

July 22, 2022

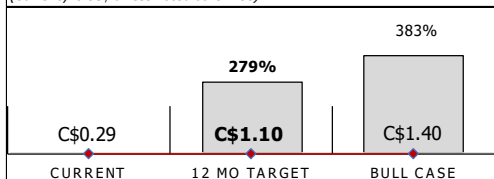
ATICO MINING CORP. (ATY - TSXV, \$0.29)

Rating: BUY
Target Price: C\$1.10

Q2 PRODUCTION; ON-TRACK TO MEET GUIDANCE DESPITE SHUTDOWN

ATICO MINING CORP. ATY

(Currency is US\$ unless noted otherwise)



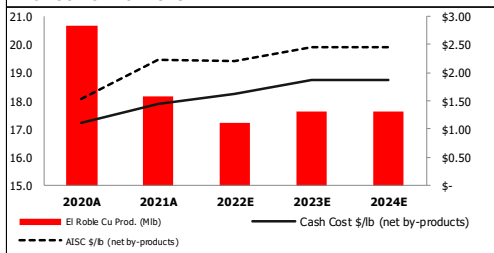
Net Asset Value Per Share	C\$1.15 / \$0.89
52 Week Low / High	C\$0.265 / C\$0.65

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	121.1	133.2
Market Capitalization (C\$M)	C\$35.1	C\$38.6
Enterprise Value (C\$M)		C\$41.5
Estimated Cash (C\$M)		C\$18.1
Estimated Debt (C\$M)		C\$21.0

FYE: DEC 31	2020A	2021A	2022E
Copper Price	\$2.87	\$3.92	\$3.84
Gold Price	\$1,803	\$1,040	\$1,519
Copper Produced (M lbs)	20.7	18.1	17.2
Gold Produced (K oz)	10.5	11.0	10.2
Cash Costs (\$/lb)	\$1.06	\$1.45	\$1.62
AISC (\$/lb)	\$1.53	\$2.36	\$2.22
CFPS	\$0.15	\$0.24	\$0.14
EPS	\$0.06	\$0.05	\$0.20

RELATIVE VALUATION	P/NAV	P/CF	
(CapitalIQ Consensus)			
	FY2021A	FY2022E	
Atico Mining (M Partners)	0.3x	0.9x	1.6x
Peer Mean	0.4x	4.3x	3.8x

PRODUCTION FORECAST



DISCLOSURE CODE: None
(Please refer to the applicable disclosures listed on the back page)

Source: M Partners, Company Information



Atico Mining Corp. holds 90% of the El Roble mine in Colombia and is earning into 75% ownership of the 2Mt 12.9 g/t AuEq La Plata VMS project.

Yesterday, after market close, Atico Mining Corp. released its Q2/22 production results. The El Roble mine reported a miss against guidance but a small beat to our expectations with a surprising turnaround despite a three-week operational shutdown.

The Company produced 3.6 Mlbs of Cu, above our estimate of 3.3 Mlbs Cu while Gold production was also above our estimate, producing 2.8 Koz Au vs. of estimate of 2.6 Koz Au. We note that our expectations for the quarter were lowered because of the known three-week shutdown in operations due to the landslide on site which caused minor equipment damage. ATY mined higher-than-expected grade with the average mined copper grade coming in at 3.17% Cu vs. our expectation of 3.00% and gold grade at 2.47 g/t Au vs. 2.00 g/t expected. Copper and gold recoveries were within guidance at 91.4% and 62.9%, compared to our expectations of 90.0% and 56.6%, respectively. Overall, we are pleased with the quarter despite the operational shutdown and are confident the Company will meet annual guidance of 15.0-16.6 Mlbs Cu and 12.5-14.0 Koz of Au.

We are maintaining our BUY rating and 12-month target price of C\$1.10/share for ATY.

	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q/Q %
Milling:						
Throughput	68	78	74	66	56	-15%
Copper grade (%)	3.10	2.80	3.23	3.55	3.17	-11%
Gold grade (g/t)	2.00	2.01	2.16	2.08	2.47	19%
Recoveries:						
Copper (%)	92.3	92.6	93.0	91.8	91.4	0%
Gold (%)	61.7	59.2	61.3	59.7	62.9	5%
Production:						
Copper in Concentrate	4.3	4.4	4.9	4.8	3.6	-25%
Gold in Concentrate	2.7	3.0	3.2	2.6	2.8	7%
Concentrate Production	10.0	10.7	11.2	10.7	8.3	-23%
Payable Copper Production	4.1	4.2	4.7	4.6	3.4	-25%

Figure 1: Production Summary

Exploration is progressing well at both of ATY's properties and management has specifically highlighted a focus on extending the mine life at El Roble through resource growth. We see significant upside to ATY's valuation if the drilling campaign at El Roble is successful in extending the mine life further than originally planned. This would extend the period in which El Roble and La Plata are operating simultaneously and would result in a period of substantial cashflow.

The La Plata Project is progressing well, with the Feasibility Study (FS) expected early Q4/22. ATY is also making progress with the permitting process having received their EIA, with only the permit to break ground outstanding. We are expecting this to be secured following the FS.

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Valuation: We are maintaining our BUY rating and our 12-month target price of C\$1.10. We value ATY on a NAV multiple of 1.0x, use a long-term copper price estimate of US\$3.50/lb and include adjustments for corporate expenses, cash, and exploration potential. ATY is currently trading at 0.25x P/NAV compared to peers at 0.4x and 1.6x 2022E cashflow compared to peers at 3.8x.

Project	Discount	\$M	\$/Share	\$/Share	
El Roble (90%)	8.0%	\$44	\$0.19	Project NAV	\$0.77
La Plata (100%)	10.0%	\$132	\$0.58		
Project NAV		\$175	\$0.77	Multiple	1.00x
Corporate Adjustments	8.0%	\$8	\$0.03		\$0.77
Cash & Equivalents		\$18	\$0.08	Adjustments	\$0.12
ITM Warrants		\$1	\$0.00	Target (US\$/sh)	\$0.89
Adjusted NAV		\$202	\$0.89	USD:CAD	1.29
Current Share Price			C\$0.29	12-Month Target	C\$1.10
P/Adjusted NAV			0.25x	Implied Return	279%

* Target Price based on FD ITM shares

Figure 2: Valuation Summary

Disclosure Code: None

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Rating System	
Buy:	Price expected to rise
Speculative Buy:	Buy rating with increased risk
Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review (U/R):	Under review
Not Rated (N/R):	Not currently rated

Summary of Recommendations	
Buy	17
Speculative Buy	1
Hold	0
Sell	0
U/R	1
Total	19