

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Reporting Issuer

Atico Mining Corporation (“**Atico**” or the “**Company**”)
501 – 543 Granville Street
Vancouver, BC V6C 1X8

Item 2. Date of Material Change

July 8, 2019

Item 3. News Release

A press release announcing the material change referred to in this report was released on July 8, 2019 through Business Wire and a copy was subsequently filed on SEDAR.

Item 4. Summary of Material Change

On July 8, 2019, the Company announced entered into a definitive agreement (the “**Agreement**”), whereby Atico will acquire all of the issued and outstanding common shares of Toachi Mining Inc. (“**Toachi**”) pursuant to a plan of arrangement (the “**Transaction**”) to create a new Latin American focused copper-gold Company.

Item 5. Full Description of Material Change

Item 5.1 Full Description of Material Change

On July 8, 2019, the Company entered into the Agreement, whereby Atico will acquire all of the issued and outstanding common shares of Toachi pursuant to a plan of arrangement to create a new Latin American focused copper-gold Company. Under the terms of the Agreement, all of the Toachi issued and outstanding common shares will be exchanged on the basis of 0.24897 Atico common shares for each Toachi common share (the “**Exchange Ratio**”). The Exchange Ratio implies consideration of approximately C\$0.073 per Toachi common share, based on the closing price of Atico common shares on the TSX Venture Exchange (“**TSX-V**”) on July 5, 2019. This represents a 47% premium to Toachi’s closing price and 49% premium to the 20-day volume-weighted average price (“**VWAP**”) as at July 5, 2019 on the TSX-V.

Upon completion of the Transaction, existing Atico and Toachi shareholders will own approximately 83% and 17% of the pro forma Company, respectively.

Highlights of the Transaction

Key investment highlights of the combined Company include:

- Creation of a leading Latin American copper-gold Company anchored by the producing El Roble mine in Colombia and the high-grade La Plata project in Ecuador;
- Expanded capital markets presence, increased trading liquidity and an enhanced value proposition;
- Highly credible leadership team with a wealth of experience in financing, operating and mine development in Latin America;
- Combined Company provides significant revaluation potential as a producer with growth potential;
- Opportunity for input cost, development and operations synergies given close proximity and geological similarities; and
- Platform for further consolidation.

Benefits to Atico Shareholders

- Acquisition of a high-grade VMS asset in Ecuador with robust economics and excellent exploration potential;
- Strengthens asset portfolio with addition of a growth asset to be financed in part by El Roble's cash flow;
- La Plata PEA delivered a robust Net Present Value (5%) before tax of US\$100 million with an internal rate of return of 38%;
- Opportunity for input cost, development and operations synergies given close proximity and geological similarities; and
- Regional diversification by entering Ecuador, a booming, underexplored jurisdiction that has been recently endorsed by several major international mining Companies.

Benefits to Toachi Shareholders

- Immediate and significant premium of approximately 49% based on the 20-day VWAP on the TSX-V;
- Meaningful ownership in the combined Company provides continued exposure to La Plata as well as exposure to Atico's producing El Roble mine;
- Increased financial resources to fast-track La Plata to production;
- Partnership with experienced mine operators of underground VMS deposits in Latin America; and
- Eliminates the single asset risk factor.

Transaction Summary

The proposed Transaction will be completed pursuant to a plan of arrangement completed under Section 192 of the *Canada Business Corporations Act*. The Transaction will require approval by 66 2/3 percent of the votes cast by the shareholders of Toachi at a special meeting of Toachi shareholders expected to be held in September 2019 and, to the extent required by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions, a majority of the votes cast by minority shareholders of Toachi. The directors, senior officers and certain shareholders of Toachi representing 28.09% of common shares outstanding have entered into voting support agreements, pursuant to which they will vote their common shares held in favour of the Transaction.

The Agreement includes customary provisions including non-solicitation provisions, a right by Atico to match any superior proposal, a C\$245,000 termination fee payable to Toachi and a C\$400,000 termination fee payable to Atico under certain circumstances. Pursuant to the Agreement, issued and outstanding options to acquire Toachi common shares, convertible debentures of Toachi, and share purchase warrants of Toachi (each a, “**Toachi Convertible Security**”) will continue in accordance with the terms of the agreements governing each Toachi Convertible Security. Further, each issued and outstanding restricted share unit of Toachi will be exchanged for one Toachi share immediately prior to closing and thereafter exchanged for Atico shares based on the Exchange Ratio.

In addition to assuming Toachi’s current outstanding debt obligations, Atico has agreed to provide Toachi with a bridge loan of up to US\$535,000 for general corporate purposes. In addition, a third party has agreed to also provide a US\$1 million bridge loan for the purposes of permitting Toachi to immediately complete Toachi’s earn-in to a 60% interest in Compania Minera La Plata S.A. The terms of the bridge loans include a repayment date within 30 days following the date of termination of the Agreement and on demand following closing of the Transaction and interest payable at CDOR plus 14% per annum.

Upon completion of the Transaction, it is expected that Jonathan Goodman will be appointed to the board of directors of Atico and Alain Bureau will serve as President of Atico.

In addition to shareholders of Toachi and court approvals, the Transaction and the transactions contemplated in the Agreement are subject to any applicable regulatory approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature.

Full details of the Transaction will be included in the meeting materials which are expected to be mailed to the shareholders of Toachi in August 2019.

Boards of Directors’ Recommendations

The Agreement was unanimously approved by the boards of directors of Atico and Toachi. The board of directors of Toachi unanimously recommends that the Toachi shareholders vote in favor of the Transaction.

The board of directors of Atico has received an opinion from Laurentian Bank Securities that based upon and subject to the assumptions, limitations, and qualifications stated in such opinion, the consideration to be paid by Atico pursuant to the Transaction is fair, from a financial point of view, to Atico. The board of directors of Toachi has received an opinion from Maxit Capital LP that based upon and subject to the assumptions, limitations, and qualifications stated in each such opinion, the consideration to be received by Toachi shareholders pursuant to the Transaction is fair, from a financial point of view, to Toachi shareholders.

Advisors and Counsel

Blake, Cassels & Graydon LLP is acting as Atico’s legal advisor. Laurentian Bank Securities acted as financial advisor to Atico.

Seguin Racine, Attorneys Ltd. is acting as Toachi's legal advisor. Maxit Capital LP acted as financial advisor to Toachi.

Item 5.2 Disclosure for Restructuring Transaction

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

The name and business number of the executive officer of the Company who is knowledgeable of the material change and this report is:

Kim C. Casswell at 604-933-9022.

Item 9. Date of Report

July 16, 2019