ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2015

Atico Mining Corporation
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GENERAL

This management's discussion and analysis ("MD&A") for Atico Mining Corporation (the "Company" or "Atico") is intended to help the reader understand the significant factors that have affected Atico and its subsidiaries performance and such factors that may affect its future performance. This MD&A, which has been prepared as of May 26, 2015, should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2015 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included in the following MD&A are in United States dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

This MD&A refers to certain non-GAAP financial measures such as cash cost per tonne of processed ore and cash cost per pound of payable copper produced, used by the Company to manage and evaluate operating performance. These measures are widely reported in the mining industry but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. The Company believes that certain investors use these non-GAAP financial measures to evaluate the Company's performance. Accordingly, non-GAAP financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. To facilitate a better understanding of these measures as calculated by the Company, we have provided detailed descriptions and reconciliations as required.

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COMPANY OVERVIEW

The Company was incorporated under the laws of the Yukon Territory on April 15, 2010, continued pursuant to the laws of British Columbia effective October 4, 2011, and its fiscal year end is December 31. The Company is headquartered at Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada and has regional offices in Colombia and Peru.

The Company is engaged in copper-gold mining and related activities including exploration, development, extraction, and processing in Colombia and the acquisition, exploration and development of copper and gold projects in Latin America. The Company completed its initial public offering ("IPO") in March 2012. In conjunction with the IPO, Atico began trading on the TSX Venture Exchange ("TSX-V") under the symbol "ATY".

On November 22, 2013, the Company completed the exercise of its mineral property purchase option, acquiring 90% of the shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble mineral property and took control of the producing El Roble mine and 6,679 hectares of surrounding claims.

MINER's principal asset is the operating El Roble underground copper-gold-silver mine and processing plant, located in Choco, Colombia. With a nominal capacity of 400 tonnes per day, the mine has processed over the past twenty-two years, 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 grams per tonne ("g/t"). The operation is currently in the final stages of an expansion to a nominal capacity of 650 tonnes per day.

FIRST QUARTER 2015 HIGHLIGHTS

Net income for the three months ended March 31, 2015 ("Q1-2015") amounted to $2.41 million, compared with a loss of $0.78 million for the same period in 2014 ("Q1-2014").

Sales for the period increased 560% to $13.45 million with copper accounting for 74.2% of the total, and gold and silver for 25.7% and 0.1% respectively. The average realized price per metal on provisional invoicing was $2.63 per pound of payable copper, $1,218.48 per ounce of gold and $16.80 per ounce of silver.

Cash costs were $111 per tonne of processed ore and $1.16 per pound of payable copper produced, a 13% decrease over the Q1-2014 cash cost per pound of payable copper (refer to non-GAAP Financial Measures).

Income from operations was $3.52 million while cash flow from operations, before changes in working capital was $5.32 million. Capital expenditures amounted to $2.10 million.

The Company produced 4,838.5 dry metric tonnes ("DMT") of concentrate during the quarter with a metal content of 2.0 million pounds ("lbs") of copper ("Cu"), 2,291 ounces ("oz") of gold and 6,308 oz of silver.

Processed tonnes increased 46% to 33,558 compared to 23,016 in Q1-2014.

At the quarter-end, 1,067 wet metric tonnes ("WMT") of non-invoiced concentrate remained at the Company's warehouses.

RESULTS OF OPERATIONS

El Roble mine review

The El Roble mine is an underground copper, gold and silver mine and processing plant located in the Department of Choco in Colombia. Its commercial product is a copper concentrate with gold and silver by-product credits.

The mine has processed over the past twenty-two years, with an historic nominal capacity of 400 tonnes per day, a total of over 1.5 million tonnes of ore at an average head grade of 2.6% copper and an estimated gold grade of 2.5 g/t. The operation has completed an expansion to a nominal capacity of 650 tonnes per day. Copper and gold mineralization at the El Roble property occurs in volcanogenic massive sulfide ("VMS") lenses.

The table below shows the main variables used by management to measure operating performance of the mine: throughput, grade, recovery, metal production and cost.

El Roble operating performance

	Q1 2015	Q1 2014
Production (contained metals)[1]		
Copper (000 lbs)	2,003	1,398
Gold (oz)	2,291	1,147
Silver (oz)	6,308	3,461
Mining		
Ore (tonnes)	32,664	26,791
Milling		
Milled (tonnes)	33,558	23,016
Tonnes per day	557	354
Copper grade (%)	2.91	3.01
Gold grade (g/t)	3.14	2.43
Silver grade (g/t)	11.33	10.65
Recoveries		
Copper (%)	93.2	91.5
Gold (%)	67.5	63.7
Silver (%)	51.6	43.9
Concentrate		
Cu concentrate produced (DMT)	4,839	2,735
Copper (%)	18.8	23.2
Gold (g/t)	14.7	13.1
Silver (g/t)	40.6	39.4
Payable copper produced (000 lbs)	1,890	1,332
Cash cost per pound of payable copper produced[2]	1.16	1.33

(1) Subject to adjustments due to final settlement.
(2) Net of by-product credits (refer to non-GAAP Financial Measures).

In Q1-2015, the Company produced 2 million lbs of copper, 2,291 oz of gold and 6,308 oz of silver. When compared to Q1-2014, production increased 43%, 100%, and 82% for copper, gold and silver, respectively. The significant increase in metal produced is mainly explained by an increase of 46% in processed ore and 29% increase in the gold head grade, partially offset by a 3% decline in copper head grade. To a lesser extent, increases in metal recoveries for copper and gold also contributed.

Despite the increased metal production in Q1-2015 over the same period in 2014, operational results were well below the Company's expectation by over 30% and 25% for produced copper and gold respectively. The deviation is mainly explained by a 20% reduction in processed ore and a 25% decrease in the copper head grade.

Lower throughput in January and February was due to problems during the commissioning of new equipment and malfunction of the secondary crusher and other equipment in the crushing system. The operations team had to adapt the design flow to work without a double deck screen before the secondary crusher and still reach a nominal capacity of 650 tonnes per day by the end of March. The double deck screen is scheduled to be installed in the second quarter of 2015 ("Q2-2015") returning the process flow to the original design.

The decrease in copper head grade reflects a lower than expected in-situ grade in levels 3 and 4 of Goliath stopes mined during Q1-2015. The copper head grade has returned in April to the Q4-2014 level and is expected to maintain the same level through the second quarter.

(Expressed in US dollars, unless otherwise indicated)

Copper recovery was above the expectation at 93.2% but with a lower copper content in the concentrate. Gold recovery was lower than expected at 67.5%. The Company continues to adjust the processing variables to maintain the high copper recovery reached in Q1-2015, increase the gold recovery beyond 70% and stabilize the copper content in the concentrate around 20%.

Cash costs for the period were $111.15 per tonne of processed ore, and $1.16 per pound of payable copper produced, a 12.9% decrease over the Q1-2014 cash cost per pound of payable copper.

Despite the lower throughput during Q1-2015, the cost on a per tonne basis was in line with average 2014 cost. The cost on a per pound of payable copper basis increased by 41% relative to the average 2014 cost affected by the lower copper and gold production.

Capital expenditure activities during Q1-2015 on a cash basis were $2.10 million. Major categories of expenditure included $0.85 million in underground mine development, $1.06 million in equipment and infrastructure related to the mine and $0.19 million related to the mill.

Mine production came from four sources in Q1-2015. The main production came from Maximus and Goliat, and additional tonnes came from Perseo, a satellite deposit to Goliat.

During Q1-2015, the main access ramp development continued. Access to the Zeus deposit at the 1860 level was reached by the end of the quarter. Additional workings from the main ramp are scheduled to access the Zeus deposit on the 1830 elevation in Q2-2015. Once the 1830 level access is completed, development work leading to sustained stoping will begin inside the deposit.

Work with the Company's geotechnical consultants has indicated a modified room-and-pillar stoping methodology utilizing cemented backfill will provide high productivity levels in a safe working environment within the Zeus deposit. The cemented fill will be a high-strength fill, this type of fill requirement will allow for a high extraction ratio of the material within the deposit. The Company expects that in excess of 90% of the ore within the deposit may be extracted for processing.

During Q1-2015, the El Roble project had 7 lost time accidents, with a total of 35 eight-hour work days lost. While none of the accidents were severe or life-threatening, their occurrence has caused the Company to take additional measures to enforce the importance of safe practices with all employees. Additional training initiatives have also been launched. The Company uses international standards and a great deal of additional work is required to get the project to a high international standard.

Concentrate inventory

Amounts in dry metric tonnes ("DMT")	**Three months ended March 31 2015**	**Three months ended March 31 2014**
Opening inventory	5,475.8	720.9
Production	4,838.5	2,735.0
Sales	(9,332.6)	(946.7)
Adjustment	-	6.5
Closing inventory	981.7	2,515.7

The Company recognizes revenue associated with the sale of concentrate when the risks and rewards of ownership of the concentrate are transferred to the customer, which under the current off-take agreement is when the Company loads the concentrate to the performing vessel at the port of Buenaventura, Colombia. As final price settlement may occur several months after the revenue is recognized, changes in metal prices during that time may have a material impact on the final revenue recognition.

Production is trucked routinely from the El Roble mine to the port of Buenaventura, where 6,000 WMT of concentrate can be stored at the Company´s warehouse. Since the cost of shipping and freight is directly related to the size of the lot to be shipped, the Company prefers to sell lots closer to 5,000 WMT.

Exploration

During Q1-2015, the underground drilling program at the El Roble mine continued to prioritize further defining the known mineralized bodies for mine planning purposes and step out drilling to test continuity of known mineralized bodies. A total of 3,013 meters were drilled underground.

The drill program to intercept perpendicular to the strike direction Zeus, Aquiles, and Ares mineralization continued in Q1-2015. A total of 2,552 meters in nine drill holes were completed in the period with seven of those holes intercepting larger intervals of massive sulfide than had been modeled in the National Instrument 43-101 inferred resource estimate wireframes of Zeus and Aquiles.

For the first three holes, the average interval used in the wireframe calculation of the inferred resource for comparable dip and azimuth was approximately 58 meters, whereas the first infill hole (ATD-0001) intersected 116.6 meters, the second hole (ATD-0002) intersected 70.8 meters and the third hole (ATD-0003) intersected 86.4 meters of mineralization(1).

For holes ATD-0004 and ATD-0007, the interval used in the wireframe calculation of the inferred resource for comparable dip and azimuth was approximately 49 meters and 54 meters, whereas the Company intersected 70.1 meters, and 109.15 meters of mineralization, respectively. Infill hole ATD-0005 intersected 55.85 meters and ATD-0009 intersected 31 meters of mineralization while the wireframe calculation for comparable dip and azimuth at these levels included approximately 40 meters and 30 meters respectively(1).

The ongoing drill campaign at the lower part of the resource has provided evidence to assume that Zeus massive sulphide is wider than initially represented in the resource estimate wireframe, and the Aquiles and Zeus massive sulphide bodies, initially thought to be two separate mineralized bodies, are part of the same larger massive sulphide. The Company also theorizes that the Ares massive sulphide body could also be part of the Zeus-Aquiles body. The implication of this theory, if proved, is potentially a significant gain of mineralized volume.

The Company anticipates it will continue in Q2-2015 drill testing the inferred resource wireframe for Zeus, Ares and Aquiles, as well as its continuity along strike and at depth.

During Q1-2015, the Company continued the surface soil sampling, rock geochemistry and geology work in the 10-kilometer prospective contact. The team prioritized Santa Anita and San Lorenzo target areas and other prospective target areas to further define drilling targets for the planned surface drill program. The Company anticipates preparation work prior to drilling in the Santa Anita and San Lorenzo areas will be completed in Q2-2015 with drilling beginning in the third quarter of 2015.

(1) Reported intercepts will require further adjustments for angle and azimuth of each drill hole to determine true widths.

OUTLOOK

The Company is basing Q2-2015 guidance on full year 2014 and Q1-2015 financial and production results. Please refer to Cautionary Note on Forward Looking Statements at the end of this document.

The Company continues to pursue the following objectives for Q2-2015 at the El Roble mine:

- Process between 40,000 and 45,000 tonnes.
- Maintain copper recovery above 92% and reach 70% for gold recovery.
- Increase the mill mechanical availability to 90% and reach 75 days worked.
- Continue increasing the safety and environmental standards.
- Continue developing the decline to Zeus and begin preparations at the Zeus ore body.

(Expressed in US dollars, unless otherwise indicated)

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the eight quarters up to March 31, 2015, and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2014 and 2013.

	Q1-2015	Q4-2014	Q3-2014	Q2-2014
Revenue[1]	$ 13,452,803	$ 8,374,680	$ 7,486,882	$ 7,500,276
Income (loss) from operations	3,521,528	1,439,155	1,272,900	1,023,309
Net income (loss) for the period[2]	2,128,961	(2,422,732)	236,821	(280,963)
Income (loss) per share - basic and diluted	0.02	(0.02)	0.00	(0.00)
Weighted average shares outstanding - basic	97,591,571	97,591,571	97,591,571	97,586,860

	Q1-2014	Q4-2013	Q3-2013	Q2-2013
Revenue[1]	$ 2,036,991	$ Nil	$ Nil	$ Nil
Loss from operations	(472,383)	(1,541,576)	(812,455)	(643,834)
Net income (loss) for the period[2]	(790,064)	2,997,891	(844,575)	(627,385)
Loss per share - basic and diluted	(0.01)	0.03	(0.02)	(0.01)
Weighted average shares outstanding	96,848,683	95,681,414	52,316,707	52,107,305

[1] The Company started operating the El Roble mine on November 22, 2013.
[2] Income (loss) attributable to equity holders of the Company.

The financial results of MINER are only incorporated in the quarterly information in the above table as of November 22, 2013. The Company began earning revenue in Q1-2014 due to the acquisition of MINER in late 2013. Prior quarters did not have any revenues, including Q4-2013. The income for Q4-2013 is a result of the acquisition accounting for the purchase of MINER, where the fair value of the acquisition resulted in a gain on bargain purchase of $735,691 and a deferred income tax recovery of $3,529,840. The net losses for Q3 and Q2 of 2013 increased from the prior quarters due to the hiring of the Company's CEO and ramping up of all activities relating to corporate activities in anticipation of the fund-raising required to exercise the option to purchase MINER.

FIRST QUARTER FINANCIAL RESULTS

First quarter net income was $2,414,704 compared to net loss of $779,972 in Q1-2014 and earnings (loss) per share was $0.02 and $(0.01), respectively. Income from mining operations was $4,814,590 (Q1-2014 - $539,870), and the Company had an income from operations of $3,521,528 (Q1-2014 - loss of $472,383). The Q1-2015 net income was affected by increased quantity of concentrate shipped and provisionally invoiced and lower unit production costs, slightly offset by a lower realized metal prices as compared to Q1-2014. The increase in selling, general and administrative expenses was offset by a lower share-based payment expense for Q1-2015.

Sales for Q1-2015 were $13,452,803 (Q1-2014 - $2,036,991) from the shipping and provisional invoicing of 9,332.6 DMT (Q1-2014 - 946.7) of concentrate and adjustments on shipments made during prior periods. The Company's metal concentrates are provisionally priced at the time of sale based on the prevailing commodity market prices. Final prices are set in a period subsequent to the date of sale based on specified quotational period after delivery. Under the current sales agreement, final pricing for metals concentrates generally occurs four months after the month of sales. Sales for Q1-2015 increased over Q1-2014 due to an increase in the tonnes of concentrate sold, offset by a decrease in net price.

Three months ended		March 31 2015		March 31 2014
Sales and realized prices				
Provisional invoices	$	13,644,099	$	2,000,329
Adjustments[1]		(191,296)		36,662
Sales per financial statements	$	13,452,803	$	2,036,991
Copper				
Provisional sales (000's lbs)		4,009.0		441.8
Realized price ($/lb)[2]		2.63		3.23
Net realized price ($/lb)[3]		2.48		3.08
Gold				
Provisional sales (oz)		4,952.8		600.8
Realized price ($/oz)[2]		1,218.48		1,282.75
Net realized price ($/oz)[3]		748.98		1,022.13
Silver				
Provisional sales (oz)		11,893.9		2,102.7
Realized price ($/oz)[2]		16.80		20.17
Net realized price ($/oz)[3]		0.45		12.17

[1] Include adjustments for mark-to-market price and foreign exchange rates.
[2] Based on provisional sales before final price and assay adjustments. The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.
[3] Adjusted for payable metals deductions, treatment and refining charges, and transportation charges.

Cost of sales for Q1-2015 was $8,638,213 (Q1-2014 - $1,497,121) consisting of the following components:

Three months ended		March 31 2015		March 31 2014
Direct mining and processing costs	$	5,164,076	$	1,115,968
Royalties		317,976		30,398
Depletion and amortization		3,156,161		350,755
	$	8,638,213	$	1,497,121

Cost of sales recognized in Q1-2015 was related to the production costs of concentrate produced during Q4-2014 and Q1-2015, and shipped during Q1-2015. The increased cost of sales for Q1-2015 over Q1-2014 is due to an increase in the tonnes of concentrate sold, offset by a decrease in production cost per unit.

Selling, general and administrative expenses were higher in Q1-2015 compared to Q1-2014; $1,185,698 compared to $708,216. The breakdown of the Company's selling, general and administrative ("SG&A") expense is as follows:

	Three months ended March 31, 2015			Three months ended March 31, 2014		
	Operations	Corporate	**Total**	Operations	Corporate	**Total**
Selling expenses	$ 496,263	$ -	$ 496,263	$ 110,726	$ -	$ 110,726
Amortization	52,011	4,641	56,652	5,041	470	5,511
Corporate administration	156,639	81,318	237,957	56,312	11,0937	167,249
Professional fees	36,210	15,217	51,427	22,081	53,991	76,072
Salaries and benefits	159,325	167,618	326,943	162,003	166,341	328,344
Transfer agent and filing fees	-	16,456	16,456	-	20,314	20,314
	$ 900,448	$ 285,250	$1,185,698	$ 356,163	$ 342,053	$ 708,216

Other income and expenses: In Q1-2015, the Company recognized share-based payments of $107,364 (Q1-2014 - $258,710) for the 2,870,671 stock options granted in July 2014 that have vesting terms over 36 months.

In Q1-2015, the Company recognized interest expense of $221,874 (Q1-2014 - $259,900) for various long-term credit facilities, and accretion expense of $34,787 (Q1-2014 - $23,522) for its decommissioning and restoration provision related to the El Roble mine. The Company recognized current and deferred income tax expense of $990,771 and $64,954 for Q1-2015 (Q1-2014 - $Nil and $66,986, respectively).

LIQUIDITY AND CAPITAL RESOURCES

The Company has begun to generate cash flows from operations that have been used to fund the increase in its working capital, capital expenditures on expansions, and meeting its financing obligations. Prior to January 1, 2014, the Company relied on private placement financings of equity securities, a secured loan facility, and a credit facility (refer to Contractual Obligations) to fund its operating and investing activities.

The Company's cash and cash equivalents as at December 31, 2014 totaled $2,918,512 (December 31, 2014 - $5,102,634) and its working capital position was $10,336 (December 31, 2014 - negative position of $1,291,281).

The Company's debt facility with Trafigura Pte Ltd. is subject to various qualitative and quantitative covenants, and the Company was in compliance with all such debt covenants as at March 31, 2015.

First quarter liquidity and capital resources

During Q1-2015, cash and cash equivalents decreased by $2,184,122. The decrease was due to net cash provided by operating activities of $4,521,017, offset by net cash used in investing activities of $2,099,659 and financing activities of $4,591,747. Exchange rate changes had a negative impact on cash and cash equivalents of $13,733.

Operating activities

During Q1-2015, net cash provided by operating activities amounted to $4,521,017, which included positive operating cash flow before changes in non-cash operating working capital items of $5,324,612, net of changes in non-cash working capital items of $803,595. Non-cash working capital changes included the effects from an increase in receivables of $4,324,861, offset by decreases in inventories and taxes payable of $2,068,748 and $1,298,597 during the normal course of business.

Investing activities

Cash used by the Company in investing activities during Q1-2015 totaled $2,099,659, which were primarily comprised of underground mine development, acquisition of new equipment, and construction of an on-site laboratory and phase two of the new tailings impoundment facility.

Financing activities

During Q1-2015, the Company used net cash of $4,591,747 for its financing activities. The Company repaid a net advance of $4,671,221 on its concentrate inventories. Additionally, the Company drew net of $1,285,990 from its unsecured credit facilities with Colombian banks. Finally, the Company paid $117,856 of principal and $987,843 of interest towards its long-term loans payable.

(Expressed in US dollars, unless otherwise indicated)

Contractual obligations

As at March 31, 2015, the Company expects the following cash flows for its financial liabilities and other contractual commitments:

	Less than 1 year	1 - 2 years	3 - 4 years	**Total**
Accounts payable and accrued liabilities	$ 4,182,556	$ -	$ -	$ 4,182,556
Bank credit facilities	1,872,990	-	-	1,872,990
Taxes payable	1,705,323	-	-	1,705,323
Finance lease obligations	175,891	344,288	-	520,179
Long-term loans payable	5,320,287	2,884,663	2,000,000	10,204,950
	$ 13,257,047	$ 3,228,951	$ 2,000,000	$ 18,485,998

Requirement of additional equity financing

Management believes that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents and cash generated from operations. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through debt financing, the issuance of hybrid debt-equity securities, or additional equity securities. The Company has relied entirely on equity financings and loans for all funds raised to date for its acquisitions, capital expansions, and operations. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company's growth and success may be dependent on external sources of financing which may not be available on acceptable terms.

TRANSACTIONS WITH RELATED PARTIES

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

Three months ended March 31, 2015	Salary or fees	Share-based payments	**Total**
Management	$ 203,100	$ 56,640	$ 259,740
Outside directors	-	42,310	42,310
Seabord Services Corp.	46,986	-	46,986
	$ 250,086	$ 98,950	$ 349,036

Three months ended March 31, 2014	Salary or fees	Share-based payments	**Total**
Management	$ 244,968	$ 477,994	$ 722,962
Outside directors	-	327,561	327,561
Seabord Services Corp.	44,493	-	44,493
	$ 289,461	$ 805,555	$ 1,095,016

Included in accounts payable and accrued liabilities, as at March 31, 2015, was $329,474 (December 31, 2014 - $315,000) due to management.

Seabord Services Corp. ("Seabord") is a management services company controlled by a director. Seabord provides a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to the Company. The Chief Financial Officer and Corporate Secretary are employees of Seabord and are not paid directly by the Company. In addition to the agreement with Seabord, the Company entered into rental agreements with companies with common directors for office space for $2,200 and $800 per month, respectively.

The above transactions are measured at the exchange amounts (the amounts established and agreed to by the related parties) which approximate the arm's length equivalent value. All balances due to related parties are included in accounts payable and accrued liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

CONTINGENCIES

During the year ended December 31, 2013, the Company was advised that a notice of civil claim was filed with the British Columbia Supreme Court by Carl Nelson and Recursos del Caribe S.A., the company through which Carl Nelson conducts his geological consulting business (collectively, "Mr. Nelson"). The allegations of Mr. Nelson have not been proven. The Company disputes Mr. Nelson's claims and is defending itself in this matter. The action was filed on October 8, 2013 and a Response to Civil Claim was filed on November 26, 2013. The trial of this matter is scheduled to commence in December 2015. As at March 31, 2015, the Company believes it is too early to make a formal determination as to the claim.

PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered by the Company at the current time.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

For full details on the critical accounting estimates and judgments affecting the Company, please refer to the Company's audited annual consolidated financial statements and notes and annual MD&A for the year ended December 31, 2014.

NEW ACCOUNTING PRONOUCEMENTS

Accounting pronouncements not yet effective

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

(Expressed in US dollars, unless otherwise indicated)

FINANCIAL INSTRUMENTS

Fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

As at March 31, 2015, the Company's financial instruments measured at fair value are as follows:

Financial assets and liabilities	Level 1	Level 2	Level 3	**Total**
Trade receivable from provisional sales	$ -	$ 4,124,759	$ -	$ 4,124,759

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

Trade receivable from sales of metals concentrate includes provisional pricing, and final price and assay adjustments. The trade receivable from sales of metals concentrate is valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

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

Metal price risk

The Company is exposed to metals price risk given that its revenues are derived from the sale of metals through its metals concentrate products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral property may be adversely affected by fluctuations in metals prices. The Company does not hedge its metals production. A 1% change in copper and gold prices would result in an increase/decrease of approximately $102,000 and $55,000 in the Company's pre-tax income or loss on an annualized basis, respectively.

Interest rate risk

The Company is exposed to interest rate risk on its variable rate debt facilities. Variable interest rates are based on US dollar London Inter-bank Offered Rates ("LIBOR") plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at March 31, 2015, a 10% change in LIBOR rates would result in an increase/decrease of approximately $21,000 in the Company's pre-tax income or loss on an annualized basis based on the debt facilities used.

Credit risk

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

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Colombia and incurs expenditures in currencies other than US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations. As at March 31, 2015, the Company is exposed to currency risk through the following monetary assets and liabilities:

	Canadian dollars	Peruvian soles	Euros	Colombian pesos (000's)
Cash and cash equivalents	$ 185,933	$ 75,263	$ -	$ 1,560,126
Receivables	4,981	46,411	-	7,607,613
Accounts payable and accrued liabilities	(99,692)	(149,222)	-	(9,382,031)
Taxes payable	-	-	-	(3,928,661)
Finance lease obligations	-	-	(479,345)	-
Long-term loan payables	-	-	(627,975)	(4,017,000)
Net exposure	$ 91,222	$ (27,548)	$ (1,107,320)	$ (8,159,953)
US dollar equivalent	$ 72,158	$ (9,097)	$ (1,201,649)	$ (3,375,928)

Based on the above net exposure, as at March 31, 2015, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, Euro, and Colombian peso would result in an increase/decrease of approximately $44,000 in the Company's pre-tax income or loss.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities (refer to Contractual Obligations for the expected payments due as at March 31, 2015).

RISK FACTORS

For further information regarding the Company's operational risks, please refer to the detailed disclosure concerning the material risks and uncertainties associated with the Company's business set out in its annual MD&A, dated April 14, 2015, which is available on SEDAR under the Company's filer profile.

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

As at the date of this MD&A, the Company had 97,591,571 common shares issued and outstanding. There were also 7,250,671 stock options outstanding with expiry dates ranging from June 30, 2016 to July 11, 2019, and 21,676,650 warrants with expiry date of September 19, 2015.

QUALIFIED PERSONS

Mr. Thomas Kelly (SME Registered Member 1696580), Chief Operating Officer of the Company, and Demetrius Pohl, Ph.D. AIPG Certified Geologist, are qualified persons under National Instrument 43-101 standards and are responsible for ensuring that the technical information contained in this MD&A is an accurate summary of the original reports and data provided to or developed by the Company.

NON-GAAP FINANCIAL MEASURES

Cash cost per pound of payable copper produced and cash cost per tonne of processed ore are key performance measures that management uses to monitor performance. In addition, cash costs are an industry standard method of comparing certain costs on a per unit basis; however, these do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. Management believes that certain investors use these non-GAAP financial measures to evaluate the Company's performance. These performance measures have no meaning under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies.

El Roble mine cash cost

The following table presents a reconciliation of cash cost per tonne of processed ore and cash cost per pound of payable copper produced to cost of sales in the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014.

Expressed in $000's	Q1 2015	Q1 2014
Cash cost per tonne of processed ore		
Cost of sales[1]	$ 8,638.2	$ 1,497.1
Add / subtract		
Change in concentrate inventory	(3,538.8)	1,966.6
Depletion and amortization in concentrate inventory	1,608.4	(565.6)
Government royalties and mining taxes	(318.0)	(30.4)
Distribution costs	496.3	110.7
Depletion and amortization in cost of sales	(3,156.2)	(350.8)
Cash cost	3,729.9	2,627.6
Total processed ore (tonnes)	33,558	23,016
Cash cost per tonne of processed ore ($/t)	$ 111.15	$ 114.16
Mining cost per tonne	$ 44.96	$ 44.04
Milling cost per tonne	19.19	20.61
Indirect cost per tonne	32.39	44.75
Distribution cost per tonne	14.61	4.76
Total production cost per tonne of processed ore ($/t)	$ 111.15	$ 114.16

Expressed in $000's	Q1 2015	Q1 2014
Cash cost per pound of payable copper produced		
Aggregate cash cost (above)	$ 3,729.9	$ 2,627.6
Add / subtract		
By-product credits	(2,591.1)	(1,412.4)
Refining charges	815.7	376.3
Transportation charges	234.6	177.7
Cash cost applicable to payable copper produced	2,189.1	1,769.2
Total payable copper produced (000's lbs)	1,890.0	1,332.3
Cash cost per pound of payable copper produced ($/lb)	$ 1.16	$ 1.33

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

Given the nature of the Company's metals concentrate management believes providing the cash cost on a co-product basis, presented in the following table, will enhance the reader's understanding of the Company's cash cost structure.

Expressed in $000's	Q1 2015	Q1 2014
Aggregate cash production cost	$ 3,729.9	$ 2,627.6
Cash cost per pound of payable copper produced		
Cash cost attributable to copper production(2)	$ 2,771.3	$ 1,970.7
Add / subtract		
By-product credit from silver	(26.7)	(16.2)
Refining charges	815.7	376.3
Transportation charges	174.3	133.3
Cash cost applicable to payable copper produced	3,734.6	2,464.1
Total payable copper produced (000's lbs)	1,890.0	1,332.0
Cash cost per pound of payable copper produced ($/lb)	$ 1.98	$ 1.85
Cash cost per ounce of payable gold produced		
Cash cost attributable to gold production(2)	$ 958.6	$ 656.9
Add / subtract		
Refining charges	19.4	8.6
Transportation charges	60.3	44.4
Cash cost applicable to payable gold produced	1,038.3	709.9
Total payable gold produced (oz)	2,176.5	1,080.7
Cash cost per ounce of payable gold produced ($/oz)	$ 477.05	$ 656.91

(2) If copper and gold for the El Roble mine was treated as co-products, the allocation of aggregate cash production cost between copper and gold production is based on provisional invoice(s) issued and revenue (net of treatment and refining charges) recognized in the respective reporting periods.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A and any documents incorporated by reference into this MD&A constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). Forward-looking statements express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified using words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategies", "targets", "goals", "forecasts", "objectives", "budgets", "schedules", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) and are not statements of historical fact.

Forward-looking statements relate to, among other things:

- mineral "reserves" and "resources" as they involve the implied assessment, based on estimates and assumptions that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- timing of the completion of construction activities at the Company's properties and their completion on budget;
- production rates at the Company's properties;
- cash cost estimates;
- timing to achieve full production capacity at the Company's properties;
- timing for completion of infrastructure upgrades related to the Company's properties;
- timing for delivery of materials and equipment for the Company's properties;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities;
- the Company's planned processing, and estimated major investments for mine development, tailings dam expansion, mill expansion and brownfields exploration at the El Roble property in 2015;
- management's belief that the Company's current operational requirements and capital projects can be funded from existing cash and cash equivalents, cash generated from operations, and the available credit facility;
- management's belief that if the Company needs to access the capital markets for additional financial resources, the Company will be able to do so at prevailing market rates;
- the expected maturities of the Company's financial liabilities, finance leases and other contractual
- commitments; and
- management's expectation that none of the investigations, claims, and legal, labor and tax proceedings arising in the ordinary course of business will have a material effect on the results of operations or financial conditions of the Company.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as at the date of such statements, are inherently subject to significant business, economic, social, political and competitive uncertainties and contingencies and other factors that could cause actual results or events to differ materially from those projected in the forward-looking statements. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A which may prove to be incorrect, include, but are not limited to, (1) that all required third party contractual, regulatory and governmental approvals will be obtained for the development, construction and production of its properties, (2) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for copper, gold and silver; (6) prices for and availability of fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource estimates; (9) labor and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

In addition, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include, risks associated with mineral exploration and project development; the need for additional financing; operational risks associated with mining and mineral processing; uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules, and economic returns; uncertainties relating to general economic conditions; the Company's substantial reliance on the El Roble mine for revenues; risks related to the integration of businesses and assets acquired by the Company; risks associated with entering into commodity forward and option contracts for base metals production; potential conflicts of interest involving the Company's directors and officers; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does or may carry on business; the possibility of cost overruns or unanticipated expenses; fluctuations in copper, gold and silver prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; currency exchange rate fluctuations; competition; and other risks and uncertainties, including those described in the "Risks Factors" section in the MD&A for the financial year ended December 31, 2014 filed with the Canadian Securities Administrators and available at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These forward-looking statements are made as of the date of this MD&A. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, the Company does not assume the obligation to revise or update these forward looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.