Amerigo Resources Ltd.

Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(expressed in thousands of U.S. dollars)

Independent auditor's report

To the Shareholders of Amerigo Resources Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Amerigo Resources Ltd. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators on property, plant and equipment (PP&E) *Refer to note 2 – Summary of significant accounting policies, note 4 – Critical accounting estimates and judgements and note 10 - Property, plant and equipment to the consolidated financial statements.* The net book value of PP&E amounted to $185 million as at December 31, 2020. Management evaluates each asset or cash generating unit at each reporting date to determine whether there are any indications of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in forecasted copper and molybdenum prices; (iii) changes in projected capital and operating costs; (iv) changes in the grade of resources recovered from tailings; and (v) changes in relevant foreign exchange rates, are evaluated by management in determining whether there are any indicators of impairment. If any such indicator exists, an estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2020.	Our approach to addressing the matter involved the following procedures, among others: • Evaluated management's assessment of indicators of impairment, which included the following: − Assessed the completeness of internal and external factors that could be considered as indicators of impairment of the Company's PP&E, including consideration of evidence obtained in other areas of the audit. − Assessed whether significant declines in the market value of the Company's share price have occurred, which may indicate a decline in value of the Company's net assets. − Assessed the reasonableness of forecasted copper and molybdenum prices by considering whether they are consistent with external market data. − Assessed the reasonableness of changes in projected capital and operating costs and the grade of resources recovered from tailings by comparing them to historical data and also considered whether these factors were consistent with evidence obtained in other areas of the audit. − Assessed the reasonableness of changes in forecasted exchange rates by considering external market data.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to (i) the significance of the PP&E balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the internal and external factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Platt.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 16, 2021

Amerigo Resources Ltd.

Consolidated Statements of Financial Position

(expressed in thousands of U.S. dollars)

	Notes	December 31, 2020 $	December 31, 2019 $
Assets			
Current assets			
Cash and cash equivalents	6	14,085	7,164
Trade and settlement receivables	7	21,157	7,741
Taxes receivable	7	230	1,491
Prepaid expenses		869	969
Inventories	8	7,271	10,317
		43,612	27,682
Non-current assets			
Property, plant and equipment	10	184,805	198,582
Investments	9	4,401	2,534
Intangible assets		3,798	4,022
Other non-current assets		806	841
Deferred income tax asset	16	153	1
Total assets		237,575	233,662
Liabilities			
Current liabilities			
Current portion of borrowings	12	17,059	10,108
Trade and other payables	11	14,579	19,837
DET royalties	5	13,010	9,284
Interest rate swap	12	2,171	665
Current portion of leases	13	1,643	1,631
Current portion of related party derivative liability	14	1,196	1,219
Current income tax liabilities	16	97	55
		49,755	42,799
Non-current liabilities			
Borrowings	12	36,709	45,789
Deferred income tax liability	16	25,590	25,060
Related party derivative liability	14	10,099	10,962
Leases	13	4,091	5,447
Severance provisions	11	649	973
Total liabilities		126,893	131,030
Equity	15		
Share capital		80,461	80,300
Other reserves		10,248	10,179
Accumulated other comprehensive income (loss)		529	(1,227)
Retained earnings		19,444	13,380
Total equity		110,682	102,632
Total equity and liabilities		237,575	233,662
Commitments	24		

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

"Robert Gayton"
Director

"George Ireland"
Director

Amerigo Resources Ltd.

Consolidated Statements of Comprehensive Income (Loss)

(expressed in thousands of U.S. dollars)

	Notes	Years ended December 31, 2020	2019
		$	$
Revenue	18	126,427	119,803
Tolling and production costs	19 (a)	(111,041)	(119,400)
Gross profit		15,386	403
Other expenses			
General and administration	19 (c)	(2,820)	(4,406)
Other (losses) gains	19 (d)	(766)	1,133
Derivative to related parties including changes in fair value	19 (b)	(20)	(2,030)
		(3,606)	(5,303)
Operating profit (loss)		11,780	(4,900)
Finance expense	19 (e)	(5,240)	(7,846)
		(5,240)	(7,846)
Income (loss) before income tax		6,540	(12,746)
Income tax (expense) recovery	16	(476)	3,333
Net income (loss)		6,064	(9,413)
Other comprehensive income			
Items that may be reclassified subsequently to net loss:			
Unrealized gains on investments, net of tax		1,857	1,193
Realized (losses) gains on investments, net of tax		(1)	19
Cumulative translation adjustment		(114)	(315)
Actuarial gains (losses) on severance provision		14	(43)
Other comprehensive income		1,756	854
Comprehensive income (loss)		7,820	(8,559)
Weighted average number of shares outstanding, basic		180,759,515	179,094,729
Weighted average number of shares outstanding, diluted		181,672,993	179,094,729
Earnings (loss) per share			
Basic		0.03	(0.05)
Diluted		0.03	(0.05)

The accompanying notes are an integral part of these consolidated financial statements.

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in thousands of U.S. dollars)

	Years ended December 31,	
	2020	**2019**
	$	**$**
Cash flows from operating activities		
Net income (loss)	6,064	(9,413)
Adjustment for items not affecting cash:		
Depreciation and amortization	17,694	17,486
Deferred income tax expense (recovery)	384	(3,416)
Other	196	369
Changes in fair value of derivative	(986)	1,063
Share-based payments	114	1,455
Unrealized foreign exchange gain	(694)	(1,234)
Finance expense	1,519	3,535
Impairment charges on inventory	4,857	-
	29,148	9,845
Changes in non-cash working capital		
Trade, other receivables and taxes receivable	(7,197)	1,785
Inventories	589	(1,828)
Trade and other payables	(6,020)	2,178
DET royalties	3,727	(2,268)
Payment of severance	(470)	-
Net cash fom operating activities	19,777	9,712
Cash flows used in investing activities		
Purchase of plant and equipment	(2,794)	(10,016)
Payment of capitalized interest	-	(660)
Proceeds from the sale of investments	74	91
Net cash used in investing activities	(2,720)	(10,585)
Cash flows used in from financing activities		
Repayment of borrowings and transaction costs	(9,371)	(12,409)
Lease repayments	(1,403)	(1,228)
Issuance of shares	116	464
Net cash used in financing activities	(10,658)	(13,173)
Net increase (decrease) in cash and cash equivalents	6,399	(14,046)
Effect of exchange rate changes on cash	522	(128)
Cash and cash equivalents - Beginning of year	7,164	21,338
Cash and cash equivalents - End of year	14,085	7,164

Supplementary cash flow information (Note 23)

The accompanying notes are an integral part of these consolidated financial statements.

Amerigo Resources Ltd.

Consolidated Statements of Equity

(expressed in thousands of U.S. dollars)

	Share capital					
	Number of shares	Amount	Other reserves	Accumulated other comprehensive loss	Retained earnings	Total equity
		$	$	$	$	$
Balance - January 1, 2019	177,280,740	79,296	9,202	(2,081)	22,793	109,210
Share-based payments	-	-	1,455	-	-	1,455
Expenses settled with shares	82,770	62	-	-	-	62
Exercise of share purchase options	2,805,841	942	(478)	-	-	464
Cumulative translation adjustment	-	-	-	(315)	-	(315)
Unrealized gains on investments	-	-	-	1,193	-	1,193
Realized gains on investments	-	-	-	19	-	19
Actuarial losses on severance provision	-	-	-	(43)	-	(43)
Net loss	-	-	-	-	(9,413)	(9,413)
Balance - December 31, 2019	180,169,351	80,300	10,179	(1,227)	13,380	102,632
Balance - January 1, 2020	180,169,351	80,300	10,179	(1,227)	13,380	102,632
Share-based payments	-	-	114	-	-	114
Exercise of share purchase options	600,000	161	(45)	-	-	116
Cumulative translation adjustment	-	-	-	(114)	-	(114)
Unrealized gains on investments	-	-	-	1,857	-	1,857
Realized loss on investments	-	-	-	(1)	-	(1)
Actuarial gains on severance provision	-	-	-	14	-	14
Net income	-	-	-	-	6,064	6,064
Balance - December 31, 2020	180,769,351	80,461	10,248	529	19,444	110,682

The accompanying notes are an integral part of these consolidated financial statements.

(tabular information expressed in thousands of U.S. dollars)

1) General Information and Liquidity Risk

Amerigo Resources Ltd. ("Amerigo") is a company domiciled in Canada and its shares are listed for trading on the Toronto Stock Exchange ("TSX") and traded in the United States on the OTCQX. Amerigo's principal office is located at Suite 1260 – 355 Burrard Street, Vancouver, British Columbia. These consolidated financial statements ("financial statements") include the accounts of Amerigo and its subsidiaries (collectively the "Company").

Amerigo owns a 100% interest in Minera Valle Central S.A. ("MVC"), a producer of copper concentrates. MVC, located in Chile, has a long-term contract with the El Teniente Division ("DET") of Corporación Nacional del Cobre de Chile ("Codelco") to process fresh and historic tailings from El Teniente (Note 5). El Teniente, in production since 1905, is the world's largest underground copper mine.

These financial statements were authorized for issue by the board of directors on February 16, 2021 and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company operates in a cyclical industry where levels of cash flow are closely correlated to the market prices for copper. In 2020, the Company generated $29.1 million of operating cash flow before changes in non-cash working capital (2019: $9.8 million), and $19.8 million in operating cash flow including changes in non-cash working capital (2019: $9.7 million) and was able to meet its obligations as they became due. The Company expects that it will continue to be able to meet obligations for the next 12 months from operating cash flows, assuming copper prices in 2021 average at least $2.85/lb and the Company's 2021 production and cost outlook is met.

2) Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation

These financial statements have been prepared in accordance with IFRS on a historical cost basis, except for financial instruments which have been measured at fair value. The financial statements are presented in U.S. dollars except when otherwise indicated.

Consolidation

These financial statements incorporate the financial statements of Amerigo and the entities controlled by Amerigo (Note 20). The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated. Amerigo's principal operating subsidiary is MVC (100% owned, Chile).

(tabular information expressed in thousands of U.S. dollars)

Segment Reporting

The Company operates in one segment, the production of copper concentrates under a tolling agreement with DET (Note 5), with the production of molybdenum concentrates as a by-product.

Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The functional currency of the parent entity is the Canadian dollar ("Cdn $"), the functional currency of Colihues Energia S.A. is the Chilean peso and the functional currency of MVC and other subsidiaries (Note 20) is the United States Dollar ("$").

Amerigo's financial statements are presented in U. S. dollars. These financial statements have been translated to the U.S. dollar in accordance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" which requires that when translating financial statements of companies that have functional currencies other than the presentation currency, assets and liabilities be translated using the exchange rate at period end; income, expenses and cash flow items be translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period) and resulting gains and losses on translation are included as a component of equity.

Transactions and Balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of foreign currency transactions within entities are included in profit or loss.

Property, Plant and Equipment

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads. The costs of day-to-day servicing are recognized in profit or loss as incurred. Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

(tabular information expressed in thousands of U.S. dollars)

MVC depreciates its property, plant and equipment using the straight-line method as follows:

- Plant and infrastructure: Shorter of the useful life of the asset or the term of the current contracts with DET (Note 5).
- Machinery, equipment and other assets (except vehicles and mobile equipment): Shorter of the useful life of the asset or the term of the current contracts with DET (Note 5).
- Vehicles and mobile equipment: 7 years.

The depreciation method, useful life and residual values are assessed annually.

Asset Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

Value in use is determined as the present value of the future cash flows expected to be derived from an asset or CGU. The estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. For mining assets, fair value less cost to sell is often estimated using a discounted cash flow approach when an active market or binding sale agreement is not readily available. Estimated future cash flows are calculated using estimated future prices, mine plan estimates, and operating and capital costs. All assumptions used are those that an independent market participant would consider appropriate.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Intangible Assets

Intangible assets reflect the value assigned to the DET contracts. This contractual right is amortized on a straight-line basis over the term of the contract and tested for impairment when circumstances indicate that the carrying value may be impaired.

(tabular information expressed in thousands of U.S. dollars)

Financial Assets and other Financial Liabilities

Classification

a) Financial Assets at Amortized Cost

Cash and cash equivalents, trade, settlement and other receivables with fixed or determinable payments that are not quoted in an active market are classified as held at amortized cost. Such assets are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss relating to receivables, if any, is based on a review of all outstanding amounts at period end. Trade receivables are recorded net of lifetime expected credit losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

b) Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")

Financial assets at FVOCI are equity securities that are not held for trading and which the Company has irrevocably elected at initial recognition to recognize in this category. Gains and losses arising from changes in fair value are recorded in other comprehensive income ("OCI"). When equity securities are disposed of, any related balance within FVOCI is reclassified to retained earnings.

c) Financial Liabilities at Amortized Cost

Financial liabilities are measured at amortized cost unless they are required to be measured at fair value through profit and loss ("FVTPL"), such as instruments held for trading or derivatives, or where the Company has opted to measure such liabilities at FVTPL.

Financial liabilities at amortized cost include trade and other payables, DET royalties and borrowings. Trade payables and other payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. DET royalties are recognized at the amount required under the agreements with DET. Borrowings are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

d) Derivatives

Settlement derivatives arise from copper tolling and molybdenum concentrate sales contracts where amounts receivable vary based on the underlying commodity prices. Accordingly, settlement receivables contain embedded derivatives and are classified as FVTPL and are recorded at each reporting period based on quoted commodity prices up to the date of final pricing. Changes in fair value are recorded through profit and loss and shown as a separate component of revenue.

The Company uses derivatives in the form of interest rate swaps to manage risks related to variable rate debt. Gains and losses on re-measurement are included in finance income (expense).

(tabular information expressed in thousands of U.S. dollars)

The Company has a derivative liability in respect of a related party (Note 14(a)), which is classified as current or non-current based on the contractual terms specific to the instrument. Gains and losses on re-measurement are included in other expenses.

Recognition and Measurement

a) De-recognition of Financial Assets and Liabilities

A financial asset is derecognized when the contractual right to the asset's cash flows expire or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Share-Based Payments

Amerigo grants stock options to buy its common shares to directors, officers and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the holders earn the options.

The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

Inventories

Inventories comprising work-in-progress on the production of copper concentrates under a tolling agreement and molybdenum concentrates are valued at the lower of cost and net realizable value. Consumables are valued at the lower of average cost and net realizable value, with replacement cost used as the best available measure of net realizable value. Tolling and production cost is determined primarily on a weighted-average cost basis and includes direct tolling and production costs, direct labour costs and an allocation of variable and fixed tolling and production overhead including depreciation. Net realizable value is the estimated selling price net of any estimated selling costs in the ordinary course of business.

When inventories have been written down to net realizable value, the Company makes a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

Cash and Cash Equivalents

Cash and cash equivalents are unrestricted as to use and consist of cash on hand, demand deposits and short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition and which can be readily liquidated to known amounts of cash.

(tabular information expressed in thousands of U.S. dollars)

Redeemable interest-bearing investments with maturities of up to one year are considered cash equivalents if they can readily be liquidated at any point in time to known amounts of cash, the initial period subject to an interest penalty on redemption is less than 90 days, and they are redeemable thereafter until maturity for invested value plus accrued interest.

Current and Deferred Income Tax

Income tax expense consists of current and deferred tax. Current and deferred tax are recognized in the statement of comprehensive income (loss) except to the extent they relate to items recognized directly in equity or in OCI, in which case the related taxes are recognized in equity or OCI.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to unused tax loss carry- forwards, unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable future taxable profits will be available against which the asset can be utilized. The amount of a deferred tax asset is reduced to the extent that Amerigo does not consider it probable the deferred tax asset will be recovered.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities that relate to income taxes levied by the same taxation authority, and Amerigo intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

(tabular information expressed in thousands of U.S. dollars)

At December 31, 2020, MVC has an obligation with some of its managers for severance payments based on their employee contracts upon the manager leaving the employ of MVC under any circumstance. This obligation has been recorded as a liability at present value in Amerigo's statement of financial position. The value of the severance provision is evaluated on an annual basis or as additional information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The increase or decrease over time in the present value of the liability is recorded each period in cost of sales, except for actuarial gains (losses), which are recorded as other comprehensive income (loss).

Earnings (loss) per Share

Basic (loss) earnings per share is computed by dividing the net (loss) income attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed like basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Revenue Recognition

MVC produces copper concentrates under a tolling agreement with DET. Title to the copper concentrates produced by MVC is retained by DET and MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices, net of notional items (DET copper royalties, smelting and refining charges and transportation costs) (Note 5 and Note 18). Revenue is billed weekly based on the tolling activity of the preceding week, which is measured by the production of copper concentrates. Additional billings are done on a monthly basis based on the tolling activity for the full month, less weekly billings, and to bill for pricing term differences, as disclosed in the following paragraph.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges. In 2020, it was based on the average London Metal Exchange ("LME") copper price for the third month following delivery of copper concentrates produced under the tolling agreement ("M+3"). Accordingly, final pricing for copper produced by MVC in 2020 is being determined based on the average LME copper price of the third month following delivery of copper, which for December 2020 deliveries will be the average LME copper price for March 2021. This variable difference gives rise to an embedded derivative which is recorded at FVTPL, as settlement receivable.

Molybdenum produced by MVC is sold under written sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet") and with Glencore Chile SpA ("Glencore"), under which revenue is billed monthly based on the amount of concentrates delivered during the preceding month. Molymet and Glencore can elect different pricing terms on a monthly basis. In 2020, pricing terms varied from M+1 to M+6 in respect of the average Platts molybdenum dealer oxide price of the month of sale. This variable difference also gives rise to an embedded derivative.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

(tabular information expressed in thousands of U.S. dollars)

At the commencement date, a right of use asset is measured at cost, where cost comprises (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments, discounted using the lessee's incremental borrowing rate applied to the lease liabilities. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

3) ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

On May 14, 2020, the International Accounting Standards Board published an amendment to IAS 16 *Property, Plant and Equipment - Proceeds before Intended Use*. The amendments prohibit deducting from the cost of property, plant and equipment any proceeds received from selling items produced while bringing that asset for its intended use. Instead, proceeds received will be recognized as sales proceeds and related cost in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022, with early adoption permissible. The Company is assessing the effect of this amendment on its consolidated financial statements.

As at December 31, 2020 there are no other IFRS or IFRIC interpretations with future effective dates that are expected to have a material impact on the Company.

4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, Amerigo makes judgements, estimates and assumptions concerning the future which may vary from actual results. Judgements, estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Useful Lives of Long-Lived Assets

MVC estimates the economic life of most of property, plant and equipment based on their useful life, not to exceed the term of MVC's contractual relationship with DET (December 31, 2037).

(tabular information expressed in thousands of U.S. dollars)

b) Related Party Derivative Liability

The Company has an obligation to make payments to a related party, based on a fixed payment for each pound of copper equivalent produced from DET tailings by MVC (Note 14(a)). This constitutes a derivative financial instrument measured at fair value. As required under IFRS, Amerigo reassesses its estimate for the derivative on each reporting date (Note 14(a)).

c) Impairment of Property, Plant and Equipment

Management evaluates each asset or cash generating unit at each reporting date to determine whether there are any indications of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in forecasted copper and molybdenum prices; (iii) changes in projected capital and operating costs; (iv) changes in the grade of resources recovered from tailings, and (v) changes in relevant foreign exchange rates, are evaluated by management in determining whether there are any indicators of impairment. If any such indicator exists, an estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. As at December 31, 2020, management identified no impairment indicators and consequently, impairment testing was not required.

These estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances may alter these projections and impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced, with the impact recorded in profit or loss.

COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts from the pandemic on the global economy could be far reaching. To date, there has been significant volatility in stock markets, commodity and foreign exchange markets and the global movement of people and some goods has become restricted.

There is continued ongoing uncertainty surrounding COVID-19 and the extent and duration of the impact that it may have on the global economy and on global financial markets.

The Company's financial results were substantially impacted during Q1-2020 and Q2-2020 as a result of lower copper prices. Commodity market volatility resulting from COVID-19 may continue to impact the Company's financial results and liquidity for some time.

(tabular information expressed in thousands of U.S. dollars)

5) Agreements with Codelco's El Teniente Division

MVC has a contract with DET ("the DET Agreement") to process the fresh tailings from El Teniente and the tailings from the Cauquenes and Colihues historic tailings deposits. The Agreement has a term to the earlier of 2033 or deposit depletion for Cauquenes, the earlier of 2037 or deposit depletion for Colihues and 2037 for fresh tailings.

The DET Agreement establishes a series of royalties payable by MVC to DET, calculated using the average London Metal Exchange copper price for the month of concentrate production.

The DET Agreement currently operates as a tolling contract under which title to the copper concentrates produced by MVC remains with DET. MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices net of notional items. Notional items include treatment and refining charges, DET copper royalties and transportation costs.

Notional royalties for copper concentrates produced from fresh tailings are determined through a sliding scale formula tied to copper prices ranging from $1.95/lb (13.5%) to $4.80/lb (28.4%).

Notional royalties for copper concentrates produced from Cauquenes are determined through a sliding scale for copper prices ranging from $1.95/lb (16%) to $5.50/lb (39%).

Notional royalties for copper concentrates produced from Colihues are determined through a sliding scale for copper prices ranging from $0.80/lb (3%) to $4.27lb (30%).

MVC pays a sliding scale global molybdenum royalty for molybdenum prices between $6.00/lb (3%) and $40.00/lb (19.7%).

The DET Agreement anticipates that in the event monthly average prices fall below certain ranges and projections which indicate the permanence of such prices over time, the parties will meet to review cost and notional royalty/royalty structures to maintain the Agreement's viability and the equilibrium of the benefits between the parties.

The DET Agreement also contains three early exit options exercisable by DET within 2021 and every three years thereafter only in the event of changes unforeseen at the time the Agreement was entered into. Amerigo has currently judged the probabilities of DET exercising any of these early exit options as remote.

At December 31, 2020, the accrual for DET notional copper royalties and DET molybdenum royalties, was $13.0 million (2019: $9.3 million).

During 2020, MVC reached an agreement with DET to defer payment of $7.3 million in copper settlements (the "Deferred Payments"). The Deferred Payments, which were immediately due to DET, will commence to be paid on January 5, 2021 in 12 equal monthly installments and bear interest at a rate of Libor 12 months plus 3 %. At December 31, 2020, the Deferred Payments balance of $7.3 million was included in current liabilities.

(tabular information expressed in thousands of U.S. dollars)

6) Cash and Cash Equivalents

	December 31, 2020 $	December 31, 2019 $
Cash at bank and on hand	7,841	921
Short-term bank deposits	144	143
	7,985	1,064
Cash held in a debt service reserve account (Note 12)	6,100	6,100
	14,085	7,164

MVC has a debt service reserve account ("DSRA") which must be used to: /i/ pay the principal and interest of bank loans and amounts owing under the interest rate swap ("IRS") if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the loans and IRS that are payable in the following six months. At December 31, 2020, MVC held DSRA funds in the required amount of $6.1 million.

Short-term bank deposits are redeemable on demand.

7) Receivables

a) Trade and other receivables

	December 31, 2020 $	December 31, 2019 $
Current		
Trade and other receivables	21,157	7,741
Non-current		
Other non-current receivables	96	131

The Company has reviewed the collectability of its current and non-current receivables and has determined that a provision for doubtful accounts is not required.

(tabular information expressed in thousands of U.S. dollars)

The aging analysis of current receivables, which are dominated in Chilean Pesos, is as follows:

	December 31, 2020 $	December 31, 2019 $
Up to 3 months	20,521	7,073
3 to 6 months	24	132
Greater than 6 months	612	536
	21,157	7,741

The fair values of the Company's current receivables approximate their carrying value of $21.2 million (2019: $7.7 million).

Trade and other receivables included $17.4 million of receivables for sale of copper concentrates under a tolling agreement with DET that were provisionally priced at December 31, 2020 (2019: $5.1 million) and $2.9 million of receivables for sale of molybdenum concentrates that were also provisionally priced (2019: $0.6 million).

The effective interest rates on current receivables were nil % (2019: nil %).

b) Taxes receivable

The components of the Company's taxes receivable are:

	December 31, 2020 $	December 31, 2019 $
Income tax receivable	126	1,436
Value added tax receivable	74	45
Other taxes receivable	30	10
	230	1,491

(tabular information expressed in thousands of U.S. dollars)

8) INVENTORIES

	December 31, 2020 $	December 31, 2019 $
Plant supplies and consumables	4,190	3,855
Work-in-progress	2,660	5,717
Molybdenum concentrates	421	745
	7,271	10,317

At December 31, 2020 and 2019, work-in-progress on the production of copper concentrates under a tolling agreement and molybdenum concentrates were valued at cost.

In 2020, the Company recorded inventory impairment charges of $4.9 million. This includes a charge of $2.5 million in tolling and production costs as a result of net realizable value ("NRV") adjustments in the months in which NRV was lower than cost as well as a $2.4 million impairment charge related to the physical settlement adjustments included in the DET deferred settlements loan.

9) INVESTMENTS

	December 31, 2020 $	December 31, 2019 $
Start of year	2,534	1,433
Changes in fair value	1,941	1,192
Sale of investments	(74)	(91)
End of year	4,401	2,534

Financial assets at FVOCI are in shares of publicly listed entities and consist of the following:

	December 31, 2020 $	December 31, 2019 $
Candente Copper Corp.	-	75
Los Andes Copper Ltd.	4,401	2,459
	4,401	2,534

(tabular information expressed in thousands of U.S. dollars)

10) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure $	Machinery and equipment and other assets $	Total $
Year ended December 31, 2019			
Opening net book amount	166,592	42,137	208,729
Exchange differences	-	22	22
Additions	5,429	1,673	7,102
Disposals	-	(8)	(8)
Depreciation charge	(9,487)	(7,776)	(17,263)
Closing net book amount	162,534	36,048	198,582
At December 31, 2019			
Cost	284,108	89,215	373,323
Accumulated depreciation	(121,574)	(53,167)	(174,741)
Net book amount	162,534	36,048	198,582
Year ended December 31, 2020			
Opening net book amount	162,534	36,048	198,582
Exchange differences	-	5	5
Additions	2,552	1,162	3,714
Disposals	-	(26)	(26)
Depreciation charge	(8,543)	(8,927)	(17,470)
Closing net book amount	156,543	28,262	184,805
At December 31, 2020			
Cost	286,660	90,356	377,016
Accumulated depreciation	(130,117)	(62,094)	(192,211)
Net book amount	156,543	28,262	184,805

(tabular information expressed in thousands of U.S. dollars)

11) TRADE AND OTHER PAYABLES

	December 31, 2020 $	December 31, 2019 $
Current		
Trade and other payables	14,579	19,837
	14,579	19,837
Non-current		
Severance provisions	649	973
	649	973

Amerigo has accrued for severance provisions in respect of estimated statutory severance payments to certain MVC managers based on their employment agreements. The estimate of severance provisions is calculated through an actuarial model that considers variables such as retirement age, salary adjustments and discount rates.

12) BORROWINGS

	December 31, 2020 $	December 31, 2019 $
Consolidated bank loan	46,463	55,897
DET deferred settlments loan	7,305	-
	53,768	55,897
Comprising:		
Short-term debt and current portion of long-term debt	17,059	10,108
Long-term debt	36,709	45,789
	53,768	55,897

On March 25, 2015, MVC obtained a $64.4 million loan facility from Scotiabank Chile (“Scotiabank”) and Export Development Canada (“EDC”) to finance the Cauquenes Phase One expansion (the “Cauquenes Phase One Loan”). The Cauquenes Phase One Loan had an original repayment term of six years consisting of twelve equal semi-annual principal payments of $5.4 million which commenced on June 30, 2016. Interest was subject to a variable rate based on the US Libor six-month rate.

(tabular information expressed in thousands of U.S. dollars)

On August 3, 2017, MVC obtained a $35.3 million facility (the "Cauquenes Phase Two Loan") from Scotiabank and EDC to finance the Cauquenes Phase Two expansion. The Cauquenes Phase Two Loan had an original repayment term of three years consisting of six equal semi-annual principal payments of $5.9 million which commenced on June 30, 2019. Interest on the Phase Two Loan was synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 6.02% per annum for 75% of the facility. The IRS had a term to January 3, 2022. The remaining 25% of the facility was subject to a variable rate based on the US Libor six-month rate per annum.

On September 26, 2019, MVC completed a refinance of the Cauquenes Phase One and Phase Two loans, which at the time of refinance had an outstanding principal of $56.3 million and accrued interest of $0.8 million. Under the refinance provisions, the principal outstanding on the Cauquenes loans was structured as a four-year senior secured term loan facility (the "Consolidated Bank Loan") of $56.3 million, provided jointly by Scotiabank and EDC.

The Consolidated Bank Loan has a repayment term of 4 years to September 26, 2023. MVC may make early repayments without penalty in accordance with the provisions of the debt agreement. Seven semi-annual installments of $4.7 million must be made together with accrued interest. The first scheduled installment was paid on March 26, 2020 and the second installment on September 28, 2020. A final installment of $23.5 million plus accrued interest is to be made on September 26, 2023. Any prepayments made during the term of the loan will reduce the amount due on the final installment.

On closing of the refinance, MVC paid $0.8 million in interest accrued on the Cauquenes loans, an interest rate swap ("IRS") break fee of $0.3 million and bank commissions of $1.1 million. MVC also recognized a loss on modification of debt of $1.6 million, included as finance expense in 2019. The loss on modification of debt was a non-cash item arising from the application of *IFRS 9 - Financial Instruments*, under which the present value of the cash flows of the original and renegotiated debt were compared using the Company's effective interest rate, with a resulting loss and an adjustment to the carrying value of the Consolidated Bank Loan.

Interest on the Consolidated Bank Loan is synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 5.70% per annum for 80% of the facility. The remaining 20% of the facility is subject to a variable rate based on the US Libor six-month rate, which on December 31, 2020 was 3.124% per annum. The IRS has a term to September 26, 2023.

The balance of the Consolidated Bank Loan (net of transaction costs) at December 30, 2020 was $46.5 million (December 31, 2019: $55.9 million).

MVC has provided security on the Consolidated Bank Loan in the form of a charge on all of MVC's assets.

MVC is required to meet four bank covenants: current ratio (requirement of 1.25), tangible net worth (requirement of $125.0 million), debt service coverage ratio (requirement of 1.2) and debt/EBITDA ratio (requirement < 3), measured semi-annually on June 30 and December 31. On December 31, 2020, MVC did not meet the current ratio bank covenant, however, prior to December 31, 2020 MVC received waivers from Scotiabank and EDC in respect of covenant compliance.

MVC is also required to have a debt service reserve account ("DSRA") which must be used to: /i/ pay the principal and interest of bank loans and amounts owing under the IRS if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC will need to replenish the DSRA at each month's end with funds necessary to maintain a balance equal to one hundred

(tabular information expressed in thousands of U.S. dollars)

percent of the sum of the principal, interest and IRS that are payable in the following six months. At December 31, 2020, MVC held DSRA funds in the required amount of $6.1 million.

During 2020, MVC reached an agreement with DET to defer payment of $7.3 million in copper settlements. The Deferred Payments, which were immediately due to DET, will commence to be paid on January 5, 2021 in 12 equal monthly installments and will bear interest at a rate of Libor 12 months plus 3 %. At December 31, 2020, the Deferred Payments balance of $7.3 million was included in current liabilities (Note 5).

13) LEASES

	December 31, 2020 $	December 31, 2019 $
Molybdenum plant lease	5,587	6,787
Other leases	147	291
	5,734	7,078
Comprising:		
Current portion of long-term leases	1,643	1,631
Long-term leases	4,091	5,447
	5,734	7,078

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Foment ("UF") to finance the expansion of MVC's molybdenum plant. Terms of the lease include a term to November 2023, monthly capital payments of approximately $0.1 million, a balloon payment at the end of the lease term of approximately $1.5 million and interest at a rate of 0.45% per month. The lease can be prepaid without penalty.

14) RELATED PARTY TRANSACTIONS

a) Derivative Liability

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International"), wholly-owned by Amerigo except for certain outstanding Class A shares which are owned indirectly by Amerigo's founders (including Amerigo's current Executive Chairman). The Class A shares were issued in 2003 as part of a tax-efficient structure for payments granted as consideration to the founders transferring to Amerigo their option to purchase MVC.

The Class A shareholders are not entitled to any participation in the profits of Amerigo International, except for monthly payments, calculated as follows:

- $0.01 for each pound of copper equivalent produced from DET tailings by MVC or any successor entity to MVC if the price of copper is under $0.80/lb, or

(tabular information expressed in thousands of U.S. dollars)

- $0.015 for each pound of copper equivalent produced from DET tailings by MVC or any successor entity to MVC if the price of copper is $0.80/lb or more.

Under IFRS, the payments constitute a derivative financial instrument which needs to be measured at fair value at each reporting date. Changes in fair value are recorded in profit for the period.

The derivative expense includes the actual monthly payments described above and changes in the derivative's fair value.

In 2020, $1.0 million was paid or accrued to the Class A shareholder (2019: $1.0 million) and the derivative's fair value increased $1.0 million (2019: decreased $1.0 million), for a total derivative expense of $nil (2019: expense of $2.0 million) (Note 19(b)).

At December 31, 2020, the derivative liability totalled $11.3 million (2019: $12.1 million), with a current portion of $1.2 million (2019: $1.2 million) and a long-term portion of $10.1 million (201: $10.9 million).

Payments outstanding at December 31, 2020 were $0.3 million (2019: $0.2 million).

b) Purchases of Goods and Services

Amerigo incurred the following fees in connection with companies owned by executive officers and directors and in respect of salaries paid to officers. Transactions have been measured at market rates determined on a cost recovery basis.

Entity	Nature of Transactions
Zeitler Holdings Corp.	Management
Delphis Financial Strategies Inc.	Management
Malaspina Consultants Inc.	Management

	2020	**2019**
	$	**$**
Salaries and management fees	1,246	1,437

c) Key Management Compensation

The remuneration of directors and other members of key management during 2020 and 2019 was as follows:

	2020	**2019**
	$	**$**
Salaries and management fees	1,246	1,437
Directors' fees	272	232
Share-based payments	67	1,455
	1,585	3,124

Share-based payments are based on the grant date fair value of options vested to directors and officers.

(tabular information expressed in thousands of U.S. dollars)

15) EQUITY

a) Share Capital

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

In 2020, Amerigo issued 600,000 shares for the exercise of share options for cash proceeds of $0.1 million. A value of $45,000 was transferred from other reserves to share capital as a result.

In 2019, Amerigo issued 2,805,841 shares valued at $0.5 million in connection with various share option exercises by officers, directors and former officers and directors. The Company also issued 82,770 shares valued at $0.1 million to settle an amount payable for services rendered.

b) Share Options

A total of 2,080,000 options were granted in 2020 (2019: 3,150,000) with a weighted average fair value estimated at Cdn$0.16 (2019: Cdn$0.61) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2020	**2019**
	$	$
Weighted average share price	0.33	1.11
Weighted average exercise price	0.41	1.11
Dividend yield	0%	0%
Risk free interest rate	1.01%	1.64%
Pre-vest forfeiture rate	0%	0%
Expected life (years)	4.20	4.31
Expected volatility	69.71%	70.20%

(tabular information expressed in thousands of U.S. dollars)

Outstanding share options:

	December 31, 2020		December 31, 2019	
	Share options	Weighted average exercise price Cdn$	Share options	Weighted average exercise price Cdn$
At start of the year	12,520,000	0.72	13,370,000	0.53
Granted	2,080,000	0.41	3,150,000	1.11
Exercised	(600,000)	0.26	(2,805,841)	0.38
Repurchased pursuant to cashless exercise	-	-	(1,194,159)	0.38
Forfeited	(2,400,000)	0.90	-	-
Expired	(1,530,000)	0.37	-	-
At end of the year	10,070,000	0.70	12,520,000	0.72
Vested and exercisable	8,120,000	0.77	12,520,000	0.72

The weighted average trading price of the Company's stock on the dates in which options were exercised in 2020 was Cdn$0.54 per share (2019: Cdn$0.80 per share).

Information relating to share options outstanding at December 31, 2020 is as follows:

Outstanding share options	Vested share options	Price range Cdn$	Weighted average exercise price on outstanding options Cdn$	Weighted average exercise price on vested options Cdn$	Weighted Average remaining life of outstanding options (years)
1,500,000	1,500,000	0.14 - 0.27	0.14	0.14	0.16
1,870,000	-	0.28 - 0.52	0.41	-	4.20
2,200,000	2,120,000	0.53 - 0.80	0.53	0.53	1.28
2,150,000	2,150,000	0.81 - 1.09	1.06	1.06	2.15
2,350,000	2,350,000	1.10 - 1.11	1.11	1.11	3.19
10,070,000	8,120,000		0.70	0.77	2.29

(tabular information expressed in thousands of U.S. dollars)

c) Earnings (Loss) per Share

i) Basic

Basic earnings (loss) per share is calculated by dividing the income (loss) attributable to equity owners of the Company by the weighted average number of shares in issue during the period excluding shares purchased by the Company and held as treasury shares.

	2020 $	2019 $
Net income (loss) for the year	6,064	(9,413)
Weighted average number of shares	180,759,515	179,094,729
Basic earnings (loss) per share	0.03	(0.05)

ii) Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. Potentially dilutive shares relate to the exercise of outstanding share purchase options.

	2020 $	2019 $
Net income (loss) for the year	6,064	(9,413)
Weighted average number of shares	180,759,515	179,094,729
Effect of dilutive securities:		
Share options	913,478	-
Weighted average diluted shares outstanding	181,672,993	179,094,729
Diluted earnings (loss) per share	0.03	(0.05)

(tabular information expressed in thousands of U.S. dollars)

16) INCOME TAXES

a) The income tax (expense) recovery (charged) credited to income/loss during the year is as follows:

	2020 $	2019 $
Current		
Canadian income tax	(26)	(25)
Foreign income and resource tax	(151)	(58)
Total current tax expense	(177)	(83)
Deferred		
Canadian income tax	85	-
Foreign income and resource tax	(384)	3,416
Total deferred tax (expense) recovery	(299)	3,416
Income tax (expense) recovery	(476)	3,333

b) The tax (expense) recovery differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses or profits of the consolidated entities as follows:

	2020 $	2019 $
Income (loss) before tax	6,540	(12,746)
Statutory tax rate	27.00%	27.00%
Expected income tax (expense) recovery	(1,766)	3,442
Tax effect of:		
Recognition of deferred tax assets to offset liabilities booked in OCI	85	-
Prior year adjustments	249	-
Difference in tax rates in foreign jurisdictions	(135)	125
Non-deductible expenses	1,107	(226)
Change in benefits not recognized	80	52
Withholding tax and other foreign taxes	(66)	(43)
Other	(30)	(17)
	(476)	3,333

(tabular information expressed in thousands of U.S. dollars)

c) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	December 31, 2020 $	December 31, 2019 $
Deferred tax assets		
- Deferred tax assets to be recovered within 12 months	153	1
- Deferred tax assets to be recovered after more than 12 months	4,994	4,577
	5,147	4,578
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	(30,584)	(29,637)
Deferred tax liabilities/asset- net	(25,437)	(25,059)

d) The movement in the net deferred income tax position is as follows:

	2020 $	2019 $
At start of the year	(25,059)	(28,475)
(Charged) credited to income/loss	(299)	3,416
Tax charged directly to equity	(85)	-
Exchange differences	6	-
At end of the year	(25,437)	(25,059)

(tabular information expressed in thousands of U.S. dollars)

e) The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Property, plant and equipment $	Intangible assets $	Other $	Total $
At December 31, 2018	(27,415)	(1,145)	(195)	(28,755)
(Charged) credited to income/loss	(379)	60	(563)	(882)
At December 31, 2019	(27,794)	(1,085)	(758)	(29,637)
(Charged) credited to income/loss	(1,002)	60	(5)	(947)
At December 31, 2020	(28,796)	(1,025)	(763)	(30,584)

Deferred tax assets	Other deferred tax assets $
At December 31, 2018	280
Charged to income/loss	4,298
At December 31, 2019	4,578
Charged to income/loss	569
At December 31, 2020	5,147

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

(tabular information expressed in thousands of U.S. dollars)

f) Unrecognized deductible temporary differences

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax assets are recognized consist of the following amounts:

	2020 $	2019 $
Non-capital losses	11,414	12,048
Capital losses	1,417	1,308
Other temporary deductible differences	7,046	7,423
	19,877	20,779

g) Loss carry-forwards

At December 31, 2020, Amerigo had $11.0 million (2019: $12.0 million) of Canadian federal net operating loss carry-forwards. These loss carry-forwards expire at various dates between 2027 and 2040. Net operating loss carry-forwards have not been recognized, as it is not probable that taxable profit will be available against which they can be utilized in the legal entity in which they arose.

At December 31, 2020, Amerigo had $1.4 million (2019: $1.3 million) of Canadian federal net capital losses. These losses could be carried back 3 years and forward indefinitely against future taxable capital gains. Net capital loss carry-forwards have not been recognized, as it is not probable that taxable capital gains will be available against which they can be utilized in the legal entity in which they arose.

h) Non-resident subsidiaries

Amerigo has non-resident subsidiaries that have undistributed earnings. Taxable temporary differences in relation to these investments for which deferred tax liabilities have not been recognized are $95.0 million at December 31, 2020 (2019: $89.7 million), as earnings are not expected to be distributed in the foreseeable future.

(tabular information expressed in thousands of U.S. dollars)

17) Segment Information

Operating segments are determined based on the management reports reviewed by the board of directors to make strategic decisions.

The Company has one operating segment: the production of copper concentrates under a tolling agreement with DET, with the production of molybdenum concentrates as a by-product (Note 5).

The geographic distribution of non-current assets is as follows:

	Property, plant and equipment		Other	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Chile	184,589	198,236	4,604	4,863
Canada	216	346	-	-
	184,805	198,582	4,604	4,863

18) Revenue

a) Revenue composition:

	2020 $	2019 $
Gross value of copper produced	156,584	158,744
Adjustments to fair value of settlement receivables	11,627	299
	168,211	159,043
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(33,536)	(33,828)
Smelting and refining	(16,665)	(19,755)
Transportation	(1,751)	(1,838)
Copper tolling revenue	116,259	103,622
Molybdenum	9,500	10,647
Slag processing revenue	668	5,534
	126,427	119,803

b) Total revenue by product type and business unit:

The Company has a single business unit, consistent with its single reportable segment (Note 17).

(tabular information expressed in thousands of U.S. dollars)

The following table presents the Company's revenue composition disaggregated by product type.

	2020 $	2019 $
Copper	116,927	109,156
Molybdenum	9,500	10,647
	126,427	119,803

c) Total revenue by region:

All of the Company's revenue originates in Chile.

In 2020, the Company's revenue from one customer represented 92% of reported revenue (2019: 91%).

19) (Expenses) Gains By Nature

a) Tolling and production costs consist of the following:

	2020 $	2019 $
Tolling and production costs	(87,162)	(94,478)
Depreciation and amortization	(17,694)	(17,487)
Administration	(4,840)	(5,400)
DET royalties - molybdenum	(1,345)	(2,035)
	(111,041)	(119,400)

b) Related party derivative (Note (14(a)) consists of the following:

	2020 $	2019 $
Royalty payments to related parties	(1,006)	(968)
Fair value adjustments to derivative	986	(1,062)
	(20)	(2,030)

(tabular information expressed in thousands of U.S. dollars)

c) General and administration expenses consist of the following:

	2020 $	2019 $
Salaries, management and professional fees	(2,197)	(2,326)
Office and general expenses	(509)	(625)
Share-based payment compensation	(114)	(1,455)
	(2,820)	(4,406)

d) Other gains (losses) consist of the following:

	2020 $	2019 $
Loss on inventory adjustments	(2,376)	-
Foreign exchange gains	1,491	955
Other gains	119	178
	(766)	1,133

e) Finance expense consists of the following:

	2020 $	2019 $
Finance, commitment and interest charges	(3,734)	(6,801)
Fair value adjustments to interest rate swaps	(1,506)	(1,045)
	(5,240)	(7,846)

(tabular information expressed in thousands of U.S. dollars)

20) DISCLOSURE OF INTEREST IN OTHER ENTITIES

Amerigo has eight subsidiaries, all of which are wholly-owned with the exception of Amerigo International. Amerigo International is wholly-owned by Amerigo except for certain outstanding Class A shares, as disclosed in Note 14(a).

	Jurisdiction of incorporation
Amerigo International Holdings Corp.	Canada
Amerigo Investments Ltd.	Barbados
Amerigo Banking Corpoartion	St. Lucia
Amerigo Resources Ltd. I Chile Limitada	Chile
Amerigo Resources Ltd. II Chile SPA	Chile
Amerigo International Inversiones Limitada (inactive)	Chile
Minera Valle Central S.A.	Chile
Colihues Energia S.A.	Chile
Servicios y Procesos Industriales S&PI SPA	Chile

As of December 31, 2020 under the terms of the Consolidated Bank Loan MVC was restricted from transferring cash of $13.1 million to Amerigo or other Company subsidiaries. Other than in respect to this restriction, Amerigo did not have restrictions on its ability to transfer cash to or from its subsidiaries, or to pay dividends, advance loans or make loan repayment within the companies.

21) FAIR VALUE MEASUREMENT

Certain of Amerigo's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy has three levels that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and valuation techniques used to value Amerigo's financial assets and liabilities are the following:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that Amerigo can access at the measurement date. Amerigo values its investments using quoted market prices in active markets.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Copper and molybdenum trade and settlement receivables are embedded derivatives in circumstances when the value of these receivables changes as underlying commodity market prices vary. The fair values of these receivables are adjusted each reporting period by reference to forward market prices and changes in fair value are recorded as a separate component of revenue.

- Level 3 – Significant unobservable inputs that are not based on observable market data. Amerigo includes the related party derivative liability in Level 3 of the fair value hierarchy because it is not tradeable or associated with observable price transparency. Management assesses the fair value of this derivative on a quarterly basis based on management's best estimates, which are unobservable inputs. Fair value is calculated by applying the discounted cash flow approach on a valuation model that considers the present value of the net cash flows expected to be paid to a related party (Note 14(a)). Amerigo has also included the IRS in Level 3 of the fair value

(tabular information expressed in thousands of U.S. dollars)

hierarchy due to the lack of observable market quotes on these instruments. The fair values of IRS were determined with the assistance of third parties who performed a discounted cash flow valuation based on forward interest rate curves.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2020				
Investments	4,401	-	-	4,401
Trade receivables	-	19,933	-	19,933
Interest rate swap	-	-	(2,171)	(2,171)
Related party derivative liability	-	-	(11,295)	(11,295)
	4,401	19,933	(13,466)	10,868

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2019				
Investments	2,534	-	-	2,534
Trade receivables	-	7,436	-	7,436
Interest rate swap	-	-	(665)	(665)
Related party derivative liability	-	-	(12,181)	(12,181)
	2,534	7,436	(12,846)	(2,876)

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and DET royalties approximate their fair value due to their short-term maturity.

The following table reconciles the starting to the ending balances for Level 3 fair value measurements:

	Related party derivative liability
Balance at January 1, 2020	12,181
Paid	(906)
Change in fair value	20
Balance at December 31, 2020	11,295

(tabular information expressed in thousands of U.S. dollars)

	Interest rate swap
Balance at January 1, 2020	665
Paid	-
Change in fair value	1,506
Balance at December 31, 2020	2,171

The valuation technique used in the determination of fair values within Level 2 of the hierarchy, and the key unobservable inputs used in the valuation model are the following:

Valuation approach: The Company's copper and molybdenum trade receivables contain embedded derivatives because the value of these receivables changes as underlying commodity market prices vary. The fair values of these receivables are adjusted each reporting period by reference to forward market prices and changes in fair value are recorded as a component of revenue.

Key observable inputs: For copper: average LME spot and 3-month copper prices assessed monthly. For molybdenum: average Platt's molybdenum dealer oxide molybdenum price assessed monthly.

Inter-relationship between key observable inputs and fair value measurement: The estimated fair value increases as copper and molybdenum prices increase.

The calculation of the fair value of trade and other receivables is performed monthly by MVC's Finance Manager.

The valuation technique used in the determination of fair values within Level 3 of the hierarchy, and the key unobservable inputs used in the valuation model are the following:

Valuation approach: The fair value is calculated by applying the discounted cash flow approach. The valuation model considers the present value of the net cash flows expected to be paid to a related party (Note 14(a)) and in respect of the IRS (Note 12).

Key unobservable inputs: For the related party derivative liability: estimated copper equivalent tolling/production to 2037, assumed copper and molybdenum prices and discount rate. For the IRS, the valuation model considers a forward interest rate curve.

Inter-relationship between key unobservable inputs and fair value measurement: For the related party derivative liability: the estimated fair value increases the lower the discount rate, the higher the estimated tolling/production and the higher the copper equivalent for molybdenum production calculated from the relationship of molybdenum to copper prices. In the case of the IRS, the contract's fair value fluctuates with changes in market interest rates.

(tabular information expressed in thousands of U.S. dollars)

Valuation processes: Amerigo's finance department is responsible for valuation of fair value measurements included in the financial statements, including Level 3 fair values. In the case of the IRS, Amerigo relies on the valuation performed by Scotiabank Chile, the bank with which MVC entered into the swap. The valuation processes and results for recurring measurements are reviewed and approved by the Chief Financial Officer (CFO) at least once every quarter, in line with Amerigo's quarterly reporting dates. The valuation processes and results for non-recurring measurements are reviewed and approved by the CFO in the quarter in which the measurement occurs. All Level 3 valuation results are discussed with the Audit Committee as part of its quarterly review of Amerigo's financial statements.

Key unobservable inputs for valuation of the related party derivative liability correspond to:

- Estimated copper equivalent tolling/production as provided by MVC's mining plan. Based on the estimates as at December 31, 2020, a 1% increase (decrease) in estimated copper equivalent tolling/production would have no significant impact in the related party derivative liability.

- Assumed copper and molybdenum prices for the calculation of copper equivalent from molybdenum production, as provided by consensus long-term copper and molybdenum price market data. The copper prices used in the December 31, 2020 calculation were 2021: $3.12/lb; 2022: $3.05/lb; 2023: $3.05/lb; 2024: $3.14/lb and 2025 to 2037: $3.06/lb. Molybdenum prices used were 2021: $9.42/lb; 2022: $9.68/lb; 2023: $9.74/lb; 2024: $9.45/lb and 2025 to 2037: $9.10/lb.

- Discount rate calculated using a discount rate adjustment technique with a yield curve with rates starting at 7.54% in 2021 with gradual increases up to 8.57% in 2037. A 1% increase (decrease) in the rates used in the estimate would have resulted in an increase or decrease of approximately $0.1 million in the related party derivative liability.

In the case of the IRS, key inputs for valuation correspond to a forward interest rate curve, term of the IRS, loan amortization schedule and MVC's credit spread.

22) FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's activities expose it to a variety of financial risks, which include liquidity risk, foreign exchange risk, interest rate risk, commodity price risk and credit risk.

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 operates in a cyclical industry where levels of cash flow are closely correlated to the market prices for copper.

In 2020, the Company generated $29.1 million of operating cash flow before changes in non-cash working capital (2019: $9.8 million), and $19.8 million in operating cash flow including changes in non-cash working capital (2019: $9.7 million).

(tabular information expressed in thousands of U.S. dollars)

In 2020, by rescheduling the Deferred Payments to 2021, the Company was able to meet its obligations as they became due. The Company expects that it will continue to be able to meet obligations for the next 12 months from operating cash flow. The Company manages liquidity risk through close controls on cash requirements and regular updates to short-term cash flow projections.

The Company's liabilities fall due as indicated in the following tables:

At December 31, 2020	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	14,579	14,579	-	-	-
DET royalties	13,010	13,010	-	-	-
Leases	5,734	1,643	1,428	2,663	-
Borrowings	53,768	16,768	9,081	27,919	-
Related party derivative liability	11,295	1,196	1,209	3,129	5,761
Severance provisions	649	-	-	-	649
	99,035	47,196	11,718	33,711	6,410

At December 31, 2019	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	19,837	19,837	-	-	-
DET royalties	9,284	9,284	-	-	-
Leases	7,078	1,631	1,562	3,885	-
Borrowings	55,897	9,818	9,081	36,998	-
Related party derivative liability	12,181	1,219	1,216	3,152	6,594
Severance provisions	973	-	-	-	973
	105,250	41,789	11,859	44,035	7,567

Foreign Exchange Risk

The Company faces foreign exchange risk exposures arising from transactions denominated in foreign currencies. The Company's main foreign exchange risks arise with respect to the Canadian dollar and the Chilean Peso. Amerigo has elected not to actively manage this exposure at this time. Notwithstanding, Amerigo continuously monitors this exposure to determine if any mitigation strategies become necessary. Based on the balances as at December 31, 2020, a 1% increase (decrease) in the Chilean Peso/U.S. dollar or the Canadian dollar/U.S. dollar exchange rates on that day would have resulted in an increase or decrease of approximately $nil and $nil on income and comprehensive income, respectively.

Interest Rate Risk

At December 31, 2020, the Company's interest rate risk mainly arises from the interest rate impact on borrowings and is mitigated by an IRS (Note 12).

As at December 31, 2020, with other variables unchanged, a 1% change in prime rates on borrowings not protected by the IRS would have had no impact on loss and no effect on OCI.

(tabular information expressed in thousands of U.S. dollars)

Commodity Price Risk

MVC faces commodity price risk arising from changes to the market prices for copper and molybdenum from the time of performance of tolling services or delivery of concentrates to the time of final price settlement. This risk is affected by the quotational periods in place. In 2020, the quotational periods were "M+3" for copper tolling services and a range from "M+1" to "M+6" for molybdenum sales.

The following represents the effect of financial instruments on after-tax net income from a 10% increase to the December 2020 average commodity prices:

	Price		Increase on after-tax net earnings	
	2020	2019	2020	2019
	$/lb	$/lb	$	$
Copper	3.5	2.7	5,598	4,255
Molybdenum	9.3	9.2	469	379

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and trade receivable. The Company has an investment policy which requires that cash and cash equivalents can only be deposited in investments with certain minimum credit ratings. Cash and cash equivalents are maintained with financial institutions in Canada and Chile and are redeemable on demand. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. In 2020, MVC processed copper concentrates under a tolling agreement with DET and does not consider it has any significant credit risk exposure on its accounts receivable.

Capital Risk Management

Amerigo considers that its capital consists of the items included in shareholders' equity, borrowings when applicable, net of cash and cash equivalents, and investments. Amerigo manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Amerigo's assets.

Amerigo's capital management objectives are intended to safeguard the Company's ability to support its normal operating requirements on an ongoing basis.

To effectively manage its capital requirements, Amerigo has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating objectives. Amerigo's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to its shareholders and to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk.

(tabular information expressed in thousands of U.S. dollars)

23) Supplementary Cash Flow Information

	2020 $	2019 $
(a) Interest and taxes paid		
Interest paid	3,046	3,757
Income taxes paid	29	3,347
(b) Other		
Decrease in accounts payable related to the acquisition of plant and equipment	(533)	(3,223)
Cash paid during the year in connection with the derivative to related parties	906	900

24) Commitments

a) At December 31, 2020 MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement established minimum stand-by charges based on peak hour power supply calculations, estimated to range from $1.1 million to $1.4 million per month.

b) Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.1 million.

c) The DET Agreement has a Closure Plan clause requiring MVC and DET to jointly assess the revision of the closure plan for Cauquenes and compare it to the current DET plan. In the case of any variation in the interests of DET due to MVC's activities in the Cauquenes deposit, the parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until the estimation of the new closure plan is available, and the parties agree on the terms of compensation resulting from the revised plan, it is Amerigo's view there is no obligation to record a provision because the amount, if any, is not possible to determine.