

## Atico Mining Corp. (TSXV:ATY) Solid Q4 Operations Precedes Expected Strong Q4 Financial Results

**Production Update**  
January 17, 2020

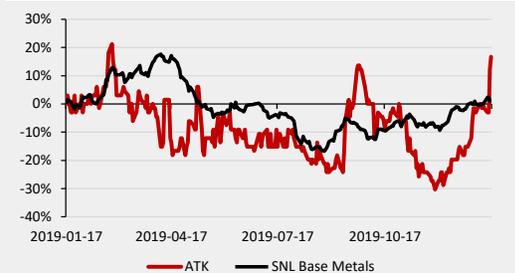
(Currency is CAD\$ unless noted otherwise)

Closing Price (\$/sh)		\$0.39
Consensus NAVPS		\$0.78
52 Week Low / High	\$0.22 /	\$0.40
Consensus P/NAV		0.49x
<b>CAPITALIZATION</b>	<b>Basic</b>	<b>Diluted</b>
Shares Outstanding (M)	119.0	130.12
Market Capitalization (\$MM)		\$45.8
Enterprise Value (\$MM)		\$44.7
Last Reported Quarter Cash (\$MM)		\$9.6
Total Debt (\$MM)		\$8.5

### STOCK CHART



### RELATIVE PERFORMANCE



RELATIVE VALUATION	EV/EBITDA	P/NAV
Peer Group Average*	4.3x	0.6x
Atico Mining Corporation	1.4x	0.5x

\*Capital IQ Consensus

### MAJOR SHAREHOLDERS

Management (18.14%), Konwave AG (3.68%), Metaform Investments Inc (3.48%)

**DISCLOSURE CODE:** 1,2,3,4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

### Company Description

Atico Mining Corporation engages in the acquisition, exploration, and development of copper and gold projects in Latin America. The company also explores for silver deposits. Its principal project is the El Roble mine, which covers an area of 6,679 hectares located in Choco, Colombia. The company was incorporated in 2010 and is headquartered in Vancouver, Canada.

### Impact: Mildly Positive

Atico Mining delivered solid Q4/19 and FY/2019 production results at its El Roble mine in Colombia. The company produced 5.6Mlbs Cu and 3.5koz Au in Q4/19 and 16.9Mlbs Cu and 10.5koz Au in 2019, effectively in line with guidance. We are expecting an exceptionally strong Q4 financials, as the company made two concentrate shipments in the quarter. **Another solid operational quarter from Atico confirms our view that Atico is a low-cost copper-gold producer capable of generating FCF funding for exploration at two prospective projects.**

### Highlights:

- **El Roble operations remain solid.** Steady grades and throughput allowed Atico to deliver another solid quarter. This allowed the company to effectively meet its revised copper production guidance with 16.9Mlbs produced (guidance for 17-18Mlbs) and exceeded its 2019 gold production guidance with 10.5k oz produced (guidance 9.0k-9.7k oz Au). We believe the combination of high gold grades and prices, should result in cash costs in line or better than the US\$1.08/lb delivered in Q3/19. Additionally, the company made two concentrate shipments in the quarter (vs. one in Q3), which we expect to result in a significant increase in revenue and profitability for Q4.
- **Steady guidance should deliver substantial FCF from El Roble.** Atico has guided for 20-21M lbs of Cu production and 10.5-11.5k oz Au production in 2020 at cash costs of US\$1.25-1.35/lb (net of by-products). This should be roughly US\$20-25M in EBITDA and US\$5-10M in FCF (before planned exploration) in 2020.
- **Lots of drilling planned for 2020 at its two high-grade projects.** Atico has guided for 13km of drilling at El Roble plus drilling at La Plata. Drilling at El Roble is expected to be focused on both near-mine exploration to extend the mine-life and regional targets to add a second mining area. At La Plata, drilling is focused on increasing resource confidence and expanding near deposit resources at this very high-grade VMS.

### Valuation

**Another strong quarter from El Roble, stock remains undervalued.**

Based on 2020 guidance, our preliminary estimates suggest that Atico trades at less than 1.5x 2020E EBITDA, versus other base metal producers which trade at 4.3x 2020E EBITDA. We believe that as Atico continues to execute operationally, demonstrates the growth coming from La Plata and delivers with the drill bit, it should re-rate towards peers. **Upcoming Catalysts include:** 1) El Roble exploration updates (ongoing), 2) Q4 financial results (Q1/20) and 3) La Plata exploration updates (ongoing).

**Figure 1: Quarterly Results**

	Q4 2019A	% Change QoQ	Q3 2019A	Q2 2019A	Q1 2019A	Q4 2018A	Q3 2018A	Q2 2018A
Copper (CuEq) Production (Mlbs)	7.3	-4%	7.6	4.2	3.1	7.1	6.7	6.4
Copper Production (Mlbs)	5.6	-1%	5.7	3.2	2.4	5.8	5.4	5.2
Gold Production (koz)	3.5	5%	3.3	2.1	1.6	2.9	3.0	2.6
Total Cash Cost (US\$/lb)	TBA	TBA	\$1.08	\$1.59	\$1.41	\$1.37	\$1.49	\$1.67
Gold Price (US/oz)	TBA	TBA	\$1,508	\$1,312	\$1,305	\$1,225	\$1,263	\$1,309
Copper Price (US\$/lb)	TBA	TBA	\$2.62	\$2.78	\$2.81	\$2.84	\$2.88	\$3.09
Revenue (US\$M)	TBA	TBA	\$9.5	\$6.9	\$21.1	\$11.9	\$14.9	\$20.4
EPS (C\$/sh)	TBA	TBA	\$0.00	\$0.00	\$0.02	-\$0.03	\$0.03	\$0.03
EBITDA (US\$M)	TBA	TBA	\$1.20	-\$0.80	\$4.50	\$1.00	\$1.80	\$5.60
FCF (CFO+CFI) (US\$M)	TBA	TBA	-\$0.26	-\$5.5	\$11.60	-\$0.40	\$0.60	\$5.60
CFPS (C\$/sh)	TBA	TBA	\$0.03	-\$0.03	\$0.10	\$0.02	\$0.03	\$0.08
Cash (US\$M)	TBA	TBA	\$7.2	\$5.1	\$12.4	\$6.0	\$4.4	\$5.3

Source: Company Reports, RCS Estimates



Derek Macpherson | VP Research, [dmacpherson@redcloudsecurities.com](mailto:dmacpherson@redcloudsecurities.com)  
Jacob Willoughby | VP Research, [jwilloughby@redcloudsecurities.com](mailto:jwilloughby@redcloudsecurities.com)  
Zachary Kotowych | Research Associate, [zkotowych@redcloudsecurities.com](mailto:zkotowych@redcloudsecurities.com)  
Taylor Combaluzier | Research Associate, [tcombaluzier@redcloudsecurities.com](mailto:tcombaluzier@redcloudsecurities.com)

**Red Cloud Securities**

105 King Street East, 2<sup>nd</sup> Floor  
Toronto ON, M5C 1G6  
[research@redcloudsecurities.com](mailto:research@redcloudsecurities.com)  
[www.redcloudfs.com/research-home](http://www.redcloudfs.com/research-home)

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Company Name	Ticker Symbol	Disclosures
Atico Mining Corp.	TSXV: ATY	1,2,3,4

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