



**ATICO MINING CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS**

For the six months ended June 30, 2019

ATICO MINING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Expressed in US dollars, unless otherwise indicated)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

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 August 13, 2019, should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2019 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 the United States ("US") 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.

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 Colombia and Peru.

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 historic nominal capacity of 400 tonnes per day, the mine has processed over the past twenty-three 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"). Since obtaining control of the mine on November 22, 2013, the Company has upgraded the operation from the historic nominal capacity of 400 tonnes per day to the current nominal capacity of 800 tonnes per day.

SECOND QUARTER 2019 FINANCIAL AND OPERATING HIGHLIGHTS

- Net loss for the three months ended June 30, 2019 amounted to \$0.5 million, compared with income of \$2.8 million for the same period last year ("Q2-2018"). Net loss for the period was significantly affected by the seventy-five-day strike, which led to a decrease in quantity of concentrate shipped and provisionally invoiced, along with a decrease in realized copper price as compared to Q2-2018.
- Sales for the period decreased 66% to \$6.9 million when compared with \$20.4 million in Q2-2018. Copper ("Cu") and gold ("Au") accounted for 82.7% and 17.3% of the total amount provisionally invoiced during Q2-2019. The average realized price per metal on provisional invoicing was \$2.69 (Q2-2018 - \$3.16) per pound of copper and \$1,410.62 (Q2-2018 - \$1,297.33) per ounce of gold.
- Loss from operations was \$0.8 million (Q2-2018 - income of \$4.9 million) while cash flow from operations, before changes in working capital, was negative \$1.2 million (Q2-2018 - positive \$5.4 million). Cash used for capital expenditures amounted to 1.8 million (Q2-2018 - \$3.8 million).
- Working capital was \$9.2 million (December 31, 2018 - \$7.2 million), while the Company had no outstanding long-term loans payable balance.
- Cash costs were \$130.76 per tonne of processed ore and \$1.59 per pound of payable copper produced, which were decreases of 4% and 5% over Q2-2018, respectively (refer to non-GAAP Financial Measures). The decrease in the cash cost per pound of payable copper net of by products is primarily explained by a lower cost per processed tonne.
- Cash margin was \$1.10 (Q2-2018 - \$1.49) per pound of payable copper produced, which was a decrease of 26% over Q1-2018 (refer to non-GAAP Financial Measures).
- All-in sustaining cash cost per payable pound of copper produced was \$2.29 (Q2-2018 - \$2.24) (refer to non-GAAP Financial Measures).
- The Company produced 6,561 (Q2-2018 - 22,191) dry metric tonnes ("DMT") of concentrate with a metal content of 3.2 million (Q2-2018 - 5.2 million) pounds ("lbs") of copper and 2,116 (Q2-2018 - 2,596) ounces ("oz") of gold.

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- Processed tonnes decreased 29% to 47,534 compared to 67,308 in Q2-2018.
- At the end of the quarter, 2,655 (December 31, 2018 - 11,036) wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

RESULTS OF OPERATIONS

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.

The mine has processed over the past twenty-three years, with an historic nominal capacity of 400 tonnes per day, 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 has completed an expansion to a nominal capacity of 800 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

	YTD 2019	Q2 2019	Q1 2019	YTD 2018	Q2 2018	Q1 2018
Production (contained metals)⁽¹⁾						
Copper (000 lbs)	5,519	3,157	2,362	10,696	5,220	5,476
Gold (oz)	3,668	2,116	1,552	5,421	2,596	2,825
Silver (oz)	12,174	6,914	5,260	20,620	10,014	10,606
Mining						
Ore (tonnes)	82,117	47,321	34,796	134,277	67,255	67,022
Milling						
Milled (tonnes)	83,115	47,534	35,581	136,807	67,308	69,499
Tonnes per day	858	839	885	802	792	812
Copper grade (%)	3.28	3.28	3.29	3.78	3.76	3.80
Gold grade (g/t)	2.30	2.34	2.24	2.03	2.02	2.03
Silver grade (g/t)	10.67	11.10	10.10	8.63	8.54	8.71
Recoveries						
Copper (%)	91.7	91.7	91.6	93.9	93.7	94.0
Gold (%)	59.2	58.4	60.6	61.2	59.5	62.8
Silver (%)	41.6	40.1	43.6	52.3	56.1	48.6
Concentrate						
Cu concentrate produced (DMT)	11,520	6,561	4,959	21,026	22,191	10,717
Copper (%)	21.6	21.8	21.4	21.9	22.1	21.7
Gold (g/t)	10.0	10.1	9.8	7.6	7.5	7.7
Silver (g/t)	32.4	32.8	31.8	28.9	29.1	28.8
Payable copper produced (000 lbs)	5,243	2,999	2,244	10,162	4,960	5,202
Cash cost per pound of payable copper produced ⁽²⁾	1.51	1.59	1.41	1.55	1.67	1.44

⁽¹⁾ Subject to adjustments due to final settlement.

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

In Q2-2019, the Company produced 3.16 million lbs of copper, 2,116 oz of gold, and 6,914 oz of silver. When compared to Q2-2018, production decreased by 40.0% for copper and 18.5% for gold. Production for the quarter was significantly impacted by the strike at the mine which began early February and ended in April 2019.

The average throughput rate for the quarter increased to 839 (Q2-2018 - 792) tonnes per day.

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Average copper head grade in Q2-2019 decreased while gold head grade increased relative to the same period last year but remained within Companies mine plan for the period.

Copper recovery decreased by 2.1% to 91.7% (Q2-2018 - 93.7%), while gold recovery was 58.4% (Q2-2018 - 59.5%), below the year's annual guidance of 62%.

Cash costs were \$130.76 per tonne of processed ore and \$1.59 per pound of payable copper produced, which were decreases of 4.4% and 4.6% over Q2-2018, respectively (refer to non-GAAP Financial Measures).

For Q2-2019, the all-in sustaining cash cost net of by credit products was \$2.29 (Q2-2018 - \$2.24) per pound of payable copper produced (refer to non-GAAP Financial Measures), which represents a 2.2% increase over Q2-2018.

Cash used for capital expenditure activities during Q2-2019 were \$1.81 million. Major categories of expenditure included \$0.16 million in underground mine development, \$0.11 million in equipment and infrastructure related to the mine, \$0.34 million in the second phase of the tailings dam and \$0.33 million related to the mill, surface and energy infrastructure.

Mine production came from two sources in Q2-2019: Maximus-Goliath and Zeus. Zeus provided the preponderance of material for processing, and Maximus-Goliath mining continued to be related to recovering in-mine stockpiles and pillar recovery.

Concentrate inventory

Amounts in dry metric tonnes	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Opening inventory	1,496.2	10,286.0	11,036.5	3,455.4
Production	6,600.7	10,717.1	11,521.7	22,191.3
Sales	(5,768.6)	(13,834.9)	(20,267.8)	(18,845.2)
Adjustment	327.0	167.8	364.9	534.5
Closing inventory	2,655.3	7,336.0	2,655.3	7,336.0

Production is trucked routinely from the El Roble mine to the port of Buenaventura, where 10,000 WMT of concentrate can be stored at the Company's warehouse. Since the cost of shipping and freight is directly related to the size of the lot to be shipped, the Company plans to sell lots closer to 10,000 WMT.

The Company recognizes revenue from provisional invoicing when the risks and rewards of ownership are transferred to the customer, which under the current off-take agreement is when the Company loads the concentrate onto the performing vessel at the port of Buenaventura, Colombia. As final settlement may occur several months after the provisional invoicing, changes in metal prices during the quotation period may have a material impact on the revenue ultimately recognized.

The number of shipments the Company can export in any given quarter depends on several variables some of which the Company does not control, hence there may be an inherent variability in tonnes shipped and revenue recognized from quarter to quarter.

Given the Company's revenue recognition policy and shipment schedule, the concentrate produced in any given quarter may not be immediately reflected in its revenue. The timing difference between concentrate produced and revenue recognized tends to decrease significantly when viewed on a yearly basis.

In Q2-2019, the Company carried forward 1,496 DMT from the previous quarter, produced 6,601 DMT and sold 5,769 DMT of concentrate; the difference of 2,655 DMT is the concentrate inventory carried over to Q3-2019.

Exploration at El Roble

During Q2-2019, 4,314 meters of drilling were completed at the El Roble project, of which 1,041 meters were drilled underground looking for new massive sulphide deposits. On surface, the Company completed 3,273 meters at Gorgona target testing the new IP-DAS anomalies.

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The Company's second quarter exploration plans and program were much shorter than planned due to the union negotiations and strike at the El Roble mine.

Core drilling program will continue in the third quarter testing IP-DAS and gravity anomalies at depth and to the southeast of the mine mineralization (Zeus plunge target). In parallel, the Company plans to further test Archie, Gorgona and the Eastern trend (regional targets) along with two new regional target areas.

The Company plans to drill test at least three to four targets in 2019 along with the follow-up drill program at Archie and Gorgona.

OUTLOOK

The Company is basing 2019 guidance on year ended December 31, 2018 financial and production results. Please refer to Cautionary Note on Forward Looking Statements at the end of this document.

The Company set the following objectives for 2019 at the El Roble mine:

- Process between 230,000 and 240,000 tonnes.
- Maintain copper recovery above 93% and 62% for gold.
- Maintain an average copper head grade between 3.4% and 3.6%
- Maintain an average gold head grade between 1.8 g/t and 2.0 g/t
- Increase production between 33,000 and 39,000 dry tonnes of concentrate.
- Maintain production between 7,700 and 8,200 tonnes of copper.
- Maintain production between 9,000 and 9,700 ounces of gold.
- Increase the mill mechanical availability to 95% and reach 267 days worked.
- Continue increasing the safety and environmental standards.

The 2019 adjusted guidance disclosed above and in the news release dated January 29, 2019 has been adjusted to reflect the strike which occurred at the El Roble mine between February 12 and April 27, 2019.

UPDATE ON THE ATICO AND TOACHI PLAN OF ARRANGEMENT

The Company entered into a definitive agreement dated July 8, 2019 (the "Arrangement Agreement") to acquire hundred percent of Toachi Mining Inc. ("Toachi") shares pursuant to a plan of arrangement, whereby each of the issued and outstanding shares of Toachi will be exchanged on a basis of 0.24897 common shares of the Company (the "Exchange Ratio"). In early August, Toachi received the interim order from the Ontario Superior Court of Justice in connection with announced transaction. In addition, Toachi mailed out the management information circular to all of its shareholders. Assuming all conditions under the Arrangement Agreement are satisfied, including the favourable outcome of the Toachi special meeting of shareholders scheduled on September 3, 2019, Toachi will seek the final order from the Ontario Court of Justice by September 9, 2019.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to June 30, 2019 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2018 and 2017.

	Q2-2019	Q1-2019	Q4-2018	Q3-2018
Revenue	\$ 6,936,341	\$ 21,102,085	\$ 11,949,562	\$ 14,900,072
Income (loss) from operations	(847,211)	4,849,864	1,100,481	2,807,190
Net income (loss) for the period ⁽¹⁾	(458,553)	2,354,554	(2,541,752)	2,625,660
Earnings (loss) per share - basic and diluted	(0.00)	0.02	(0.03)	0.03
Weighted average shares outstanding - basic	98,502,337	98,502,337	98,502,337	98,502,337
Weighted average shares outstanding - diluted	98,502,337	98,502,337	98,502,337	98,739,162

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	Q2-2018	Q1-2018	Q4-2017	Q3-2017
Revenue	\$ 20,401,188	\$ 7,349,124	\$ 13,753,261	\$ 11,955,651
Income (loss) from operations	4,880,149	(208,910)	1,305,629	1,152,169
Net income (loss) for the period ⁽¹⁾	2,476,818	289,547	1,050,586	723,901
Earnings (loss) per share - basic and diluted	0.03	0.00	0.01	0.01
Weighted average shares outstanding - basic	98,502,337	98,501,528	98,501,337	98,501,337
Weighted average shares outstanding - diluted	98,968,737	98,729,710	98,712,404	98,740,705

⁽¹⁾ Income (loss) attributable to equity holders of the Company.

⁽²⁾ There is a variability of the Company's quarterly revenues and incomes from operations due to timing difference between production and shipment schedules (see discussion in "Concentrate inventory").

SECOND QUARTER FINANCIAL RESULTS

Second quarter net loss was \$448,411 compared to income of \$2,810,318 in Q2-2018 and basic and diluted earnings (loss) per share was (\$0.00) and \$0.03, respectively. Income from mining operations was \$251,963 (Q2-2018 - \$5,911,390), and the Company had a loss from operations of \$847,211 (Q2-2018 - income of \$4,880,149). The Q2-2019 net loss was affected by significant decreases in concentrate shipped and provisionally invoiced and realized copper price over Q2-2018.

Sales for Q2-2019 were \$6,936,341 (Q2-2018 - \$20,401,188) from the shipping and provisional invoicing of 5,769 (Q2-2018 - 13,835) DMT of concentrate and adjustments on shipments made during prior periods. 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.

Three months ended	June 30 2019	June 30 2018
Sales and realized prices		
Provisional invoices	\$ 8,126,467	\$ 21,605,007
Adjustments ⁽¹⁾	(1,190,126)	(1,203,819)
Sales per financial statements	\$ 6,936,341	\$ 20,401,188
Copper		
Provisional sales (000's lbs)	2,631.9	6,724.0
Realized price (\$/lb) ⁽²⁾	2.69	3.16
Net realized price (\$/lb) ⁽³⁾	2.55	3.04
Gold		
Provisional sales (oz)	1,935.4	3,500.5
Realized price (\$/oz) ⁽²⁾	1,410.62	1,297.33
Net realized price (\$/oz) ⁽³⁾	726.30	328.60
Silver		
Provisional sales (oz)	5,302.6	13,135.6
Realized price (\$/oz) ⁽²⁾	16.34	16.59
Net realized price (\$/oz) ⁽³⁾	0.00	0.00

⁽¹⁾ Include adjustments for mark-to-market price, forward sale arrangements, and foreign exchange rates. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.

⁽²⁾ Based on provisional sales before final price and assay adjustments.

⁽³⁾ Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

Cost of sales for Q2-2019 was \$6,684,378 (Q2-2018 - \$14,489,798) consisting of the following components:

Three months ended	June 30 2019	June 30 2018
Direct mining and processing costs	\$ 4,201,585	\$ 10,033,750
Royalties	134,664	316,715
Selling expenses	492,661	882,308
Depletion and amortization	1,855,468	3,257,025
	\$ 6,684,378	\$ 14,489,798

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Selling expenses included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing. The decrease in cost of sales for Q2-2019 over the comparative period is due to a significant decrease in concentrate shipped and provisionally invoiced.

General and administrative ("G&A") expenses were higher in Q2-2019 compared to Q2-2018; \$1,017,817 compared to \$935,396. The breakdown of the Company's G&A expenses is as follows:

	Three months ended June 30, 2019			Three months ended June 30, 2018		
	Operations	Corporate	Total	Operations	Corporate	Total
Amortization	\$ 4,867	\$ 3,704	\$ 8,571	\$ 32,061	\$ 3,704	\$ 35,765
Corporate administration	275,631	213,665	489,296	128,411	143,999	272,410
Professional fees	53,340	63,570	116,910	34,411	9,639	44,050
Salaries and benefits	206,149	180,926	387,075	373,573	176,075	559,648
Transfer agent and filing fees	-	15,965	15,965	-	23,523	23,523
	\$ 539,987	\$ 477,830	\$ 1,017,817	\$ 568,456	\$ 366,940	\$ 935,396

Other income and expenses: In Q2-2019, the Company recognized share-based payments of \$81,357 (Q2-2018 - \$95,845) for stock options and restricted share units ("RSUs") granted in May 2019, June 2018, April 2018, February 2018, and April 2017, where each has a vesting term over 36 months.

In Q2-2019, the Company recognized accretion expense of \$81,839 (Q2-2018 - \$74,370) for its provisions, a net realized gain of \$20,229 (Q2-2018 - \$Nil) on settlements of its derivative instruments, and a positive value adjustment of \$62,489 (Q2-2018 - \$794,000) to its derivative instruments outstanding at the reporting date.

In Q2-2019, the Company recognized current income tax expense of \$2,380,314 (Q2-2018 - \$2,130,882), offset by deferred income tax recovery of \$2,846,751 (Q2-2018 - \$189,433).

SIX MONTHS QUARTER FINANCIAL RESULTS

For the six months ended June 30, 2019, net income was \$2,240,373 compared to \$3,176,409 during the comparative period in 2018 and basic and diluted earnings per share was \$0.02 and \$0.03, respectively. Income from mining operations was \$5,915,322 (2018 - \$6,595,244), and the Company had an income from operations of \$4,002,653 (2018 - \$4,671,239). Income for the six months ended June 30, 2019 was affected by lower realized copper price, partially offset by an increase in concentrate shipped and provisionally invoiced, over the comparative period in 2018.

Sales for the six months ended June 30, 2019 were \$28,038,426 (2018 - \$27,750,312) from the shipping and provisional invoicing of 20,268 (2018 - 18,845) DMT of concentrate and adjustments on shipments made during prior periods. 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 quotation period after delivery. Under the current sales agreement, final pricing for metals concentrates generally occurs four months after the month of sales.

Six months ended	June 30 2019	June 30 2018
Sales and realized prices		
Provisional invoices	\$ 29,013,615	\$ 29,478,595
Adjustments ⁽¹⁾	(975,189)	(1,728,283)
Sales per financial statements	\$ 28,038,426	\$ 27,750,312
Copper		
Provisional sales (000's lbs)	9,879.2	9,164.6
Realized price (\$/lb) ⁽²⁾	2.78	3.16
Net realized price (\$/lb) ⁽³⁾	2.64	3.03
Gold		
Provisional sales (oz)	5,769.0	4,774.5
Realized price (\$/oz) ⁽²⁾	1,342.51	1,306.76
Net realized price (\$/oz) ⁽³⁾	506.88	357.61

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Six months ended	June 30 2019	June 30 2018
Silver		
Provisional sales (oz)	20,097.4	17,630.9
Realized price (\$/oz) ⁽²⁾	15.72	16.57
Net realized price (\$/oz) ⁽³⁾	0.00	0.00

⁽¹⁾ Include adjustments for mark-to-market price, forward sale arrangements, and foreign exchange rates. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.

⁽²⁾ Based on provisional sales before final price and assay adjustments.

⁽³⁾ Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

Cost of sales for the six months ended June 30, 2019 was \$22,123,104 (2018 - \$21,155,068) consisting of the following components:

Six months ended	June 30 2019	June 30 2018
Direct mining and processing costs	\$ 14,551,840	\$ 13,688,048
Royalties	472,160	439,441
Selling expenses	1,173,420	1,655,748
Depletion and amortization	5,925,684	5,371,831
	\$ 22,123,104	\$ 21,155,068

Selling expenses included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing. The increase cost of sales for the six months ended June 30, 2019 over the comparative period is due to increase in concentrate shipped and provisionally invoiced.

General and administrative ("G&A") expenses were higher for the six months ended June 30, 2019 compared to the comparative period in 2018; \$1,688,777 compared to \$1,770,399. The breakdown of the Company's G&A expenses is as follows:

	Six months ended June 30, 2019			Six months ended June 30, 2018		
	Operations	Corporate	Total	Operations	Corporate	Total
Amortization	\$ 22,704	\$ 7,408	\$ 30,112	\$ 60,904	\$ 7,523	\$ 68,427
Corporate administration	384,756	354,303	739,059	295,680	288,573	584,253
Professional fees	86,267	92,558	178,825	81,070	38,114	119,184
Salaries and benefits	360,760	349,610	710,370	603,683	359,575	963,258
Transfer agent and filing fees	-	30,411	30,411	-	35,277	35,277
	\$ 854,487	\$ 834,290	\$ 1,688,777	\$ 1,041,337	\$ 729,062	\$ 1,770,399

Other income and expenses: For the six months ended June 30, 2019, the Company recognized share-based payments of \$223,892 (2018 - \$153,606) for stock options and RSUs granted in May 2019, June 2018, April 2018, February 2018, and April 2017, where each has a vesting term over 36 months.

For the six months ended June 30, 2019, the Company recognized accretion expense of \$166,439 (2018 - \$148,854) for its provisions, a net realized gain of \$72,151 (2018 - \$373,644) on settlements of its derivative instruments, and a negative value adjustment of \$335,371 (2018 - positive \$867,924) to its derivative instruments outstanding at the reporting date.

For the six months ended June 30, 2019, the Company recognized current income tax expense of \$2,528,643 (2018 - \$2,623,086), net of deferred income tax recovery of \$1,421,357 (2018 - \$744,848).

LIQUIDITY AND CAPITAL RESOURCES

The Company generated cash flows from operations that have been used to fund capital expenditures for production increases, meet financial obligations and to increase working capital. 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.

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The Company's cash as at June 30, 2019 totaled \$5,121,980 (December 31, 2018 - \$6,014,723) and its working capital was \$9,209,427 (December 31, 2018 - \$7,180,785). Working capital at any specific point in time is subject to many variables, including seasonality, inventory management, the timing of cash receipts and payments, credit facility and loan payment terms, and fluctuations in foreign exchange rates.

Second quarter liquidity and capital resources

During Q2-2019, cash decreased by \$7,267,727. The decrease was due to net cash used in operating, investing, and financing activities of \$3,726,537, \$1,807,056, and \$1,735,436, respectively. Exchange rate changes had a positive impact on cash of \$1,302.

Operating activities

During Q2-2019, net cash used in operating activities amounted to \$3,726,537, which included operating cash flow before changes in non-cash operating working capital items of \$1,216,414, and changes in non-cash working capital items of \$2,510,123. Non-cash working capital changes included the effects from increases in receivables and inventories of \$2,140,874 and \$1,164,106, respectively, partially offset by an increase in accounts payable and accrued liabilities of \$974,174.

Investing activities

Cash used by the Company in investing activities during Q2-2019 totaled \$1,807,056, which were primarily comprised of capital expenditures on underground mine development and acquisition of new equipment.

Financing activities

During Q2-2019, net cash used in financing activities amounted to \$1,734,436. Primarily, the Company repaid \$1,500,000 on its credit facilities. Additionally, the Company paid \$207,742 towards its lease obligations.

Six months liquidity and capital resources

During the six months ended June 30, 2019, cash decreased by \$892,743. The decrease was due to net cash used in investing and financing activities of \$2,594,965 and \$6,979,468, respectively, partially offset by net cash provided by operating activities of \$8,698,722. Exchange rate changes had a positive impact on cash and cash equivalents of \$17,032.

Operating activities

During the six months ended June 30, 2019, net cash provided by operating activities amounted to \$8,698,722, which included operating cash flow before changes in non-cash operating working capital items of \$7,900,454, and changes in non-cash working capital items of \$798,268. Non-cash working capital changes included the effects from a decrease in inventories of \$4,875,484 and an increase of accounts payable and accrued liabilities of \$1,458,563, partially offset by an increase in receivables of \$5,023,242.

Investing activities

Cash used by the Company in investing activities during the six months ended June 30, 2019 totaled \$2,594,965, which were primarily comprised of capital expenditures on underground mine development and acquisition of new equipment.

Financing activities

During the six months ended June 30, 2019, net cash used in financing activities amounted to \$6,979,468. Primarily, the Company repaid \$6,500,000 on its credit facilities. Additionally, the Company paid \$418,258 towards its lease obligations.

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Contractual obligations

As at June 30, 2019, the Company expects the following cash flows for its financial liabilities and other contractual commitments:

	Less than 1 year	1 - 2 years	More than 2 years	Total
Accounts payable and accrued liabilities	\$ 10,519,659	\$ -	\$ -	\$ 10,519,659
Lease obligations	765,439	522,204	301,225	1,588,868
Share-based payment provision	25,489	11,559	5,317	42,365
Other financial liabilities	65,426	-	-	65,426
	\$ 11,376,013	\$ 533,763	\$ 306,543	\$ 12,216,318

Requirement of additional 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.

TRANSACTIONS WITH RELATED PARTIES

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

	Salary or fees	Share-based payments	Total
Six months ended June 30, 2019			
Management	\$ 320,000	\$ 158,955	\$ 478,955
Outside directors	64,250	52,197	116,447
Seabord Services Corp.	90,782	-	90,782
	\$ 475,032	\$ 211,152	\$ 686,184
Six months ended June 30, 2018			
Management	\$ 320,000	\$ 63,534	\$ 383,534
Outside directors	62,300	54,069	140,591
Seabord Services Corp.	90,496	-	90,496
	\$ 472,796	\$ 117,603	\$ 590,399

Included in accounts payable and accrued liabilities, as at June 30, 2019 was \$981,768 (December 31, 2018 - \$846,188) due to directors and management, related to remuneration and performance-based remuneration, which have been included in accounts payable and accrued liabilities.

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

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DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments from time to time in the normal course of business in order to manage its exposure to fluctuations in copper price, gold price, and the Colombian peso/US dollar exchange rate. The Company does not enter into or trade derivative instruments for speculative purposes. The Company has not applied hedge accounting to these derivative transactions. Derivative instruments are marked-to-market at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustment has been recognized in other financial assets or liabilities on the consolidated statement of financial position. During the six months ended June 30, 2019, the Company recognized a negative net fair value adjustment of \$335,371 (2018 - positive \$867,924) on its derivative instruments, and a net realized gain of \$72,151 (2018 - \$373,644) on the settlement of its derivative instruments.

Currency forward arrangements

The Company had entered into zero-cost non-deliverable currency forward arrangements with local Colombian banks between the US dollar and Colombian peso. Each arrangement was net settled based on the difference between the market exchange rate and the contracted settlement rate, where the Company received proceeds if the contracted settlement rate is above the market exchange rate to purchase Colombian peso. As at June 30, 2019, the Company had outstanding arrangements to convert \$5,048,000 (2018 - \$13,748,000) into Colombian peso at the negotiated exchange rates over the next twelve months, resulting in a net liability carrying amount of \$46,661 (2018 - net asset of \$282,793).

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 June 30, 2019, the Company's financial instruments measured at fair value are as follows:

Financial assets and liabilities		Level 1	Level 2	Level 3	Total
Trade receivable from provisional sales	\$	-	\$ 5,126,479	\$ -	\$ 5,126,479
Other financial assets	\$	-	\$ 18,765	\$ -	\$ 18,765
Other financial liabilities	\$	-	\$ 65,426	\$ -	\$ 65,426
Share-based payment provision	\$	42,367	\$ -	\$ -	\$ 42,367

The carrying value of cash, receivables (excluding trade receivable from provisional sales of metals concentrate), accounts payable and accrued liabilities, and credit facilities approximated their fair value because of the short-term nature of these instruments.

Trade receivable from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected copper prices, gold prices, and foreign exchange rates. The trade receivable from sales of metals concentrate and derivative instruments are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

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The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, liquidity risk, currency risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

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. For concentrate shipped and provisionally invoiced during the six months ended June 30, 2019, a 1% change in copper and gold prices would result in an increase/decrease of approximately \$498,000 and \$130,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

Interest rate risk

The Company is exposed to interest rate risk on any of its variable rate debt facilities. Variable interest rates are typically based on the US dollar LIBOR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at June 30, 2019, the Company did not have any debt and credit facilities outstanding that are subject to market interest rates.

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. 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 and requiring provisional payments of 90% of the value of the concentrate shipped to a single well-known buyer. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Liquidity risk

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 its committed liabilities (refer to Contractual Obligations for the expected payments due as at June 30, 2019).

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 the US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. As at June 30, 2019, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian nuevo soles	Colombian pesos (000's)
Cash	\$ 74,695	\$ 74,706	\$ 745,799
Receivables	16,277	68,001	7,539,157
Accounts payable and accrued liabilities	(127,819)	(272,434)	(29,522,030)
Lease obligations	-	-	(2,486,381)
Net exposure	\$ (36,847)	\$ (129,727)	\$ (23,723,455)
US dollar equivalent	\$ (28,157)	\$ (39,447)	\$ (7,399,716)

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Based on the above net exposure, as at June 30, 2019, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, Euro, and Colombian peso would result in an increase/decrease of approximately \$57,000 in the Company's pre-tax income or loss.

CONTINGENCY

During the year ended December 31, 2015, the Company's operating subsidiary, Minera El Roble S.A. ("MINER"), received notice of claim from the mining authority in Colombia requesting payment of royalties related to past copper production. The mining authority is basing its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the contract regulating its royalty obligations. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Therefore, the Company and its legal counsel's position is that MINER has complied rigorously with royalty payments due and called for under the current contractual obligations. In April 2018, the Company received a revised claim of approximately \$5,000,000 (up from \$2,000,000) and additional interest and fees from the Administrative Tribunal of Cundinamarca (the "Tribunal"). After exhausting all options to find a resolution at the administrative level, the Company will vigorously defend itself against this action before the Tribunal. The Company has been advised by its Colombian legal counsel that this claim lacks merit, as it is in violation of Colombian law, and that such claims may take up to ten years to reach a resolution. As at June 30, 2019, no provisions have been recorded for any potential liability arising from this matter.

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

EVENT AFTER REPORTING DATE

Subsequent to June 30, 2019, the Company entered into the Arrangement Agreement, where all issued and outstanding common shares of Toachi will be exchanged for common shares of the Company based on the Exchange Ratio. This arrangement is subject to regulatory and Toachi shareholder approval.

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, 2018.

NEW ACCOUNTING STANDARDS

Effective January 1, 2019, the Company adopted IFRS 16 Leases. For full details, please refer to the Company's condensed interim consolidated financial statements and notes for the six months ended June 30, 2019.

Effective January 1, 2018, the Company adopted IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments. For full details, please refer to the Company's audited annual consolidated financial statements and notes for the year ended December 31, 2018.

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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 at the current time.

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 30, 2019, which is available on SEDAR under the Company's filer profile.

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

As at the date of this MD&A, the Company had 98,502,337 common shares issued and outstanding. There were also 6,914,981 options outstanding with expiry dates ranging from April 12, 2021 to May 2, 2024.

QUALIFIED PERSONS

Mr. Thomas Kelly (SME Registered Member 1696580), advisor to the Company, and Dr. Demetrius Pohl, Ph.D. AIPG Certified Geologist, are qualified persons under National Instrument 43-101 standards and are 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.

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.

The Company believes that "all-in sustaining cash cost" and "all-in cash cost" better meet the needs of analysts, investors, and other stakeholders of the Company in understanding the cost associated with producing copper, the economics of copper mining, the Company's operating performance, and the Company's ability to generate free cash flow from current operations and on an overall company basis.

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The Company, in conjunction with an initiative undertaken within the gold mining industry, has adopted an all-in sustaining cost-performance measure; however, this performance measure has no standardized meaning. The Company conformed its all-in sustaining definition to that set out in the guidance note released by the World Gold Council ("WGC", a non-regulatory market development organization for the gold industry whose members comprise global senior gold mining companies) on June 27, 2013, and that came into effect January 1, 2014.

All-in sustaining cash cost and all-in cash cost are intended to provide additional information only and do not have standardized definitions under the IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with the IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under the IFRS. Although the WGC has published a standardized definition, companies may calculate these measures differently.

All-in sustaining cost includes total production cash costs incurred at the Company's mining operations, which form the basis of the Company's by-product cash costs. Additionally, the Company includes general and administrative ("G&A") expenses, share-based payments, accretion of decommissioning and restoration provision ("ARO"), sustaining capital expenditures, and brownfields exploration expenditures.

The Company believes that this measure represents the total costs of producing copper from operations and provides the Company and stakeholders of the Company with additional information on the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of copper production from operations, new project capital is not included. Certain other cash expenditures, including tax payments, dividends, and financing costs, are also not included. The Company reports this measure on a payable copper pound produced basis, net of by-product credits.

EI Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash costs per pound of payable copper produced to cost of sales in the condensed interim consolidated financial statements for the six months ended June 30, 2019:

Expressed in \$000's	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Cash cost per tonne of processed ore				
Cost of sales ⁽¹⁾	\$ 6,684.4	\$ 14,869.5	\$ 22,123.1	\$ 21,155.0
Add / subtract				
Change in concentrate inventory	1,281.8	(2,669.5)	(6,769.4)	3,105.9
Depletion and amortization in concentrate inventory	239.5	577.6	1,404.3	(402.1)
Commercial and government royalties	(134.7)	(316.7)	(472.2)	(439.4)
Depletion and amortization in cost of sales	(1,855.5)	(3,257.0)	(5,925.7)	(5,371.8)
Aggregate cash cost	6,215.5	9,203.8	10,360.1	18,047.6
Total processed ore (tonnes)	47,534	67,308	83,115	136,807
Cash cost per tonne of processed ore (\$/t)	\$ 130.76	\$ 136.76	\$ 124.65	\$ 131.92
Mining cost per tonne	\$ 68.05	\$ 71.31	\$ 61.70	\$ 68.15
Milling cost per tonne	17.31	19.93	16.39	19.51
Indirect cost per tonne	35.08	32.40	32.53	32.18
Distribution cost per tonne	10.32	13.10	14.03	12.08
Total production cost per tonne of processed ore (\$/t)	\$ 130.76	\$ 136.74	\$ 124.65	\$ 131.92

⁽¹⁾ Includes depletion, amortization, selling expenses, government royalties and mining taxes.

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Expressed in \$000's	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Cash costs per pound of payable copper produced				
Aggregate cash cost (above)	\$ 6,215.5	\$ 9,203.8	\$ 10,360.1	\$ 18,047.6
Add / subtract				
By-product credits	(2,630.0)	(2,901.4)	(4,514.7)	(6,268.8)
Refining charges	849.6	1,418.4	1,490.2	2,926.2
Transportation charges	337.8	541.6	593.4	1,064.1
Cash cost applicable to payable copper produced	4,772.9	8,262.4	7,929.0	15,769.1
Add / subtract				
Commercial and government royalties	134.7	316.7	472.2	439.4
G&A expenses	1,017.8	935.4	1,688.8	1,770.4
Share-based payments	81.4	95.8	223.9	153.6
Accretion of ARO	45.3	41.3	89.2	81.3
Sustaining capital expenditures ⁽²⁾	817.1	1,466.2	1,242.4	2,545.5
All-in sustaining cash cost	6,869.1	11,117.9	11,645.5	20,759.4
Add / subtract				
Non-sustaining capital expenditures ⁽²⁾	693.4	1,529.7	851.7	2,064.0
Brownfields exploration expenditures ⁽²⁾	297.2	837.4	573.2	1,389.7
All-in cash cost	7,859.7	13,485.0	13,070.5	24,213.1
Total payable copper produced (000's lbs)	2,999.0	4,960.0	5,243.0	10,162.0
Per pound of payable copper produced (\$/lb)				
Cash cost, net of by-product credits	\$ 1.59	\$ 1.67	\$ 1.51	\$ 1.55
All-in sustaining cash cost	\$ 2.29	\$ 2.24	\$ 2.22	\$ 2.04
All-in cash cost	\$ 2.62	\$ 2.72	\$ 2.49	\$ 2.38
Cash margin ⁽³⁾	\$ 1.10	\$ 1.49	\$ 1.27	\$ 1.61

⁽²⁾ Amounts presented on a cash basis.

⁽³⁾ Cash margin is calculated with (a) the realized price per pound of copper, less (b) the cash cost, net of by-product credits, per pound of payable copper produced.

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	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Aggregate cash production cost	\$ 6,215.5	\$ 9,203.8	\$ 10,360.1	\$ 18,047.6
Cash cost per pound of payable copper produced				
Cash cost attributable to copper production ⁽⁴⁾	\$ 5,140.4	\$ 8,713.8	\$ 8,986.0	\$ 16,931.8
Add / subtract				
By-product credit from silver	(8.4)	(0.0)	(8.4)	(0.0)
Refining charges	849.6	1,418.0	1,490.2	2,926.2
Transportation charges	279.4	512.8	516.6	998.3
Cash cost applicable to payable copper produced	6,261.0	10,645.0	10,984.4	20,856.3
Total payable copper produced (000's lbs)	2,999.0	4,960.0	5,243.0	10,162.0
Cash cost per pound of payable copper produced (\$/lb)	\$ 2.09	\$ 2.15	\$ 2.10	\$ 2.05
Cash cost per ounce of payable gold produced				
Cash cost attributable to gold production ⁽⁴⁾	\$ 1,075.1	\$ 490.0	\$ 1,374.1	\$ 1,115.8
Add / subtract				
Refining charges	19.8	21.9	34.0	47.3
Transportation charges	58.4	28.8	76.8	65.8
Cash cost applicable to payable gold produced	1,153.3	540.1	1,484.9	1,228.9
Total payable gold produced (oz)	1,957.4	2,337.8	3,388.0	4,900.7
Cash cost per ounce of payable gold produced (\$/oz)	\$ 589.20	\$ 231.28	\$ 438.28	\$ 250.76

⁽⁴⁾ 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.

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.

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 2015;
- 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;

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(Expressed in US dollars, unless otherwise indicated)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

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, 2018 filed with the Canadian Securities Administrators and available at www.sedar.com.

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.

The Company has not based its production decisions and ongoing mine production on mineral reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure. Mineral resources that are not mineral reserves do not have demonstrated economic viability.