



ATICO MINING CORPORATION

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

SEPTEMBER 30, 2021

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Atico Mining Corporation (the "Company") for the nine months ended September 30, 2021 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
(Unaudited - Expressed in United States Dollars)

	September 30 2021	December 31 2020
ASSETS		
Current assets		
Cash	\$ 14,297,751	\$ 16,652,711
Receivables (Note 3)	16,031,088	11,764,183
Inventories (Note 4)	5,603,596	9,647,265
Other assets (Note 5)	975,414	1,089,771
Total current assets	36,907,849	39,153,930
Non-current assets		
Mineral properties (Note 6)	66,461,501	62,947,134
Plant and equipment (Note 7)	12,461,351	13,456,951
Total non-current assets	78,922,852	76,404,085
TOTAL ASSETS	\$ 115,830,701	\$ 115,558,015
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 8,157,721	\$ 12,882,407
Loans payable and convertible debentures (Note 9)	4,004,778	3,032,741
Other liabilities (Note 10)	1,713,271	280,514
Lease liabilities (Note 11)	252,423	435,686
Total current liabilities	14,128,193	16,631,348
Non-current liabilities		
Loans payable and convertible debentures (Note 9)	6,170,954	6,790,239
Other liabilities (Note 10)	2,042,138	102,059
Lease liabilities (Note 11)	334,968	554,291
Decommissioning and restoration provision (Note 12)	2,439,195	2,275,646
Deferred income tax liabilities	17,293,181	15,386,580
Total non-current liabilities	28,280,436	25,108,815
Total liabilities	42,408,629	41,740,163
EQUITY		
Share capital (Note 14)	43,690,353	42,671,700
Reserves	4,588,389	4,423,332
Retained earnings	19,674,182	13,072,547
Total equity attributable to equity holders of the Company	67,952,924	60,167,579
Non-controlling interests (Note 18)	5,469,148	13,650,273
Total equity	73,422,072	73,817,852
TOTAL LIABILITIES AND EQUITY	\$ 115,830,701	\$ 115,558,015

Nature of operations (Note 1)

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 16, 2021.

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)
(Unaudited - Expressed in United States Dollars)

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Sales (Note 15)	\$ 31,807,740	\$ 14,064,743	\$ 64,546,778	\$ 34,454,072
Cost of sales (Note 16)	(18,048,730)	(9,070,796)	(38,910,579)	(26,756,742)
Income from mining operations	13,759,010	4,993,947	25,636,199	7,697,330
General and administrative expenses	(1,439,993)	(1,046,709)	(3,819,829)	(3,047,839)
Share-based payments (Note 14)	(202,327)	(177,949)	(706,869)	(422,492)
Income from operations	12,116,690	3,769,289	21,109,501	4,226,999
Accretion expenses	(68,688)	(75,704)	(206,466)	(221,174)
Interest on loans payable and convertible debentures (Note 9)	(192,483)	(89,933)	(583,719)	(302,939)
Interest and other expenses	(262,275)	(297,396)	(549,435)	(419,591)
Fair value adjustment on derivative instruments, net (Note 5)	1,429,927	(44,914)	(844,444)	679,790
Realized loss on derivative instruments, net (Note 5)	(1,024,935)	(109,931)	(2,744,151)	(632,795)
Foreign exchange gain (loss)	210,599	(59,299)	(29,498)	37,536
Income before income taxes	12,208,835	3,092,112	16,151,788	3,367,826
Current income tax expense (Note 13)	(2,899,072)	(3,212,907)	(4,811,854)	(3,379,236)
Deferred income tax (expense) recovery (Note 13)	(1,754,420)	1,996,618	(1,987,503)	1,538,783
Net income and comprehensive income	\$ 7,555,343	\$ 1,875,823	\$ 9,352,431	\$ 1,527,373
Net income and comprehensive income attributable to:				
Equity holders of Atico Mining Corporation	\$ 6,645,202	\$ 1,606,580	\$ 8,057,382	\$ 1,214,452
Non-controlling interests (Note 18)	910,141	269,243	1,295,049	312,921
	\$ 7,555,343	\$ 1,875,823	\$ 9,352,431	\$ 1,527,373
Basic earnings (loss) per share (Note 17)	\$ 0.05	\$ 0.01	\$ 0.07	\$ 0.01
Diluted earnings (loss) per share (Note 17)	\$ 0.05	\$ 0.01	\$ 0.07	\$ 0.01
Weighted average no. of shares outstanding - basic (Note 17)	121,286,185	119,032,661	120,512,965	119,025,095
Weighted average no. of shares outstanding - diluted (Note 17)	121,958,285	119,925,370	121,298,933	119,229,869

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

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

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ 7,555,343	\$ 1,875,823	\$ 9,352,431	\$ 1,527,373
Items not affecting cash:				
Depletion and amortization	5,162,557	2,731,774	11,614,652	8,129,714
Share-based payments	202,327	177,949	706,869	422,492
Accretion of lease liabilities	12,193	24,238	42,917	71,220
Accretion of decommissioning and restoration provision	56,495	51,466	163,549	149,954
Interest income	-	(17)	(6)	(270)
Interest expense	192,483	89,933	583,719	302,939
Fair value adjustment on derivative instruments, net	(1,429,927)	44,914	844,444	(679,790)
Realized loss on derivative instruments, net	1,024,935	109,931	2,744,151	632,795
Deferred income tax expense	1,754,420	(1,996,618)	1,987,503	(1,538,783)
Unrealized foreign exchange effect	44,103	(52,279)	(215,070)	(353,745)
	14,574,929	3,057,114	27,825,159	8,663,899
Changes in non-cash operating working capital items (Note 20)	(6,385,705)	240,352	(5,012,113)	1,459,818
Net cash provided by operating activities	8,189,224	3,297,466	22,813,046	10,123,717
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral properties	(3,596,664)	(2,461,619)	(8,592,638)	(5,267,820)
Acquisition of plant and equipment	(914,585)	(673,354)	(5,783,847)	(2,208,063)
Acquisition of non-controlling interests	(7,000,000)	-	(7,000,000)	-
Interest received	-	17	6	270
Settlements of derivative instruments	(1,024,935)	(109,931)	(2,744,151)	(632,795)
Net cash used in investing activities	(12,536,184)	(3,244,887)	(24,120,630)	(8,108,408)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans payable withdrawn (repaid), net	2,750,001	(550,000)	250,003	313,957
Payments on lease obligations, principal	(36,975)	(171,229)	(239,204)	(497,536)
Payments on lease obligations, interest	(56,495)	(51,466)	(163,549)	(149,954)
Interest paid	(162,772)	(122,633)	(480,970)	(491,969)
Dividend paid to non-controlling interests	(459,695)	(299,631)	(931,921)	(553,250)
Shares issued	-	1,746	624,742	2,720
Net cash provided by (used in) financing activities	2,034,064	(1,193,213)	(940,899)	(1,376,032)
Effect of exchange rate changes on cash	(5,202)	(244)	(106,477)	(17,515)
Change in cash	(2,318,098)	(1,140,878)	(2,354,960)	621,762
Cash, beginning of period	16,615,849	8,925,115	16,652,711	7,162,475
Cash, end of period	\$ 14,297,751	\$ 7,784,237	\$ 14,297,751	\$ 7,784,237

Supplemental disclosure with respect to cash flows (Note 20)

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
(Unaudited - 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	Total equity
Balance as at December 31, 2020	119,033,901	\$ 42,671,700	\$ 4,282,299	\$ (715,935)	\$ 856,968	\$ 13,650,273	\$ 13,072,547	\$ 73,817,852
Exercise of stock options	2,252,284	1,018,653	(393,911)	-	-	-	-	624,742
Share-based payments	-	-	558,968	-	-	-	-	558,968
Allocation to non-controlling interest (Note 18)	-	-	-	-	-	1,687,325	(1,687,325)	-
Acquisition of non-controlling interest (Note 18)	-	-	-	-	-	(10,231,578)	231,578	(10,000,000)
Dividend declared by subsidiary	-	-	-	-	-	(931,921)	-	(931,921)
Net income and comprehensive income	-	-	-	-	-	1,295,049	8,057,382	9,352,431
Balance as at September 30, 2021	121,286,185	\$ 43,690,353	\$ 4,447,356	\$ (715,935)	\$ 856,968	\$ 5,469,148	\$ 19,674,182	\$ 73,422,072

	Number of shares	Share capital	Share-based payments reserve	Foreign currency translation reserve	Contributed surplus reserve	Non- controlling interests	Retained earnings	Total equity
Balance as at December 31, 2019	119,022,769	\$ 42,667,270	\$ 3,838,493	\$ (715,935)	\$ 344,280	\$ 11,105,628	\$ 7,774,149	\$ 65,013,885
Exercise of stock options	11,132	4,430	(1,710)	-	-	-	-	2,720
Share-based payments	-	-	296,614	-	-	-	-	296,614
Dividend declared by subsidiary	-	-	-	-	-	(553,250)	-	(553,250)
Net income and comprehensive income	-	-	-	-	-	312,921	1,214,452	1,527,373
Balance as at September 30, 2020	119,033,901	\$ 42,671,700	\$ 4,133,397	\$ (715,935)	\$ 344,280	\$ 10,865,299	\$ 8,988,601	\$ 66,287,342

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
(Unaudited - Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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.

On September 11, 2019, the Company acquired, in a plan of arrangement, 100% of the issued and outstanding common shares of Toachi Mining Inc. ("Toachi"), which owns the La Plata project in Ecuador.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company is closely monitoring the developments and has implemented preventative measures at the El Roble mine site, La Plata project, as well as corporate offices to safeguard the health of its employees, while continuing to operate effectively and responsibly in its communities. It is currently not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. However, management will continue to assess the situation and are prepared to swiftly make any necessary adjustments within the regulatory framework issued by the Colombian and Ecuadorian Ministry of Health and Social Protection.

The Company announced in its press release dated July 22, 2021, that it is currently in the process of renewing the title on its claims hosting El Roble, which under the current agreement are set to expire in January 2022. This process is still ongoing. The Company is working diligently with the authorities and believes it has followed and fulfilled all of the renewal requirements. However, at this time, the title has not been renewed and there is no assurance that it will be renewed. If the new title is not granted on or before January 23, 2022, the Company will be forced to halt mining operations. That outcome would be materially adverse for the Company since it will have no cash flow from operations and will be required to change its priorities. The Company will continue to firmly pursue the renewal of the title and will advise the market of any developments as they occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to preparation of interim financial statements including International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which have been measured at fair value. 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 financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2020.

3. RECEIVABLES

	September 30 2021	December 31 2020
Trade receivables	\$ 14,952,360	\$ 9,555,509
GST/VAT and other taxes recoverable	755,046	2,174,866
Other receivables	323,682	33,808
	\$ 16,031,088	\$ 11,764,183

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. As at September 30, 2021 and December 31, 2020, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at September 30, 2021 and December 31, 2020 was \$Nil.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

4. INVENTORIES

	September 30 2021	December 31 2020
Consumable parts and supplies	\$ 3,327,297	\$ 3,600,058
Ore stockpiles	349,941	634,735
Metals concentrate	1,926,358	5,412,472
	\$ 5,603,596	\$ 9,647,265

5. OTHER ASSETS

	September 30 2021	December 31 2020
Prepaid expenses and deposits	\$ 975,414	\$ 640,434
Derivative assets	-	449,337
	\$ 975,414	\$ 1,089,771

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 derivative instruments on the consolidated statement of financial position. During the nine months ended September 30, 2021, the Company recognized a negative net fair value adjustment of \$844,444 (2020 - positive \$679,790) on its derivative instruments, and a net realized loss of \$2,744,151 (2020 - \$632,795) 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 (or pays) proceeds if the contracted settlement rate is above (or below) the market exchange rate to purchase Colombian peso. As at September 30, 2021, the Company had outstanding collar arrangements to convert \$4,299,000 (December 31, 2020 - \$6,300,000) into Colombian pesos at the negotiated exchange rates over the next four months, resulting in a net asset carrying amount of \$Nil (December 31, 2020 - \$449,337).

Commodity derivative arrangements

The Company entered into zero-cost commodity derivative arrangements with Auramet International LLC. These arrangements were net settled based on the difference between the market price and the contracted settlement price, where the Company received proceeds if the contracted settlement price was above the market price. As at September 30, 2021, the Company had an outstanding arrangement on 350 tonnes of copper to be settled over the next two months, resulting in a net liability carrying amount of \$560,177 (December 31, 2020 - \$165,610) (Note 10).

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Expressed in United States Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

6. MINERAL PROPERTIES

	Depletable El Roble	Land and non-depletable El Roble	Non-depletable La Plata	Total
As at December 31, 2020, net	\$ 28,675,990	\$ 12,033,479	\$ 22,237,665	\$ 62,947,134
Additions	683,783	2,322,641	5,586,214	8,592,638
Depletion and amortization	(5,078,271)	-	-	(5,078,271)
As at September 30, 2021, net	\$ 24,281,502	\$ 14,356,120	\$ 27,823,879	\$ 66,461,501
As at December 31, 2020				
Historical cost	\$ 71,667,567	\$ 12,033,479	\$ 22,237,665	\$ 105,938,711
Accumulated amortization	(42,991,577)	-	-	(42,991,577)
Net carrying amount	\$ 28,675,990	\$ 12,033,479	\$ 22,237,665	\$ 62,947,134
As at September 30, 2021				
Historical cost	\$ 72,351,350	\$ 14,356,120	\$ 27,823,879	\$ 114,531,349
Accumulated amortization	(48,069,848)	-	-	(48,069,848)
Net carrying amount	\$ 24,281,502	\$ 14,356,120	\$ 27,823,879	\$ 66,461,501

The Company had an option agreement to earn up to 75% ownership in Compania Minera La Plata S.A. ("CMLP") who holds the La Plata project, which is a polymetallic (primarily gold, silver, copper, lead, and zinc) exploration project at its pre-development stage located in Ecuador. The Company held a 60% ownership interest and further options to increase its ownership in CMLP in stages.

In August 2021, the Company acquired the remaining 40% for \$10,000,000, of which \$7,000,000 was paid and the remaining \$3,000,000 is payable over three years in three equal annual installments (Notes 10 and 18).

7. PLANT AND EQUIPMENT

	Plant and building	Machinery and equipment	Assets under lease	Total
As at December 31, 2020, net	\$ 10,894,896	\$ 1,893,805	\$ 668,250	\$ 13,456,951
Additions	3,213,686	369,739	28,984	3,612,409
Depletion and amortization	(3,655,566)	(777,147)	(175,296)	(4,608,009)
As at September 30, 2021, net	\$ 10,453,016	\$ 1,486,397	\$ 521,938	\$ 12,461,351
As at December 31, 2020				
Historical cost	\$ 17,283,060	\$ 18,125,345	\$ 3,899,851	\$ 39,308,256
Accumulated amortization	(6,388,164)	(16,231,540)	(3,231,601)	(25,851,305)
Net carrying amount	\$ 10,894,896	\$ 1,893,805	\$ 668,250	\$ 13,456,951
As at September 30, 2021				
Historical cost	\$ 20,496,746	\$ 18,495,084	\$ 3,928,835	\$ 42,920,665
Accumulated amortization	(10,043,730)	(17,008,687)	(3,406,897)	(30,459,314)
Net carrying amount	\$ 10,453,016	\$ 1,486,397	\$ 521,938	\$ 12,461,351

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2021	December 31 2020
Trade and other payables	\$ 4,709,491	\$ 6,533,004
Payables to non-controlling interest of MINER	104,983	72,229
Payroll and related liabilities	1,893,964	1,624,478
Taxes payable	-	3,974,236
Accrued liabilities	1,449,283	678,460
	\$ 8,157,721	\$ 12,882,407

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in United States Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

9. LOANS PAYABLE AND CONVERTIBLE DEBENTURES

	Credit facilities	Loans payable	Convertible debentures	Total
As at December 31, 2020	\$ 2,001,475	\$ 2,428,042	\$ 5,393,463	\$ 9,822,980
Additions	15,116,210	-	-	15,116,210
Interest expense	49,547	62,210	471,962	583,719
Repayments - principal	(14,116,210)	(749,997)	-	(14,866,207)
Repayments - interest	(46,244)	(73,585)	(361,141)	(480,970)
	3,004,778	1,666,670	5,504,284	10,175,732
Less: current portion	3,004,778	1,000,000	-	4,004,778
Non-current portion	\$ -	\$ 666,670	\$ 5,504,284	\$ 6,170,954

Credit facilities

The Company has arrangements with several Colombian banks to enter into unsecured credit facilities with terms up to six months from the date of drawn down (Note 21). In August 2021, the Company entered into loan agreements with Colombian banks totaling \$3,000,000, which carried interest rate at London Interbank Offered Rates ("LIBOR") plus 0.75% per annum repayable in six months.

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 and would be secured by such inventory until the date of the payment on provisional invoice has been made. As at September 30, 2021 and December 31, 2020, there were no amounts advanced.

Loans payable

In September 2020, the Company entered into a loan arrangement with Export Development Canada ("EDC") for a non-revolving facility of up to \$2,500,000 repayable over 30 months from the time of the initial advance. Any amount advanced carries interest rate of LIBOR plus 3.5% per annum. The Company received the initial advance of \$2,500,000 in November 2020.

Convertible debentures

In December 2020, the Company entered into an unsecured convertible debenture arrangement with Dundee Corporation ("Dundee") for principal balance of \$6,500,000, which carries an interest rate of 7.0% per annum payable quarterly for five years. The principal balance is convertible into 11,627,907 common shares of the Company at \$0.559 per share. On the closing date, the Company paid \$357,500 as a finder's fee. Over the term of the debenture, the Company may, at its option, redeem the debenture, in whole or in part, at par plus accrued and unpaid interest. The Company must pay a redemption fee equal to 2% of the principal amount if redeemed between 12 months and 2 years after the closing date and equal to 4% of the principal amount if redeemed within 12 months of the closing date. No redemption fee will be charged after two years of closing date. On initial recognition, the Company determined the fair value of the liability component to be \$5,393,572, which was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 10%. The equity component was determined to be \$689,517, which comprised the proceeds received less the liability component. A deferred tax liability of \$176,829 related to the taxable temporary difference arising from the equity portion of the convertible loan was recognized as an offset in equity reserves. The debt component of the convertible note is being accreted over the term to maturity, with accretion charge included in interest expense.

10. OTHER LIABILITIES

	September 30 2021	December 31 2020
Derivative liabilities (Note 5)	\$ 560,177	\$ 165,610
Provision for restricted share units (Note 14)	195,232	216,963
Acquisition of CMLP non-controlling interest (Note 6)	3,000,000	-
	3,755,409	382,573
Less: current portion	1,713,271	280,514
Non-current portion	\$ 2,042,138	\$ 102,059

ATICO MINING CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

11. LEASE LIABILITIES

	September 30 2021	December 31 2020
Not later than one year	\$ 286,878	\$ 492,171
Later than one year and not later than five years	351,692	571,592
Later than five years	20,886	49,582
Total minimum lease payments	659,456	1,113,345
Future finance charges at implicit rate	(72,065)	(123,368)
Present value of minimum lease payments	587,391	989,977
Less: current portion	252,423	435,686
Non-current portion	\$ 334,968	\$ 554,291

12. DECOMMISSIONING AND RESTORATION PROVISION

	September 30 2021	December 31 2020
Opening balance	\$ 2,275,646	\$ 2,073,007
Accretion expense	163,549	202,639
Ending balance	\$ 2,439,195	\$ 2,275,646

A decommissioning and restoration provision have 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 September 30, 2021 were \$3,150,000 (December 31, 2020 - \$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, 2020 - 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.

13. 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:

	September 30 2021	September 30 2020
For the nine months ended		
Income before income taxes	\$ 16,151,788	\$ 3,367,826
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax expense (recovery) at statutory income tax rate	4,360,983	909,313
Difference between Canadian and foreign tax rates	862,455	257,804
Changes in effective tax rates	(135,628)	(218,667)
Permanent differences and other adjustments	852,401	69,820
Changes in unrecognized deferred tax assets	(139,223)	198,626
Impact of foreign exchange on deferred tax assets and liabilities	998,369	623,557
	\$ 6,799,357	\$ 1,840,453
Current income tax expense (recovery)	\$ 4,811,854	\$ 3,379,236
Deferred income tax expense (recovery)	\$ 1,987,503	\$ (1,538,783)

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14. SHARE CAPITAL

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

Issued share capital

During the nine months ended September 30, 2021, the Company issued 2,252,284 (2020 - 11,132) common shares pursuant to the exercise of stock options for proceeds of \$624,742 (2020 - \$2,720).

Stock options

The continuity of stock options for the nine months ended September 30, 2021 are as follows:

	Outstanding	Weighted average exercise price (C\$)
As at December 31, 2020	11,612,344	\$ 0.51
Granted	2,660,976	0.64
Exercised	(2,252,284)	0.34
Expired/Cancelled	(62,242)	1.53
As at September 30, 2021	11,958,794	\$ 0.53

As at September 30, 2021, the weighted average remaining life of the stock options outstanding is 3.07 (December 31, 2020 - 2.78) years with vesting periods ranging from 0 to 36 months. The Company's outstanding stock options as at September 30, 2021 are as follows:

Expiry date	Exercise price (C\$)	Outstanding	Exercisable
Apr 17, 2022	0.77	841,119	841,119
Aug 09, 2022	1.77	49,794	49,794
Jan 31, 2023	0.88	261,418	261,418
Feb 22, 2023	0.69	1,597,678	1,597,678
May 07, 2023	0.56	37,345	37,345
Jun 05, 2023	0.59	35,000	35,000
Mar 22, 2024	0.40	87,138	62,242
May 02, 2024	0.29	2,197,768	1,097,668
Oct 07, 2024	0.34	1,420,258	264,052
Oct 09, 2025	0.48	2,770,300	554,060
Apr 20, 2026	0.65	2,360,976	-
Jul 02, 2026	0.57	300,000	-

Restricted share units

The continuity of restricted share units ("RSUs") for the nine months ended September 30, 2021 are as follows:

	Outstanding
As at December 31, 2020	937,652
Granted	198,386
Vested	(297,170)
As at September 30, 2021	838,868

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

As at September 30, 2021, the weighted average remaining life of the RSUs outstanding was 1.48 (December 31, 2020 - 1.64) years with vesting periods of 36 months. The Company's outstanding RSUs as at September 30, 2021 are as follows:

Expiry date	Outstanding
May 02, 2022	391,415
Oct 09, 2023	249,067
Apr 20, 2024	198,386

Share-based payments and share-based payment reserve

During the nine months ended September 30, 2021, the Company granted stock options and 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\$842,130 or C\$0.30 per option (2020 - C\$Nil or C\$Nil). The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	September 30 2021	September 30 2020
Weighted average:		
Risk free interest rate	0.78%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	74%	n/a
Expected life in years	5	n/a
Forfeiture rate	0%	n/a

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of \$706,869 (2020 - \$422,492) with an offsetting credit of \$558,968 (2020 - \$296,614) to the share-based payments reserve and \$147,901 (2020 - \$125,878) to the provision, respectively, during the nine months ended September 30, 2021.

15. SALES

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Metals concentrate shipped and invoiced	\$ 32,090,480	\$ 14,388,229	\$ 64,884,043	\$ 37,187,150
Provisional pricing adjustments	(282,740)	(323,486)	(337,265)	(2,733,078)
	\$ 31,807,740	\$ 14,064,743	\$ 64,546,778	\$ 34,454,072

16. COST OF SALES

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Direct mining and processing costs	\$ (11,480,458)	\$ (5,285,141)	\$ (23,976,580)	\$ (15,909,769)
Royalties	(533,345)	(245,720)	(1,021,506)	(611,837)
Selling expense	(896,201)	(818,306)	(2,419,480)	(2,135,626)
Depletion and amortization	(5,138,726)	(2,721,629)	(11,493,013)	(8,099,510)
	\$ (18,048,730)	\$ (9,070,796)	\$ (38,910,579)	\$ (26,756,742)

Direct mining and processing costs include salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs. Selling expense included mostly the transportation, storage, and security costs of concentrate prior to provisional invoicing.

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17. EARNINGS PER SHARE

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Net income (loss) attributable to equity holders	\$ 6,645,202	\$ 1,606,580	\$ 8,057,382	\$ 1,214,452
Weighted average number of shares	121,286,185	119,032,661	120,512,965	119,025,095
Dilutive effect of stock options ⁽²⁾	672,100	892,709	785,968	204,774
Diluted weighted average number of shares	121,958,285	119,925,370	121,298,933	119,229,869
Basic earnings per share ⁽¹⁾	\$ 0.05	\$ 0.01	\$ 0.07	\$ 0.01
Diluted earnings per share ⁽¹⁾	\$ 0.05	\$ 0.01	\$ 0.07	\$ 0.01

⁽¹⁾ Attributable to equity holders of the Company⁽²⁾ Amounts are Nil for periods with basic loss per share, as the effects would be anti-dilutive**18. NON-CONTROLLING INTERESTS**

	MINER	CMLP	Total
Ownership %	90%	N/A ⁽¹⁾	
As at December 31, 2020	\$ 5,106,020	\$ 8,544,253	\$ 13,650,273
Carried interest allocation	-	1,687,325	1,687,325
Acquisition of non-controlling interest	-	(10,231,578)	(10,231,578)
Dividend declared by subsidiary	(931,921)	-	(931,921)
Net income and comprehensive income	1,295,049	-	1,295,049
As at September 30, 2021	\$ 5,469,148	\$ -	\$ 5,469,148

⁽¹⁾ Ownership interest was 60% prior to acquisition in August 2021

In August 2021, the Company acquired the remaining 40% of CMLP for \$10,000,000, of which \$7,000,000 was paid and the remaining \$3,000,000 is payable over three years in three equal annual installments (Note 6). The Company recognized an increase in retained earnings of \$231,578.

Summarized financial information about MINER and CLMP is as follows:

	MINER September 30 2021	CMLP September 30 2021 ⁽¹⁾	MINER September 30 2020	CMLP September 30 2020
For the nine months ended				
Current assets	\$ 35,027,998	n/a	\$ 25,388,604	\$ 242,948
Non-current assets	46,708,501	n/a	49,307,240	19,279,886
Current liabilities	13,300,596	n/a	16,056,464	190,830
Non-current liabilities	20,067,344	n/a	18,192,391	-
Net income and comprehensive income	\$ 12,950,490	n/a	\$ 3,129,210	\$ -

⁽¹⁾ Wholly-owned post-acquisition completed in August 2021

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19. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers key management personnel to include its management, outside directors, and any entity controlled by a director. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Salary or fees	Share-based payments	Total
For the nine months ended September 30, 2021			
Management	\$ 658,748	\$ 389,472	\$ 1,048,220
Directors	111,600	265,940	377,540
Seabord Management Corp.	169,951	-	169,951
	<u>\$ 940,299</u>	<u>\$ 655,412</u>	<u>\$ 1,595,711</u>
For the nine months ended September 30, 2020			
Management	\$ 589,998	\$ 263,125	\$ 853,123
Directors	114,000	91,731	205,731
Seabord Services Corp.	139,637	-	139,637
	<u>\$ 843,635</u>	<u>\$ 354,856</u>	<u>\$ 1,198,491</u>

As at September 30, 2021, the Company had \$253,177 (December 31, 2020 - \$1,159,028) due to directors and management related to remuneration and performance-based remuneration, which have been included in accounts payable and accrued liabilities.

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

20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**Changes in non-cash working capital**

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Receivables	\$ (10,485,481)	\$ (757,678)	\$ (4,266,905)	\$ 6,356,460
Inventories	3,849,018	(1,390,394)	2,365,928	(3,349,971)
Prepays and deposits	1,121,948	(1,516,570)	(334,980)	(2,461,470)
Accounts payable and accrued liabilities	(871,190)	3,904,994	(2,776,156)	914,799
Net change in non-cash working capital	\$ (6,385,705)	\$ 240,352	\$ (5,012,113)	\$ 1,459,818

Significant non-cash investing and financing activities

During the nine months ended September 30, 2021, the Company:

- reallocated mineral property depletion of \$637,761 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 \$2,315,502 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
- reallocated to retained earnings \$1,121,265 for NCI carried interest in CMLP;
- reallocated to retained earnings \$231,578 for acquisition of NCI interest in CMLP for \$10,000,000, of which \$3,000,000 remained as payable; and
- reallocated \$393,911 of reserve for stock options exercised.

During the nine months ended September 30, 2020, the Company:

- reallocated mineral property depletion of \$2,855,910 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 \$963,356 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales; and
- reallocated \$1,710 of reserve for stock options exercised.

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21. 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 Company has arrangements for unsecured credit facilities to borrow up to approximately \$15,200,000 with a number of Colombian banks, including Banco Davivienda S.A., Banco de Occidente, Bancolombia, and Banco Popular.

In addition, 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.

Furthermore, the Company considers components of shareholders' equity as part of its capital. 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 estimates that the capital resources of the Company as at September 30, 2021 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Fair value hierarchy	September 30 2021	December 31 2020
Financial assets - amortized cost:			
Cash		\$ 14,297,751	\$ 16,652,711
Receivables		323,682	33,808
Financial assets - fair value through profit or loss:			
Trade receivables	Level 2	14,952,360	9,555,509
Derivative assets	Level 2	-	449,337
Financial liabilities - amortized cost:			
Accounts payable and accrued liabilities		8,157,721	8,908,171
Payable for acquisition of non-controlling interest		3,000,000	-
Loans payable		10,175,732	9,822,980
Financial liabilities - fair value through profit or loss:			
Derivative liabilities	Level 2	560,177	165,610
Provision for restricted share units	Level 2	\$ 195,232	\$ 216,963

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.

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

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 Company's exercise price of its share purchase warrants and conversion price on the convertible debentures are denominated in Canadian dollars or at a set exchange rate. The trade receivable from sales of metals concentrate, derivative instruments, share purchase warrants, and derivative component of the convertible debentures 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, 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.

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

Metal price risk

For concentrate shipped and provisionally invoiced during the nine months ended September 30, 2021, a 10% change in copper and gold prices would result in an increase/decrease of approximately \$6,247,000 and \$1,784,000 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 Notes 9, 10, and 11. All current liabilities are settled within one year.

Interest rate risk

As at September 30, 2021, a 10% change in LIBOR rates would result in an increase/decrease of approximately \$7,000 in the Company's pre-tax income or loss on an annualized basis based on the loan and credit facilities used.

Currency risk

Based on the Company's net exposure, as at September 30, 2021, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, and Colombian peso would result in an increase/decrease of approximately \$648,000 in the Company's pre-tax income or loss.

23. 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.

After exhausting all options to find a resolution at the administrative level, in 2017, the National Mining Agency (the "Agency") in Colombia filed a lawsuit for \$5,000,000 (up from \$2,000,000) plus additional interest and fees. The Company is vigorously defending itself against this action before the Administrative Tribunal of Cundinamarca (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.

In 2021, the Company received a revised claim of approximately \$9,600,000 from the Agency. The Company has been advised by its Colombian legal counsel that this claim lacks merit, as it is part of the lawsuit filed previously in 2017. As at September 30, 2021, 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.

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24. 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 September 30, 2021, the Company only had a single off-take agreement for metals concentrate produced at the El Roble mining property.

Geographic segment details

As at September 30, 2021	Canada	Colombia	Ecuador and other	Total
Cash and other current assets	\$ 521,584	\$ 33,983,160	\$ 2,403,105	\$ 36,907,849
Mineral properties	-	38,637,622	27,823,879	66,461,501
Plant and equipment	-	12,402,522	58,829	12,461,351
Total assets	\$ 521,584	\$ 85,023,304	\$ 30,285,813	\$ 115,830,701

As at December 31, 2020	Canada	Colombia	Ecuador and other	Total
Cash and other current assets	\$ 7,110,348	\$ 31,003,556	\$ 1,040,026	\$ 39,153,930
Mineral properties	-	40,709,469	22,237,665	62,947,134
Plant and equipment	-	13,446,133	10,818	13,456,951
Total assets	\$ 7,110,348	\$ 85,159,158	\$ 23,288,509	\$ 115,558,015