ATICO MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

SEPTEMBER 30, 2013

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Atico Mining Corporation for the nine months ended September 30, 2013 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

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

	September 30 2013	December 31 2012
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 17,864,944	$ 2,798,413
Receivables (Note 4)	100,007	26,654
Prepaids and deposits	34,507	196,731
Total current assets	17,999,458	3,021,798
Non-current assets		
Equipment (Note 5)	406,496	149,773
Advances (Note 5)	1,463,910	-
Exploration and evaluation assets (Note 6)	16,428,289	7,449,644
Total non-current assets	18,298,695	7,599,417
TOTAL ASSETS	$ 36,298,153	$ 10,621,215
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 1,310,029	$ 186,283
Total liabilities	1,310,029	186,283
EQUITY		
Share capital (Note 8)	37,632,470	11,689,461
Share-based payments reserve (Note 8)	1,660,008	859,770
Deficit	(4,304,354)	(2,114,299)
Total equity	34,988,124	10,434,932
TOTAL LIABILITIES AND EQUITY	$ 36,298,153	$ 10,621,215

Nature of operations and going concern (Note 1)
Events after reporting date (Note 13)

These condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on November 22, 2013.

Approved by the Board of Directors

______”*Jorge R. Ganoza*”______________ Director ______”*David Miles*”______________ Director

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

ATICO MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization (Note 5)	$ 1,223	$ 11,647	$ 2,855	$ 21,873
Interest expense	888	7,940	2,974	44,054
Investor relations	83,815	16,964	168,965	27,984
Management fees	106,577	91,240	319,905	219,082
Office and administrative costs	133,391	84,603	392,724	210,431
Professional fees	143,902	33,258	200,126	89,871
Property investigation costs	6,185	7,009	123,585	7,009
Share-based payments (Note 8)	310,605	-	803,658	152,216
Transfer agent and filing fees	54,188	3,651	89,363	28,944
Travel and related costs	-	5,654	65,809	18,435
	840,774	261,966	2,169,964	819,899
Loss from operations	(840,774)	(261,966)	(2,169,964)	(819,899)
Foreign exchange gain/(loss)	(33,367)	(18,951)	(41,886)	(20,249)
Interest income	1,459	17,832	21,795	40,771
Loss on conversion of debentures (Note 8)	-	-	-	(55,556)
	(31,908)	(1,119)	(20,091)	(35,034)
Loss and comprehensive loss for the period	$ (872,682)	$ (263,085)	$ (2,190,055)	$ (854,933)
Basic and diluted loss per share	$ (0.02)	$ (0.01)	$ (0.04)	$ (0.03)
Weighted average number of common shares outstanding	57,316,707	39,761,111	51,594,544	33,261,111

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

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

	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (872,682)	$ (263,085)	$ (2,190,055)	$ (854,933)
Items not affecting cash:				
Amortization	32,079	11,647	89,599	21,873
Interest accrued	-	2,062	-	18,478
Share-based payments	310,605	-	803,658	152,216
Loss on conversion of debentures	-	-	-	55,556
Interest income	(1,459)	(17,832)	(21,795)	(40,771)
Unrealized foreign exchange effect on cash and cash equivalents	123	-	(601)	-
Changes in non-cash working capital items:				
Receivables	(55,022)	8,923	(73,353)	22,203
Prepaids and deposits	10,038	(34,028)	162,224	(216,649)
Accounts payable and accrued liabilities	(109,312)	(204,658)	252,412	(420,994)
Net cash used in operating activities	(685,630)	(496,971)	(977,911)	(1,263,021)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,459	17,832	21,795	40,771
Purchase of equipment	(192,263)	(37,049)	(346,322)	(152,599)
Advances paid to suppliers	(684,766)	-	(1,463,910)	-
Exploration and evaluation expenditures	(2,342,535)	(1,905,196)	(8,107,311)	(3,930,421)
Net cash used in investing activities	(3,218,105)	(1,924,413)	(9,895,748)	(4,042,249)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash	19,426,385	-	27,426,386	11,500,000
Share issue costs	(1,275,798)	-	(1,493,297)	(1,074,402)
Exercise of warrants	-	-	6,500	-
Proceeds from loans payable	-	-	-	180,000
Loan repayment - principal portion	-	(200,000)	-	(380,000)
Loan repayment - interest portion	-	(21,625)	-	(26,728)
Net cash provided by (used in) financing activities	18,150,587	(221,625)	25,939,589	10,198,870
Effect on exchange rate changes on cash and cash equivalents	(123)	-	601	-
Change in cash during the period	14,246,852	(2,643,009)	15,065,930	4,893,600
Cash and cash equivalents, beginning of period	3,618,215	7,663,750	2,798,413	127,141
Cash and cash equivalents, end of period	$ 17,864,944	$ 5,020,741	$ 17,864,944	$ 5,020,741

Supplemental disclosure with respect to cash flows (Note 11)

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

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

Issued and outstanding shares	Number of Shares	Share Capital	Share-based Payments Reserve	Deficit	**Total Equity**
Balance as at December 31, 2012	39,786,611	$ 11,689,461	$ 859,770	$ (2,114,299)	$ 10,434,932
Private placement	55,477,238	27,426,386	-	-	27,426,386
Finder's units issued	400,000	180,000	-	-	180,000
Share issue costs	-	(1,673,297)	-	-	(1,673,297)
Exercise of warrants	13,000	6,500	-	-	6,500
Reclassify fair value of warrants exercised from reserve	-	3,420	(3,420)	-	-
Share-based payments	-	-	803,658	-	803,658
Loss for the period	-	-	-	(2,190,055)	(2,190,055)
Balance as at September 30, 2013	95,676,849	$ 37,632,470	$ 1,660,008	$ (4,304,354)	$ 34,988,124
Balance as at December 31, 2011	15,400,000	$ 1,256,367	$ 230,199	$ (928,335)	$ 558,231
Common shares for cash, at $0.50 per share	23,000,000	11,500,000	-	-	11,500,000
Shares issued on conversion of debentures	1,111,111	555,556	-	-	555,556
Share issue costs	-	(1,282,857)	-	-	(1,282,857)
Share issue costs - Finder's shares	250,000	125,000	-	-	125,000
Share issue costs - Finder's warrants	-	(484,063)	484,063	-	-
Share-based payments	-	-	152,216	-	152,216
Loss for the period	-	-	-	(854,933)	(854,933)
Balance as at September 30, 2012	39,761,111	$ 11,670,003	$ 866,478	$ (1,783,268)	$ 10,753,213

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

1. NATURE OF OPERATIONS

Atico Mining Corporation (the "Company") was incorporated in the Yukon Territories on April 15, 2010 and continued to British Columbia on October 4, 2011. The Company is engaged in the acquisition, exploration and development of mineral projects in Colombia and evaluating additional opportunities in Latin America. The address of its head office is Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

On March 13, 2012, the Company completed its initial public offering ("IPO"), where it issued 23,000,000 common shares at $0.50 per common share for gross proceeds of $11,500,000 (Note 8) and the common shares of the Company began trading on the TSX Venture Exchange ("TSX-V") under the symbol "ATY".

The Company has an option to acquire 90% of the issued and outstanding shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble Mine, an operating copper-gold mine in Colombia. In September, the Company has given notice to exercise its option to acquire 90% of the shares of MINER (Note 6).

These condensed consolidated interim financial statements of the Company are presented in Canadian dollars unless otherwise indicated. The ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. Management expects that the Company has sufficient resources and will be able to secure the necessary financing to meet the Company's exploration and administrative requirements through and beyond the next twelve months. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual financial statements, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share Capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the day prior to the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in share-based payment reserve.

New and Amended IFRS Pronouncements Effective January 1, 2013

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

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

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

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

(Unaudited - Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New and Amended IFRS Pronouncements Effective January 1, 2013 (cont'd…)

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

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

Accounting Pronouncements Not Yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and deposits at banks earning interest at floating rates based on daily bank deposit rates:

	September 30 2013	December 31 2012
Cash	$ 17,778,694	$ 2,740,913
Short-term deposits	86,250	57,500
	$ 17,864,944	$ 2,798,413

The short-term deposits are used as collateral for the Company's credit cards.

(Unaudited - Expressed in Canadian Dollars)

4. RECEIVABLES

The Company's receivables arise from general sales and service taxes ("GST") and other receivables:

	September 30 2013	December 31 2012
HST receivables	$ 19,003	$ 14,774
Other receivables	81,004	11,880
	$ 100,007	$ 26,654

5. EQUIPMENT AND ADVANCES

	Office Equipment	Field Equipment	**Total**
Cost			
As at December 31, 2012	$ 44,503	$ 146,558	$ 191,061
Additions	64,479	281,843	346,322
Disposals	-	-	-
As at September 30, 2013	$ 108,982	$ 428,401	$ 537,383
Accumulated amortization			
As at December 31, 2012	$ 12,451	$ 28,837	$ 41,288
Amortization	19,882	69,717	89,599
Disposals	-	-	-
As at September 30, 2013	$ 32,333	$ 98,554	$ 130,887
Net book value			
As at December 31, 2012	$ 32,052	$ 117,721	$ 149,773
As at September 30, 2013	$ 76,649	$ 329,847	$ 406,496

For the nine months ended September 30, 2013, amortization of $86,744 (2012 - $Nil) has been capitalized to exploration and evaluation assets and amortization of $2,855 (2012 - $21,873) has been included in general and administrative expenses.

For the nine months ended September 30, 2013, the Company paid $1,463,910 (2012 - $Nil) to various suppliers as advances and deposits for upcoming acquisitions of mining equipment.

(Unaudited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

On January 28, 2011, the Company entered into an option agreement to acquire 90% of the shares of MINER, whose main asset is the El Roble Mine located in Colombia. To exercise the option, the Company made staged payments of US$2,250,000 over two years and must make a lump-sum payment of US$14,000,000 at the end of the option period as follows:

a) US$200,000 on January 28, 2011 (paid);
b) US$350,000 on July 28, 2011 (paid);
c) US$650,000 on January 28, 2012 (paid);
d) US$1,050,000 on July 28, 2012 (paid);
e) US$1,200,000 to extend the option period for one year; and
f) US$14,000,000 on or before January 28, 2013 (paid subsequently, Note 13).

Subsequent to September 30, 2013, the Company paid US$14,000,000 to acquire 90% of the shares of MINER and take full control of the producing El Roble Mine and 6,679 hectares of surrounding claims.

During the nine months ended September 30, 2013, the Company incurred the following exploration expenditures on its mineral properties:

El Roble, Colombia	**September 30 2013**
Opening balance	
Acquisition Costs	$ 2,346,785
Exploration Expenditures	5,102,859
	7,449,644
Additions during the period:	
Acquisition Costs	
Property acquisition costs	1,383,070
	1,383,070
Exploration Expenditures	
Assays	783,440
Drilling	3,540,443
Field costs/logistical support	701,128
General and administrative	1,262,177
Geophysics	496,688
Salaries and benefits	811,699
	7,595,575
Ending balance	**$ 16,428,289**

(Unaudited - Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	September 30 2013	December 31 2012
Trade accounts payable	$ 1,241,513	$ 147,349
Accrued liabilities	68,516	38,934
	$ 1,310,029	$ 186,283

8. SHARE CAPITAL

Authorized Share Capital

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

Issued Share Capital

In September 2013, the Company completed a brokered private placement for gross proceeds of $14,085,000 by issuing 31,300,000 units at $0.45 per unit. Each unit was comprised of one common share and one-half of one common non-transferable share purchase warrant, where each warrant entitles the holder to purchase an additional common share at $0.65 until September 19, 2015. The Company paid cash commission of $814,050 and issued 400,000 units (with the same terms), valued at $180,000, as share issue costs.

In September 2013, the Company completed a non-brokered private placement for gross proceeds of $5,341,385 by issuing 11,869,544 units at $0.45 per unit. Each unit was comprised of one common share and one-half of one common non-transferable share purchase warrant, where each warrant entitles the holder to purchase an additional common share at $0.65 until September 19, 2015. The Company paid cash finders' fees of $233,110.

In January 2013, the Company completed a non-brokered private placement for gross proceeds of $8,000,001 by issuing 12,307,694 units at $0.65 per unit. Each unit was comprised of one common share and one-half of one non-transferable common share purchase warrant, where each warrant entitles the holder to purchase an additional common share at $0.90 until July 16, 2014. The Company paid cash finders' fees of $213,900.

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Issued Share Capital (cont'd…)

In March 2012, the Company completed its IPO for gross proceeds of $11,500,000 by issuing 23,000,000 common shares at $0.50 per share. In connection with the IPO, the Company paid its agent a cash commission of 7% of the gross proceeds. It also issued 250,000 common shares to its agent, valued at $125,000 and 1,840,000 finder's warrants, valued at $484,063 using the Black-Scholes option pricing model, where each warrant is exercisable at $0.50 per share for 2 years from the closing date.

In March 2012, the Company issued 1,111,111 common shares, valued at $555,556, for the aggregate principal amount of debentures issued in September 2011.

During the nine months ended September 30, 2013, the Company issued 13,000 (2012 - Nil) common shares for the exercise of share purchase warrants for proceeds of $6,500 (2012 - $Nil).

Stock Options

The continuity of stock options for the nine months ended September 30, 2013 is as follows:

Expiry Date	Exercise Price	**Balance December 31 2012**	Granted	Exercised	Expired/ Cancelled	**Balance September 30 2013**
June 30, 2016	$ 0.50	1,710,000	-	-	-	1,710,000
July 11, 2016	0.50	145,000	-	-	-	145,000
April 24, 2017	0.55	250,000	-	-	-	250,000
May 16, 2017	0.51	130,000	-	-	-	130,000
February 4, 2018	0.98	-	1,820,000	-	-	1,820,000
March 1, 2018	0.98	-	340,000	-	-	340,000
Outstanding		2,235,000	2,160,000	-	-	4,395,000
Weighted average exercise price		$ 0.51	$ 0.98	$ -	$ -	$ 0.74
Exercisable		2,235,000				2,235,000

The weighted average remaining life of the stock options outstanding is 3.62 years (December 31, 2012 - 3.64).

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Warrants

The continuity of share purchase warrants for the nine months ended September 30, 2013 is as follows:

Expiry Date	Exercise Price	**Balance December 31 2012**	Issued	Exercised	Expired/ Cancelled	**Balance September 30 2013**
March 12, 2014	$ 0.50	1,574,500	-	(13,000)	-	1,561,500
March 21, 2014	0.50	240,000	-	-	-	240,000
July 16, 2014	0.90	-	6,153,847	-	-	6,153,847
September 19, 2015	0.65	-	21,784,872	-	-	21,784,872
Total		1,814,500	27,938,719	(13,000)	-	29,740,219
Weighted average exercise price		$ 0.50	$ 0.71	$ 0.50	$ -	$ 0.69

The weighted average remaining life of the share purchase warrants outstanding is 1.63 years (December 31, 2012 - 1.20).

Share-based Payments and Share-based Payment Reserve

During the nine months ended September 30, 2013, the Company granted 2,160,000 (2012 - 380,000) stock options to employees, directors and officers of the Company, all of which will vest over 18 months. Using the fair value method for share-based payments, the Company determined the fair value of the options granted to be $1,591,848 (2012 - $152,216) or $0.74 (2012 - $0.40) per option. In accordance with the vesting terms, the Company recorded a charge to share-based payments with the offsetting credit to share-based payments reserve of $803,658 (2012 - $152,216).

During the nine months ended September 30, 2013, the Company issued Nil (2012 - 1,840,000) share purchase warrants as share issue costs. Using the fair value method for share-based payments, the Company recorded a charge to share capital of $Nil (2012 - $484,063) or $Nil (2012 - $0.26) per warrant, for finder's warrants issued.

The fair value of stock options and finder's warrants issued was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

Weighted average:	September 30 2013	September 30 2012
Risk free interest rate	1.45%	1.26%
Expected dividend yield	0%	0%
Expected stock price volatility	100%	100%
Expected life in years	5	3
Forfeiture rate	0%	0%

(Unaudited - Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

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

Nine months ended September 30, 2013	Salary or Fees	Share-based Payments	**Total**
Management	$ 319,905	$ 381,706	$ 701,611
Outside directors	-	261,235	261,235
Seabord Services Corp.	138,600	-	138,600
	$ 458,505	$ 642,941	$ 1,101,446

Nine months ended September 30, 2012	Salary or Fees	Share-based Payments	**Total**
Management	$ 219,082	$ 102,760	$ 321,842
Outside directors	-	-	-
Seabord Services Corp.	132,300	-	132,300
	$ 351,382	$ 102,760	$ 454,142

Related party liabilities	Items or Services	September 30 2013	December 31 2012
Accounts payable and accrued liabilities:			
Seabord Services Corp.	Expense recovery	$ -	$ 199
Chief Executive Officer	Management fees	15,260	-
President	Management fees	12,050	-

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.

(Unaudited - Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION

As at September 30, 2013 and December 31, 2012, the Company operated in one reportable operating segment, being the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

As at September 30, 2013	Canada	Colombia	Other	**Total**
Cash and other assets	$ 17,393,371	$ 564,083	$ 42,004	$ 17,999,458
Equipment	-	393,084	13,412	406,496
Advances	-	1,463,910	-	1,463,910
Exploration and evaluation assets	-	16,428,289	-	16,428,289
Total assets	$ 17,393,371	$ 18,849,366	$ 55,416	$ 36,298,153

As at December 31, 2012	Canada	Colombia	Other	**Total**
Cash and other assets	$ 2,693,980	$ 231,345	$ 96,473	$ 3,021,798
Equipment	-	146,937	2,836	149,773
Exploration and evaluation assets	-	7,449,644	-	7,449,644
Total assets	$ 2,693,980	$ 7,827,926	$ 99,309	$ 10,621,215

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended September 30, 2013, the Company:

a) issued 400,000 finder’s units, valued at $180,000, as share issue costs (Note 8);
b) reallocated share-based payment reserve of $3,420 to share capital for warrants exercised; and
c) incurred exploration and evaluation expenditures of $999,966 included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2012, the Company:

a) issued 250,000 common shares, valued at $125,000, as share issue costs (Note 8);
b) issued 1,840,000 finder’s warrants, valued at $484,063, as share issue costs (Note 8);
c) reallocated deferred share issuance costs of $83,455 to share capital;
d) issued 1,111,111 common shares, valued at $555,556, for the aggregate principal amount of debentures (Note 8); and
e) incurred exploration and evaluation expenditures of $323,099 included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

Financial Instruments

The Company classified its financial instruments as follows:

As at September 30, 2013	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 17,864,944	$ -
Receivables	100,007	-
Accounts payable and accrued liabilities	-	(1,310,029)
	$ 17,964,951	$ (1,310,029)

As at December 31, 2012	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 2,798,413	$ -
Receivables	26,654	-
Accounts payable and accrued liabilities	-	(186,283)
	$ 2,825,067	$ (186,283)

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:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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

(Unaudited - Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd…)

Fair Value (cont'd…)

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

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 17,864,944	$ -	$ -	$ 17,864,944

Risk and Capital Management

The Company's capital includes share capital and the cumulative deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations.

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

This note presents information about the Company's exposure to each of these risks, the Company's objectives and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, as at September 30, 2013, included $1,310,029 of accounts payable and accrued liabilities that have expected maturity dates of less than one year from the reporting date. Balances due within 12 months equal their carrying balance as the impact of discounting is not significant.

The Company is confident that funding available is sufficient to cover its administrative and exploration expenditures and to exercise its option to acquire 90% of the El Roble Mine assets.

(Unaudited - Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd…)

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions.

There is no significant concentration of credit risk other than cash deposits. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure.

Interest Rate Risk

In September 2013, the Company has entered into a definitive agreement with Trafigura Pte. Ltd. ("Trafigura") with respect to a senior secured repayable debt facility of US$8,000,000 (the "Debt Financing"). Once an initial advance is made under the Debt Financing, the funds will have a repayment term of 48 months, with annual carried interest of LIBOR plus 9%, payable quarterly, subject to a 12 month grace period (with the first repayment date being 15 months from the date of the first advance). As at September 30, 2013, the Company has not made its initial advance.

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

Currency Risk

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

As at September 30, 2013, the Company is exposed to currency risk through the following assets and liabilities:

	US dollars	Colombian pesos	**Total**
Cash and cash equivalents	$ 3,251,312	$ 967,791,990	
Receivables	-	77,037,066	
Accounts payable and accrued liabilities	(25,237)	(1,806,665,232)	
Net exposure	3,226,075	(761,836,176)	
Canadian dollar equivalent	$ 3,326,536	$ (411,301)	$ 2,915,236

Based on the above net exposure as at September 30, 2013, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Colombian peso would result in an increase/decrease of approximately $291,524 in the Company's pre-tax profit or loss.

13. EVENTS AFTER REPORTING DATE

Subsequent to September 30, 2013, the Company:

a) made its final option payment of US$14,000,000 and completed the exercise of its purchase option, acquiring 90% of the shares of MINER and taking full control of the producing El Roble Mine and 6,679 hectares of surrounding claims.

b) closed a senior secured repayable debt facility of US$8,000,000 (the "Debt Financing") with Trafigura Pte. Ltd. ("Trafigura"). Once an initial advance is made under the Debt Financing, the funds will have a repayment term of 48 months, with annual carried interest of LIBOR plus 9%, payable quarterly, subject to a 12 month grace period (with the first repayment date being 15 months from the date of the first advance).

c) advised that a notice of civil claim has been 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 will defend itself in this matter.