



ATICO MINING CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2018

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(Expressed in US dollars, unless otherwise indicated)
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GENERAL

This management's discussion and analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") is intended to help the reader understand the significant factors that have affected Atico and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of May 23, 2018, should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 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.

FIRST QUARTER 2018 FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for the three months ended March 31, 2018 ("Q1-2018") amounted to \$0.4 million, compared with \$1.3 million for the same period last year ("Q1-2017"). Net income for the period was negatively affected by a delayed concentrate shipment, partially offset by higher average realized copper and gold prices as compared to Q1-2017.
- Sales for the period decreased 57% to \$7.3 million when compared with Q1-2017. The decrease was due to a delayed concentrate shipment, partially offset by higher average realized copper and gold prices as compared to Q1-2017. Copper ("Cu") and gold ("Au") accounted for 92.9% and 7.1% of the total amount provisionally invoiced during Q1-2018. The average realized price per metal on provisional invoicing was \$3.16 (Q1-2017 - \$2.63) per pound of copper and \$1,332.69 (Q1-2017 - \$1,234.18) per ounce of gold.
- Loss from operations was \$0.2 million (Q1-2017 - income of \$2.8 million) while cash flow from operations, before changes in working capital, was \$1.9 million (Q1-2017 - \$6.0 million). Cash used for capital expenditures amounted to \$2.2 million (Q1-2017 - \$2.1 million).
- Working capital was \$5.2 million (December 31, 2017 - \$4.6 million), while the Company had long-term loans payable with \$1.9 million (December 31, 2017 - \$2.7 million) outstanding at the reporting date.
- Cash costs were \$127.25 per tonne of processed ore and \$1.44 per pound of payable copper produced, which were increases of 11% and 2% over Q1-2017, respectively (refer to non-GAAP Financial Measures). The increase in the cash cost per pound of payable copper net of by products is mainly explained by a higher cost per processed tonne.
- Cash margin was \$1.55 (Q1-2017 - \$1.02) per pound of payable copper produced, which was an increase of 52% over Q1-2017 (refer to non-GAAP Financial Measures).
- All-in sustaining cash cost per payable pound of copper produced was \$1.85 (Q1-2017 - \$1.91) (refer to non-GAAP Financial Measures).
- The Company produced 11,474 (2017 - 10,566) dry metric tonnes ("DMT") of concentrate with a metal content of 5.5 million (2017 - 5.0 million) pounds ("lbs") of copper and 2,825 (2017 - 2,550) ounces ("oz") of gold.
- Processed tonnes increased 11% to 69,499 compared to 62,885 in Q1-2017.

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- At the end of the quarter, 11,303 (December 31, 2017 - 7,366) wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses. As a planned concentrate shipment was delayed to the second quarter, concentrate inventory increased significantly at quarter end when compared to Q1-2017.

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

	Q1 2018	Q1 2017
Production (contained metals)⁽¹⁾		
Copper (000 lbs)	5,476	5,046
Gold (oz)	2,825	2,550
Silver (oz)	10,606	9,852
Mining		
Material (tonnes)	67,022	63,468
Milling		
Milled (tonnes)	69,499	62,885
Tonnes per day	812	810
Copper grade (%)	3.80	3.89
Gold grade (g/t)	2.03	1.92
Silver grade (g/t)	8.71	9.12
Recoveries		
Copper (%)	94.0	93.5
Gold (%)	62.8	65.8
Silver (%)	48.6	53.9
Concentrate		
Cu concentrate produced (DMT)	11,474	10,566
Copper (%)	21.7	21.6
Gold (g/t)	7.7	7.5
Silver (g/t)	28.8	29.0
Payable copper produced (000 lbs)	5,202	4,790
Cash cost per pound of payable copper produced ⁽²⁾	1.44	1.41

⁽¹⁾ Subject to adjustments due to final settlement.

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

In Q1-2018, the Company produced 5.5 million lbs of copper, 2,825 oz of gold, and 10,606 oz of silver. When compared to Q1-2017, production increased 9% for copper and 11% for gold, respectively, over Q1-2017. The increase in copper produced is entirely explained by 11% more processed material and partially offset by a 2% decrease in head grade. In the case of gold, the increase in processed material along with a 6% increase in head grade resulted in an 11% increase in gold production over Q1-2017.

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The average throughput rate in the quarter was in line with budget at 812 tonnes per day while the number of worked days increased in the same period by 9% to 86 days.

Average copper head grade in Q1-2018 decreased by 2%, over the same period last year but was above the year's guidance of 3.5% to 3.7%. In the case of gold, the average head grade increased by 6% over the same period and remains within the intended operational range.

Copper recovery was maintained around 94% in Q1-2018 while gold recovery was 62.8%. The copper content in the concentrate has increased to above 21.7% while maintaining the target gold recovery. Metallurgical tests have been directed to study the possibility of further increasing the copper content in the concentrate while improving the current gold recovery, as an alternative to increase the value of the concentrate. The Company will continue running engineering tests during the remainder of the year to further increase the value of the concentrate.

Cash costs were \$127.25 per tonne of processed ore and \$1.44 per pound of payable copper produced, which were increases of 11% and 2% over Q1-2017, respectively (refer to non-GAAP Financial Measures). The increase in the cash cost per pound of payable copper net of by products is mainly explained by a higher cost per processed tonne, partially offset by a higher content and value of gold. A 22% increase in direct mine cost explains most of the higher cost per processed tonne.

Although some of the cost control initiatives launched have started to yield results as the cash cost per processed tonne decreased 5% from the previous quarter Q4-2017 (\$133.24 per tonne), the on-site cash cost is still higher than anticipated by the Company. Efforts and initiatives to further reduce on-site cost are ongoing and expected to yield results in the coming quarters.

For Q1-2018, the all-in sustaining cash cost net of by credit products is \$1.85 (Q1-2017 - \$1.91) per pound of payable copper produced (refer to non-GAAP Financial Measures). This cost represents a decrease of 3% over the Q1-2017 all-in sustaining cash cost net of by credit products and a 18% decrease over the previous quarter comparable cost (Q4-2017 - \$2.27).

Cash used for capital expenditure activities during Q1-2018 were \$2.17 million. Major categories of expenditure included \$0.45 million in underground mine development, \$0.18 million in equipment and infrastructure related to the mine, \$0.23 million in the second phase of the tailings dam and \$0.51 million related to the mill, surface and energy infrastructure.

Mine production came from two sources in Q1-2018: 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.

The drift-and-fill mining method continues in Zeus with ore being sourced throughout the quarter from primary and secondary stopes from six sublevels from the 1712 to the 1823 level.

The main ramp reached level 1690 during Q4-2017, which is the lowest level of known mineralization. With this achievement the Company is ready to access and prepare all levels of the Zeus body with no need to further develop the ramp at this point.

Since Q1-2018, the Company is tracking two main safety metrics, the frequency and severity index, by 1,000,000 hours worked following international standards.

In Q1-2018, the frequency index decreased by 41% to 10.9 from 18.5 in Q1-2017, while the severity index increased by 198% to 283.3 when compared to the same period. While none of the accidents was severe they did generate an increase in lost workdays.

Since the Company acquired El Roble mine in late 2013, the frequency and severity index have improved over four and nine times respectively. During the past four years, the Company has launched several initiatives to enforce the importance of safety practices at the operation which have yielded good results. Examples of the initiatives undertaken by the Company include implementation of OHSAS 18001 "Occupational Health and Safety Management System - Requirements", a yearlong safety training program for supervisors, increasing the number of safety leaders and safety supervisors at the operation, enforcing 5-minute safety talks at the workplace, weekly safety meetings with

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all workers, counseling for workers with sub-standard work practices, and engaging an external safety consultant among others.

Concentrate inventory

Amounts in dry metric tonnes	Q1 2018	Q1 2017
Opening inventory	3,455.4	7,318.6
Production	11,474.2	10,566.0
Sales	(5,010.3)	(15,016.2)
Adjustment	366.7	63.6
Closing inventory	10,286.0	2,932.0

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 prefers to sell lots in excess of 5,000 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 one quarter to the next.

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 Q1-2018, the Company carried forward 3,455 DMT from the previous quarter, produced 11,474 DMT and sold 5,010 DMT of concentrate; the difference, 9,919 DMT is concentrate inventory carried over to Q2-2018. Due to delays to procure a shipping vessel during the quarter only one shipment was completed, decreasing the revenue and increasing the concentrate inventory relative to previous quarters.

Exploration at El Roble

During Q1-2018, 1,245 meters of underground drilling were completed at the El Roble mine. The program uses one underground rig to test for massive sulfide bodies adjacent to currently known mineralization and to extend the deposit at depth and along strike.

At the Archie target area, approximately 500 meters northeast of the El Roble mine, 2,000 meter of core drilling program was completed in Q1-2018.

The recent drilling clearly demonstrated a thickening of the "black chert" unit over a strike length of approximately 600 meters indicative of a sub-basin favorable for the deposition and preservation of massive sulfides. The sub-basin appears to be bounded by faults which may have acted as feeders for mineralization. The black chert unit contains 5-10% bedding-parallel stringers and blebs of pyrite-pyrrhotite suggesting a more distal sulfide depositional environment. Hole ATSA-005, drilled on the northern margin of the sub-basin intersected two intervals of highly anomalous gold (3.9 meters at 2.25 g/t Au from 114.80 meters and 5.3 meters at 2.31 g/t Au from 138.55 meters) supporting the alteration and pathfinder element vectors. The multi-element geochemistry vectors are concentrated with the sub-basin and trend toward the northern margin of the basin.

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Structural logging of the drill core and integration of the results into the regional mapping program has refined the Company's understanding of the local structural geology and its relationship to mineralization. The local structure is now interpreted as a southwest verging recumbent fold with the steeper limb hosting the El Roble mine mineralization and the shallower limb cropping out on the east side of the El Roble ridge. The anticlinal fold has been offset by an array of N-S and ENE-WSW faults and NW-SE strike-parallel thrusts, which offset the mineralization by up to 140 meters.

In addition to the underground drill program, the Company has completed IP-DAS over an area of 2x1 kilometer covering the El Roble Mine area and the Archie target area. The IP-DAS has a depth penetration capability in excess of 300 meters and has outlined several linear trends of combined chargeability and resistivity anomalies coincident with the mapped "black chert" lithology. More significantly, the IP-DAS shows an intense anomaly associated with the immediate mine area, which is part of a linear northwest-southeast trend of anomalies within the "black chert" unit. A second, linear trend of anomalies appears coincident with the eastern limb of the anticline in the Archie area. The IP-DAS anomalies clearly show fault offsets. The IP-DAS has outlined several targets on the Mine trend and the Eastern trend, which warrant drill testing. Of particular significance is strong anomaly offset by faulting to the SE of the mine workings as well as strong anomalies in the Archie and Eastern trend.

A program of 5000 meters of core drilling is planned to test IP-DAS anomalies below and to the southeast of the mine mineralization (Zeus plunge target) and an additional 10,000 m of drilling is planned to test the Eastern trend where previous drilling following trace element vectors intersected thin massive sulfide mineralization in the "black chert" horizon.

The Company is highly encouraged by these results, which have outlined several IP-DAS anomalies in two parallel trends within the "black chert" that remain to be tested and are supported by trace element vectors and a reinterpretation of the structural geology.

Several other high priority exploration targets exist within the "El Roble property", specifically Anomaly 28, about 1 kilometer NE of Santa Anita which shows elevated rock chip geochemistry on basalt-"black chert" contact and is on trend with geochemical vectors at Santa Anita. This geochemically anomalous portion of contact is also associated with a ground magnetic anomaly.

The massive pyrite-pyrrhotite outcrop, announced on November 22, 2016, between the La Dacha prospect and Anomaly 42 is approximately 4.5 kilometers NW of El Roble Mine, is another high priority target which has locally elevated, gold, copper and lead geochemistry. It will require mapping and trenching to fully define the prospect, since it is structurally offset from the main "El Roble property".

The Company plans to drill test at least three to four targets in 2018 along with another drill program at Archie starting in Q2-2018.

OUTLOOK

The Company is basing 2018 guidance on year ended December 31, 2017 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 2018 at the El Roble mine:

- Process between 270,000 and 275,000 tonnes.
- Maintain copper recovery above 93% and 62% for gold.
- Maintain an average copper head grade between 3.5% and 3.7%
- Maintain an average gold head grade between 1.8 g/t and 2.0 g/t
- Increase production between 40,000 and 42,000 dry tonnes of concentrate.
- Maintain production between 9,000 and 9,400 tonnes of copper.
- Maintain production between 9,700 and 10,000 ounces of gold.
- Increase the mill mechanical availability to 95% and reach 330 days worked.
- Continue increasing the safety and environmental standards.

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SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to March 31, 2018 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2017 and 2016.

	Q1-2018	Q4-2017	Q3-2017	Q2-2017
Revenue	\$ 7,349,124	\$ 13,753,261	\$ 11,955,651	\$ 14,074,005
Income (loss) from operations	(208,910)	1,305,629	1,152,169	2,320,219
Net income (loss) for the period ⁽¹⁾	289,547	1,050,586	723,901	488,902
Earnings (loss) per share - basic and diluted	0.00	0.01	0.01	0.00
Weighted average shares outstanding - basic	98,501,528	98,501,337	98,501,337	98,408,170
Weighted average shares outstanding - diluted	98,729,710	98,712,404	98,740,705	98,641,133

	Q1-2017	Q4-2016	Q3-2016	Q2-2016
Revenue	\$ 17,213,518	\$ 10,983,059	\$ 11,488,716	\$ 3,659,067
Income (loss) from operations	2,800,548	838,196	69,036	(1,619,135)
Net income (loss) for the period ⁽¹⁾	1,111,949	(447,985)	194,020	(1,290,274)
Earnings (loss) per share - basic and diluted	0.01	(0.00)	0.00	(0.01)
Weighted average shares outstanding - basic	98,030,087	97,689,926	97,591,571	97,591,571
Weighted average shares outstanding - diluted	98,303,731	97,689,926	97,591,571	97,591,571

⁽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").

FIRST QUARTER FINANCIAL RESULTS

First quarter net income was \$366,091 compared to \$1,289,016 in Q1-2017 and basic and diluted earnings per share was \$0.00 and \$0.01, respectively. Income from mining operations was \$1,837,060 (Q1-2017 - \$4,531,248), and the Company had a loss from operations of \$208,910 (Q1-2017 - income of \$2,800,548). The Q1-2018 income from mining operations was affected by a delayed concentrate shipment, partially offset by higher average realized copper and gold prices as compared to Q1-2017.

Sales for Q1-2018 were \$7,349,124 (Q1-2017 - \$17,213,518) from the shipping and provisional invoicing of 5,010.3 (Q1-2017 - 15,016.2) 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.

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Sales for Q1-2018 decreased over Q1-2017 due to a delayed concentrate shipment, partially offset by higher average realized copper and gold prices as compared to Q1-2017.

Three months ended	March 31 2018	March 31 2017
Sales and realized prices		
Provisional invoices	\$ 7,873,588	\$ 17,777,361
Adjustments ⁽¹⁾	(524,464)	(563,843)
Sales per financial statements	\$ 7,349,124	\$ 17,213,518
Copper		
Provisional sales (000's lbs)	2,440.7	7,109.2
Realized price (\$/lb) ⁽²⁾	3.16	2.63
Net realized price (\$/lb) ⁽³⁾	3.00	2.43
Gold		
Provisional sales (oz)	1,273.9	3,619.8
Realized price (\$/oz) ⁽²⁾	1,332.69	1,234.18
Net realized price (\$/oz) ⁽³⁾	437.33	131.43
Silver		
Provisional sales (oz)	4,495.2	14,072.9
Realized price (\$/oz) ⁽²⁾	16.50	17.28
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 Q1-2018 was \$5,891,830 (Q1-2017 - \$12,682,270) consisting of the following components:

Three months ended	December 31 2017	December 31 2016
Direct mining and processing costs	\$ 3,654,298	\$ 8,355,139
Royalties	122,726	292,244
Depletion and amortization	2,114,806	4,034,887
	\$ 5,891,830	\$ 12,682,270

The decreased cost of sales for the three months ended March 31, 2018 over the comparative period is due to decreases in the tonnes of concentrate shipped and provisionally invoiced.

Selling, general and administrative ("SG&A") expenses were higher in Q1-2018 compared to Q1-2017; \$1,608,443 compared to \$1,592,501. Selling expenses accounted for 11% of sales, which included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing. The breakdown of the Company's SG&A expenses is as follows:

	Three months ended March 31, 2018			Three months ended March 31, 2017		
	Operations	Corporate	Total	Operations	Corporate	Total
Selling expenses	\$ 773,440	\$ -	\$ 773,440	\$ 865,040	\$ -	\$ 865,040
Amortization	28,843	3,819	32,662	32,021	4,480	36,069
Corporate administration	167,269	144,574	311,843	151,330	149,273	300,603
Professional fees	46,659	28,475	75,134	48,250	28,382	76,632
Salaries and benefits	230,110	173,500	403,610	154,520	141,741	296,261
Transfer agent and filing fees	-	11,754	11,754	-	17,896	17,896
	\$1,246,321	\$ 362,122	\$1,608,443	\$1,251,161	\$ 341,340	\$1,592,501

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Other income and expenses: In Q1-2018, the Company recognized share-based payments of \$57,761 (Q1-2017 - \$138,199) for the 841,119 and 2,490,583, stock options granted in April 2017 and April 2016, and 147,362 and 971,429 restricted share units ("RSUs") granted in April 2016 and 2017, where each has a vesting term over 36 months.

In Q1-2018, the Company recognized interest expense of \$67,848 (Q1-2017 - \$159,004) for various long-term credit facilities, accretion expense of \$74,484 (Q1-2017 - \$42,501) for its provisions, a net realized gain of \$373,644 (Q1-2017 - loss of \$216,457) on settlements of its derivative instruments, and a net positive fair value adjustment of \$73,924 (Q1-2017 - negative \$68,246) to its derivative instruments outstanding at the reporting date.

In Q1-2018, the Company recognized current income tax expense of \$492,204 (Q1-2017 - \$1,413,438) and deferred income tax recovery of \$555,415 (Q1-2017 - \$94,098).

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.

The Company's cash and cash equivalents as at March 31, 2018 totaled \$3,096,037 (December 31, 2017 - \$2,991,334) and its working capital was \$5,197,771 (December 31, 2017 - \$4,560,315). 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.

During the year ended December 31, 2016, the Company and Trafigura Pte Ltd. extended the loan repayment schedule to 2019, where each principal payment amount has been reduced and an accelerated payment component, dependent on metal prices, has been added. The Company's debt facility with Trafigura Pte Ltd. is subject to various qualitative and quantitative covenants, and the Company was in compliance with all such debt covenants as at March 31, 2018.

First quarter liquidity and capital resources

During Q1-2018, cash and cash equivalents increased by \$104,703. The increase was due to net cash provided by financing activities of \$2,443,820, partially offset by net cash used in operating and investing activities of \$545,177 and \$1,792,135, respectively. Exchange rate changes had a negative impact on cash and cash equivalents of \$1,805.

Operating activities

During Q1-2018, net cash used in operating activities amounted to \$545,177, which included positive operating cash flow before changes in non-cash operating working capital items of \$1,878,314, offset by changes in non-cash working capital items of \$2,423,491. Non-cash working capital changes included the effects from an increase in inventories of \$4,804,688, offset by a decrease in receivables of \$2,214,030 during the normal course of business.

Investing activities

Cash used by the Company in investing activities during Q1-2018 totaled \$1,792,135, which were primarily comprised of capital expenditures on underground mine development and acquisition of new equipment.

Financing activities

During Q1-2018, net cash provided by financing activities amounted to \$2,443,820. Primarily, the Company made a net withdrawn of \$3,500,000 on its credit facilities. Additionally, the Company paid \$822,606 of principal and \$69,608 of interest towards its long-term loans payable. Finally, the Company paid \$111,959 towards its finance lease obligations.

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Contractual obligations

As at March 31, 2018, 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	\$ 8,275,569	\$ -	\$ -	\$ 8,275,569
Credit facilities	6,541,707	-	-	6,541,707
Finance lease obligations	333,947	369,053	716,286	1,419,286
Share-based payment provision	127,493	142,459	6,000	275,952
Long-term loans payable	1,850,167	-	-	1,850,167
	\$ 17,128,883	\$ 511,512	\$ 722,286	\$ 18,362,281

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:

Three months ended March 31, 2018	Salary or fees	Share-based payments	Total
Management	\$ 160,000	\$ 21,048	\$ 181,408
Outside directors	19,250	24,530	43,780
Seabord Services Corp.	46,074	-	46,074
	\$ 225,324	\$ 45,938	\$ 271,262

Three months ended March 31, 2017	Salary or fees	Share-based payments	Total
Management	\$ 145,250	\$ 86,573	\$ 231,823
Outside directors	23,569	35,958	59,527
Seabord Services Corp.	44,567	-	44,567
	\$ 213,386	\$ 122,531	\$ 335,917

Included in accounts payable and accrued liabilities, as at March 31, 2018 was \$447,475 (December 31, 2017 - \$460,266) 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 three months ended March 31, 2018, the Company recognized a positive net fair value adjustment of \$73,924 (2017 - negative \$68,246) on its derivative instruments, and a net realized gain of \$373,644 (2017 - loss of \$216,457) on the settlement of its derivative instruments.

Commodity forward sale arrangements

The Company had entered into zero-cost commodity forward sale arrangements with its customer, whereby both parties agreed to preset the prices on metals shipped and to be settled at the end of the settlement period. As at March 31, 2018 and December 31, 2017, the Company did not have any outstanding arrangements.

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 March 31, 2018, the Company did not have any outstanding arrangements.

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 March 31, 2018, 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	\$	-	\$	574,999	\$	-	\$	574,999
Share-based payment provision	\$	275,954	\$	-	\$	-	\$	275,954

The carrying value of cash and cash equivalents, 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. The fair values of the Company's long-term loans payable and finance lease obligations are approximated by their carrying values as their interest rates are comparable to market interest rates.

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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.

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

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 three months ended March 31, 2018, a 1% change in copper and gold prices would result in an increase/decrease of approximately \$293,000 and \$61,000 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 its variable rate debt facilities. Variable interest rates are based on the US dollar LIBOR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at March 31, 2018, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$195,000 in the Company's pre-tax income or loss on an annualized basis based on the debt and credit facilities used.

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.

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. The Company has not hedged its exposure to currency fluctuations. As at March 31, 2018, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian nuevo soles	Euros	Colombian pesos (000's)
Cash and cash equivalents	\$ 134,602	\$ 93,348	\$ -	\$ 3,233,592
Receivables	5,974	48,000	-	7,950,990
Accounts payable and accrued liabilities	(12,766)	(177,065)	-	(14,711,310)
Finance lease obligations	-	-	-	(3,021,681)
Long-term loan payables	-	-	(119,627)	-
Net exposure	\$ 127,810	\$ (34,717)	\$ (119,627)	\$ (6,548,409)
US dollar equivalent	\$ 99,137	\$ (10,773)	\$ (147,461)	\$ (2,347,941)

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Based on the above net exposure, as at March 31, 2018, 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 \$24,000 in the Company's pre-tax income or loss.

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 March 31, 2018).

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 March 31, 2018, 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 March 31, 2018, the Company granted 124,644 RSUs and 1,597,678 stock options exercisable at \$0.69 per share for five years to employees, directors, and officers of the Company, all of which will vest over 36 months.

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, 2017.

NEW ACCOUNTING STANDARDS

Accounting standards adopted during the period

Revenue recognition

Effective January 1, 2018, the Company has adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The Company elected to apply IFRS 15 using a modified retroactive approach by recognizing the cumulative effect of initially adopting this standard at the date of initial recognition. Comparative information has not been restated and continues to be reported under IAS 18 Revenue ("IAS 18"). The Company has concluded that there was no cumulative effect adjustment required to be recognized at January 1, 2018. The details of the accounting policy changes are described below.

The Company earns revenue from contracts with customers related to its metals concentrate sales. Revenue from contract with its customer is recognized when the customer obtains control of the metals concentrate and the Company satisfies its performance obligation. The Company considers the terms of the contract in determining the transaction price, which is the amount the entity expects to be entitled to in exchange for the transferring of the metals concentrate. The transaction price of a contract is allocated to each performance obligation based on its stand-alone selling price.

The Company satisfies its performance obligations for its concentrate sales based upon specified contract terms which is upon loading of the metals concentrate onto a vessel. The Company's metals concentrate is sold under a pricing arrangement where final prices are determined by quoted market prices in a period subsequent to the date of sale (the "quotational period"). Until prices are final, revenues are recorded based on forward commodity prices of metals for the expected period of final settlement. Also, subsequent variations in the final determination of the metals concentrate weight, assay, and price are recognized as revenue adjustments as they occur until finalized.

The Company has concluded that there were no significant changes in the accounting for concentrate sales as a result of the transition to IFRS 15 as the timing of control of the concentrate passing to the customer and the treatment of provisional pricing adjustments are unchanged from policies applied prior to the adoption of IFRS 15.

Financial instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9"). Prior periods were not restated, and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and while this has resulted in several financial instrument classification changes, as presented in Note 17, there were no quantitative impacts from adoption. The details of the accounting policy changes are described below.

IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale.

Under IFRS 9, on initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

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Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated, and instead the hybrid financial instrument as a whole is assessed for classification. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

- Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities are designated as either fair value through profit or loss, or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the consolidated statement of financial position at amortized cost.

The Company completed an assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Trade receivables from provisional sales	FVTPL	FVTPL
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Credit facilities	Other financial liabilities	Amortized cost
Finance lease obligations	Other financial liabilities	Amortized cost
Long-term loans payable	Other financial liabilities	Amortized cost
Currency forward arrangements	FVTPL	FVTPL
Share-based payment provision	FVTPL	FVTPL

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. For its trade receivables from provisional sales, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. There was no adjustment relating to the implementation of the expected credit loss model for the Company's trade receivables from provisional sales.

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Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derivative contracts are recognized at fair value on initial recognition. Subsequently, derivatives are remeasured at their fair value. The method of recognizing any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged:

- Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.
- The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in profit or loss.
- Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in profit or loss.

Amounts accumulated in the hedge reserve are recycled in the consolidated statement of income in the periods when the hedged items will affect profit or loss (for instance when the forecast sale that is hedged takes place). If a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in the hedge reserve are included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the reserve and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of income.

The Company has not designated any derivative contracts as hedges and therefore has not applied hedge accounting in its consolidated financial statements.

Accounting pronouncements not yet effective

The following standard and pronouncement has been issued by the IASB and has not yet been adopted by the Company.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

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.

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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 20, 2018, 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 7,211,285 options outstanding with expiry dates ranging from July 11, 2019 to April 23, 2023.

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 consolidated financial statements for the three months ended March 31, 2018:

Expressed in \$000's	Q1 2018	Q1 2017
Cash cost per tonne of processed ore		
Cost of sales ⁽¹⁾	\$ 5,512.1	\$ 12,682.3
Add / subtract		
Change in concentrate inventory	5,775.4	(3,367.1)
Depletion and amortization in concentrate inventory	(1,359.4)	1,363.7
Commercial and government royalties	(122.7)	(292.2)
Distribution costs	773.4	865.0
Depletion and amortization in cost of sales	(1,735.0)	(4,034.9)
Aggregate cash cost	8,843.8	7,216.8
Total processed ore (tonnes)	69,499	62,885
Cash cost per tonne of processed ore (\$/t)	\$ 127.25	\$ 114.76
Mining cost per tonne	\$ 65.10	\$ 53.38
Milling cost per tonne	19.10	19.27
Indirect cost per tonne	31.95	27.88
Distribution cost per tonne	11.10	14.23
Total production cost per tonne of processed ore (\$/t)	\$ 127.25	\$ 114.76

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

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Expressed in \$000's	Q1 2018	Q1 2017
Cash costs per pound of payable copper produced		
Aggregate cash cost (above)	\$ 8,843.8	\$ 7,216.8
Add / subtract		
By-product credits	(3,367.4)	(2,849.8)
Refining charges	1,507.8	1,897.5
Transportation charges	522.5	478.6
Cash cost applicable to payable copper produced	7,506.7	6,743.1
Add / subtract		
Commercial and government royalties	122.7	292.2
G&A expenses	835.0	727.5
Share-based payments	57.8	138.2
Accretion of ARO	40.0	36.1
Sustaining capital expenditures ⁽²⁾	1,079.4	1,213.2
All-in sustaining cash cost	9,641.5	9,150.3
Add / subtract		
Non-sustaining capital expenditures ⁽²⁾	534.3	431.2
Brownfields exploration expenditures ⁽²⁾	505.9	460.4
All-in cash cost	10,681.8	10,041.9
Total payable copper produced (000's lbs)	5,202.0	4,790.0
Per pound of payable copper produced (\$/lb)		
Cash cost, net of by-product credits	\$ 1.44	\$ 1.41
All-in sustaining cash cost	\$ 1.85	\$ 1.91
All-in cash cost	\$ 2.05	\$ 2.10
Cash margin ⁽³⁾	\$ 1.55	\$ 1.02

⁽²⁾ Amounts presented on a cash basis.

⁽³⁾ Cash margin is calculated with (a) the net 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	Q1 2018	Q1 2017
Aggregate cash production cost	\$ 8,843.8	\$ 7,216.8
Cash cost per pound of payable copper produced		
Cash cost attributable to copper production ⁽⁴⁾	\$ 8,218.0	\$ 7,021.9
Add / subtract		
By-product credit from silver	(0.0)	(0.0)
Refining charges	1,507.8	1,897.5
Transportation charges	485.5	465.7
Cash cost applicable to payable copper produced	10,211.3	9,385.1
Total payable copper produced (000's lbs)	5,202.0	4,790.0
Cash cost per pound of payable copper produced (\$/lb)	\$ 1.96	\$ 1.96
Cash cost per ounce of payable gold produced		
Cash cost attributable to gold production ⁽⁴⁾	\$ 625.8	\$ 194.9
Add / subtract		
Refining charges	25.4	21.6
Transportation charges	37.0	64.3
Cash cost applicable to payable gold produced	688.2	280.8
Total payable gold produced (oz)	2,562.9	2,294.9
Cash cost per ounce of payable gold produced (\$/oz)	\$ 268.53	\$ 122.36

⁽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;

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uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules, and economic returns; uncertainties relating to general economic conditions; the Company's substantial reliance on the El Roble mine for revenues; risks related to the integration of businesses and assets acquired by the Company; risks associated with entering into commodity forward and option contracts for base metals production; potential conflicts of interest involving the Company's directors and officers; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does or may carry on business; the possibility of cost overruns or unanticipated expenses; fluctuations in copper, gold and silver prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; currency exchange rate fluctuations; competition; and other risks and uncertainties, including those described in the "Risks Factors" section in the MD&A for the financial year ended December 31, 2017 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.