



ATICO MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

JUNE 30, 2019

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Atico Mining Corporation (the "Company") for the six months ended June 30, 2019 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

ATICO MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)

	June 30 2019	December 31 2018
ASSETS		
Current assets		
Cash	\$ 5,121,980	\$ 6,014,723
Receivables (Note 3)	7,511,175	2,487,933
Inventories (Note 4)	7,144,636	13,981,064
Prepays and deposits	788,885	276,348
Other financial assets (Note 10)	18,765	296,671
Total current assets	20,585,441	23,056,739
Non-current assets		
Mineral property, plant and equipment (Note 5)	58,254,283	59,094,016
Total non-current assets	58,254,283	59,094,016
TOTAL ASSETS	\$ 78,839,724	\$ 82,150,755
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 10,519,659	\$ 8,948,258
Credit facilities (Note 7)	-	6,510,544
Current portion of provisions (Note 8)	790,929	403,274
Other financial liabilities (Note 10)	65,426	13,878
Total current liabilities	11,376,014	15,875,954
Non-current liabilities		
Provisions (Note 8)	2,818,419	2,633,083
Deferred income tax liabilities	14,731,940	16,136,760
Total non-current liabilities	17,550,359	18,769,843
Total liabilities	28,926,373	34,645,797
EQUITY		
Share capital (Note 11)	38,381,033	38,381,033
Reserves	3,195,431	3,027,411
Retained earnings	3,787,187	1,891,186
Total equity attributable to equity holders of the Company	45,363,651	43,299,630
Non-controlling interests (Note 13)	4,549,700	4,205,328
Total equity	49,913,351	47,504,958
TOTAL LIABILITIES AND EQUITY	\$ 78,839,724	\$ 82,150,755

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 13, 2019.

Approved by the Board of Directors

"Luis F. Sáenz" Director

"Jorge R. Ganoza" Director

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

ATICO MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
 (Expressed in United States Dollars)

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
Sales (Note 3)	\$ 6,936,341	\$ 20,401,188	\$ 28,038,426	\$ 27,750,312
Cost of sales (Note 4)	(6,684,378)	(14,489,798)	(22,123,104)	(21,155,068)
Income from mining operations	251,963	5,911,390	5,915,322	6,595,244
General and administrative expenses	(1,017,817)	(935,396)	(1,688,777)	(1,770,399)
Share-based payments (Note 11)	(81,357)	(95,845)	(223,892)	(153,606)
Income (loss) from operations	(847,211)	4,880,149	4,002,653	4,671,239
Accretion of provisions (Note 8)	(81,839)	(74,370)	(166,439)	(148,854)
Interest on long-term loans payable	-	(76,689)	-	(144,537)
Interest and other expenses	(105,060)	(274,695)	(151,421)	(290,281)
Fair value adjustment on derivative instruments, net (Note 10)	62,489	794,000	(335,371)	867,924
Realized gain on derivative instruments, net (Note 10)	20,229	-	72,151	373,644
Foreign exchange gain (loss)	36,544	(496,628)	(73,914)	(274,488)
Income (loss) before income taxes	(914,848)	4,751,767	3,347,659	5,054,647
Current income tax expense (Note 9)	(2,380,314)	(2,130,882)	(2,528,643)	(2,623,086)
Deferred income tax recovery (Note 9)	2,846,751	189,433	1,421,357	744,848
Net income (loss) and comprehensive income (loss)	\$ (448,411)	\$ 2,810,318	\$ 2,240,373	\$ 3,176,409
Net income (loss) and comprehensive income (loss) attributable to:				
Equity holders of Atico Mining Corporation	\$ (458,553)	\$ 2,476,818	\$ 1,896,001	\$ 2,766,365
Non-controlling interests (Note 13)	10,142	333,500	344,372	410,044
	\$ (448,411)	\$ 2,810,318	\$ 2,240,373	\$ 3,176,409
Basic earnings (loss) per share (Note 12)	\$ (0.00)	\$ 0.03	\$ 0.02	\$ 0.03
Diluted earnings (loss) per share (Note 12)	\$ (0.00)	\$ 0.03	\$ 0.02	\$ 0.03
Weighted average no. of shares outstanding - basic (Note 12)	98,502,337	98,502,337	98,502,337	98,502,320
Weighted average no. of shares outstanding - diluted (Note 12)	98,502,337	98,968,737	98,502,337	99,024,657

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

ATICO MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (448,411)	\$ 2,810,318	\$ 2,240,373	\$ 3,176,409
Items not affecting cash:				
Depletion and amortization	1,962,331	3,292,790	6,152,380	5,440,258
Share-based payments	81,357	95,845	223,892	153,606
Accretion of provisions	81,840	74,370	166,440	148,854
Interest income	-	(476)	(235)	(672)
Interest expense	11,947	203,148	50,666	361,048
Fair value adjustment on derivative instruments, net	(62,489)	(794,000)	363,568	(866,758)
Realized gain on derivative instruments, net	(20,229)	-	(72,151)	(374,810)
Deferred income tax recovery	(2,830,214)	(189,433)	(1,404,820)	(744,849)
Unrealized foreign exchange effect	7,454	(50,863)	180,341	47,551
	(1,216,414)	5,441,699	7,900,454	7,340,637
Changes in non-cash operating working capital items (Note 14)	(2,510,123)	3,962,474	798,268	1,538,983
Net cash provided by (used in) operating activities	(3,726,537)	9,404,173	8,698,722	8,879,620
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral property, plant and equipment	(1,807,639)	(3,833,328)	(2,667,351)	(5,999,303)
Interest received	-	476	235	672
Settlements of derivative instruments	583	-	72,151	373,644
Net cash used in investing activities	(1,807,056)	(3,832,852)	(2,594,965)	(5,624,987)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of long-term loans payable	-	(887,205)	-	(1,779,419)
Payments on lease obligations, principal	(171,216)	(79,436)	(341,053)	(156,922)
Payments on lease obligations, interest	(36,526)	(33,077)	(77,205)	(67,550)
Credit facilities withdrawn (repaid), net	(1,500,000)	(2,200,000)	(6,500,000)	1,300,000
Interest paid	(27,694)	(152,331)	(61,210)	(204,606)
Shares issued	-	-	-	268
Net cash used in financing activities	(1,735,436)	(3,352,049)	(6,979,468)	(908,229)
Effect of exchange rate changes on cash	1,302	(1,740)	(17,032)	(24,169)
Change in cash	(7,267,727)	2,217,532	(892,743)	2,322,235
Cash, beginning of period	12,389,707	3,096,037	6,014,723	2,991,334
Cash, end of period	\$ 5,121,980	\$ 5,313,569	\$ 5,121,980	\$ 5,313,569

Supplemental disclosure with respect to cash flows (Note 14)

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

ATICO MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in United States Dollars)

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Contributed surplus reserve	Non- controlling interests	Retained earnings (deficit)	Total equity
Balance as at December 31, 2018	98,502,337	\$ 38,381,033	\$ 3,399,066	\$ (715,935)	\$ 344,280	\$ 4,205,328	\$ 1,891,186	\$ 47,504,958
Share-based payments	-	-	168,020	-	-	-	-	168,020
Net income and comprehensive income	-	-	-	-	-	344,372	1,896,001	2,240,373
Balance as at June 30, 2019	98,502,337	\$ 38,381,033	\$ 3,567,086	\$ (715,935)	\$ 344,280	\$ 4,549,700	\$ 3,787,187	\$ 49,913,351
Balance as at December 31, 2017	98,501,337	\$ 38,380,597	\$ 2,994,866	\$ (715,935)	\$ 344,280	\$ 3,993,553	\$ (959,087)	\$ 44,038,274
Exercise of stock options	1,000	436	(168)	-	-	-	-	268
Share-based payments	-	-	183,506	-	-	-	-	183,506
Dividend declared by subsidiary	-	-	-	-	-	(148,500)	-	(148,500)
Net income and comprehensive income	-	-	-	-	-	410,044	2,766,365	3,176,409
Balance as at June 30, 2018	98,502,337	\$ 38,381,033	\$ 3,178,204	\$ (715,935)	\$ 344,280	\$ 4,255,097	\$ 1,807,278	\$ 47,249,957

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

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

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 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's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "ATY". The address of its head office is Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

On November 22, 2013, the Company acquired 90% of the issued and outstanding common shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble mining property ("El Roble"), an operating copper-gold mine in Colombia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed interim consolidated financial statements have been prepared 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"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated 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, 2018.

Accounting standards adopted during the period

Adoption of IFRS 16 Leases

Effective January 1, 2019, the Company has adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (a) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (b) recognizes the amortization of ROU assets and interest on lease liabilities in profit or loss; and (c) separates the total amount of cash paid into principal and interest portions in the consolidated statement of cash flows.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. As a result, the Company, as a lessee, has recognized \$871,604 within lease obligations representing its obligation to make lease payments. ROU assets of the same amount were recognized within mineral property, plant and equipment, representing its right to use the underlying assets. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8%.

ATICO MINING CORPORATION
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Accounting standards adopted during the period (cont'd...)

Adoption of IFRS 16 Leases (cont'd...)

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application and lease liabilities recognized on the consolidated statement of financial position at the date of initial application:

	January 1 2019
Operating lease obligation as at December 31, 2018	\$ 34,434
Leases with lease term of 12 months or less and low value assets	(34,434)
Leases identified as a result of IFRS 16 implementation	998,168
Effect from discounting at the incremental borrowing rate	(126,564)
Lease liabilities due to initial application of IFRS 16 as at January 1, 2019	\$ 871,604

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in profit or loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in mineral property, plant and equipment, and the lease liability is presented as part of provisions in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in profit or loss.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

3. RECEIVABLES AND SALES

Receivables

	June 30 2019	December 31 2018
Trade receivables	\$ 5,126,479	\$ 849,726
GST/VAT and other taxes recoverable	2,247,135	1,612,161
Other receivables	137,561	26,046
	\$ 7,511,175	\$ 2,487,933

As at June 30, 2019 and December 31, 2018, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at June 30, 2019 and December 31, 2018 was \$Nil.

The Company has a concentrate off-take agreement whereby the customer will purchase 100% of the metals concentrate produced at the El Roble mining property. This current agreement has an expected settlement period of four months. The aging analysis of the Company's trade receivables from sales of metals concentrate is as follows:

	June 30 2019	December 31 2018
0 to 30 days	\$ 5,126,479	\$ 849,726
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	-
Over 120 days	-	-
	\$ 5,126,479	\$ 849,726

Sales

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
Metals concentrate shipped and invoiced	\$ 8,126,467	\$ 21,605,007	\$ 29,013,615	\$ 29,478,595
Provisional pricing adjustments	(1,190,126)	(1,203,819)	(975,189)	(1,728,283)
	\$ 6,936,341	\$ 20,401,188	\$ 28,038,426	\$ 27,750,312

4. INVENTORIES AND COST OF SALES

Inventories

	June 30 2019	December 31 2018
Consumable parts and supplies	\$ 3,375,228	\$ 3,384,751
Ore stockpiles	971,493	1,029,030
Metals concentrate	2,797,915	9,567,283
	\$ 7,144,636	\$ 13,981,064

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE SIX MONTHS ENDED JUNE 30, 2019

4. INVENTORIES AND COST OF SALES (cont'd...)
Cost of sales

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
Direct mining and processing costs	\$ (4,201,585)	\$ (10,033,750)	\$ (14,551,840)	\$ (13,688,048)
Royalties	(134,664)	(316,715)	(472,160)	(439,441)
Selling expense	(492,661)	(882,308)	(1,173,420)	(1,655,748)
Depletion and amortization	(1,855,468)	(3,257,025)	(5,925,684)	(5,371,831)
	\$ (6,684,378)	\$ (14,489,798)	\$ (22,123,104)	\$ (21,155,068)

Direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs.

5. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Plant, building, machinery, and equipment	Assets under lease	Land and non-depletable exploration property	Total
As at December 31, 2018, net	\$ 40,563,414	\$ 11,808,145	\$ -	\$ 6,722,457	\$ 59,094,016
Initial adoption of IFRS 16	-	(807,945)	1,679,549	-	871,604
As at January 1, 2019, net	40,563,414	11,000,200	1,679,549	6,722,457	59,965,620
Changes for the period:					
Additions	193,243	1,500,931	-	973,177	2,667,351
Depletion and amortization	(1,915,225)	(2,005,585)	(457,878)	-	(4,378,688)
As at June 30, 2019, net	\$ 38,841,432	\$ 10,495,546	\$ 1,221,671	\$ 7,695,634	\$ 58,254,283
As at January 1, 2019					
Historical cost	\$ 70,680,170	\$ 24,855,060	\$ 3,174,012	\$ 6,722,457	\$ 105,431,699
Accumulated amortization	(30,116,756)	(13,854,860)	(1,494,463)	-	(45,466,079)
Net carrying amount	\$ 40,563,414	\$ 11,000,200	\$ 1,679,549	\$ 6,722,457	\$ 59,965,620
As at June 30, 2019					
Historical cost	\$ 70,873,413	\$ 26,355,991	\$ 3,174,012	\$ 7,695,634	\$ 108,099,050
Accumulated amortization	(32,031,981)	(15,860,445)	(1,952,341)	-	(49,844,767)
Net carrying amount	\$ 38,841,432	\$ 10,495,546	\$ 1,221,671	\$ 7,695,634	\$ 58,254,283

The Company leases various pieces of equipment that were previously classified as finance leases under IAS 17. For these finance leases, the carrying amount at January 1, 2019 of the right-of-use asset of \$807,945 and of the lease obligation of \$1,048,145 were determined based on the carrying amount of the asset under finance lease and finance lease liability, respectively, under IAS 17 immediately before that date.

Capitalized exploration and evaluation expenditures on the El Roble property are categorized as non-depletable exploration property in the above table.

During the six months ended June 30, 2018, the Company derecognized its fully amortized plant, building, machinery, and equipment with an aggregate gross historical cost of \$6,412,749.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE SIX MONTHS ENDED JUNE 30, 2019

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2019	December 31 2018
Trade and other payables	\$ 6,180,199	\$ 4,348,408
Payables to non-controlling interest of MINER	186,965	186,965
Payroll and related liabilities	1,190,481	1,261,485
Taxes payable	2,821,425	2,717,460
Accrued liabilities	140,589	433,940
	\$ 10,519,659	\$ 8,948,258

7. CREDIT FACILITIES

	June 30 2019	December 31 2018
Bank credit facilities	\$ -	\$ 1,500,000
Advances on concentrate inventories	-	5,000,000
Accrued interest expense	-	10,544
	\$ -	\$ 6,510,544

Bank credit facilities

The Company has arrangements for unsecured credit facilities with a number of Colombian banks, including Banco Davivienda S.A., Banco de Occidente, Bancolombia, and Banco Popular, of up to \$1,500,000 and Colombian pesos ("COP") \$31,000,000,000 (approximately \$9,700,000). As at June 30, 2019, the Company did not have any balance owed on these facilities.

Advance on concentrate inventories

As part of the off-take agreement with the customer, the Company has been provided an inventory facility. Any amount advanced by the customer carries annual interest based on LIBOR plus 4.5% from the date of advance until the date of the payment on provisional invoice has been made.

8. PROVISIONS

	Decommissioning and restoration provision	Lease obligations	Share-based payment provision	Total
As at December 31, 2018	\$ 1,888,879	\$ 1,048,145	\$ 99,333	\$ 3,036,357
Initial adoption of IFRS 16	-	871,604	-	871,604
As at January 1, 2019	1,888,879	1,919,749	99,333	3,907,961
Accretion expense	89,234	77,205	-	166,439
Payments during the period	-	(418,258)	-	(418,258)
Vesting during the period	-	-	(112,838)	(112,838)
Share-based payments (Note 11)	-	-	55,872	55,872
Currency translation adjustments	-	10,172	-	10,172
As at June 30, 2019	1,978,113	1,588,868	42,367	3,609,348
Less: current portion	-	765,439	25,490	790,929
Long term portion	\$ 1,978,113	\$ 823,429	\$ 16,877	\$ 2,818,419

Share-based payment provision

The Company recognized a share-based payment provision for restricted share units ("RSUs") granted, refer to Note 11 for details on the RSUs plan.

ATICO MINING CORPORATION
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8. PROVISIONS (cont'd...)

Decommissioning and restoration provision

A decommissioning and restoration provision has been recognized in respect of the mining operations at the El Roble mining property, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy the decommissioning and restoration provision as at June 30, 2019 were \$3,150,000 (December 31, 2018 - \$3,150,000), which were adjusted for inflation and uncertainty of the cash flows and then discounted using a risk adjusted pre-tax discount rate of 9.75% (December 31, 2018 - 9.75%).

In view of the uncertainties concerning environmental reclamation, the ultimate cost of reclamation activities could differ materially from the estimated amount recorded. The estimate of the Company's decommissioning and restoration liability relating to the El Roble mining property is subject to change based on amendments to laws and regulations and as new information regarding the Company's operations becomes available. Future changes, if any, to the estimated liability as a result of amended requirements, laws, regulations, operating assumptions, estimated timing and amount of obligations may be significant and would be recognized prospectively as a change in accounting estimate. Any such change would result in an increase or decrease to the liability and a corresponding increase or decrease to the mineral property, plant and equipment balance.

Lease obligations

Future minimum lease payments as at June 30, 2019 and December 31, 2018 are as follows:

	June 30 2019	December 31 2018
Not later than one year	\$ 1,261,816	\$ 403,064
Later than one year and not later than five years	1,332,420	802,181
Later than five years	94,330	-
Total minimum lease payments	2,688,566	1,205,245
Future finance charges at implicit rate	(318,628)	(157,100)
Balance of unpaid obligations	\$ 1,588,868	\$ 1,048,145

9. INCOME TAXES

Income tax expense differs from the amount that would result from applying Canadian income tax rates to earnings before income taxes. These differences result from the following items:

	June 30 2019	June 30 2018
Six months ended		
Income before income taxes	\$ 3,347,659	\$ 5,054,647
Canadian federal and provincial income tax rates	27.00%	26.00%
Expected income tax expense at statutory income tax rate	903,868	1,314,208
Difference between Canadian and foreign tax rates	184,592	417,727
Changes in effective tax rates	(207,767)	(281,069)
Permanent differences and other adjustments	(56,313)	385,485
Changes in unrecognized deferred tax assets	437,760	96,120
Impact of foreign exchange on deferred tax assets and liabilities	(152,759)	(54,233)
Total income tax expense	\$ 1,109,381	\$ 1,878,238
Current income tax expense (recovery)	\$ 2,528,643	\$ 2,623,086
Deferred income tax expense (recovery)	(1,421,357)	(744,848)

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10. OTHER FINANCIAL ASSETS AND LIABILITIES

	Currency forward arrangements
As at December 31, 2018	282,793
Fair value adjustments	(115,067)
Reversal of previous fair value adjustments	(282,793)
As at June 30, 2019	\$ (46,661)
As at June 30, 2019	
Other financial assets	\$ 18,765
Other financial liabilities	\$ (65,426)

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

Currency forward arrangements

The Company has 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 receives proceeds if the contracted settlement rate is above the market exchange rate to purchase Colombian peso. As at June 30, 2019, the Company had outstanding arrangements to convert \$5,048,000 (2018 - \$13,748,000) into Colombian peso at the negotiated exchange rates over the next twelve months, resulting in a net liability carrying amount of \$46,661 (2018 - net asset of \$282,793).

11. SHARE CAPITAL

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

Issued share capital

During the six months ended June 30, 2018, the Company issued 1,000 common shares pursuant to the exercise of stock options for gross proceeds of \$268.

Restricted share units

The continuity of RSUs for the six months ended June 30, 2019 are as follows:

Expiry Date	Balance		Granted	Vested	Expired/ Cancelled	Balance
	December 31	2018				June 30
Apr 12, 2019	385,714		-	(385,714)	-	-
Apr 17, 2020	117,890		-	(44,209)	-	73,681
Feb 22, 2021	124,644		-	(24,929)	-	99,715
May 02, 2022	-		782,829	-	-	782,829
Outstanding	628,248		782,829	(454,852)	-	956,225

As at June 30, 2019, the weighted average remaining life of the RSUs outstanding is 2.56 (December 31, 2018 - 0.84) years with vesting periods of 36 months.

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11. SHARE CAPITAL (cont'd...)

Stock options

The continuity of stock options for the six months ended June 30, 2019 are as follows:

Expiry Date	Exercise Price (CAD)	Balance December 31 2018	Granted	Exercised	Expired/Cancelled	Balance June 30 2019
Jul 11, 2019	\$ 0.79	2,531,304	-	-	-	2,531,304
Apr 12, 2021	\$ 0.345	2,241,184	-	-	-	2,241,184
Apr 17, 2022	\$ 0.77	841,119	-	-	-	841,119
Feb 22, 2023	\$ 0.69	1,597,678	-	-	-	1,597,678
Jun 05, 2023	\$ 0.59	35,000	-	-	-	35,000
May 02, 2024	\$ 0.285	-	2,200,000	-	-	2,200,000
Outstanding		7,246,285	2,200,000	-	-	9,446,285
Weighted average exercise price (CAD)						
	\$	0.63	\$	0.285	\$	-
					\$	0.55
Exercisable		3,818,120				5,519,583

As at June 30, 2019, the weighted average remaining life of the stock options outstanding is 2.44 (December 31, 2018 - 2.21) years with vesting periods ranging from 0 to 36 months.

Share-based payments and share-based payment reserve

During the six months ended June 30, 2019, the Company granted 2,200,000 (2018 - 1,632,678) stock options and 782,829 (2018 - 124,644) RSUs to employees, directors, and officers of the Company, all of which will vest over 36 months. Using the fair value method for share-based payments, the Company determined the fair value of the options granted to be C\$393,820 or C\$0.18 per option (2018 - C\$728,482 or C\$0.45). The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	June 30 2019	June 30 2018
Weighted average:		
Risk free interest rate	1.61%	2.09%
Expected dividend yield	0%	0%
Expected stock price volatility	77%	80%
Expected life in years	5	5
Forfeiture rate	0%	0%

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of \$223,892 (2018 - \$153,606) with an offsetting credit of \$168,020 (2018 - \$183,506) to the share-based payments reserve and \$55,872 (2018 - debit of \$29,900) to the provision, respectively, during the six months ended June 30, 2019.

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12. EARNINGS (LOSS) PER SHARE

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
Net income (loss) ⁽¹⁾	\$ (458,553)	\$ 2,476,818	\$ 1,896,001	\$ 2,766,365
Weighted average number of common shares outstanding - basic	98,502,337	98,502,337	98,502,337	98,502,320
Dilutive effect of stock options outstanding	-	466,400	-	522,337
Weighted average number of common shares outstanding - diluted	98,502,337	98,968,737	98,502,337	99,024,657
Basic earnings (loss) per share ⁽¹⁾	\$ (0.00)	\$ 0.03	\$ 0.02	\$ 0.03
Diluted earnings (loss) per share ⁽¹⁾	\$ (0.00)	\$ 0.03	\$ 0.02	\$ 0.03

⁽¹⁾ Attributable to equity holders of the Company

13. RELATED PARTY BALANCES AND TRANSACTIONS
MINER non-controlling interests

MINER is a 90%-owned subsidiary of the Company and is 10% owned by a minority shareholders' group. For the six months ended June 30, 2019, income of \$344,372 (2018 - \$410,044) has been allocated to the non-controlling interests of MINER. Summarized financial information about MINER is as follows:

	June 30 2019	June 30 2018
Six months ended		
Current assets	\$ 19,940,548	\$ 22,732,062
Non-current assets	53,670,796	55,831,594
Current liabilities	9,636,764	15,741,408
Non-current liabilities	17,255,559	18,139,576
Net income and comprehensive income	\$ 3,443,720	\$ 4,100,440

Compensation of key management personnel

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

	Salary or fees	Share-based payments	Total
Six months ended June 30, 2019			
Management	\$ 320,000	\$ 158,955	\$ 478,955
Outside directors	64,250	52,197	116,447
Seabord Services Corp.	90,782	-	90,782
	\$ 475,032	\$ 211,152	\$ 686,184
Six months ended June 30, 2018			
Management	\$ 320,000	\$ 63,534	\$ 383,534
Outside directors	62,300	54,069	116,369
Seabord Services Corp.	90,496	-	90,496
	\$ 472,796	\$ 117,603	\$ 590,399

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13. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd...)

Compensation of key management personnel (cont'd...)

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

Seabord Services Corp. ("Seabord") is a management services company controlled by a director. Seabord provides the Chief Financial Officer, Corporate Secretary, accounting staff, administration staff and office space to the Company pursuant to a 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.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Changes in non-cash working capital

The changes in non-cash working capital items are comprised as follows:

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
Receivables and other assets	\$ (2,140,874)	\$ (70,577)	\$ (5,023,242)	\$ 2,143,453
Inventories	(1,164,106)	2,333,253	4,875,484	(2,471,435)
Prepays and deposits	(179,317)	(652,293)	(512,537)	(837,101)
Accounts payable and accrued liabilities	974,174	2,352,091	1,458,563	2,704,066
Net change in non-cash working capital	\$ (2,510,123)	\$ 3,962,474	\$ 798,268	\$ 1,538,983

Significant non-cash investing and financing activities

During the six months ended June 30, 2019, the Company:

- reallocated mineral property depletion of \$1,271,266 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- reallocated mineral property depletion of \$3,232,210 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales; and
- recorded \$871,604 of ROU asset and lease liability, respectively, on the adoption of IFRS 16 (Note 2).

During the six months ended June 30, 2018, the Company:

- reallocated mineral property depletion of \$2,319,552 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- reallocated mineral property depletion of \$1,804,949 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
- declared and accrued dividend of \$148,500 to non-controlling interests of MINER; and
- reallocated \$168 from reserves to share capital for the exercise of stock options.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to provide shareholder returns through maximization of the profitable growth of the business and to maintain a degree of financial flexibility relevant to the underlying operating and metal price risks while safeguarding the Company's ability to continue as a going concern.

The capital of the Company consists of components of shareholders' equity. The Board of Directors does not establish a quantitative return on capital criteria for management. 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 management of the Company believes that the capital resources of the Company as at June 30, 2019 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements.

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16. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	June 30 2019	December 31 2018
Financial assets		
Amortized cost:		
Cash	\$ 5,121,980	\$ 6,014,723
Receivables	137,561	26,046
Fair value through profit or loss:		
Trade receivables from provisional sales	5,126,479	849,726
Other financial assets	18,765	296,671
	\$ 10,404,785	\$ 7,187,166
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 7,698,234	\$ 6,230,798
Credit facilities	-	6,510,544
Fair value through profit or loss:		
Other financial liabilities	65,426	13,878
Share-based payment provision	42,367	99,333
	\$ 7,806,027	\$ 12,854,553

Fair value

Financial instruments recorded at fair value on the consolidated 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. As at June 30, 2019, the Company's financial instruments measured at fair value are as follows:

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

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

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

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16. FINANCIAL INSTRUMENTS (cont'd...)

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

Metal price risk

The Company is exposed to metals price risk given that its revenues are derived from the sale of metals through its metals concentrate products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral property may be adversely affected by fluctuations in metals prices. For concentrate shipped and provisionally invoiced during the six months ended June 30, 2019, a 1% change in copper and gold prices would result in an increase/decrease of approximately \$498,000 and \$130,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

Credit risk

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Liquidity risk

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. The maturities of the Company's non-current liabilities are disclosed in Note 8. All current liabilities are settled within one year.

Interest rate risk

As at June 30, 2019, the Company did not have any debt and credit facilities outstanding that are subject to market interest rates.

Currency risk

As at June 30, 2019, the Company was exposed to currency risk as follows:

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

Based on the above net exposure, as at June 30, 2019, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, Euro, and Colombian peso would result in an increase/decrease of approximately \$75,000 in the Company's pre-tax income or loss.

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17. CONTINGENCY

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

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

18. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties, and has an operating mine in Colombia. The Company operates in one industry and has one reportable segment, which is reviewed by the chief operating decision maker and identified based on quantitative factors whereby its revenues or assets comprise 10% or more of the total revenues or assets of the Company. As at June 30, 2019, the Company only had a single off-take agreement for metals concentrate produced at the El Roble mining property.

Geographic segment details

As at June 30, 2019	Canada		Colombia		Other		Total
Cash and other current assets	\$	89,644	\$	20,019,628	\$	476,169	\$ 20,585,441
Mineral property, plant and equipment		-		58,246,874		7,409	58,254,283
Total assets	\$	89,644	\$	78,266,502	\$	483,578	\$ 78,839,724

As at December 31, 2018	Canada		Colombia		Other		Total
Cash and other current assets	\$	162,979	\$	22,324,793	\$	568,967	\$ 23,056,739
Mineral property, plant and equipment		-		59,079,199		14,817	59,094,016
Total assets	\$	162,979	\$	81,403,992	\$	583,784	\$ 82,150,755

19. EVENT AFTER REPORTING DATE

Subsequent to June 30, 2019, the Company entered into a plan of arrangement with Toachi Mining Inc. ("Toachi"), where all issued and outstanding common shares of Toachi will be exchanged on the basis of 0.2487 common shares of the Company for each common share of Toachi. This arrangement is subject to regulatory and Toachi shareholder approval.