roble underground copper-gold-silver mine and processing plant, located in Choco, Colombia. With a nominal capacity of 400 tonnes per day, the mine has processed over the past twenty-two years, 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 grams per tonne ("g/t"). The operation is currently undergoing an expansion to a nominal capacity of 650 tonnes per day.

**THIRD QUARTER 2014 HIGHLIGHTS**

- The Company produced 5,768 dry metric tonnes ("DMT") of concentrate during the quarter with a metal content of 2.7 million pounds ("lbs") of copper ("Cu"), 2,932 ounces ("oz") of gold and 8,257 oz of silver.
- Sales of \$7.5 million were generated during the quarter from the shipping and provisional invoicing of 4,521.4 DMT of concentrate containing 1.93 million lbs of payable copper, 1,951 and 1,759 oz of payable gold and silver respectively
- At quarter-end, 4,810 wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.
- Cash cost (i.e. before depletion, amortization and royalties) for the quarter was \$111.81 per tonne of processed ore, or \$0.72 per pound of payable copper produced (refer to non-GAAP Financial Measures).
- Income from mining operations for the quarter was \$2,758,860.
- Net income for the quarter was \$363,504.
- Cash flow from operations before non-cash working capital items for the quarter was \$2,250,367.
- Change in cash for the quarter was \$1,523,026.

**RESULTS OF OPERATIONS**

**Metal production**

	Nine months ended				Nine months ended			
	Sept 30	Q3	Q2	Q1	Sept 30	Q3	Q2	Q1
	2014	2014	2014	2014	2013 <sup>(1)</sup>	2013 <sup>(1)</sup>	2013 <sup>(1)</sup>	2013 <sup>(1)</sup>
Copper (000 lbs)	6,170	2,702	2,070	1,398	1,023	540	353	130
Gold (oz)	6,234	2,932	2,155	1,147	1,631	949	496	186
Silver (oz)	18,391	8,257	6,673	3,461	5,239	2,932	1,795	512
Cash cost per pound of payable copper produced <sup>(2)</sup> (\$/Cu lb)	0.96	0.72	1.01	1.33	1.19	0.18	1.27	5.26

<sup>(1)</sup> The Company did not operate the El Roble mine during the three and nine months ended September 30, 2013. The information for this period was obtained from the books and records of MINER prior to Atico's acquisition.

<sup>(2)</sup> Net of by-product credits (refer to non-GAAP Financial Measures).

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In the third quarter of 2014 ("2014-Q3"), the Company produced 2.7 million lbs of copper, 2,932 oz of gold and 8,257 oz of silver. When compared to the comparative period in the previous year, production increased over five times for copper and over three times for gold.

Metal produced during 2014-Q3 increased 30% for copper, 36% for gold and 24% for silver over the second quarter of 2014 ("2014-Q2") production.

The cash cost per pound of payable copper produced decreased 29% in 2014-Q3 relative to 2014-Q2. The reduction was driven mainly by an increase of 18% and 15% in the gold and copper content per processed tonne and a 12% increase in throughput.

**EI Roble mine review**

The EI Roble mine is an underground copper, gold and silver mine and processing plant located in the Department of Choco in Colombia. Its commercial product is a copper concentrate with gold and silver by-product credits.

With a nominal capacity of 400 tonnes per day, the mine has processed over the past twenty-two years, a total of over 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 g/t. The operation is currently undergoing an expansion of a nominal capacity of 650 tonnes per day. Copper and gold mineralization at the EI Roble property occurs in volcanogenic massive sulfide ("VMS") lenses.

The table below shows the main variables used by management to measure operating performance of the mine: throughput, grade, recovery, metal production and cost.

**EI Roble operating performance**

	Nine months ended Sept 30 2014	Q3 2014	Q2 2014	Q1 2014	Nine months ended Sept 30 2013 <sup>(2)</sup>	Q3 2013 <sup>(2)</sup>	Q2 2013 <sup>(2)</sup>	Q1 2013 <sup>(2)</sup>
<b>Production (contained metals)<sup>(1)</sup></b>								
Copper (000 lbs)	6,170	2,702	2,070	1,398	1,023	540	353	130
Gold (oz)	6,234	2,932	2,155	1,147	1,631	949	496	186
Silver (oz)	18,391	8,257	6,673	3,461	5,239	2,932	1,795	512
<b>Mining</b>								
Ore (tonnes)	104,085	40,088	37,206	26,791	52,242	23,308	17,571	11,363
<b>Milling</b>								
Milled (tonnes)	93,409	36,505	33,888	23,016	52,242	23,308	17,571	11,363
Tonnes per day	440.0	493.0	440.1	354.1	309.7	310.7	331.5	270.5
Copper grade (%)	3.27	3.63	3.07	3.01	1.05	1.26	0.94	0.80
Gold grade (g/t)	3.14	3.60	3.12	2.43	1.55	2.08	1.13	1.13
Silver grade (g/t)	12.71	13.48	13.27	10.65	6.99	8.59	6.82	3.96
<b>Recoveries</b>								
Copper (%)	91.35	92.4	90.1	91.5	92.27	88.7	98.2	90.3
Gold (%)	65.87	69.5	63.4	63.7	69.60	64.9	78.8	64.8
Silver (%)	47.96	52.2	46.2	43.9	47.90	48.1	46.9	49.0
<b>Concentrate</b>								
Cu concentrate (DMT)	12,891	5,768	4,388	2,735	2,411	1,210	822	379
Copper (%)	21.70	21.24	21.39	23.19	19.26	20.27	19.49	15.55
Gold (g/t)	15.06	15.81	15.27	13.05	21.04	24.39	18.77	15.24
Silver (g/t)	44.37	44.53	47.29	39.36	67.59	75.37	67.95	41.98

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	Nine months ended Sept 30 2014	Q3 2014	Q2 2014	Q1 2014	Nine months ended Sept 30 2013 <sup>(2)</sup>	Q3 2013 <sup>(2)</sup>	Q2 2013 <sup>(2)</sup>	Q1 2013 <sup>(2)</sup>
Payable copper produced (000 lbs)	5,865	2,567	1,967	1,331	971	514	335	122
Cash cost per pound of payable copper produced <sup>(3)</sup>	0.96	0.72	1.01	1.33	1.19	0.18	1.27	5.26

<sup>(1)</sup> Subject to adjustments due to final settlement.

<sup>(2)</sup> The Company started operating the El Roble mine on November 22, 2013. The information prior to this date was obtained from the books and records of MINER prior to Atico's acquisition.

<sup>(3)</sup> Net of by-product credits (refer to non-GAAP Financial Measures).

The El Roble mine performed as planned during 2014-Q3 with an increase of 30% and 36% in copper and gold produced respectively compared to 2014-Q2. The increase was driven by a combination of higher throughput, head grades and copper and gold metallurgical recovery.

Daily throughput rate increased by 12% from 2014-Q2 with an average throughput for September of 520 tonnes per day. The Company expects daily throughput will increase during 2014-Q4 to reach 650 tonnes per day by year end. 2015-Q1 is expected to be the first quarter the Company operates at steady state capacity.

In 2014-Q3 head grades increased 18% for copper and 15% for gold, in line with expected grade for resources mined during the period. The company anticipates head grades will remain at the same level throughout 2014-Q4.

The metallurgical recovery increased 3% and 10% for copper and gold respectively compared with 2014-Q2. The company expects copper recovery will fluctuate between 91% and 92% throughout 2014-Q4 while gold recovery is expected to have a modest increase.

The Company has continued stoping activities between levels 1885 and 1907 and has begun preparations between levels 1907 and 1919. Management expects a sustained increase in mine output during the 2014-Q3 until the steady state production level of 650 tonnes per day is reached by year-end. At the end of 2014-Q3, the Company maintained an ore inventory of 8,752 DMT in surface stock piles.

Capital expenditure activities for the quarter were \$2.5 million. Major categories of expenditure included \$0.9 million in underground mine development and \$1.6 million in equipment and infrastructure related to the mine and the mill.

Cash costs for 2014-Q3 were \$111.81 per tonne of processed ore and \$0.72 per pound of payable copper produced.

The 2014-Q3 cash cost per tonne of processed ore increased slightly from the 111.60 cost in 2014-Q2, while the cash cost per pound of payable copper produced decreased by 28.7%, mainly driven by an increase of 18% and 15% in the copper and gold content per processed tonne, a 12% increase in throughput, and a 10% increase in gold metallurgical recovery.

### Concentrate inventory

	Three months ended September 30 2014	Nine months ended September 30 2014
<b>Amounts in dry metric tonnes ("DMT")</b>		
Opening inventory	3,011.1	720.9
Production	5,768.0	12,891.0
Sales	(4,412.8)	(9,252.1)
Adjustment	-	6.5
Closing inventory	4,366.3	4,366.3

The Company recognizes revenue associated with the sale of concentrate when the risks and rewards of ownership of the concentrate are transferred to the customer, which under the current off-take agreement is when the Company

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loads the concentrate to the performing vessel at the port of Buenaventura, Colombia. As final price settlement may occur several months after the revenue is recognized, changes in metal prices during that time may have a material impact on the final revenue recognition.

Production is trucked regularly, almost daily, from the El Roble mine to the port of Buenaventura, where 6,000 WMT of concentrate can be stored at the Company controlled warehouse. Since the cost of shipping and freight is directly related to the size of the lot to be shipped, the Company prefers to sell lots closer to 5,000 WMT. At the current projected rate of production, the Company anticipates completing one concentrate shipment per quarter during 2014.

In July 2014, the Company sold a concentrate shipment of 4,827.8 WMT.

**Exploration**

During 2014-Q3, the underground drilling program at the El Roble mine prioritized further defining the known mineralized bodies for mine planning purposes and initiated step out drilling to test continuity of known mineralized bodies.

The Company has intercepted massive sulphide mineralization to the north and south of the Maximus/Goliath mineralization and will intensify drilling in these areas during 2014-Q4 to further understand the significance of these intercepts.

During 2014-Q4, the Company has begun a drill program to crosscut Zeus, Aquiles and Ares mineralization. The Company anticipates this program will continue through 2015-Q1.

Surface soil sampling, rock geochemistry and geology work will continue in the 10 kilometer prospective contact with a focus on Santa Anita, San Lorenzo and other prospective target areas to further define drilling targets for the planned surface drill program. The Company expects drilling in the Santa Anita and San Lorenzo areas will begin during the 2015-Q1 after optimization and scale-up of the El Roble mine.

**OUTLOOK**

The Company continues to pursue the remaining objectives set forth at the beginning of 2014 for the El Roble mine:

- Increase the safety and environmental standards.
- Expand the mill capacity to 650 tonnes per day and optimize copper and gold recoveries.
- Develop and prepare the identified resources to be at an ore break rate of 650 tonnes per day by year end.

The Company is on schedule to deliver on these objectives.

Metal production is anticipated to increase in the following quarter as the operation reaches a steady state level of production by year end.

**SUMMARY OF QUARTERLY RESULTS**

The following table provides selected financial information for the eight quarters up to September 30, 2014, and should be read in conjunction with the Company's consolidated financial statements for the three and nine months ended September 30, 2014, and for the years ended December 31, 2013 and 2012.

	September 30 2014	June 30 2014	March 31 2014	December 31 2013
Revenue <sup>(1)</sup>	\$ 7,486,882	\$ 7,500,276	\$ 2,036,991	\$ Nil
Income (loss) from operations	1,272,900	1,023,309	(472,383)	(944,341)
Net income (loss) for the period <sup>(2)</sup>	236,821	(280,963)	(790,064)	2,982,085
Income (loss) per share - basic and diluted	0.00	(0.00)	(0.01)	0.03
Weighted average shares outstanding	97,591,571	97,586,860	96,848,683	95,681,414

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	September 30 2013	June 30 2013	March 31 2013	December 31 2012
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss from operations	(812,455)	(643,834)	(656,272)	(368,584)
Net loss for the period	(844,575)	(627,385)	(663,138)	(331,505)
Loss per share - basic and diluted	(0.02)	(0.01)	(0.01)	(0.01)
Weighted average shares outstanding	57,316,707	52,107,305	49,915,226	39,763,883

(1) The Company started operating the El Roble mine on November 22, 2013.

(2) Income (loss) attributable to equity holders of the Company.

The financial results of MINER are only incorporated in the quarterly information in the above table as of November 22, 2013. The Company began earning revenue in 2014-Q1 due to the acquisition of MINER in late 2013. Prior quarters did not have any revenues, including 2013-Q4. The income for 2013-Q4 is a result of the acquisition accounting for the purchase of MINER, where the fair value of the acquisition resulted in a gain on bargain purchase of \$735,691 and a deferred income tax recovery of \$3,529,840. The net losses for Q3, Q2, and Q1 of 2013 increased from the prior quarters due to the hiring of the Company's CEO and ramping up of all activities relating to corporate activities in anticipation of the fund-raising required to exercise the option to purchase MINER.

### THIRD QUARTER FINANCIAL RESULTS

Third quarter net income was \$363,504 compared to a net loss of \$844,575 in 2013-Q3 and earnings (loss) per share was \$0.00 and \$(0.02), respectively. Income from mining operations was \$2,758,860 (2013-Q3 - \$Nil), and the Company had an income from operations of \$1,272,900 (2013-Q3 - loss of \$812,455). Income from mining operations in 2014-Q3 is from MINER, which was acquired effective November 22, 2013. Expenses in 2014-Q3 were higher primarily due to general and administration expenses of the Colombian administration office now being expensed whereas prior to acquiring MINER these costs were capitalized to exploration and evaluation assets. The Company also incurred interest expense on loans payable which did not exist during 2013-Q3.

**Sales** for 2014-Q3 were \$7,486,882 (2013-Q3 - \$Nil) from the shipping and provisional invoicing of 4,521.4 DMT of concentrate and adjustments on shipments made during prior periods. The Company did not have any revenue in 2013-Q3 as it did not own the El Roble mine until 2013-Q4. The Company's metal concentrates are provisionally priced at the time of sale based on the prevailing commodity market prices. Final prices are set in a period subsequent to the date of sale based on specified quotational period after delivery. Under the current sales agreement, final pricing for metals concentrates generally occurs four months after the month of sales. Sales for 2014-Q3 decreased over 2014-Q2 due to a decrease in net price, offset by an increase in the tonnes of concentrate sold.

Three months ended	September 30 2014	June 30 2014 <sup>(1)</sup>	September 30 2013
<b>Sales and realized prices</b>			
Provisional invoices	\$ 7,520,499	\$ 7,153,786	\$ -
Adjustments <sup>(2)</sup>	(33,617)	346,490	-
Sales per financial statements	\$ 7,486,882	\$ 7,500,276	-
<b>Copper</b>			
Provisional sales (000's lbs)	1,932.0	1,821.4	-
Realized price (\$/lb) <sup>(3)</sup>	3.22	2.99	-
Net realized price (\$/lb) <sup>(4)</sup>	2.81	2.61	-
<b>Gold</b>			
Provisional sales (oz)	2,012.8	2,223.4	-
Realized price (\$/oz) <sup>(3)</sup>	1,300.00	1,300.00	-
Net realized price (\$/oz) <sup>(4)</sup>	1,260.08	1,266.91	-

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<b>Three months ended</b>	September 30 2014	June 30 2014 <sup>(1)</sup>	September 30 2013
<b>Silver</b>			
Provisional sales (oz)	6,037.6	5,886.5	-
Realized price (\$/oz) <sup>(3)</sup>	20.84	20.20	-
Net realized price (\$/oz) <sup>(4)</sup>	20.67	20.02	-

<sup>(1)</sup> Given the expansion and changes undergoing in the operation, the Company believes the relevant comparison for the readers is with 2014-Q2.

<sup>(2)</sup> Include adjustments for mark-to-market price and foreign exchange rates.

<sup>(3)</sup> Based on provisional sales before final price and assay adjustments. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.

<sup>(4)</sup> Adjusted for payable metals deductions, treatment and refining charges and transportation charges.

**Cost of sales** for 2014-Q3 was \$4,728,022 (2013-Q3 - \$Nil) consisting of the following components:

<b>Three months ended</b>	September 30 2014	June 30 2014 <sup>(1)</sup>	September 30 2013
Direct mining and processing costs	\$ 3,455,534	\$ 3,787,964	\$ -
Royalties	99,278	200,930	-
Depletion and amortization	1,173,210	1,050,700	-
	<b>\$ 4,728,022</b>	<b>\$ 5,039,594</b>	<b>\$ -</b>

<sup>(1)</sup> Given the expansion and changes undergoing in the operation, the Company believes the relevant comparison for the readers is with 2014-Q2.

Cost of sales recognized in 2014-Q3 was primarily related to the production costs of concentrate produced during 2014-Q2 and shipped during 2014-Q3. The decreased cost of sales for 2014-Q3 over 2014-Q2 is reflective of the downward trend of the Company's production costs of 2014-Q2 from 2014-Q1.

**Selling, general and administrative** expenses were higher in 2014-Q3 compared to 2013-Q3; \$1,220,717 compared to \$505,687. The breakdown of the Company's selling, general and administrative ("SG&A") expense is as follows:

	Three months ended September 30, 2014			Three months ended September 30, 2013 <sup>(1)</sup>		
	Operations	Corporate	Total	Operations	Corporate	Total
Selling expenses	\$ 497,036	\$ -	\$ 497,036	\$ -	\$ -	\$ -
Amortization	1,686	1,044	2,730	-	1,183	1,183
Corporate administration	213,127	78,556	291,683	-	209,120	209,120
Professional fees	45,191	12,787	57,978	-	140,184	140,184
Salaries and benefits	182,615	186,635	369,250	-	102,518	102,518
Transfer agent and filing fees	-	2,040	2,040	-	52,682	52,682
	<b>\$ 939,655</b>	<b>\$ 281,062</b>	<b>\$ 1,220,717</b>	<b>\$ -</b>	<b>\$ 505,687</b>	<b>\$ 505,687</b>



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	Three months ended September 30, 2014			Three months ended June 30, 2014 <sup>(2)</sup>		
	Operations	Corporate	Total	Operations	Corporate	Total
Selling expenses	\$ 497,036	\$ -	\$ 497,036	\$ 351,264	\$ -	\$ 351,264
Amortization	1,686	1,044	2,730	34,561	23,271	57,832
Corporate administration	213,127	78,556	291,683	141,384	163,971	305,355
Professional fees	45,191	12,787	57,978	60,237	128,412	188,649
Salaries and benefits	182,615	186,635	369,250	151,911	180,818	332,729
Transfer agent and filing fees	-	2,040	2,040	-	24,049	24,049
	\$ 939,655	\$ 281,062	\$ 1,220,717	\$ 739,357	\$ 520,521	\$ 1,259,878

<sup>(1)</sup> The Company started operating the El Roble mine on November 22, 2013.

<sup>(2)</sup> Given the expansion and changes undergoing in the operation, the Company believes the relevant comparison for the readers is with 2014-Q2.

**Other income and expenses:** In 2014-Q3, the Company recognized share-based payments of \$174,850 (2013-Q3 - \$301,617) for 2,160,000 stock options granted in February and March 2013 that have vesting terms over 18 months and 2,870,671 stock options granted in July 2014 that have vesting terms over 36 months.

In 2014-Q3, the Company recognized interest expense of \$323,004 (2013-Q3 - \$Nil) for various long-term credit facilities, and accretion expense of \$25,131 (2013-Q3 - \$Nil) for its decommissioning and restoration provision related to the El Roble mine. The Company recognized deferred income tax expense of \$464,901 (2013-Q3 - \$Nil) arising from income from the Company's Colombian operations in the quarter.

#### **NINE MONTHS FINANCIAL RESULTS**

For the nine months ended September 30, 2014, the Company incurred a net loss of \$622,180 compared to a net loss of \$2,135,098 for the comparative period in 2013 and loss per share was \$0.01 and \$0.04, respectively. For the nine months ended September 30, 2014, income from mining operations was \$5,759,412 (2013 - \$Nil), and the Company had an income from operations of \$1,823,826 (2013 - loss of \$2,112,561). Income from mining operations for the nine months ended September 30, 2014 is from MINER, which was acquired effective November 22, 2013. Expenses for the nine months ended September 30, 2014 were higher primarily due to general and administration expenses of the Colombian administration office now being expensed whereas prior to acquiring MINER these costs were capitalized to exploration and evaluation assets. The Company also incurred interest expense on loans payable which did not exist during the comparative period in 2013.

**Sales** for the nine months ended September 30, 2014 were \$17,024,149 (2013 - \$Nil) from the shipping and provisional invoicing of 9,339.4 DMT of concentrate and mark-to-market adjustments on shipments awaiting final settlements. The Company did not have any revenue for the comparative period in 2013 as it did not own the El Roble mine until 2013-Q4. The Company's metal concentrates are provisionally priced at the time of sale based on the prevailing commodity market forward prices. Final prices are set in a period subsequent to the date of sale based on specified quotational period after delivery. Under the current sales agreement, final pricing for metals concentrates generally occurs four months after the month of sales. The Company has not hedged its exposure to metal price risks.

	September 30 2014	September 30 2013 <sup>(1)</sup>
<b>Nine months ended</b>		
<b>Sales and realized prices</b>		
Provisional invoices	\$ 16,674,614	\$ -
Adjustments <sup>(2)</sup>	349,535	-
Sales per financial statements	\$ 17,024,149	\$ -

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<b>Nine months ended</b>	September 30 2014	September 30 2013 <sup>(1)</sup>
<b>Copper</b>		
Provisional sales (000's lbs)	4,195.2	-
Realized price (\$/lb) <sup>(3)</sup>	3.12	-
Net realized price (\$/lb) <sup>(4)</sup>	2.75	-
<b>Gold</b>		
Provisional sales (oz)	4,837.0	-
Realized price (\$/oz) <sup>(3)</sup>	1,297.86	-
Net realized price (\$/oz) <sup>(4)</sup>	1,265.25	-
<b>Silver</b>		
Provisional sales (oz)	14,026.8	-
Realized price (\$/oz) <sup>(3)</sup>	20.47	-
Net realized price (\$/oz) <sup>(4)</sup>	20.28	-

<sup>(1)</sup> The Company started operating the El Roble mine on November 22, 2013.

<sup>(2)</sup> Include adjustments for mark-to-market price and foreign exchange rates.

<sup>(3)</sup> Based on provisional sales before final price and assay adjustments. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.

<sup>(4)</sup> Adjusted for payable metals deductions, treatment and refining charges and transportation charges.

**Cost of sales** for the nine months ended September 30, 2014 was \$11,262,531 (2013 - \$Nil) consisting of the following components:

<b>Nine months ended</b>	September 30 2014	September 30 2013 <sup>(1)</sup>
Direct mining and processing costs	\$ 8,359,466	\$ -
Royalties	330,606	-
Depletion and amortization	2,574,665	-
	<b>\$ 11,264,737</b>	<b>\$ -</b>

<sup>(1)</sup> The Company started operating the El Roble mine on November 22, 2013.

**Selling, general and administrative** expenses were higher for the nine months ended September 30, 2014 compared to the comparative period in 2013; \$3,188,559 compared to \$1,211,400. The breakdown of the Company's SG&A expense is as follows:

	Nine months ended September 30, 2014			Nine months ended September 30, 2013 <sup>(1)</sup>		
	Operations	Corporate	Total	Operations	Corporate	Total
Selling expenses	\$ 959,026	\$ -	\$ 959,026	\$ -	\$ -	\$ -
Amortization	41,288	24,785	66,073	-	2,790	2,790
Corporate administration	538,331	415,465	953,796	-	613,150	613,150
Professional fees	67,509	133,190	200,699	-	195,550	195,550
Salaries and benefits	429,020	533,794	962,814	-	312,590	312,590
Transfer agent and filing fees	-	46,403	46,403	-	87,230	87,230
	<b>\$2,035,174</b>	<b>\$1,153,637</b>	<b>\$3,188,811</b>	<b>\$ -</b>	<b>\$1,211,400</b>	<b>\$1,211,400</b>

<sup>(1)</sup> The Company started operating the El Roble mine on November 22, 2013.

**Other income and expenses:** For the nine months ended September 30, 2014, the Company recognized share-based payments of \$557,535 (2013 - \$780,402) for 2,160,000 stock options granted in February and March 2013 that have vesting terms over 18 months and 2,870,671 stock options granted in July 2014 that have vesting terms over 36 months.

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For the nine months ended September 30, 2014, the Company recognized interest expense of \$849,637 (2013 - \$Nil) for various long-term credit facilities, and accretion expense of \$72,937 (2013 - \$Nil) for its decommissioning and restoration provision related to the El Roble mine. The Company recognized deferred income tax expense of \$1,158,619 (2013 - \$Nil) arising from income from the Company's Colombian operations in the nine month period.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company has begun to generate cash flows from operations that have been used to fund the increase in its working capital, capital expenditures on expansions, and meeting its financing obligations. Prior to January 1, 2014, the Company relied on private placement financings of equity securities, a secured loan facility, and a credit facility (refer to Contractual Obligations) to fund its operating and investing activities.

The Company's cash and cash equivalents as at September 30, 2014 totaled \$4,371,780 (December 31, 2013 - \$6,083,871) and its working capital position was negative \$1,457,336 (December 31, 2013 - positive \$6,668,785). Subsequent to September 30, 2014, the Company entered into an agreement with the non-controlling interest of MINER to extend the repayment date of the loan payable of \$1,972,646 to October 30, 2015.

The Company's debt facility with Trafigura Pte Ltd. is subject to various qualitative and quantitative covenants, and the Company was in compliance with all such debt covenants as at September 30, 2014.

#### **Third quarter liquidity and capital resources**

During 2014-Q3, cash and cash equivalents increased by \$1,523,026. The increase was due to net cash provided by financing activities of \$4,162,201, offset by net cash used in operating activities of \$196,997 and net cash used in investing activities of \$2,421,786. Exchange rate changes had a negative impact on cash and cash equivalents of \$20,392.

##### *Operating activities*

During 2014-Q3, net cash used in operating activities amounted to \$196,997, which included positive operating cash flow before changes in non-cash operating working capital items of \$2,250,367, and changes in non-cash working capital items of \$2,447,364. Non-cash working capital changes included the effects from an increase in receivables of \$1,269,825, and a decrease in accounts payable and accrued liabilities of \$1,717,048 during the normal course of business.

##### *Investing activities*

Cash used by the Company in investing activities during 2014-Q3 totaled \$2,421,786, which were primarily comprised of underground mine development, acquisition of new equipment, and construction of an on-site laboratory and phase two of the new tailings management facility.

##### *Financing activities*

During 2014-Q3, the Company received net cash of \$4,162,201 from its financing activities. The Company received a net advance of \$4,012,092 on its concentrate inventories. Additionally, the Company drew \$430,615 from the unsecured credit facility with a Colombian bank that it had arranged in 2014-Q2. Finally, the Company paid \$211,319 of principal towards its long-term loans payable.

#### **Nine months liquidity and capital resources**

During the nine months ended September 30, 2014, cash and cash equivalents decreased by \$1,712,091. The decrease was due to net cash provided by operating activities of \$1,136,076, net cash used in investing activities of \$10,889,894, and net cash provided by financing activities of \$8,066,042. Exchange rate changes had a negative impact on cash and cash equivalents of \$24,314.

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*Operating activities*

During the nine months ended September 30, 2014, net cash provided by operating activities amounted to \$1,136,076, which included operating cash flow before changes in non-cash working capital items of \$4,568,976, offset by changes in non-cash operating working capital items of \$3,432,900. Non-cash working capital changes included effects from increase in receivables of \$3,388,003, and an increase in inventories of \$1,757,814, offset by an increase in accounts payable and accrued liabilities of \$922,104 during the normal course of business.

*Investing activities*

Cash used by the Company in investing activities for the nine months ended September 30, 2014 totaled \$10,889,894, which were primarily comprised of underground mine development, acquisition of new equipment, and construction of the new tailings dam and construction of an on-site laboratory. Construction of the main level 1880 adit and phase one of the new tailings management facility were completed during 2014-Q1 and 2014-Q2, respectively. As at September 30, 2014, although phase one of the new tailings management facility has been completed, it was not commissioned for use until 2014-Q4.

*Financing activities*

During the nine months ended September 30, 2014, the Company received net cash from financing activities of \$8,066,042. The Company received net advances of \$5,066,089 on its concentrate inventories and a further \$1,974,040 from a loan entered into with certain minority shareholders of MINER. The Company paid \$549,587 of principal towards its long-term loans payable. The Company entered into an arrangement for an unsecured credit facility with a Colombian bank and drew down \$744,615 from it. Additionally, the Company received \$874,111 from the issuance of shares on exercise of share purchase warrants and stock options.

**Contractual obligations**

As at September 30, 2014, the Company expects the following maturities of its financial liabilities (including interest), and other contractual commitments:

	Less than 1 year	1 - 2 years	3 - 4 years	<b>Total</b>
Accounts payable and accrued liabilities	\$ 4,739,494	\$ -	\$ -	\$ 4,739,494
Advances on concentrate inventories	5,100,906	-	-	5,100,906
Bank credit facilities	756,425	-	-	756,425
Taxes payable	36,326	-	-	36,326
Finance lease obligations	205,638	607,631	-	813,269
Long-term loans payable	5,916,489	3,611,081	3,624,611	13,152,181
	<b>\$ 16,755,278</b>	<b>\$ 4,218,712</b>	<b>\$ 3,624,611</b>	<b>\$ 24,598,601</b>

**Requirement of additional equity financing**

Management believes that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents and cash generated from operations. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through debt financing, the issuance of hybrid debt-equity securities, or additional equity securities. The Company has relied entirely on equity financings and loans for all funds raised to date for its acquisitions, capital expansions, and operations. 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 may be dependent on external sources of financing which may not be available on acceptable terms.

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**TRANSACTIONS WITH RELATED PARTIES**

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

<b>Nine months ended September 30, 2014</b>	Salary or fees	Share-based payments	<b>Total</b>
Management	\$ 556,890	\$ 285,506	\$ 842,396
Outside directors	-	183,748	183,748
Seabord Services Corp.	134,995	-	134,995
	<b>\$ 691,885</b>	<b>\$ 469,254</b>	<b>\$ 1,161,139</b>

<b>Nine months ended September 30, 2013</b>	Salary or fees	Share-based payments	<b>Total</b>
Management	\$ 312,590	\$ 370,660	\$ 683,250
Outside directors	-	253,675	253,675
Seabord Services Corp.	135,431	-	135,431
	<b>\$ 448,021</b>	<b>\$ 624,335</b>	<b>\$ 1,072,356</b>

Related party liabilities	Items or services	September 30 2014	December 31 2013
<b>Accounts payable and accrued liabilities:</b>			
Chief Executive Officer	Management fees and expenses	\$ 94,101	\$ 80,000
President	Management fees	60,000	60,000
Chief Operating Officer	Management fees	40,000	60,000

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. In addition to the agreement with Seabord, the Company entered into rental agreements with companies with common directors for office space for \$2,200 and \$800 per month, respectively.

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.

**CONTINGENCIES**

During the year ended December 31, 2013, the Company was advised that a notice of civil claim was filed with the British Columbia Supreme Court by Carl Nelson and Recursos del Caribe S.A., the company through which Carl Nelson conducts his geological consulting business (collectively, "Mr. Nelson"). The allegations of Mr. Nelson have not been proven. The Company disputes Mr. Nelson's claims and is defending itself in this matter. The action was filed on October 8, 2013 and a Response to Civil Claim was filed on November 26, 2013. The trial of this matter is scheduled to commence in December 2015. As at September 30, 2014, the Company believes it is too early to make a formal determination as to the claim.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions of a material nature being considered by the Company at the current time.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

For full details on the critical accounting estimates and judgments affecting the Company, please refer to the Company's audited annual consolidated financial statements and notes and annual MD&A for the year ended December 31, 2013.

## **NEW ACCOUNTING PRONOUNCEMENTS**

### **New and amended IFRS pronouncements effective January 1, 2014**

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2013, except for the application of the following new interpretation and amendments to existing IFRSs, which were effective January 1, 2014:

IAS 32 Financial instruments: Presentation ("Amended IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of Amended IAS 32 did not have a significant impact on the Company's condensed consolidated interim financial statements.

IAS 36 Impairment of Assets ("Amended IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of Amended IAS 36 did not have a significant impact on the Company's condensed consolidated interim financial statements.

IFRIC 21 Levies ("IFRIC 21"), an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments was issued by the IASB in May 2013. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective prospectively for annual periods commencing on or after January 1, 2014. The adoption of IFRIC 21 did not result in an adjustment to the Company's condensed consolidated interim financial statements.

### **Accounting pronouncements not yet effective**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective prospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

## FINANCIAL INSTRUMENTS

### Fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- 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.

As at September 30, 2014, the Company's financial instruments measured at fair value are as follows:

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<b>Financial assets and liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Trade receivable from concentrate sales	\$ -	\$ 2,394,596	\$ -	\$ 2,394,596
Finance lease obligations	-	472,857	-	472,857

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

Trade receivable from sales of metals concentrate includes provisional pricing, and final price and assay adjustments. The trade receivable from sales of metals concentrate is 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, currency risk, liquidity 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. There have been no significant changes in the Company's exposure to these financial risks since December 31, 2013.

### Interest rate risk

The Company has variable rate debt facilities; and therefore, it is exposed to interest rate risk. Variable interest rates are based on US dollar London Inter-bank Offered Rates ("LIBOR") plus a fixed margin. The Company does not enter into derivative contracts to manage this risk. Based on the credit facility used as at September 30, 2014, a 10% change in LIBOR rates would cause an approximate \$30,000 change in net income before taxes on an annualized basis. The Company is also exposed to interest rate risk with respect to the interest it earns on its cash and cash equivalents balances.

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**Metal price risk**

The Company is exposed to metals price risk given that its revenues are derived from the sale of metals through its metals concentrate products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral property may be adversely affected by fluctuations in metals prices. The Company does not hedge its metals production.

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents are held through large Canadian, international and foreign national financial institutions. These investments mature at various dates within one year. All of the Company's trade receivables from concentrate sales are held with a large international metals trading company. The Company mitigates this risk by transacting only with reputable financial institutions to minimize 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.

**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 US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2014, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian soles	Euros	Colombian pesos (000's)
Cash and cash equivalents	\$ 486,504	\$ 25,855	\$ -	\$ 2,440,959
Receivables	2,222	98,303	-	4,880,496
Accounts payable and accrued liabilities	(108,659)	(122,815)	-	(8,529,578)
Taxes payable	-	-	-	(72,536)
Finance lease obligations	-	-	(534,790)	-
Long-term loan payables	-	-	(890,919)	(3,939,000)
<b>Net exposure</b>	<b>\$ 380,067</b>	<b>\$ 1,343</b>	<b>\$ (1,425,709)</b>	<b>\$ (5,219,659)</b>
US dollar equivalent	\$ 340,684	\$ 472	\$ (1,808,816)	\$ (2,613,999)

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. 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 cash equivalents and its committed liabilities.

**RISK FACTORS**

For further information regarding the Company's operational risks, please refer to the detailed disclosure concerning the material risks and uncertainties associated with the Company's business set out in its annual MD&A, dated April 16, 2014, which is available on SEDAR under the Company's filer profile.



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**SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS**

As at November 19, 2014, the Company had 97,591,571 common shares issued and outstanding. There were also 7,255,671 stock options outstanding with expiry dates ranging from June 30, 2016 to July 11, 2019, and 21,676,650 warrants with expiry date of September 19, 2015.

**NON-GAAP FINANCIAL MEASURES**

Cash cost per pound of payable copper produced and cash cost per tonne of processed ore are key performance measures that management uses to monitor performance. In addition, cash costs are an industry standard method of comparing certain costs on a per unit basis; however, these do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. Management believes that certain investors use these non-GAAP financial measures to evaluate the Company's performance. These performance measures have no meaning under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies.

**EI Roble mine cash cost**

The following table presents a reconciliation of cash cost per tonne of processed ore and cash cost per pound of payable copper produced to cost of sales in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2014.

Expressed in \$000's	Q3 2014	Nine months ended September 30 2014
<b>Cash cost per tonne of processed ore</b>		
Cost of sales <sup>(1)</sup>	\$ 4,728.0	\$ 11,264.7
Add / subtract		
Change in concentrate inventory	462.5	2,299.8
Depletion and amortization in concentrate inventory	(333.5)	(1,120.2)
Government royalties and mining taxes	(99.3)	(330.6)
Distribution costs	497.0	959.0
Depletion and amortization in cost of sales	(1,173.2)	(2,574.7)
Cash cost	4,081.6	10,498.1
Total processed ore (tonnes)	36,505	93,409
Cash cost per tonne of processed ore (\$/t)	\$ 111.81	\$ 112.39
Mining cost per tonne	\$ 50.56	\$ 50.93
Milling cost per tonne	13.46	15.09
Indirect cost per tonne	34.13	36.04
Distribution cost per tonne	13.66	10.33
Total production cost per tonne of processed ore (\$/t)	\$ 111.81	\$ 112.39
<b>Cash cost per pound of payable copper produced</b>		
Aggregate cash cost (above)	\$ 4,081.6	\$ 10,498.1
Add / subtract		
By-product credits	(3,419.5)	(4,109.7)
Refining charges	808.0	1,000.9
Transportation charges	374.9	462.9
Cash cost applicable to payable copper produced	1,845.0	5,615.6
Total payable copper produced (000's lbs)	2,567.0	5,866.3
Cash cost per pound of payable copper produced (\$/lb)	\$ 0.72	\$ 0.96

<sup>(1)</sup> Includes depletion, amortization, government royalties and mining taxes.

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Given the nature of the Company's metals concentrate management believes providing the cash cost on a co-product basis, presented in the following table, will enhance the reader's understanding of the Company's cash cost structure.

Expressed in \$000's	Q3 2014	Nine months ended September 30 2014
<b>Aggregate cash production cost</b>	<b>\$ 4,081.6</b>	<b>\$ 10,498.1</b>
<b>Cash cost per pound of payable copper produced</b>		
Cash cost attributable to copper production <sup>(2)</sup>	\$ 2,739.6	\$ 6,823.1
Add / subtract		
By-product credit from silver	(45.9)	(101.5)
Refining charges	785.8	1,768.2
Transportation charges	251.6	300.9
Cash cost applicable to payable copper produced	3,731.2	8,790.7
Total payable copper produced (000's lbs)	2,567.0	5,866.3
Cash cost per pound of payable copper produced (\$/lb)	\$ 1.45	\$ 1.50
<b>Cash cost per ounce of payable gold produced</b>		
Cash cost attributable to gold production <sup>(2)</sup>	\$ 1,341.9	\$ 3,675.0
Add / subtract		
Refining charges	22.3	47.4
Transportation charges	123.3	162.0
Cash cost applicable to payable gold produced	1,487.5	3,884.5
Total payable copper produced (oz)	3,056.4	6,498.4
Cash cost per pound of payable gold produced (\$/oz)	\$ 486.68	\$ 597.76

<sup>(2)</sup> If copper and gold for the El Roble mine was treated as co-products, the allocation of aggregate cash production cost between copper and gold production is based on provisional invoice(s) issued and revenue (net of treatment and refining charges) recognized in the respective reporting periods.

**QUALIFIED PERSON**

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

**CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A and any documents incorporated by reference into this MD&A constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). Forward-looking statements express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified using words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategies", "targets", "goals", "forecasts", "objectives", "budgets", "schedules", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) and are not statements of historical fact.

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Forward-looking statements relate to, among other things:

- mineral “reserves” and “resources” as they involve the implied assessment, based on estimates and assumptions that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- timing of the completion of construction activities at the Company’s properties and their completion on budget;
- production rates at the Company’s properties;
- cash cost estimates;
- timing to achieve full production capacity at the Company’s properties;
- timing for completion of infrastructure upgrades related to the Company’s properties;
- timing for delivery of materials and equipment for the Company’s properties;
- the sufficiency of the Company’s cash position and its ability to raise equity capital or access debt facilities;
- the Company’s planned processing, and estimated major investments for mine development, tailings dam expansion, mill expansion and brownfields exploration at the El Roble property in 2014;
- management’s belief that the Company’s current operational requirements and capital projects can be funded from existing cash and cash equivalents, cash generated from operations, and the available credit facility;
- management’s belief that if the Company needs to access the capital markets for additional financial resources, the Company will be able to do so at prevailing market rates;
- the expected maturities of the Company’s financial liabilities, finance leases and other contractual commitments; and
- management’s expectation that none of the investigations, claims, and legal, labor and tax proceedings arising in the ordinary course of business will have a material effect on the results of operations or financial conditions of the Company.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as at the date of such statements, are inherently subject to significant business, economic, social, political and competitive uncertainties and contingencies and other factors that could cause actual results or events to differ materially from those projected in the forward-looking statements. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A which may prove to be incorrect, include, but are not limited to, (1) that all required third party contractual, regulatory and governmental approvals will be obtained for the development, construction and production of its properties, (2) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development, expansion and power supply proceeding on a basis consistent with the Company’s current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for copper, gold and silver; (6) prices for and availability of fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) production forecasts meeting expectations; (8) the accuracy of the Company’s current mineral resource estimates; (9) labor and materials costs increasing on a basis consistent with the Company’s current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

In addition, there are known and unknown risk factors which could cause the Company’s actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include, risks associated with mineral exploration and project development; the need for additional financing; operational risks associated with mining and mineral processing; uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules, and economic returns; uncertainties relating to general economic conditions; the Company’s substantial reliance on the El Roble mine for revenues; risks related to the integration of businesses and assets acquired by the Company; risks associated with entering into commodity forward and option contracts for base metals production; potential conflicts of interest involving the Company’s directors and officers; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does or may carry on business; the possibility of cost overruns or unanticipated expenses; fluctuations in copper, gold and silver prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; currency exchange rate fluctuations; competition; and other risks and uncertainties, including those described in the “Risks Factors” section in the MD&A for the financial year ended December 31, 2013 filed with the Canadian Securities Administrators and available at [www.sedar.com](http://www.sedar.com).

**ATICO MINING CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Expressed in US dollars, unless otherwise indicated)  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

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Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These forward-looking statements are made as of the date of this MD&A. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, the Company does not assume the obligation to revise or update these forward looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.