



ATICO MINING CORPORATION

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

MARCH 31, 2023

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Atico Mining Corporation (the "Company") for the three months ended March 31, 2023 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 INCOME AND COMPREHENSIVE INCOME**

(Unaudited - Expressed in United States Dollars)

	March 31 2023	December 31 2022
ASSETS		
Current assets		
Cash	\$ 15,202,137	\$ 15,230,835
Receivables (Note 3)	6,450,694	8,694,967
Inventories (Note 4)	12,714,808	12,317,694
Other assets (Note 5)	652,049	704,466
Total current assets	35,019,688	36,947,962
Non-current assets		
Other assets (Note 5)	4,091,756	3,939,179
Mineral properties (Note 6)	72,282,389	70,446,621
Plant and equipment (Note 7)	9,037,371	9,683,125
Total non-current assets	85,411,516	84,068,925
TOTAL ASSETS	\$ 120,431,204	\$ 121,016,887
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8, 19)	\$ 11,385,838	\$ 11,038,069
Loans payable and convertible debentures (Note 9)	6,967,951	6,238,154
Other liabilities (Note 10)	1,036,700	1,028,413
Lease liabilities (Note 11)	595,795	425,956
Total current liabilities	19,986,284	18,730,592
Non-current liabilities		
Loans payable and convertible debentures (Note 9)	15,745,566	15,654,348
Other liabilities (Note 10)	1,025,626	1,018,417
Lease liabilities (Note 11)	488,582	601,767
Decommissioning and restoration provision (Note 12)	2,689,030	2,728,563
Deferred income tax liabilities	14,227,801	15,335,467
Total non-current liabilities	34,176,605	35,338,562
Total liabilities	54,162,889	54,069,154
EQUITY		
Share capital (Note 13)	43,690,353	43,690,353
Reserves	5,505,228	5,479,671
Retained earnings	13,138,694	13,714,702
Total equity attributable to equity holders of the Company	62,334,275	62,884,726
Non-controlling interests (Note 18)	3,934,040	4,063,007
Total equity	66,268,315	66,947,733
TOTAL LIABILITIES AND EQUITY	\$ 120,431,204	\$ 121,016,887

Nature of operations (Note 1)

Contingency and commitment (Note 23)

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 16, 2023.

Approved by the Board of Directors

"Luis F. Sáenz"

Director

"Jorge R. Ganoza"

Director

ATICO MINING CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

(Unaudited - Expressed in United States Dollars)

	Three months ended March 31 2023	Three months ended March 31 2022
Sales (Note 14)	\$ 12,783,240	\$ 20,645,001
Cost of sales (Note 15)	(10,702,409)	(11,551,647)
Income from mining operations	2,080,831	9,093,354
General and administrative expenses	(1,466,716)	(1,277,676)
Share-based payments (Note 13)	(41,053)	(192,325)
Income from operations	573,062	7,623,353
Interest and finance costs, net (Note 16)	(661,409)	(489,748)
Foreign exchange gain	285,538	785,929
Income before income taxes	197,191	7,919,534
Current income tax expense	(1,804,527)	(459,827)
Deferred income tax recovery (expense)	1,107,666	(3,559,505)
Net (loss) income and comprehensive (loss) income	\$ (499,670)	\$ 3,900,202
Net (loss) income and comprehensive (loss) income attributable to:		
Equity holders of Atico Mining Corporation	\$ (576,008)	\$ 3,356,203
Non-controlling interests (Note 18)	76,338	543,999
	\$ (499,670)	\$ 3,900,202
Basic earnings (loss) per share (Note 17)	\$ (0.00)	\$ 0.03
Diluted earnings (loss) per share (Note 17)	\$ (0.00)	\$ 0.03
Weighted average no. of shares outstanding - basic (Note 17)	121,286,185	121,286,185
Weighted average no. of shares outstanding - diluted (Note 17)	121,286,185	121,837,314

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

Supplemental disclosure with respect to cash flows (Note 20)

	Three months ended March 31 2023	Three months ended March 31 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (499,670)	\$ 3,900,202
Items not affecting cash:		
Depletion and amortization	3,014,936	3,065,401
Share-based payments	41,053	192,325
Accretion of lease liabilities	17,545	13,183
Accretion of decommissioning and restoration provision	66,509	75,400
Interest expense	556,699	309,732
Deferred income tax expense (recovery)	(1,107,666)	3,559,505
Unrealized foreign exchange effect	(50,026)	41,072
	2,039,380	11,156,820
Changes in non-cash operating working capital items (Note 20)	1,347,355	(13,958,314)
Net cash provided by operating activities	3,386,735	(2,801,494)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties	(3,111,429)	(2,545,448)
Acquisition of plant and equipment	(280,627)	(861,196)
Expenditures on reclamation activities	(100,926)	-
Net cash used in investing activities	(3,492,982)	(3,406,644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans payable withdrawn, net of financing costs	4,500,000	13,028,347
Loans payable repaid	(3,830,000)	(2,950,000)
Payments on lease obligations, principal	(120,540)	(45,653)
Payments on lease obligations, interest	(66,509)	(75,400)
Interest paid	(405,685)	(248,114)
Net cash provided by (used in) financing activities	77,266	9,709,180
Effect of exchange rate changes on cash	283	2,419
Change in cash	(28,698)	3,503,461
Cash, beginning of year	15,230,835	14,623,559
Cash, end of period	\$ 15,202,137	\$ 18,127,020

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

	Number of shares	Share capital	Reserves	Non- controlling interests	Retained earnings	Total equity
Balance as at December 31, 2022	121,286,185	\$ 43,690,353	\$ 5,479,671	\$ 4,063,007	\$ 13,714,702	\$ 66,947,733
Share-based payments	-	-	25,557	-	-	25,557
Dividend declared by subsidiary	-	-	-	(205,305)	-	(205,305)
Net income (loss) and comprehensive income (loss)	-	-	-	76,338	(576,008)	(499,670)
Balance as at March 31, 2023	121,286,185	\$ 43,690,353	\$ 5,505,228	\$ 3,934,040	\$ 13,138,694	\$ 66,268,315

	Number of shares	Share capital	Reserves	Non- controlling interests	Retained earnings	Total equity
Balance as at December 31, 2021	121,286,185	\$ 43,690,353	\$ 4,806,985	\$ 5,412,292	\$ 17,386,334	\$ 71,295,964
Share-based payments	-	-	131,870	-	-	131,870
Dividend declared by subsidiary	-	-	-	(533,597)	-	(533,597)
Net income and comprehensive income	-	-	-	543,999	3,356,203	3,900,202
Balance as at March 31, 2022	121,286,185	\$ 43,690,353	\$ 4,938,855	\$ 5,422,694	\$ 20,742,537	\$ 74,794,439

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in United States Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 17, 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 is prepared to swiftly make any necessary adjustments within the regulatory framework issued by the Colombian and Ecuadorian Ministry of Health and Social Protection.

In December 2021, the Company entered into an agreement with the mining authority (the "National Mining Agency") in Colombia related to an ongoing royalty dispute. While the Company maintains it has complied with the royalty payments due and called for under the mining contract for the El Roble mining property, this agreement allows for the Company to be recognized as being formally in good standing with the National Mining Agency ("NMA"), enabling the Company to apply for a new mining contract on the property. The mining contract and related title expired on January 23, 2022, where the Company has been allowed to continue operating while the process for the contract and title renewal continues. The Company and the National Mining Agency agreed to settle the royalty dispute via binding arbitration at the Center for Arbitration and Conciliation of the Bogota Chamber of Commerce for the purposes of seeking an expedited resolution to the ongoing claim. In addition, the Company entered into a five-year payment plan, amended in June 2022, payable in biannual instalments for a total amount of approximately \$21,870,000 plus interest at a 6% annual rate. To the extent that a final ruling is made in favor of the Company, the payment plan will cease and any amounts already paid are to be reimbursed to the Company or offset against future royalty obligations (Note 23).

While to date the NMA has allowed continued operation of El Roble, in the event that title renewal is not extended, operations of El Roble would cease and related assets would be impaired. This material uncertainty may put significant doubt on the Company's ability to continue as a going concern.

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, 2022.

3. RECEIVABLES

	March 31 2023	December 31 2022
Trade receivables	\$ 3,609,566	\$ 6,792,915
GST/VAT and other taxes recoverable	2,769,129	1,820,549
Other receivables	71,999	81,503
	\$ 6,450,694	\$ 8,694,967

ATICO MINING CORPORATION
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FOR THE THREE MONTHS ENDED MARCH 31, 2023

3. RECEIVABLES (cont'd...)

As at March 31, 2023, 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 one or four months following the month of shipment. As at March 31, 2023 and December 31, 2022, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at March 31, 2023 and December 31, 2022 was \$Nil.

4. INVENTORIES

	March 31 2023	December 31 2022
Consumable parts and supplies	\$ 2,536,529	\$ 2,424,898
Ore stockpiles	106,544	379,070
Metals concentrate ⁽¹⁾	10,071,735	9,513,726
	\$ 12,714,808	\$ 12,317,694

⁽¹⁾ As at March 31, 2023 and December 31, 2022, all metals concentrate in inventories were pledged as security in connection to the agreement between the Company and the National Mining Agency (Note 23). The security is released proportionally as payments are made in accordance with the payment schedule and may be substituted at a later date.

5. OTHER ASSETS

	March 31 2023	December 31 2022
Prepaid expenses and deposits	\$ 652,049	\$ 704,466
National Mining Agency arbitration asset (Note 23)	4,091,756	3,939,179
	4,743,805	4,643,645
Less: current portion	652,049	704,466
Non-current portion	\$ 4,091,756	\$ 3,939,179

Derivatives

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 three months ended March 31, 2023 and 2022, the Company recognized a net fair value adjustment of \$Nil on its derivative instruments, and a net realized loss of \$Nil 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 March 31, 2023, the Company had no outstanding dollar arrangements to convert United States dollars into Colombian pesos at the negotiated exchange rates (December 31, 2022 - \$Nil).

Commodity derivative arrangements

In the past, the Company has 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 March 31, 2023 and December 31, 2022, the Company did not have any outstanding arrangements.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

6. MINERAL PROPERTIES

	Depletable El Roble	Land and non-depletable El Roble	Land and Non-depletable La Plata	Total
As at December 31, 2022, net	\$ 16,817,137	\$ 18,004,009	\$ 35,625,475	\$ 70,446,621
Additions	323,940	727,105	2,060,384	3,111,429
Depletion and amortization	(1,275,661)	-	-	(1,275,661)
As at March 31, 2023, net	\$ 15,865,416	\$ 18,731,114	\$ 37,685,859	\$ 72,282,389
As at December 31, 2022				
Historical cost	\$ 74,136,130	\$ 18,004,009	\$ 35,625,475	\$ 127,765,614
Accumulated amortization	(57,318,993)	-	-	(57,318,993)
Net carrying amount	\$ 16,817,137	\$ 18,004,009	\$ 35,625,475	\$ 70,446,621
As at March 31, 2023				
Historical cost	\$ 74,460,070	\$ 18,731,114	\$ 37,685,859	\$ 130,877,043
Accumulated amortization	(58,594,654)	-	-	(58,594,654)
Net carrying amount	\$ 15,865,416	\$ 18,731,114	\$ 37,685,859	\$ 72,282,389

Prior to August 2021, the Company held a 60% ownership interest and 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.

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. The option agreement was terminated. In August 2022, the first installment was paid. As at March 31, 2023, \$2,000,000 remains payable (Note 10).

7. PLANT AND EQUIPMENT

	Plant and building	Machinery and equipment	Assets under lease	Total
As at December 31, 2022, net	\$ 7,665,651	\$ 890,010	\$ 1,127,464	\$ 9,683,125
Additions	110,229	165,283	233,816	509,328
Depletion and amortization	(939,790)	(136,257)	(79,035)	(1,155,082)
As at March 31, 2023, net	\$ 6,836,090	\$ 919,036	\$ 1,282,245	\$ 9,037,371
As at December 31, 2022				
Historical cost	\$ 24,517,817	\$ 18,850,654	\$ 4,877,279	\$ 48,245,750
Accumulated amortization	(16,852,166)	(17,960,644)	(3,749,815)	(38,562,625)
Net carrying amount	\$ 7,665,651	\$ 890,010	\$ 1,127,464	\$ 9,683,125
As at March 31, 2023				
Historical cost	\$ 24,628,046	\$ 19,015,937	\$ 5,111,095	\$ 48,755,078
Accumulated amortization	(17,791,956)	(18,096,901)	(3,828,850)	(39,717,707)
Net carrying amount	\$ 6,836,090	\$ 919,036	\$ 1,282,245	\$ 9,037,371

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2023	December 31 2022
Trade and other payables	\$ 7,685,931	\$ 6,934,938
Payables to non-controlling interest of MINER	240,796	51,541
Payroll and related liabilities	1,302,037	1,487,510
Taxes payable	1,676,665	2,012,378
Accrued liabilities	480,409	551,702
	\$ 11,385,838	\$ 11,038,069

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9. LOANS PAYABLE AND CONVERTIBLE DEBENTURES

	Credit facilities	Loans payable	Convertible debentures	Total
As at December 31, 2022	\$ 5,821,487	\$ 10,322,309	\$ 5,748,706	\$ 21,892,502
Additions, net of financing costs	4,500,000	-	-	4,500,000
Interest expense	165,185	224,539	166,975	556,699
Repayments - principal	(3,580,000)	(250,000)	-	(3,830,000)
Repayments - interest	(105,388)	(186,547)	(113,749)	(405,684)
As at March 31, 2023	6,801,284	10,110,301	5,801,932	22,713,517
Less: current portion	6,801,284	166,667	-	6,967,951
Non-current portion	\$ -	\$ 9,943,634	\$ 5,801,932	\$ 15,745,566

Credit facilities

The Company has arrangements with several Colombian banks to enter into unsecured credit facilities with terms up to one year from the date of drawn down (Note 21).

In January 2021, the Company entered into a loan agreement with a Colombian bank totaling \$3,280,000, which carried an interest rate at Secured Overnight Financing Rate ("SOFR") plus 0.75% per annum repayable in six months (later granted a partial extension to January 2023), which was fully paid in January 2023 for \$1,580,000.

In the year ended December 31, 2022, the Company entered into loan agreements with Colombian banks totaling \$4,210,000, which carried interest rates at SOFR plus a range from 1.01% to 2.42% per annum, of which \$2,000,000 was paid in February 2023. \$1,210,000 and \$1,000,000 remain repayable in April and December 2023, respectively.

In the three months ended March 31, 2023, the Company entered into loan agreements with Colombian banks totaling \$4,500,000, which carried interest rates at SOFR plus a range from 1.80% to 2.10% per annum. \$3,000,000 and \$1,500,000 is repayable in August 2023 and February 2024, respectively.

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 March 31, 2023 and December 31, 2022, 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.

In February 2022, the Company entered into a secured definitive credit agreement with Trafigura PTE Ltd. for a facility of \$10,000,000. The credit agreement has a term of 30 months and includes standard terms and conditions customary in secured financing transactions of this nature. The principal bears interest at a rate of LIBOR plus 5% for the first 24 months and then at a rate of LIBOR plus 7.5% thereafter.

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.

ATICO MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in United States Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

10. OTHER LIABILITIES

	March 31 2023	December 31 2022
Provision for restricted share units (Note 13)	\$ 62,326	\$ 46,830
Acquisition of CMLP non-controlling interest (Note 6)	2,000,000	2,000,000
	2,062,326	2,046,830
Less: current portion	1,036,700	1,028,413
Non-current portion	\$ 1,025,626	\$ 1,018,417

11. LEASE LIABILITIES

	March 31 2023	December 31 2022
Not later than one year	\$ 582,322	\$ 467,107
Later than one year and not later than five years	555,148	629,449
Later than five years	-	-
Total minimum lease payments	1,137,470	1,096,556
Future finance charges at implicit rate	(53,093)	(68,833)
Present value of minimum lease payments	1,084,377	1,027,723
Less: current portion	595,795	425,956
Non-current portion	\$ 488,582	\$ 601,767

12. DECOMMISSIONING AND RESTORATION PROVISION

	March 31 2023	December 31 2022
Opening balance	\$ 2,728,563	\$ 3,244,681
Settlements	(100,926)	(119,817)
Change in estimate	(5,116)	(712,544)
Accretion expense	66,509	316,243
Ending balance	\$ 2,689,030	\$ 2,728,563

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 March 31, 2023 were \$3,346,163 (December 31, 2022 - \$3,346,155), 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, 2022 - 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. SHARE CAPITAL

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

Issued share capital

During the three months ended March 31, 2023 and 2022, the Company issued Nil common shares pursuant to the exercise of stock options for proceeds of \$Nil.

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

(Unaudited - Expressed in United States Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

13. SHARE CAPITAL (cont'd...)**Restricted share units**

There were no changes to the number of restricted share units ("RSUs") outstanding for the three months ended March 31, 2023.

As at March 31, 2023, the weighted average remaining life of the RSUs outstanding was 1.46 (December 31, 2022 - 1.71) years with vesting periods of 36 months. The Company's outstanding RSUs as at March 31, 2023 are as follows:

Expiry date	Outstanding
October 9, 2023	124,534
April 20, 2024	158,708
April 19, 2025	301,490

Stock options

The continuity of stock options for the three months ended March 31, 2023 are as follows:

	Outstanding	Weighted average exercise price (C\$)
As at December 31, 2022	12,073,087	\$ 0.49
Expired/Cancelled	(1,859,096)	0.72
As at March 31, 2023	10,213,991	\$ 0.45

As at March 31, 2023, the weighted average remaining life of the stock options outstanding is 2.35 (December 31, 2022 - 2.21) years with vesting periods ranging from 0 to 36 months. The Company's outstanding and exercisable stock options as at March 31, 2023 are as follows:

Expiry date	Exercise price (C\$)	Outstanding	Exercisable
May 7, 2023	0.56	37,345	37,345
June 5, 2023	0.59	35,000	35,000
March 22, 2024	0.40	87,138	87,138
May 2, 2024	0.29	2,197,768	2,197,768
October 7, 2024	0.34	1,420,258	1,420,258
October 9, 2025	0.48	2,770,300	1,385,150
April 20, 2026	0.65	2,360,976	472,195
July 2, 2026	0.57	300,000	60,000
April 28, 2027	0.41	1,005,206	201,041

Share-based payments and share-based payment reserve

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of \$41,053 (2022 - \$192,325) with an offsetting credit of \$25,557 (2022 - \$131,870) to the share-based payments reserve and \$15,496 (2022 - \$60,455) to the provision, respectively, during the three months ended March 31, 2023.

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14. SALES

	Three months ended March 31 2023	Three months ended March 31 2022
Metals concentrate sold	\$ 12,771,400	\$ 20,753,756
Provisional pricing adjustments	11,840	(108,755)
	\$ 12,783,240	\$ 20,645,001

15. COST OF SALES

	Three months ended March 31 2023	Three months ended March 31 2022
Direct mining and processing costs	\$ (6,531,709)	\$ (6,805,271)
Royalties	(741,712)	(1,028,525)
Selling expense	(443,394)	(717,021)
Depletion and amortization	(2,985,594)	(3,000,830)
	\$ (10,702,409)	\$ (11,551,647)

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 in-land transportation, storage, and security costs of concentrate prior to provisional invoicing.

16. INTEREST AND FINANCE COSTS, NET

	Three months ended March 31 2023	Three months ended March 31 2022
Interest on loans payable and convertible debentures (Note 9)	\$ (556,699)	\$ (309,732)
Accretion expenses	(84,054)	(88,583)
Interest and other expenses	(20,656)	(91,433)
	\$ (661,409)	\$ (489,748)

17. EARNINGS PER SHARE

	Three months ended March 31 2023	Three months ended March 31 2022
Net income (loss) attributable to equity holders	\$ (576,008)	\$ 3,356,203
Weighted average number of shares	121,286,185	121,286,185
Dilutive effect of stock options ⁽²⁾	-	551,129
Diluted weighted average number of shares	121,286,185	121,837,314
Basic earnings (loss) per share ⁽¹⁾	\$ (0.00)	\$ 0.03
Diluted earnings (loss) per share ⁽¹⁾	\$ (0.00)	\$ 0.03

⁽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
Ownership %	90%
As at December 31, 2022	\$ 4,063,007
Dividend declared by subsidiary	(205,305)
Net income and comprehensive income	76,338
As at March 31, 2023	\$ 3,934,040

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18. NON-CONTROLLING INTERESTS (cont'd...)

In August 2022, 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. In August 2022, the first installment was paid with \$2,000,000 remaining payable (Note 10).

Summarized financial information about MINER is as follows:

Three months ended		March 31 2023	March 31 2022
Current assets	\$	31,991,538	\$ 45,289,501
Non-current assets		43,641,072	47,310,459
Current liabilities		17,221,391	18,060,731
Non-current liabilities		17,410,529	20,032,384
Net income and comprehensive income	\$	763,380	\$ 5,439,990

19. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers key management personnel to include its management, outside directors, and any entity controlled by them. The aggregate value of transactions (included in general and administrative expenses and share-based payments) and outstanding balances relating to key management personnel were as follows:

For the three months ended March 31, 2023		Salary or fees	Share-based payments	Total
Management	\$	286,086	\$ 7,872	\$ 293,958
Directors		21,250	11,076	32,326
Seabord Management Corp.		53,219	-	53,219
	\$	360,555	\$ 18,948	\$ 379,503

For the three months ended March 31, 2022		Salary or fees	Share-based payments	Total
Management	\$	265,416	\$ 91,743	\$ 357,159
Directors		24,000	64,323	88,323
Seabord Services Corp.		57,577	-	57,577
	\$	346,993	\$ 156,066	\$ 503,059

As at March 31, 2023, the Company had \$521,903 (December 31, 2022 - \$592,724) 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", formerly Seabord Services Corp.) 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 March 31 2023	Three months ended March 31 2022
Receivables	\$	2,091,696	\$ (12,127,189)
Inventories		(903,731)	(1,809,451)
Prepaid expenses and deposits		52,417	365,147
Accounts payable and accrued liabilities		106,973	(386,821)
Net change in non-cash working capital	\$	1,347,355	\$ (13,958,314)

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20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)**Significant non-cash investing and financing activities**

During the three months ended March 31, 2023, the Company:

- a) reallocated mineral property depletion of \$2,313,209 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- b) reallocated mineral property depletion of \$2,819,826 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales; and
- c) recorded \$233,816 of right-of-use assets and lease liabilities.

During the three months ended March 31, 2022, the Company:

- a) reallocated mineral property depletion of \$2,816,978 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
- b) reallocated mineral property depletion of \$2,626,744 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales; and
- c) recorded \$477,007 of right-of-use asset and lease liability.

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 \$2,300,000 with a number of Colombian banks, including Banco Davivienda S.A, Banco Popular, and Bancolombia.

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 March 31, 2023 are sufficient for its present needs for at least the next twelve months. The Company is not subject to externally imposed capital requirements other than disclosed in notes 9 and 23. There has been no change to the Company's approach on capital management for the years presented.

22. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Fair value hierarchy	March 31 2023	December 31 2022
Financial assets - amortized cost:			
Cash		\$ 15,202,137	\$ 15,230,835
Other receivables		71,999	81,503
Financial assets - fair value through profit or loss:			
Trade receivables	Level 2	3,609,566	6,792,915
Financial liabilities - amortized cost:			
Accounts payable and accrued liabilities		9,709,173	9,025,691
Payable for acquisition of non-controlling interest		2,000,000	2,000,000
Loans payable		22,713,516	21,892,502
Financial liabilities - fair value through profit or loss:			
Provision for restricted share units	Level 2	\$ 62,326	\$ 46,830

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.

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

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 and derivative instruments are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, 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 sold during the quarter ended March 31, 2023, a 10% change in copper and gold prices would result in an increase/decrease of approximately \$1,302,000 and \$472,000 respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian, international and foreign national financial institutions. All of the Company's trade receivables from concentrate sales are held with a large international metals trading company. The Company mitigates this risk by transacting only with reputable financial institutions and requiring provisional payments of 90% of the value of the concentrate shipped to a single well-known buyer. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities. 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

The Company is exposed to interest rate risk on its variable rate debt facilities. Variable interest rates are based on the SOFR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at March 31, 2023, a 10% change in SOFR and/or LIBOR would result in an increase/decrease of approximately \$314,000 in the Company's pre-tax income or loss on an annualized basis based on the loan and credit facilities used.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Colombia and incurs expenditures in currencies other than the US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. Based on the Company's net exposure, as at March 31, 2023, 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 \$35,000 in the Company's pre-tax income or loss.

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23. CONTINGENCY AND COMMITMENT

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 (the "National Mining Agency") in Colombia requesting payment of royalties related to past copper production. The National Mining Agency based its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the mining contract regulating its royalty obligations for the El Roble mining property. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Accordingly, the Company refuted the notice of claim, taking the position it has complied with the royalty payments due and called for under the contract.

In 2017, the National Mining Agency in Colombia submitted a claim for \$5,000,000 (up from \$2,000,000) plus additional interest and fees. The Company has been vigorously defending itself against this action before the Administrative Tribunal of Cundinamarca (the "Tribunal"). Such claims may take up to ten years to reach a resolution in Colombian courts. The National Mining Agency had updated the claim amount to COP\$87,933,286,817 (approximately \$19,000,000) for all royalties in dispute up to December 2021, and in June 2022, to COP\$101,217,832,270 (approximately \$21,870,000) for all royalties in dispute up to January 23, 2022, the expiry date of the mining contract. Such amounts exclude indexation and related late payment interest.

On December 29, 2021, the Company entered into an agreement (the "Agreement") with the National Mining Agency to settle the dispute via binding arbitration at the Center for Arbitration and Conciliation of the Bogota Chamber of Commerce for the purposes of seeking an expedited resolution to the ongoing claim. The arbitration rules state the final decision by the tribunal takes approximately six to twelve months from the commencement of the arbitration process. The Company expects a final decision to be made in the first half of 2024. According to the Agreement, to the extent that a final ruling is made in favor of the Company, the Payment Plan (see below) will cease, and any amounts already paid will be reimbursed to or offset against future royalty obligations.

The Agreement allowed for the Company to be recognized as being formally in good standing with the National Mining Agency, enabling the Company to apply for a new mining contract on the property. The previous contract and related title expired on January 23, 2022.

The Agreement called for the Company to enter into a five-year Payment Plan (which was amended in June 2022) payable in biannual instalments for a total amount of COP\$101,217,832,270 (approximately \$21,870,000) plus interest at a 6% annual rate (in aggregate of COP\$120,252,412,294 or approximately \$25,980,000) with the following payment schedule: initial upfront payment of COP\$3,800,000,000 (paid in 2021), followed by COP\$15,130,315,236 (paid in 2022), COP\$15,301,117,051 (approximately \$3,300,000) in 2023, COP\$15,847,046,908 (approximately \$3,420,000) in 2024, COP\$26,501,243,006 (approximately \$5,730,000) in year 2025 and COP\$43,672,690,093 (approximately \$9,440,000) in year 2026. The total amount payable represents all outstanding royalty payments which the National Mining Agency has claimed through to the expiry date of the mining contract. The parties have agreed to this interim arrangement until a final arbitration decision is made.

As security for the Payment Plan, the Company pledged one real estate property located in Colombia in addition to granting a rotating pledge over 9,444 wet metric tonnes of concentrate inventory. The security is to be released proportionally as payments are made in accordance with the payment schedule. The security may be substituted at a later date. The Company recorded an arbitration asset for any payment made under the Payment Plan. The Company continues to work towards obtaining a new contract to renew title for the operating mine. The Company has been allowed to continue operating while the process for the contract and title renewal continues. There is no assurance the renewal will be obtained.

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 March 31, 2023, the Company only had a single off-take agreement for metals concentrate produced at the El Roble mining property.

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24. SEGMENTED INFORMATION (cont'd...)**Geographic segment details**

As at March 31, 2023	Canada	Colombia	Ecuador and other	Total
Cash and other current assets	\$ 2,161,096	\$ 31,991,539	\$ 867,053	\$ 35,019,688
Other non-current assets	-	4,091,756	-	4,091,756
Mineral properties	-	34,596,530	37,685,859	72,282,389
Plant and equipment	-	9,021,367	16,004	9,037,371
Total assets	\$ 2,161,096	\$ 79,701,192	\$ 38,568,916	\$ 120,431,204

As at December 31, 2022	Canada	Colombia	Ecuador and other	Total
Cash and other current assets	\$ 5,484,605	\$ 30,744,382	\$ 718,975	\$ 36,947,962
Other non-current assets	-	3,939,179	-	3,939,179
Mineral properties	-	34,821,146	35,625,475	70,446,621
Plant and equipment	-	9,661,787	21,338	9,683,125
Total assets	\$ 5,484,605	\$ 79,166,494	\$ 36,365,788	\$ 121,016,887

25. EVENT AFTER REPORTING DATE

Subsequent to March 31, 2023, the Company granted 1,913,936 stock options exercisable at C\$0.205 per share for five years to directors, officers, employees and consultants of the Company.