Toronto Stock Exchange: ARG

ANNUAL INFORMATION FORM

For the year ended December 31, 2016

Dated: March 30, 2017

PRELIMINARY NOTES

In this Annual Information Form ("AIF"), Amerigo Resources Ltd., together with all companies in which it holds controlling direct and indirect interests, as the context requires, are referred to as the “Company”, and Corporación Nacional del Cobre de Chile and the El Teniente Division are respectively referred to as “Codelco” and “DET”. All information contained in this AIF is as at December 31, 2016, unless otherwise stated.

Financial Statements

This AIF should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto (the “Financial Statements”), as well as with the Company’s Management’s Discussion and Analysis (“MD&A”) for the year ended December 31, 2016. The Financial Statements and MD&A are available at www.amerigoresources.com and under the Company’s profile on the SEDAR website at www.sedar.com.

Currency

All sums of money which are referred to in this AIF are expressed in lawful money of the United States of America, unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Statements

This AIF contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company’s control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. These forward-looking statements speak only as of the date of this AIF. These forward-looking statements include but are not limited to, statements concerning:

- a forecasted increase in production and a reduction in operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;

- the timing and costs of construction and tolling/production of, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp-up to full production from Cauquenes;
- our ability to procure or have access to financing and to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- our planned capital expenditures (including our plan to upgrade our existing plant and operations) including the timing and cost of completion of our capital projects;
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from DET's current production and historic tailings from tailings deposit; risks with respect to completion of all phases of the Cauquenes expansion, the ability of the Company to draw down funds from the Bank Facility and the Standby LOC, all as described in Description of the Business, below; the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this AIF. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion;
- the ability of the Company to draw down funds from the Bank Facility and the Standby LOC, all as described in Description of the Business, below;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production levels.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. You should also carefully consider the matters discussed under *"Risk Factors"* in this AIF. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

CORPORATE STRUCTURE

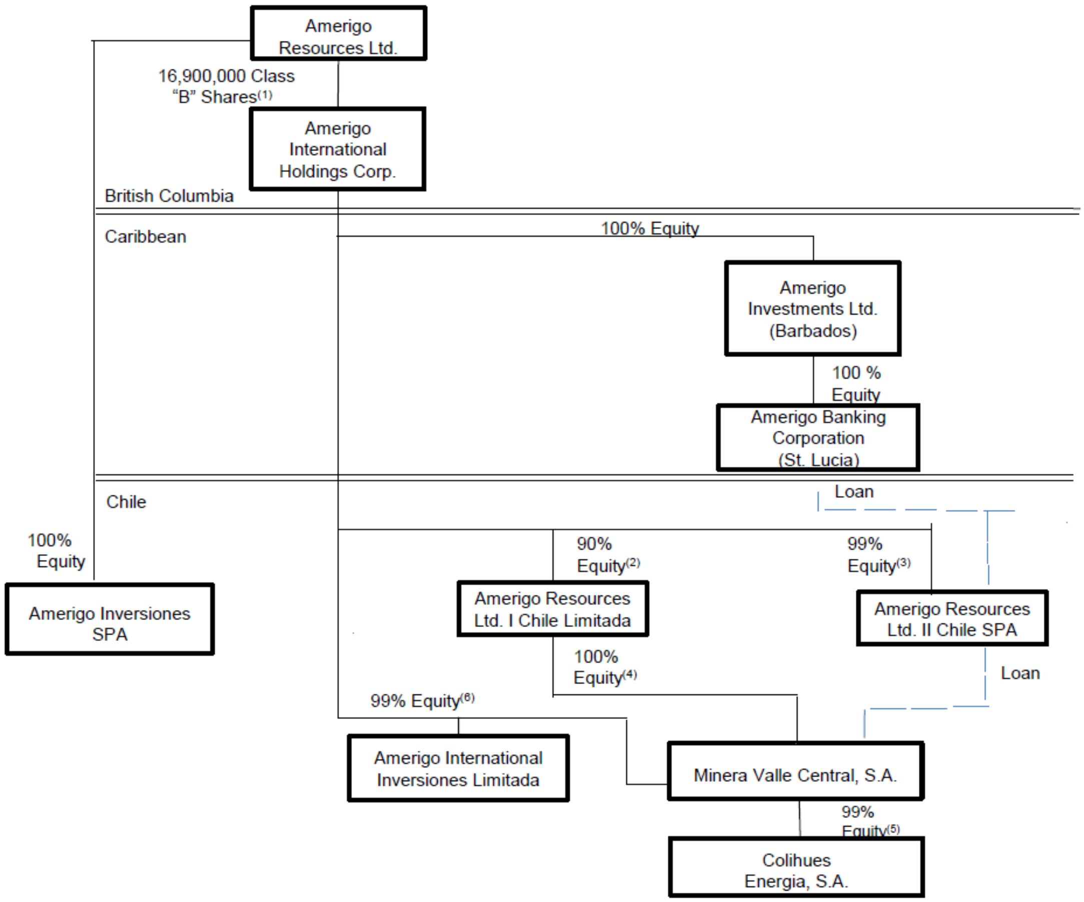
Name, Address and Incorporation

Amerigo Resources Ltd. was incorporated by registration of its memorandum and articles pursuant to the laws of the Province of British Columbia on January 23, 1984 under the name “Silent Canyon Resources Ltd.” Effective April 27, 1988, the Company changed its name from “Silent Canyon Resources Ltd.” to “Golden Adit Resources Ltd.”, consolidated its share capital on a 2:1 basis and subsequently increased its authorized capital to 20,000,000 common shares without par value. The Company changed its name effective June 8, 1990 from “Golden Adit Resources Ltd.” to “First Northern Developments Inc.” Effective September 20, 1993, the Company changed its name from “First Northern Developments Inc.” to “Consolidated First Northern Developments Inc.”, consolidated its share capital on a 2.65:1 basis and increased its authorized capital to 25,000,000 common shares without par value. Effective March 15, 1996, the Company changed its name from “Consolidated First Northern Developments Inc.” to “Golden Temple Mining Corp.”, consolidated its share capital on a 5:1 basis and increased its authorized capital to 25,000,000 common shares without par value. The Company increased its authorized capital to 100,000,000 common shares without par value effective August 5, 1997. Effective March 8, 2002, the Company changed its name from “Golden Temple Mining Corp.” to “Amerigo Resources Ltd.” and consolidated its share capital on a 4:1 basis. Effective September 11, 2002, the Company increased its authorized capital to 100,000,000 common shares without par value. Effective March 16, 2004, the Company increased its authorized capital to 200,000,000 common shares without par value. Also effective March 16, 2004, the Company amended its articles to provide for a rotating board of directors, divided into Class I, II and III, each class having a three year term. On June 29, 2004, the Company transitioned to the *Business Corporations Act* (British Columbia), and on June 17, 2004 the shareholders of the Company approved the replacement of the Articles of the Company and an increase in the authorized capital to an unlimited number of common shares without par value. On May 9, 2011, the Company amended its articles so that the term of office of each director is now one year and expires every year at the Company's annual general meeting. On May 2, 2016, the Company amended its articles so that advance notice of director nominees from shareholders is now required. The Company’s head and principal office is located at Suite 1260 – 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company’s registered and records office is located at Suite 2300 – 550 Burrard Street, P.O. Box 30, Vancouver, B.C., V6C 2B5.

Intercorporate Relationships

The Company owns 100% of the issued and outstanding Class B Common Shares in Amerigo International Holdings Corp. ("AIHC"), which represents approximately 90% of the issued and outstanding shares of AIHC. AIHC was incorporated in Canada on June 20, 2003. The Company also owns, directly and indirectly, interests in companies (collectively, the "Offshore Companies") in Chile (Amerigo Resources Ltd. I Chile Limitada and Amerigo Resources Ltd. II Chile SPA, both formed on June 20, 2003, Colihues Energía, S.A., originally formed as Minera Valle Central Generación, S.A. on March 12, 2010, Amerigo Inversiones SPA, formed on December 14, 2012 and Amerigo International Inversiones Limitada, formed on December 18, 2012), St. Lucia (Amerigo Banking Corporation, incorporated on February 27, 2004) and Barbados (Amerigo Investments Ltd., incorporated on December 23, 2004). AIHC and the Offshore Companies incorporated before 2010 were created for the purpose of acquiring and holding Minera Valle Central, S.A. (“MVC”), a Chilean copper producer, in a tax effective manner. MVC was incorporated under the laws of Chile on October 9, 1990. Amerigo Banking Corporation is licensed as a bank under the laws of St. Lucia.

The following chart sets forth the names of AIHC and the Offshore Companies, their respective jurisdictions of incorporation or formation, as the case may be, and the Company’s current voting and equity interest therein.



(1) These represent 100% of the Class B Common Shares and 89.89% of the voting rights in AIHC. Two directors of AIHC and associates of those directors indirectly hold 1,900,000 Class A Common Shares of AIHC. The special rights and restrictions provide the holders of the Class A Common Shares the right to elect two of the five directors of AIHC. See "Description of the Business – General - Royalties".
(2) The other equity owner (10%) is Amerigo Resources Ltd.
(3) The other equity owner (1%) is Amerigo Resources Ltd.
(4) AIHC holds the minimum number of shares of Minera Valle Central S.A. required by Chilean law.
(5) The other equity owner (1%) is Amerigo Resources Ltd. I Chile Limitada.
(6) Minera Valle Central, S.A. holds the minimum number of shares of Amerigo International Inversiones Limitada.

THREE YEAR HISTORY AND SIGNIFICANT ACQUISITIONS

In this section, there are references to the terms "cash cost" and "total cost". Cash cost and total cost are non-GAAP measures prepared on a basis consistent with the industry standard Brook Hunt definitions. Cash cost is the aggregate of copper and molybdenum production and tolling costs, notional smelting and refining charges, administration and notional transportation costs, minus by-product credits. Total cost is the aggregate of cash cost, notional DET copper royalties and DET molybdenum royalties, depreciation and amortization.

Year Ended December 31, 2014

The Company posted a net loss of $10.7 million for the year ended December 31, 2014, or ($0.06) per share, compared to net profit of $1.0 million or $0.01 per share in 2013. Results for the year included non-cash charges of approximately $8.1 million for change in estimates arising from the extension of the Company's rights to process El Teniente tailings in accordance with the agreement entered into by MVC and DET in April, 2014, and of approximately $5.7 million for deferred income tax expense resulting from changes in tax legislation enacted in Chile during 2014.

In 2014 the Company produced 41.0 million pounds of copper and 0.6 million pounds of molybdenum, 10% and 28% lower, respectively, than the 45.7 million pounds of copper and 0.8 million pounds of molybdenum produced in 2013.

Copper production was 10.2 million pounds in Q1, 9.3 million pounds in Q2, 10.2 million pounds in Q3 and 11.4 million pounds in Q4.

Copper production in 2014 included 2.1 million pounds of copper produced and sold pursuant to the tolling contract with Compañia Minera Maricunga ("Maricunga").

Revenue (net of smelter, refinery and roasting charges) was $119.6 million compared to $143.6 million in 2013. Revenue decreased due to lower production and metal prices. Revenue in 2014 included copper revenue of $108.0 million, 18% lower than $132.5 million in 2013. Smelter and refinery costs were $14.5 million in 2014 (2013: $15.2 million).

The Company sold 41.0 million pounds of copper compared to 45.4 million pounds in 2013, and the Company's copper selling price before smelter, refinery and other charges and settlement adjustments to prior quarters' sales was $3.14/lb compared to $3.32/lb in 2013.

In 2014 the Company sold 0.6 million pounds of molybdenum, 28% lower than the 0.8 million pounds sold in 2013. The Company's molybdenum selling price at $11.67/lb was 15% higher than $10.13/lb in 2013. Total molybdenum and tolling sales were $11.6 million compared to $11.1 million in 2013.

Cash cost was $2.08/lb copper in each of 2013 and 2014. On a quarterly basis cash cost/lb copper was $2.22 in Q1; $2.22 in Q2; $1.92 in Q3; and $1.99 in Q4. Total cost was $3.02/lb copper, compared to $3.22/lb copper in 2013.

Power costs in 2014 were $23.0 million ($0.0916/kwh) compared to $23.8 million ($0.0939/kwh) in 2013. On a unit cost basis, power costs were $0.59/lb copper compared to $0.54/lb copper in 2013. The operation of the Company's generators provided a positive contribution during the year, reducing power costs by $1.3 million (2013: $2.4 million).

Operating cash flow before changes in non-cash working capital was $14.8 million compared to $19.1 million in 2013, and $18.1 million (2013: $19.5 million) including such changes.

MVC incurred $13.2 million in capital expenditures ("Capex") during 2014 compared to $10.4 million in 2013, including Capex in connection with the Cauquenes expansion ($8.9 million) and sustaining Capex ($4.3 million).

Year Ended December 31, 2015

Effective January 1, 2015 and pursuant to the second modification to the Master Agreement with DET (refer to Underlying Contracts with DET in **DESCRIPTION OF THE BUSINESS**, below), production of copper concentrates from MVC is being conducted under a tolling agreement with DET under which title to the copper concentrates produced by MVC remains with DET and MVC earns tolling revenue, calculated as gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET copper royalties and transportation costs). In prior years, the nature of the agreements with DET resulted in DET copper royalties and transportation costs being reported as components of production costs.

The Company posted a net loss of $16.9 million for the year ended December 31, 2015, or ($0.10) per share, compared to net loss of $10.7 million or ($0.06) per share in 2014. Financial results were affected by low production due to the suspension of Colihues operations in July 2015, suspension of molybdenum production in April 2015 and a fire experienced in El Teniente in Q1-2015. Low copper prices prevailed during the year and MVC's gross copper tolling price was $2.47/lb, compared to a gross copper selling price of $3.14/lb in 2014.

In 2015 the Company produced 37.3 million pounds of copper and 0.1 million pounds of molybdenum, 9% and 83% lower, respectively, than the 41.0 million pounds of copper and 0.6 million pounds of molybdenum produced in 2014.

Copper production was 8.9 million pounds in Q1, 9.1 million pounds in Q2, 8.5 million pounds in Q3 and 10.9 million pounds in Q4. Molybdenum production was 0.1 million pounds in Q1. There was no production after Q1 due to the suspension of molybdenum operations in response to low molybdenum prices.

Copper production in 2015 included 2.8 million pounds of copper produced and sold pursuant to the Maricunga tolling contract, compared to 2.1 million pounds in 2014.

Revenue net of notional items was $52.6 million compared to $119.6 million in 2014. Revenues decreased due to lower copper tolling fees resulting from lower copper prices and low production and to the classification of notional DET royalties and transportation costs as deductions to revenue, effective January 1, 2015. DET royalties and transportation costs were previously reported as components of production costs.

Revenues in 2015 included gross copper tolling revenue of $73.8 million, less notional items (DET royalties of $13.7 million, smelter and refinery charges of $12.9 million and transportation charges of $1.0 million). In 2014 gross copper sales were $122.6 million and smelter and refinery costs were $14.5 million.

The Company delivered 37.2 million pounds of copper under the tolling agreement with DET, compared to 41.0 million pounds of copper sold in 2014.

In 2015 the Company sold 0.1 million pounds of molybdenum (2014: 0.6 million pounds). The Company's molybdenum selling price at $8.41/lb was 28% lower than $11.67/lb in 2014.

Cash cost was $2.18/lb copper in 2015 compared to $2.08/lb in 2014. On a quarterly basis cash cost/lb copper was $2.33 in Q1; $2.15 in Q2; $2.07 in Q3; and $2.16 in Q4. Total cost was $2.85/lb copper, compared to $3.02/lb copper in 2014.

Power costs in 2015 were $20.0 million ($0.0968/kwh) compared to $23.0 million ($0.0916/kwh) in 2014. On a unit cost basis, power costs were $0.66/lb copper compared to $0.59/lb copper in 2014. The operation of the Company's generators provided a positive contribution during the year, reducing power costs by $0.8 million (2014: $1.3 million).

The Company had an operating cash outflow before changes in non-cash working capital items of $5.0 million in 2015, compared to cash flow generated from operations of $14.8 million in 2014. Including changes in non-cash working capital accounts, the Company had an operating cash outflow of $26.5 million in 2015, compared to net cash from operations of $18.1 million in 2014.

In March 2015, the Company secured financing from a bank syndicate that allowed MVC to complete phase one of the Cauquenes expansion ("Phase One"). Refer to Bank Syndicate Financing Agreement,

VAT Facility, DET Facility and Standby Line of Credit in **DESCRIPTION OF THE BUSINESS**, below.

In 2015 MVC received cash from the various lending facilities described below, net of transaction costs, of $72.9 million. MVC incurred $56.1 million in Capex during 2015 compared to $13.2 million in 2014, substantially all in connection with Phase One of the Cauquenes expansion project.

Year Ended December 31, 2016

MVC completed Phase One of development of the higher grade Cauquenes historic tailings deposit in December 2015, enabling the Company to generate record copper production in 2016.

The ramp-up in production from Cauquenes in 2016 progressed in line with expectations. Average tonnes per day of 61,615 exceeded design rates of 60,000 tonnes per day and plant recovery averaged 31.1% in the year. In Q4-2016 MVC achieved the project completion criteria set in the Bank Syndicate Financing Agreement.

The Company posted a net loss of $7.5 million for the year ended December 31, 2016, or ($0.04) per share, compared to a net loss of $16.9 million or ($0.10) per share in 2015. The improvement in financial performance was the result of higher copper production at MVC. However, MVC's gross copper tolling price of $2.25/lb (2015: $2.47/lb) was too low to generate profits.

Copper prices recovered in Q4-2016 from an average London Metal Exchange ("LME") price of $2.14/lb for the first nine months of the year to an average quarterly LME price of $2.40/lb, positively impacting the Company's financial results and cash flow generating capacity. Net earnings of $3.0 million were recorded in Q4-2016, compared to net losses of $4.4 million, $3.6 million and $2.5 million in Q1, Q2 and Q3, respectively.

In 2016 the Company produced 56.8 million pounds of copper, 52% higher than the 37.3 million pounds of copper produced in 2015. Copper production in 2016 included 3.0 million pounds of copper produced and sold pursuant to the Maricunga tolling contract, compared to 2.8 million pounds in 2015.

Copper production was 12.9 million pounds in Q1, 14.4 million pounds in Q2, 16.0 million pounds in Q3 and 13.6 million pounds in Q4.

Revenues in 2016 included gross copper tolling revenue of $124.4 million (2015: $73.8 million), less notional items (DET copper royalties of $20.6 million (2015: $13.7 million), smelter and refinery charges of $19.2 million (2015: $12.9 million) and transportation charges of $1.6 million (2015: $1.1 million)). Molybdenum and other revenue in 2016 were $8.4 million (2015: $6.4 million). Net revenue was $91.4 million compared to $52.6 million in 2015.

The Company delivered 56.3 million pounds of copper under the tolling agreement with DET, compared to 37.2 million pounds of copper in 2015.

Molybdenum production restarted in August 2016, with an annual production of 0.5 million pounds. To optimize costs, operation of the molybdenum plant was outsourced to a subcontractor who refurbished the plant with a $1.0 million Capex investment which is being paid by MVC over the course of three years.

In 2016, MVC's unionized workers went on a labour strike which lasted 16 days and was successfully resolved with MVC and the union entering into a 3-year collective agreement to October 14, 2019.

Cash cost was $1.73/lb copper in 2016 compared to $2.18/lb in 2015. On a quarterly basis cash cost/lb copper was $1.81 in Q1; $1.65 in Q2; $1.60 in Q3 and $1.87 in Q4.

Total cost was $2.36/lb copper, compared to $2.85/lb copper in 2015.

Power is MVC's most significant production cost. In 2016, power costs were $28.1 million (2015: $20.1 million), or $0.0976/kWh (2015: $0.0968/kWh). MVC’s power generators operated in 2016 at such times when the grid price exceeded the generators’ operating costs. The economic benefit from operating the generators in 2016 and 2015 was $0.8 million. Unit power costs of $0.52/lb (2015: $0.66/lb) improved due to higher copper production.

The Company generated operating cash flow before changes in non-cash working capital items of $9.6 million in 2016, compared to operating cash outflow before changes in non-cash working capital items of $5.0 million in 2015. Including changes in non-cash working capital accounts, the Company generated operating cash of $19.4 million in 2016, compared to net cash used in operations of $26.5 million in 2015.

In 2016, the Company received $14.8 million in debt proceeds net of transaction costs (2015: $72.9 million) and made debt repayments of $19.4 million (2015: $nil). Debt proceeds included $4.8 million from the final disbursement of funds from the Bank Syndicate Financing Agreement and the final $10.0 million available to MVC from the DET Facility. Debt repayments included the full repayment of the VAT Facility and scheduled repayments of the Bank Syndicate Financing Agreement.

In 2016, the Company used cash of $8.3 million for payments of Capex (2015: $52.4 million). Capex payments in 2016 included $3.5 million of payments associated with the Cauquenes expansion and $4.8 million in payments of sustaining Capex.

Liquidity and Capital Resources

As at December 31, 2016 the Company’s cash and cash equivalents were $15.9 million ($9.0 million at December 31, 2015). The cash balance at December 31, 2016 includes $9.2 million in operating accounts and $6.7 million in a debt service reserve account (“DSRA”), required under the terms and provisions of the Bank Syndicate Financing Agreement. Funds in the DSRA must be used to: /i/ pay the principal and interest of the Cauquenes Expansion Loan and the amounts owing under a related interest rate swap 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 into the DSRA at each month end the funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the Cauquenes Expansion Loan and the interest rate swap that are payable in respect of the following six months.

The Company had working capital of $0.6 million at December 31, 2016 (compared to a working capital deficiency of $6.0 million at December 31, 2015).

The Company operates in a cyclical industry where levels of cash flow are closely correlated to the market prices for copper. While MVC is a valuable long-life asset with a strategic relationship with El Teniente, the world’s largest underground copper mine, its liquidity and financial position have been affected in recent years and up to Q3-2016 by lower copper prices.

The recovery of copper prices as of November 2016 positively impacted the Company’s cash flow generating capacity. The Company generated cash flow from operations before changes in non-cash working capital of $7.1 million in Q4-2016, compared to $2.5 million generated in the first nine months of 2016 combined.

MVC estimates to produce 60.0 to 65.0 million pounds of copper at an annual cash cost of $1.60 to $1.75/lb in 2017. These production projections should enable the Company to meet its financial obligations as they become due in the year.

Amerigo is advancing financing discussions for the construction of phase two of the Cauquenes expansion project (“Phase Two”). The project, which has an estimated cost of $30.0 million, is planned to increase production to 87.0 million pounds of copper per year, at an estimated cash cost of $1.40/lb.

At December 31, 2016, the Company’s borrowings under the Bank Syndicate Financing Agreement were $51.7 million (December 31, 2015: $57.5 million) and the Company’s borrowings under the DET Facility were $18.1 million (2015: $7.1 million).

In February 2016, MVC and DET reached an agreement to defer DET royalty adjustments to gross revenue during a four-month period, from March to June 2016 for a total deferral of $5.4 million, the repayment terms of which are under discussion with DET.

At December 31, 2016, the Company had a $13.0 million standby line of credit from three Amerigo shareholders.

The Company’s long-term liabilities (severance provisions, long-term portion of borrowings, long-term portion of the royalty derivative to related parties measured at fair value, interest rate swap and other non-current liabilities) at December 31, 2016 were $68.7 million (December 31, 2015: $64.0 million).

The Company’s investments in Candente Copper Corp. and Los Andes Copper Ltd. had aggregate fair values of $1.5 million at December 31, 2016 (December 31, 2015: $1.0 million).

Projected Capex

MVC is undertaking a significant expansion of its operations to extract and process the higher grade Cauquenes tailings. The Cauquenes expansion is being undertaken in phases, which management believes reduces project risk.

Phase One was completed in December 2015 and has enabled MVC to extract Cauquenes tailings for processing in MVC’s existing processing plant, increasing MVC’s copper production. The Phase One Capex budget was $71.1 million and actual Capex was $66.6 million.

The Company is advancing financing discussions to complete the construction of Phase Two of the Cauquenes expansion project in the second half of 2018. This $30.0 million project is planned to increase production to 87.0 million pounds of copper per year at an estimated cash cost of $1.40/lb.

MVC is expected to incur annual sustaining Capex of approximately $5.0 million per year as of 2016, mostly in connection with extraction sumps at Cauquenes.

DESCRIPTION OF THE BUSINESS

General

MVC has been in the business of processing copper tailings for the production of copper concentrate in Chile since 1992. These tailings are from the El Teniente mine, which is owned by Codelco and operated by Codelco's DET division. Amerigo acquired MVC in 2003. In 2005 the Company completed the construction of a molybdenum plant at the MVC site. In December 2015, the Company completed the first phase of an expansion that has enabled MVC to extract Cauquenes tailings for processing in MVC's existing processing plant, allowing MVC to reach record copper production in 2016.

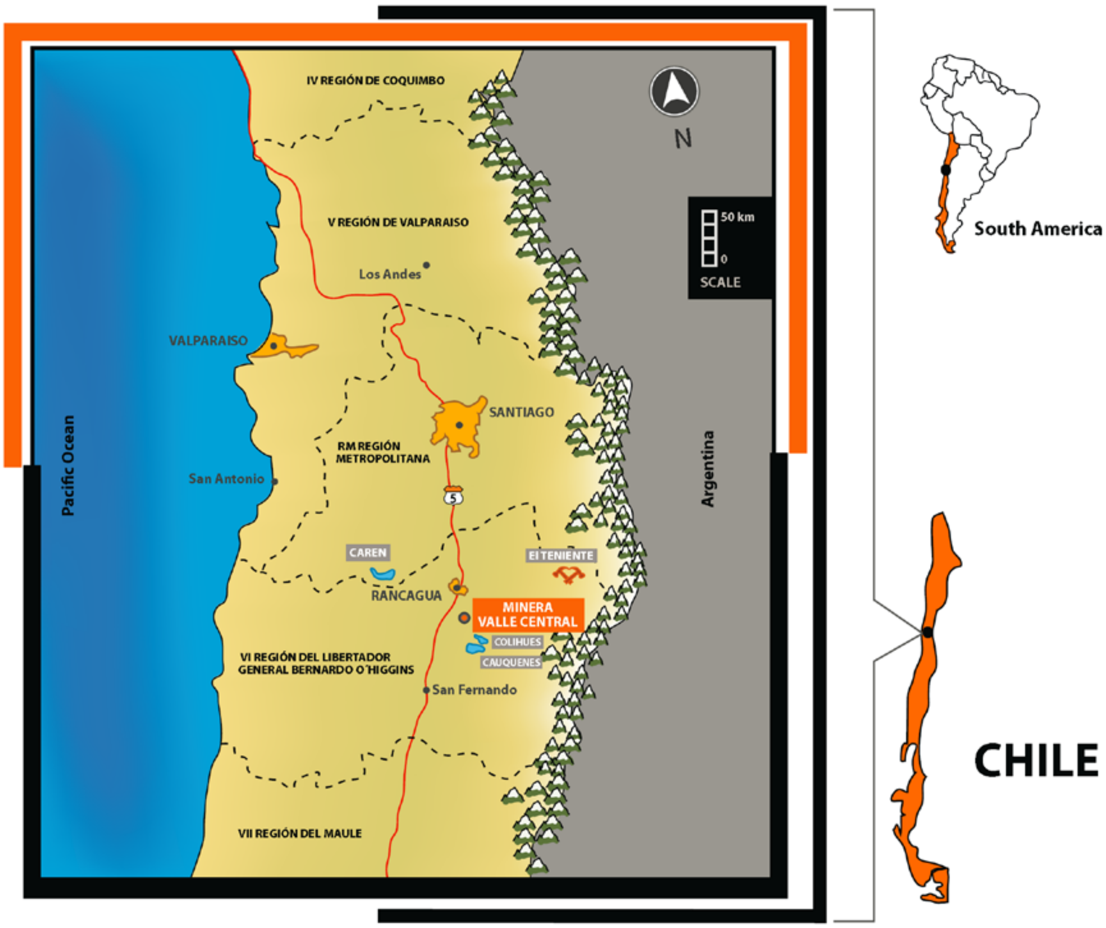
Effective January 1, 2015 and up to December 31, 2022, MVC's production of copper concentrates is being conducted under a tolling agreement with DET under which title to the copper concentrates produced by MVC remains with DET and MVC earns tolling revenue.

As of December 31, 2016, the Company had two employees at its head office in Vancouver and MVC had 309 employees at its operations in Chile. The Company also retains 2 subcontractors in Vancouver and MVC retains contractors with 587 employees in Chile. All aspects of the Company's business require specialized skill and knowledge, particularly with respect to the areas of engineering and tailings processing, and legal and accounting services. The Company has found that it is able to locate and retain employees and contractors with such specialized skills and knowledge.

Minera Valle Central, S.A.

MVC's processing facilities are located in Region VI (Libertador Bernardo O'Higgins Region) of central Chile. The site is 8 km east of the city of Rancagua and 90 km south of Santiago. Personnel and supplies are transported by road between the site and Rancagua or Santiago.

Location of the Minera Valle Central Operations



MVC has the right to process both fresh tailings (originally pursuant to an agreement (the "Fresh Tailings Agreement") dated September 9, 1991, as amended), historic tailings from the Colihues tailings deposit located south of the MVC plant (originally pursuant to an agreement (the "Colihues Agreement") dated April 30, 2009, as amended) and historic tailings from the Cauquenes tailings deposit located next to the Colihues deposit. MVC and DET entered into an agreement (the "Master Agreement") dated March 8, 2014 (the "Signing Date") for the purchase by MVC of the processing rights for the Cauquenes tailings deposit located near MVC's plant, extending MVC's economic life from December 31, 2021 to December 31, 2037 and amending certain provisions contained in the Fresh Tailings Agreement and the Colihues Agreement (refer to Underlying Contracts with DET, below). The Fresh Tailings Agreement, the Colihues Agreement and the Master Agreement are collectively referred to as the "DET Agreements".

The fresh tailings are transported to MVC via a 36-kilometre-long launder, and MVC currently mines the historic Cauquenes tailings deposit with hydraulic monitors. During December 2016 MVC processed approximately 129,600 tonnes per day of fresh tailings and 64,700 tonnes per day of historic tailings from Cauquenes.

The MVC processing facility has a nominal capacity of 185,000 tonnes per day and consists of grinding and flotation plants to recover copper and molybdenum concentrates. Once the tailings have been reprocessed by MVC, they are returned to the DET tailings launder and deposited into DET's Carén tailings deposit located approximately 50 km to the west of the MVC site. In 2016 MVC processed 62.7 million tonnes of tailings and produced 56.8 million pounds of copper.

The development plan for the Cauquenes project presents an expansion of the existing facilities in order to increase production to 85 - 90 million pounds of copper per year. The Cauquenes processing rate is estimated to be 60,000 tpd, with processing of the Colihues tailings deposit to be restarted when the Cauquenes tailings deposit is depleted, estimated to be by 2031 (refer to **MINERA VALLE CENTRAL TECHNICAL REPORT**, below).

The Cauquenes expansion is being undertaken in phases, which management believes reduces project risk. Completion of Phase One has enabled MVC to extract Cauquenes tailings for processing in MVC's existing processing plant and is expected to increase MVC's copper processing levels. Subsequent to Phase One, MVC plans to upgrade its existing plant and operations in order to further increase recovery rates.

Processing of Cauquenes tailings by MVC commenced on September 19, 2015 and construction for phase one of the Cauquenes project was completed in December 2015.

<u>Underlying Contracts with DET</u>

Effective January 1, 2015 and up to December 31, 2022, MVC's production of copper concentrates is being conducted under a tolling agreement with DET under which title to the copper concentrates produced by MVC remains with DET and MVC earns tolling revenue, calculated as gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET copper royalties and transportation costs). The notional DET copper royalties replace the former copper royalties payable to DET and precisely mimic the former royalty arrangements.

The Master Agreement includes the terms and conditions set out below.

Until August 1, 2015 (the "Production Date") fresh tailings were subject to DET royalties provided for under the Fresh Tailings Agreement, which were calculated using a formula that took into account the price of copper and the copper content in the tailings. No DET royalties applied if the London LME average monthly copper price was below $0.80/lb; if the copper price was between $0.80 and $0.95/lb the DET royalties varied on a sliding scale from 0 to 10%; if the copper price was between $0.95 and $1.30/lb the DET royalties were 10%; and if the copper price was $1.30/lb or higher, maximum DET royalties of 13.5% were applicable.

DET royalties in respect of fresh tailings were calculated using the LME average copper price for the month of delivery of the tailings, and settled in Chilean Pesos ("CLP") using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. Such calculations were made on a monthly basis within 30 days of the end of the third month following the month of delivery of the tailings.

Effective the Production Date, the fresh tailings copper DET royalty was changed as follows:

1. The "Dolar Acuerdo" and "Dolar Observado" exchange rate provisions were eliminated, and all calculations are now made using the "Dolar Observado" exchange rates.

2. The calculation of the DET royalty applicable to copper produced from fresh tailings was modified as follows:

- For copper prices greater than or equal to $1.95/lb and less than $4.27/lb, the applicable DET royalty is 13.5% plus the amount obtained when the difference between the LME average monthly copper price and $1.95 is multiplied by 0.00055; and

- For copper prices greater than or equal to $4.27/lb and less than $4.80/lb, the applicable DET royalty is 17% plus the amount obtained when the difference between the LME average monthly copper price and $1.95 is multiplied by 0.00040.

The Master Agreement contains a provision requiring the parties to revise the economic and technical parameters of the fresh tailings copper DET royalty formula where the LME average monthly copper price remains lower than $1.95/lb or higher than $4.80/lb for 2 consecutive months and projections indicate that such condition will persist over time. The Master Agreement contains a schedule (as of January 2014) of the estimated supply of fresh tailings from DET to MVC for the years 2014 to 2037 inclusive.

The term of the Colihues Agreement was extended from the earlier of December 31, 2019 or depletion of the Colihues tailings deposit, to the earlier of December 31, 2037 or depletion of the Colihues deposit. MVC has the right to treat up to 45,000 tpd of Colihues tailings.

The Colihues copper DET royalty is calculated on a sliding scale that takes into account grade and recovery parameters. The DET royalty applicable to Colihues tailings is 3% at a copper price of less than $0.80/lb, rising to 15% at a copper price between $1.35/lb and $1.95/lb and then increasing on a sliding scale basis to 30% at a copper price of $4.27/lb. Colihues DET royalties are based on the average LME published price for the month of delivery of the tailings.

The Master Agreement contains a provision requiring DET and MVC to meet in June and December of each year to adjust the Colihues DET royalty effective the following 1st of January and 1st of July based on the formula's grade and recovery parameters during the previous evaluation period. In addition, the parties are required to revise the economic and technical parameters of the Colihues DET royalty formula where the copper price remains lower than $1.95/lb or higher than $4.27/lb for 3 consecutive months.

The term of the Cauquenes Agreement is to the earlier of December 31, 2033 or depletion of the Cauquenes tailings deposit. MVC has the right to treat up to 85,000 tpd of Cauquenes tailings.

Copper production from the Cauquenes deposit is subject to a a sliding scale DET royalty for copper prices greater than or equal to $1.95/lb and less than $5.50/lb. For prices inside this range, the DET royalty is 16% plus the amount obtained when the difference between the LME average monthly copper price and $1.95 is multiplied by 0.065. There also is a provision requiring the parties to revise the economic and technical parameters of the Cauquenes copper DET royalty formula where the copper price remains lower than $1.95/lb or higher than $5.50/lb for 2 consecutive months and projections indicate that such condition will persist over time.

Until the Production Date, molybdenum production from fresh tailings was subject to a flat 10% DET royalty on net revenue received by MVC from the sale of molybdenum concentrates and the DET royalty rates for molybdenum produced from the Colihues tailings deposit were 11.9% for molybdenum prices lower than $35/lb, and 12.4% for molybdenum prices greater than or equal to $35/lb.

Effective the Production Date, the DET royalty on molybdenum production from all sources, including fresh tailings and tailings from Colihues and Cauquenes, is as follows:

- For molybdenum prices greater than or equal to $7.31/lb and less than $12.00/lb, 9% plus the amount obtained when the difference between the molybdenum price and $7.31 is multiplied by 1.210; and

- For molybdenum prices greater than or equal to $12.00/lb and less than $40.00/lb, 13.8% plus the amount obtained when the difference between the molybdenum price and $7.31 is multiplied by 0.180.

There is a provision requiring the parties to revise the economic and technical parameters of the molybdenum DET royalty formula where the molybdenum price remains lower than $7.31/lb or higher than $40/lb for 2 consecutive months and projections indicate that such condition will persist over time.

The Master Agreement also contains three early exit options exercisable by DET due to changes of any nature unforeseen as of the Signing Date. A summary of the early exit options is set out in the following table:

Exit Option	**Notice Date**	**Termination Date**	**Terms of Exit**	**Consideration to MVC**
1	During 2021	1 year from notice date	DET would acquire 100% of MVC's PPE	90% of NPV of future cash flows
2	During 2024	3 years from notice date	Termination of contractual relationship between DET and MVC	MVC retains ownership of its assets provided they are removed from site within one year of termination.
3	During 2024 and every 3 years thereafter	1 year from notice date	DET would acquire 100% of MVC's PPE	The lesser of 80% of the NPV of future cash flows of MVC after taxes and the commercial value of the assets

In the event it is agreed DET may exercise one of the first or third exit options, there is a provision in the Master Agreement stating that if there is a period of inflation or fluctuations in prices or costs that significantly distort the compensatory value, the parties agree to meet to revise the parameters of the formulas for the exit options.

The Company has concluded that there is a remote possibility DET will exercise early exit option 2 or decide not to take ownership of MVC's property, plant and equipment on the termination of the Master Agreement, and the asset retirement obligation weighted for probability is therefore immaterial. The Company's judgment in relation to the probability of DET choosing to exercise an early exit option is reassessed on each quarterly reporting date.

On August 29, 2014, DET and MVC entered into a first modification to the Master Agreement, which provided for the deferral of up to $9.1 million in DET royalties in 2014 in order for MVC to expedite certain works associated with the Cauquenes expansion. The deferred amounts were subject to interest at a rate of 0.6% per month. A total of $8.1 million was deferred during 2014, and all deferred amounts and applicable interest owing to DET were paid in full in the quarter ended March 31, 2015.

On February 3, 2015, MVC and DET entered into a second modification to the Master Agreement which provides for the following:

i) The delivery to DET of all copper concentrates produced by MVC during the period from January 1, 2015 to December 31, 2022 pursuant to a "maquila" or tolling arrangement, subject to terms and conditions similar to those contained in the concentrate sales agreement MVC had to December 31, 2015 with Chile's Empresa Nacional de Minería ("Enami").

ii) A copper price support agreement provided by DET to assist MVC with the Cauquenes expansion in an amount of up to $17.0 million (the "DET Facility"). Refer to DET Facility below.

In 2016, MVC and DET reached an agreement to defer DET notional copper royalty adjustments to gross revenue during a four-month period, from March to June 2016, for a total deferral of $5.4 million, the repayment terms of which are under discussion with DET.

Bank Syndicate Financing Agreement

On March 25, 2015, MVC closed a bank syndicate financing pursuant to an agreement (the "Bank Syndicate Financing Agreement") with Banco Bilbao Vizcaya Argentaria, Chile ("BBVA") and Export Development Canada ("EDC") for a loan facility (the "Cauquenes Expansion Loan" or the "Facility") of $64.4 million for the phase one of the expansion of MVC's operations for the processing of tailings from the Cauquenes deposit. Terms of the loan include interest fixed through an interest rate swap ("IRS") at a rate of 5.81% per annum (reduced to 5.56% per annum upon MVC meeting the completion criteria set out in the loan) for 75% of the Facility. The remaining 25% of the Facility is subject to a variable rate based on the US Libor 6-month rate, which at December 31, 2016 was 4.67% per annum (4.42% per annum upon meeting the completion criteria).

MVC incurred due diligence, bank fees and legal costs of $2.4 million, recognized as transaction costs that are being amortized over the term of the Cauquenes Expansion Loan using the effective interest rate method.

Interest has been paid semi-annually starting on June 30, 2015. The Cauquenes Expansion Loan has a maximum repayment term of 6 years consisting of 12 equal semi-annual capital payments of $5.4 million, commencing on June 30, 2016. The repayment term may be shortened without penalty in accordance with the provisions of the Bank Syndicate Financing Agreement.

The balance of the Cauquenes Expansion Loan (net of transaction costs) at December 31, 2016 was $51.7 million (December 31, 2015: $57.5 million).

MVC has provided security for the Cauquenes Expansion Loan in the form of a charge on all of MVC's assets, and MVC is subject to bank covenants (current ratio, tangible net worth and debt service coverage ratio) measured semi-annually starting on December 31, 2015. At December 31, 2016, MVC was in compliance with the tangible net worth ratio ($105.0 million), and received waivers from BBVA and EDC in respect of the current ratio (requirement of 1.0) and debt service coverage ratio (requirement of 1.2).

MVC had a requirement to fund a DSRA from the proceeds of the final disbursement from the Cauquenes Expansion Loan. BBVA and EDC waived the final disbursement funding requirement and deferred funding of the DSRA to the second half of 2016. At December 31, 2016, MVC held DSRA funds in the amount of $6.7 million. Funds in the DSRA must be used to: /i/ pay the principal and interest of the Cauquenes Expansion Loan and the 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 must replenish into the DSRA at each month end the funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the bank loan and the IRS that are payable in respect of the following six months.

Concurrently with the Cauquenes Expansion Loan, MVC entered into an IRS with BBVA to fix 75% of the interest payable on that facility. On December 31, 2016, the fair value of the IRS was determined to be $0.2 million, with a short-term portion of $0.1 million and a long-term portion of $0.1 million. The IRS has a term to December 27, 2018.

VAT Facility

On March 25, 2015, MVC entered into a CLP 5,700.0 million (approximately $9.0 million at the loan grant date) facility with BBVA to finance the value-added tax incurred by MVC in connection with the Cauquenes expansion (the “VAT Facility. The VAT Facility was repaid in full on June 30, 2016.

DET Facility

In 2015, MVC and DET entered into a second modification to the Master Agreement under which MVC’s production of copper concentrates is conducted under a tolling agreement with DET and DET provided a copper price support agreement of up to $17.0 million (the “DET Facility”). Starting in 2015, MVC drew down $1.0 million from the DET Facility for each month in which the average final settlement copper price to MVC was less than $2.80/lb, up to the $17.0 million maximum. The DET Facility bears interest at a rate of 0.6% per month and is subordinate to MVC’s bank financing. At December 31, 2016, MVC had drawn down $17.0 million from the DET Facility (December 31, 2015: $7.0 million).

The DET Facility is scheduled to be repaid from January 2017 to December 31, 2019 at a rate of $1.0 million per month, provided this repayment schedule does not preclude MVC from making the semi-annual principal bank debt repayments pursuant to the Cauquenes Expansion Loan and as described under Bank Syndicate Financing Agreement in **DESCRIPTION OF THE BUSINESS**, above. MVC does not currently anticipate making principal repayments to the DET Facility within the twelve months following December 31, 2016. MVC may repay the DET Facility in advance and without penalty, provided that BBVA and EDC pre-approve the advance payments.

No security was provided in connection with the DET Facility.

Standby Line of Credit

Concurrent with the Bank Facility, the Company entered into an agreement made effective March 25, 2015, as amended, for a $13.0 million standby revolving line of credit facility (the “Standby LOC Facility”) provided by three Amerigo shareholders – Kestrel Holdings Ltd., Geologic Resource Partners LLC and Zeitler Holdings Corp. (collectively, the “Standby LOC Shareholders”). The Standby LOC Facility had an original availability date to March 25, 2016, was extended to March 25, 2017 and was further extended through to the end of 2018 and thereafter until the Date of Commencement of Commercial Production for Phase Two, provided such date occurs no later than March 31, 2019. Amounts drawn from the Standby LOC Facility, if any, will be repaid in the amounts and at such times as permitted under the terms and conditions of the Cauquenes Expansion Loan. All obligations arising from the Standby LOC Facility are to be paid in full on or before the date that is the earlier of December 31, 2019 and the one-year anniversary of the date in which MVC has paid in full all amounts due and owing under the Cauquenes Expansion Loan. No security was provided in connection with the Standby LOC Facility. At December 31, 2016, no funds had been drawn from the Standby LOC Facility. The Company incurred an annual commitment fee of $0.1 million in respect of the Standby LOC Facility in each of

2016 and 2015 and issued a total of 403,577 common shares to the Standby LOC Shareholders in connection with the extension of the availability of the Standby LOC Facility for an additional year.

Molybdenum Concentrate Smelting and Refining Contract

MVC and Molibdenos y Metales S.A. ("Molymet") entered into a sales agreement dated January 1, 2005 for a term of 3 years pursuant to which MVC sells its molybdenum concentrates to Molymet. The term of this contract expires in 2019 and it is anticipated that MVC's molybdenum concentrates will continue to be sold to Molymet.

Power Supply Contracts

Power is MVC's largest single operating cost and the shortage of power supply in Chile has been a strategic issue for the Chilean mining industry in recent years. MVC entered into a contract (the "C1 Contract") dated October 15, 2008 with Empresa Electrica Pehuenche S.A. ("Pehuenche"), a subsidiary of Endesa, S.A., one of the largest electric power companies in the world, for the annual supply of up to 31.5 MW from the National SIC grid from January 1, 2009 to December 31, 2017. From 2009 to 2012, the cost of power was variable and based on the marginal cost of power in the S/E Rancagua 154KV system. For the years from 2013 to 2017, the cost of power to MVC is fixed, subject only to increases based on the USA Consumer Price Index.

MVC entered into an additional contract (the "C2 Contract") with Pehuenche dated October 1, 2010 for the annual supply of up to 7.0 MW from the National SIC grid from October 1, 2010 to December 31, 2017 to meet MVC's power needs in excess of the power supplied pursuant to the C1 contract. The cost of power provided to MVC under the C2 Contract is calculated based on a formula that takes into account the marginal cost of power from the system.

By agreement dated February 19, 2015, MVC and Pehuenche entered into a contract (the "C3 Contract") for the supply of in excess of 70% of MVC's estimated annual power requirements for the period from January 1, 2018 to December 31, 2024, including up to 33.5 MW of electricity during peak hours and 35 MW during off-peak hours. The C3 Contract provides for a fixed price for power purchased subject to price adjustments based on changes to a basket of factors including the Consumer Price Index (USA) published by the US Bureau of Labor, the GNL Henry Hub index, and changes to published coal prices. MVC also entered into contracts modifying each of the C1 and C2 contracts in conjunction with the signing of the C3 contract.

In February 2016 MVC and Pehuenche reached an agreement to modify all of MVC's existing power supply contracts. In respect of the C1 and C2 contracts, the parties agreed to defer payment on 20% of MVC's power invoices for the months of January 2016 to June 2016. The deferred amounts were repaid during the months of July to December 2016, in the same order as they were deferred. Pehuenche agreed to reduce the power rate by $5/MwH, an expected annual power cost reduction of $1.5 million during 2016 and 2017.

With respect to the C3 contract, the parties agreed to: extend the term of the contract from the original 7 year term to a term of 10 years (2018 to 2027), a rate reduction from $99.56/MwH to $91.1/MwH (at February 2016 indexed rates) for the first 33.5 MW/year supplied to MVC and to extend the power supply beyond the original 33.5 MW, to cover 100% of MVC's power requirements during the term of the contract. Power supplied in excess of the first 33.5 MW/year will be subject to a rate of $89.5/MwH (at February 2016 indexed rates).

MVC's average cost of power was $0.0916/kWh in 2014, $0.0968/kWh in 2015 and$0.0968/kWh in 2016.

Maricunga Tolling Contract

MVC entered into a tolling agreement dated October 1, 2013 with Maricunga for the processing of copper concentrates. The contract provides for the purchase by MVC of Maricunga copper concentrate, which is blended with MVC's concentrates and sold through MVC's tolling contract with DET. The agreement has been extended through 2017, at which time production from Maricunga is expected to end. During 2016 MVC processed and sold 3.0 million pounds of copper from Maricunga (2015: 2.8 million pounds), and MVC expects this contract to result in the addition of close to 1.0 million pounds of copper to MVC's 2017 production.

Other Royalties

Pursuant to an agreement dated March 15, 2003 (the "Assignment Agreement") and approved by the Company's shareholders in June 2003, Steven G. Dean and Klaus M. Zeitler assigned to the Company an option to acquire MVC (the "Option"). The Assignment Agreement provided that, as consideration for the assignment of the Option to the Company, Messrs. Dean and Zeitler could choose to receive 7,500,000 common shares of the Company or a production royalty (the "MVC Royalty"). Messrs. Dean and Zeitler chose to receive the MVC Royalty. The parties agreed to set up AIHC and the Offshore Companies so that the Company's obligation to pay the MVC Royalty could be discharged through the payment of a monthly royalty dividend ("Royalty Dividend") through AIHC, and Messrs. Dean and Zeitler obtained indirect interests in the Class A Common Shares in the capital of AIHC.

During 2005 it was brought to the attention of the Company's board of directors that, by virtue of a mutual mistake in documentation among the Company and Messrs. Dean and Zeitler, the description of the MVC Royalty was incomplete. Based on independent legal advice from external counsel, the Company agreed to take the steps necessary to rectify the description of the MVC Royalty to reflect the original intent and agreement of the parties. As a result, the parties agreed that the Royalty Dividend calculation should be changed to be on a copper equivalent basis to recognise the inclusion of other metals in addition to copper. The shareholders of AIHC agreed to amend AIHC's articles to make this change and several other amendments in connection with the rectification. The Royalty Dividend is now calculated as follows:

- $0.01 for each pound of copper equivalent produced by MVC or any successor entity to MVC from El Teniente tailings if the price of copper is under $0.80, or
- $0.015 for each pound of copper equivalent produced by MVC or any successor entity to MVC from El Teniente tailings if the price of copper is $0.80 or more.

The Class A Common Shares of AIHC are owned indirectly by Mr. Dean, an associate of Mr. Dean, Dr. Zeitler and an associate of Dr. Zeitler. Dr. Zeitler is a director and an officer of AIHC and Mr. Dean is a director of AIHC. In the event of the liquidation, dissolution or winding up of AIHC, or other distribution of the assets of AIHC among the members for the purpose of winding-up its affairs, each holder of Class A Common Shares will be entitled to receive, in preference to and priority over any distribution to the Class B Common Shareholders, a pro rata portion of the net present value of the Royalty Dividend.

The shareholders of AIHC are also party to a shareholders' agreement setting the number of directors of AIHC at five. The Company, through its holding of Class B Common shares, has the right to elect three directors, and the holders of the Class A Common Shares have the right to elect two of the directors of AIHC.

During 2016, the Company and the Class A shareholders entered into an agreement to defer payment of the Royalty Dividend derived from Cauquenes production (the "Cauquenes Royalty) with effect from January 15, 2016 to February 27, 2017 (the "Deferral Termination Date"). The Cauquenes Royalty that was deferred and remained unpaid at the Deferral Termination Date was increased by the amount of $0.005/lb as provided for in the AIHC Shareholders' Agreement. At December 31, 2016, the incremental royalty resulting from the deferral was $0.1 million.

RISK FACTORS

An investment in the securities of the Company should be considered speculative due to the nature of the business of the Company, and involves significant risks which should be carefully considered by prospective investors. In addition to the other information set forth elsewhere in this AIF, the following risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risks could have a materially adverse effect upon the Company, its business and future prospects. In addition, other risks and uncertainties not presently known by management of the Company could impair the Company's business in the future.

<u>Availability of Tailings</u>

The supply of fresh tailings to MVC forms an important part of the Company's operations. During 2006 DET reduced the flow of fresh tailings to MVC and prohibited MVC from processing historic tailings for a period of approximately 4 months, while it took steps to reinforce a bridge which forms part of DET's tailings launder. This had an adverse effect on the Company's production and financial results for 2006. DET continued to prohibit the Company from processing historic tailings until Q4-2007 and the flow of fresh tailings was stopped for an additional period during Q2-2007 in order for final repairs to be made to the bridge, both of which had an adverse effect on the Company's production and financial results for 2007. The tailings launder was also damaged as a result of a massive earthquake that struck Chile on February 27, 2010, at which time MVC's operations were suspended for approximately one week until power and tailings flow were restored to MVC's plant. During 2011 a strike by contractors working for DET resulted in the restriction of the flow of fresh tailings to MVC, and the loss of approximately 2,500 tonnes of copper production. DET also reduced the fresh tailings flow during the month of August, 2012 and there was an unplanned stoppage of fresh tailings flow for 1.5 days in September, 2012. DET recently commenced a significant capital expenditure program involving the addition of a new mine level and projected increase in El Teniente's mine life, and during the past year MVC's operations have been affected by resulting changes in El Teniente's mine plans. A fire at El Teniente in Q1-2015 negatively affected the tonnage and quality of fresh failings delivered to MVC.

In future, the Company may encounter similar or more severe interruptions, disruptions or reduced quality in fresh tailings and historic tailings for similar or different reasons or mining events such as cave-ins, fires, earthquakes or other natural disasters, or non-mining events such as falling commodity prices, changing environmental or tax regulations or legislation, or labour disputes.

The El Teniente mine has been in operation for more than 100 years, and there is a mine plan and planned capital expenditures that are projected to increase the mine life by a number of decades at present production rates. However, there is no guarantee that DET's operations will continue uninterrupted in the future.

There is no guarantee that the Company will be able to successfully extract historic tailings from the Colihues and Cauquenes deposits in future. In addition, there is a degree of uncertainty attributable to the calculation of the inferred mineral resource tonnage and grade of the fresh tailings and the historic tailings in the Colihues and Cauquenes deposits, which calculation is contained in the technical report prepared by Robert Henderson, P.Eng., dated December 31, 2016, and referenced under the heading **MINERA VALLE CENTRAL TECHNICAL REPORT** below. Although the inferred mineral resource figure has been carefully prepared by a mining expert, this amount is only an estimate. There are no guarantees with respect to the amounts of copper and molybdenum that the Company will extract from fresh tailings or historic tailings.

Fluctuating Metal Prices

Prolonged or major declines in copper and molybdenum prices, such as those experienced in 2015-2016 and at the time of the 2008 global financial crisis, may significantly and adversely affect the Company's financial results and the price of the Company's common shares. Copper and molybdenum prices may fluctuate significantly and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, speculative activities, increased production due to new extraction developments and improved extraction and production methods, and the political and economic conditions of major copper-producing and consuming countries throughout the world. Future additional price declines could cause continued development of and commercial production from the Company's projects and operations to be uneconomical. During 2009 the Company hedged approximately 45-50% of its production for the months from June 2009 to May 2010, inclusive, by entering into minimum/maximum pricing arrangements with Enami. The Company may decide to enter into similar transactions in future but, despite such transactions and depending on the prices of copper and molybdenum, cash flow from operations may not be sufficient and the Company may not be able to fund future expansion plans or may be forced to discontinue production altogether.

In April 2015, in response to low molybdenum market prices, the Company suspended molybdenum production. Production was restarted in August 2016.

MVC suspended production from Colihues on July 20, 2015 in response to ongoing low copper prices. While the suspension negatively impacted production and revenue, it directly contributed to a substantial reduction in tolling and production costs and reduced operating gross loss.

Recent global financial conditions and commodity markets have been volatile. From time to time, access to financing has been negatively affected by many factors, including the financial distress of banks and other credit market participants. This volatility has from time to time affected and may in the future affect our ability to obtain equity or debt financing on acceptable terms, and may make it more difficult to plan our operations and to operate effectively. If volatility and market disruption affect our access to financing on reasonable terms, our operations and financial condition could be adversely affected.

History of Profits and Dividends

The Company has had a history of profitability only since the acquisition of MVC in July 2003. The Company began paying dividends on its shares in 2005 and paid approximately $33.5 million in dividends from then until 2009 when dividend payments were suspended as a result of the global financial crisis. In 2011 the Company reintroduced the declaration of a dividend on its shares, and paid a total of approximately $13.7 million in dividends during 2011 and 2012. The Company's policy in respect of dividends is under normal circumstances and after taking into account the Company's cash flow and short and long term needs and objectives, to declare and pay dividends on the common shares averaging at least one-third of reported net earnings calculated over a period of years. The declaration of each dividend, however, is in the discretion of the Board of Directors which reserves the right to adjust or terminate the declaration and payment of dividends from time to time according to the prevailing business environment and cash needs of the Company.

Although the policy remains in place, the Company did not pay dividends in 2014, 2015 or in 2016 (refer to **DIVIDENDS** below). Payment of dividends in future is dependent upon, among other things, the Company's cash flow and short term and long term needs and objectives, and therefore cannot be guaranteed.

Working Capital and 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. While MVC is a valuable long-life asset, its liquidity and financial position were affected in 2015 and up to November 2016 by low copper prices. However, having completed the first phase of development of Cauquenes positioned MVC to reach record copper production in 2016, mitigating the financial effect of low copper prices during January to October 2016. In 2016, the Company generated operating cash flow before changes in non-cash working capital accounts of $9.6 million dollars.

During 2017, the Company estimates to produce 60.0 to 65.0 million pounds of copper at an annual cash cost of $1.60 to $1.75 per pound. These production projections should enable the Company to continue to meet its financial obligations as they become due. Further, the Company is advancing financing discussions for the construction of the second phase of Cauquenes which is expected to increase annual production to an estimated 87.0 million pounds of copper, potentially strengthening the Company's ability to generate operating cash flow at lower copper prices.

Although MVC has generated positive working capital through most of its operating years -and utilized this working capital to expand MVC's operations- as mentioned in the preceding paragraph, the Company's liquidity is highly dependent on copper prices. In periods of depressed copper prices, such as during 2015 or during 2008-2009, the Company has had negative working capital positions. There is no guarantee the Company will have positive working capital in future, or that the working capital generated from MVC's operations will be sufficient to meet the Company's financial obligations, undertake any expansion plans or be sufficient for future acquisitions. The Company may be required to raise funds from the sale of equity capital of the Company or its investments in other reporting issuers, if any, debt financing or the exercise of outstanding share purchase options or warrants. There can be no assurance that the Company will be able to raise funds by any of these methods.

Financial and Other Covenants

The Company is party to a number of financing agreements, including the Cauquenes Expansion Loan, which contains financial and other covenants, such as current ratio, tangible net worth and debt service coverage measured semi-annually. At December 31, 2016, MVC was in compliance with the tangible net worth ratio and received waivers from BBVA and EDC in respect of non-compliance with the current ratio and debt service coverage ratio. In addition, MVC was required to fund a DSRA from the proceeds of the final disbursement from the Cauquenes Expansion Loan. In March 2016, BBVA and EDC waived the final disbursement funding requirement and deferred funding of the DSRA to the second half of 2016. If the Company breaches a covenant contained in one of its financing agreements, it may constitute an event of default thereunder failing receipt of a waiver in respect of such breach, and the Company may be required to redeem, repay, repurchase or refinance its existing debt obligations prior to their scheduled maturity. The Company's ability to do so may be restricted or limited by the prevailing conditions in the capital markets, available liquidity and other factors. In addition, the Cauquenes Expansion Loan is secured by a charge on all of MVC's assets. If the Company is unable to refinance any of its debt obligations in such circumstances, its ability to make capital expenditures and carry out planned expansions and its financial condition and cash flows could be adversely impacted.

In addition, from time to time, new accounting rules, pronouncements and interpretations are enacted or promulgated which may require the Company, depending on the nature of those new accounting rules, pronouncements and interpretations, to reclassify or restate certain elements of the financing agreements and other debt instruments, which may in turn cause a breach of the financial or other covenants contained in the financing agreements and other debt instruments. If future debt financing is not available to the Company when required or is not available on acceptable terms, the Company may be unable to grow its business.

Operating and Development Risks

The Company's operations involve a degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. During April 2013 there was a slide in an area of the Colihues tailings deposit that resulted in a pit wall failure and adversely affected MVC's production and the Company's financial results for the remainder of 2013 and in all of 2014. There is no guarantee MVC will not experience additional operational problems in future which could have a material adverse effect on the Company's operations and profitability. There is also no guarantee that MVC will in future receive a lower volume of fresh tailings due to similar risk with respect to DET's operations.

The Company may become subject to liability for pollution, accidents, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which it cannot insure, or may elect not to insure, may delay production, increase production costs or result in liability to the Company. The payment of any liabilities caused by such occurrences may have a material, adverse effect on the Company's financial position.

Prices and availability of commodities consumed or used in connection with mining, smelting and refining, such as natural gas, diesel, oil and electricity, as well as reagents and grinding balls, fluctuate and these fluctuations affect our costs of production. The treatment charges we negotiate fluctuate depending on market conditions. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of our expansion projects. Our general policy is not to hedge our exposure to changes in prices of the commodities we use in our business.

Foreign Operations

The Company's operations are in Chile. Although Chile has proven to be a stable democracy, operations in any foreign country may be exposed to economic and other risks and uncertainties which may include, but are not limited to, terrorism; hostage taking; military repression; expropriation; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing leases, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitudes in Chile may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, new production royalties, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local peoples, water use and mine safety.

In September 2014 and February 2016, the Chilean government implemented a number of tax reforms which are expected to increase MVCs tax rate from 20% in 2013 to 27% from 2018 onwards, and will negatively impact the Company's financial results.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and expansion of production on its projects, may require permits from various federal and local governmental authorities. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities, including those with respect to the Cauquenes expansion. There can be no assurance, however, that all permits which the Company may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in such operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulatory requirements and environmental standards are subject to constant evaluation and may become more onerous, which could have a significantly adverse effect on the business of the Company. Any operations involving the Company may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation often includes provisions relating to restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that requires stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with environmental legislation and changes in such legislation has the potential to reduce the profitability of operations below an acceptable level. Stricter standards in environmental legislation may be imposed on the industry, the Company or DET in the future, which could materially and adversely affect the business of the Company or its ability to develop its projects on an economic basis. In addition, should the Company be found to be in serious non-compliance with any environmental legislation, regulatory requirements or environmental standards, there may be a possibility of the cancellation of the Company's contractual and other arrangements with DET and Codelco.

Competition for Acquisitions

Significant and increasing competition exists for mineral acquisition opportunities, some of which is with large established mining companies with substantial capabilities and far greater financial and technical resources than the Company. As a result, the Company may be unable to acquire additional attractive resource projects and business opportunities on terms it considers acceptable.

Repatriation of Earnings

There is no assurance that Chile or any of the countries in which the Company may operate in future will not impose restrictions on the repatriation of earnings to foreign entities. Under the Bank Syndicate

Financing Agreement, the Company is restricted from transferring cash available at MVC unless certain conditions set in the Financing Agreement are met.

Currency Fluctuations

The operations of the Company in Chile or any of the countries in which the Company may operate in future are subject to currency fluctuations against the Canadian and US dollar and the Chilean peso, and such fluctuations may materially affect the financial position and results of the Company.

Foreign Exchange Controls

The Company may be subject from time to time to foreign exchange controls in Chile and in other countries in which it may operate outside of Canada.

Uninsurable Risks

In the course of mineral project exploration, development and production, certain risks, and in particular, unexpected or unusual operating conditions including, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons, or the amounts of its insurance may not be sufficient to fully insure against risks covered by insurance. Should liabilities arise as a result of insufficient insurance or uninsured risks, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the securities of the Company.

Price Volatility of Public Stock

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company's projects, and there may be significant fluctuations in the price of the Company's common shares.

Shares Reserved For Future Issuance

The Company has reserved shares for issuance in respect of stock options granted to date. The Company may also enter into commitments in the future which could result in the issuance of additional common shares, and the Company may grant share purchase warrants and additional stock options. Any issue of shares reserved for future issuance may result in dilution to the existing shareholdings of the holders of Company shares.

Management

The business of the Company is highly dependent on the technical and financial ability of the Company's management. Any change in management of the Company could therefore have a negative effect on the business of the Company. The Company does not have key person insurance in place.

Conflicts of Interest

Some of the directors and officers of the Company are, or may be, on the boards of other natural resource companies from time to time resulting in conflicts of interests. In addition, Dr. Zeitler is a director of the Company and is indirectly entitled to a royalty on all of MVC's production, which is being paid as a royalty dividend from AIHC. There is the potential for a conflict of interest between the Company and its directors and officers. Any such conflict will be resolved in accordance with the governing legislation regarding conflicts of interests.

ASSET-BACKED SECURITIES

The Company does not have, and has never had, any asset-backed securities.

MINERA VALLE CENTRAL TECHNICAL REPORT

The information shown below in italics is extracted from the executive summary of the technical report prepared by Robert D. Henderson, P. Eng., President and CEO of the Company (the "Technical Report") and filed on March 30, 2017. The Technical Report is dated March 30, 2017 and has an effective date of December 31, 2016, and may be found on the Company's website and in the Company's filings at www.sedar.com. The following summary does not purport to be complete and is subject to all the assumptions, qualifications and procedures as set out in the Technical Report and the Technical Report is incorporated in this AIF by reference.

Introduction

MVC is a wholly owned subsidiary of Amerigo, a company listed on the Toronto Stock Exchange. Amerigo will be using this Technical Report in support of disclosure and filing requirements with the Canadian Securities Regulators. On April 8, 2014, MVC and DET entered into an agreement granting to MVC the rights to process the historic tailings in the Cauquenes deposit and amending each of the contracts with Codelco for the processing of tailings from the current production of the El Teniente mine (Fresh Tailings) and tailings from the Colihues deposit. The term of the Fresh Tailings contract has been extended from 2021 to 2037. The first phase of the Cauquenes expansion project was completed in 2015 which has enabled extraction of the high grade historic tailings into the existing plant at MVC. The second phase of the project is planned to improve flotation recovery efficiency and expand the existing facilities to an output of 85 to 90 million pounds of copper per year.

The MVC operation is located in Region VI (Libertador Bernardo O'Higgins Region) of central Chile. The site is 8 km east of the city of Rancagua and 90 km south of Santiago. Personnel and supplies are transported by road between the site and Rancagua or Santiago. The MVC plant is located at an elevation of 650 m above sea level with a Mediterranean-type climate characterized by long, warm, dry summers (8 months) and mild, rainy winters (4 months).

MVC has been in operation since 1992 and produces copper and molybdenum concentrates by reprocessing tailings produced by the El Teniente mine, which is owned and operated by Codelco. MVC has the rights from Codelco to process the Fresh Tailings generated at the El Teniente mine. The Fresh Tailings are transported to MVC via a 36 km long launder. MVC also has the rights from Codelco to remove and process tailings from the historic Colihues and Cauquenes tailings deposits located south of the MVC plant. MVC currently mines the Cauquenes deposit with hydraulic monitors.

The MVC processing facility has a capacity of 185,000 tonnes per day and consists of grinding and flotation plants to recover copper and molybdenum concentrates. Once the tailings have been reprocessed by MVC, they are returned to the El Teniente tailings launder and transported to the Carén tailings impoundment located approximately 50 km to the west of the MVC site. In 2016, MVC processed 63 million tonnes of tailings and produced 57 million pounds of copper and 0.5 million pounds of molybdenum.

MVC operates in material compliance with applicable environmental laws and regulations and there are no known material environmental concerns at MVC. MVC has an approved mine closure plan under Chilean Law 20.551 and has provided a financial guarantee in accordance with the approved schedule.

History

The El Teniente mine commenced copper production in 1904 and the mill concentrator tailings have been deposited in four separate impoundments: Barahona (1919 - 1936), Cauquenes (1936 - 1977), Colihues (1977 – 1986) and Caren (1986 – present). MVC commenced operation in 1992 and Amerigo acquired MVC in 2003.

Geological Setting and Mineralization

El Teniente is a porphyry copper-molybdenum deposit located in the Andes of central Chile. Most of the high grade copper ore at El Teniente is hosted by vertically extensive hydrothermal breccia pipes hosted in a mafic intrusive complex. The deposit is zoned from a barren core through a narrow zone of bornite rich mineralization outwards into the main chalcopyrite dominant mineralized breccias. Several phases of breccia emplacement with associated copper and molybdenum mineralization occurred over a period of 2 million years. El Teniente has been in production since 1904 and in 2015, the mine produced 471,000 tonnes of fine copper. In 2022, El Teniente plans to complete their New Mine Level project at a cost of US$ 5.1 billion. With this initiative, the world's largest underground mine is expected to be able to extend its useful life by more than 50 years. For the year end 2015, El Teniente's total ore reserves (Proven and Probable in accordance with Law 20.235 of the Chilean Republic) are 1,683 million tonnes of ore at a grade of 0.89% copper containing 15.0 million tonnes of fine copper.

Codelco's historical records of El Teniente's mill tailings represent a detailed account of the tonnage and grade of material stored in the Cauquenes and Colihues impoundments. From 1935 to 1977 approximately 364 million tonnes of tailings at a 0.31% Cu grade were deposited in the Cauquenes tailings impoundment. From 1977 to 1986 approximately 216 million tonnes of tailings at a 0.26% Cu grade were deposited in the Colihues tailings impoundment. A limited amount of drilling has been conducted on both deposits and independent mineral resource estimates have been completed on Cauquenes and Colihues.

Drilling, Sampling and Analyses

A total of 30 holes have been drilled on the Cauquenes deposit in four separate campaigns. The most recent drilling by MVC in September 2012 consisted of six reverse circulation (RC) drill holes to obtain confirmatory samples for grade, mineralogy and metallurgy tests. The drilling was performed in 6 inch diameter casings and the holes were vertical, down to a depth of 30m.

MVC personnel supervised the sample preparation according to company standards. The samples were handled and prepared in MVC's laboratory, which was administered by an independent company, Alfred H. Knight International Limited Chile Ltda. The laboratory is ISO 9001 certified. The samples were assayed for total copper, soluble copper, molybdenum and iron.

Measures were taken to ensure the security of the samples and the samples did not leave MVC premises. The samples were bagged and labeled according to MVC standards. Comparisons of duplicate samples were used to ensure full quality control. Five percent of the samples were randomly selected for duplicate analysis. No abnormal data was reported.

Metallurgical Test Work

MVC has been processing El Teniente's Fresh Tailings since 1992. The current processing plant at MVC employs primary cyclone classification to separate coarse and fine fractions. The fine fraction is processed in unconventional scavenger cascade flotation cells. The coarse fraction is ground in ball mills to a particle size of 80% passing 120 microns and then processed in conventional rougher and cleaner flotation circuits to produce a sulphide concentrate. Copper recovery from the Fresh Tailings over the *period 2011 to 2016 has averaged 21%. MVC is planning to install additional flotation cells to improve copper recovery. Once this plant improvement project is complete, average annual copper recovery from the Fresh Tailings is expected to improve to 24%.*

MVC has been processing tailings from the Cauquenes deposit since 2015 and the average copper recovery over this period has been 31%. Mineralogical testwork on the Cauquenes deposit has confirmed that copper is present in chalcocite and covellite with lesser amounts in chalcopyrite and oxides. Metallurgical testwork has demonstrated that a recovery process consisting of regrinding and flotation is appropriate. Additional mechanical flotation cells are required at MVC to efficiently process the Cauquenes material. The coarse fraction and the fine fraction should be processed separately in order to maximise recovery. Once this plant improvement project is complete, average annual copper recovery for Cauquenes is estimated to be 49%.

Mineral Resource Estimate

There is sufficient geological and economic evidence to conclude that MVC's contracts with El Teniente for Fresh Tailings plus the historic Cauquenes and Colihues tailings deposits constitute an inferred mineral resource. MVC has a long operating record of economic extraction of copper and molybdenum from Fresh and Colihues tailings and MVC's December 2016 development plan demonstrates that the Cauquenes deposit can be profitably extracted.

The Cauquenes tailings deposit has an inferred mineral resource estimate of 305 million tonnes at a grade of 0.267% Cu and 0.021% Mo with 847 million pounds of recoverable copper and 28 million pounds of recoverable molybdenum after application of mining and mill recovery losses.

MVC's total inferred mineral resource estimate for the Fresh, Colihues and Cauquenes tailings and after application of mining and mill recovery losses, is 1,179 million tonnes at a grade of 0.159% Cu and 0.010% Mo with 1,461 million pounds of recoverable copper and 38 million pounds of recoverable molybdenum.

Summaries of MVC's inferred mineral resources estimated after application of mining and mill recovery losses, are presented in Table 1-1 and Table 1-2. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

Table 1-1 MVC Copper Inferred Mineral Resource Estimate – Dec 31, 2016

Tailings Deposit	Tonnes (t)	Grade (% Cu)	Mill Recovery (%)	Recoverable Copper (M lbs)
Colihues	77,280,000	0.229	37	145
Cauquenes	305,000,000	0.267	47	847
Fresh	796,267,115	0.111	24	469
Total	1,178,547,115	0.159	35	1,461

Table 1-2 MVC Molybdenum Inferred Mineral Resource Estimate – Dec 31, 2016

Tailings Deposit	Tonnes (t)	Grade (% Mo)	Mill Recovery (%)	Recoverable Molybdenum (M lbs)
Colihues	77,280,000	0.010	21	4
Cauquenes	305,000,000	0.021	20	28
Fresh	796,267,115	0.005	7	6
Total	1,178,547,115	0.010	15	38

Recovery Methods

MVC produces copper and molybdenum concentrates by reprocessing tailings produced by the El Teniente mine. MVC's December 2016 development plan presents an expansion of the existing facilities from 60 to 90 million pounds of copper per year. The Cauquenes Phase Two Expansion Project is planned to augment MVC's existing plant facilities to improve flotation recovery efficiency. Confirmatory metallurgical studies on Cauquenes in 2016 concluded that copper recovery can be increased from 34% to 49%. Equipment required includes rougher and cleaner flotation cells, desliming cyclones, a concentrate regrind mill and a concentrate thickener. The $30 million project will take 18 months to build.

The Cauquenes tailings are planned to be hydraulically extracted and pumped to the modified existing processing circuit at an average rate of 62,500 tpd. El Teniente's Fresh Tailings tonnage is expected to vary between 140,000 tpd and 100,000 tpd. Processing of the historic Colihues deposit is planned to be restarted in 2031 when the historic Cauquenes deposit is depleted.

The tailings channel launder from MVC to the Caren tailings impoundment has a volumetric transport constraint of approximately 185,000 tonnes per day. Therefore, MVC does not expect to be able to simultaneously process both the Fresh Tailings and Cauquenes tailings at their maximum rates. Surplus tonnage from the Fresh Tailings is planned to be discarded and deposited into the voids created in the Colihues and Cauquenes impoundments.

Environmental Studies and Permits

MVC operates within the specifications and guidelines established by the Ministry of Mining, Sernageomin (National Mining and Geology Service), other local environmental authorities and relevant international conventions. MVC is not aware of any significant environmental, social or permitting issues that would prevent exploitation of the Cauquenes deposit.

The Cauquenes Expansion Project Environmental Impact Assessment study was filed with the Chilean authorities in 2013, requesting an increase in historic tailings processing rate via an expansion to the MVC plant. Environmental approval was received in 2014 and MVC is in receipt of the necessary sectorial permits to commence construction.

<u>*Preliminary Economic Assessment*</u>

The results of the preliminary economic assessment represent forward-looking information that is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such information. This information speaks only as of the date of this Technical Report, and is based on a number of assumptions which are believed to be true but which may prove to be incorrect in future. The preliminary economic assessment is preliminary in nature and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. Please refer to subsection 2.5 of this Report.

MVC's contract with El Teniente has extended the mine life to 2037 and construction of the $30 million Phase Two Cauquenes Expansion project is expected to be completed in Q4-2018. Equipment required includes rougher and cleaner flotation cells, desliming cyclones, a concentrate regrind mill and a concentrate thickener. MVC's December 2016 development plan presents an economic assessment of producing 1,461 million pounds of copper and 38 million pounds of molybdenum contained in sulphide concentrates with metal production based on the inferred mineral resource estimates for Fresh, Cauquenes and Colihues tailings.

Annual production over the initial ten year period (2019-2028) is estimated to be 85 to 90 million pounds of copper per year at a cash cost of production of approximately $1.51/lb Cu, excluding royalties. Royalties are estimated to be $0.88/lb Cu at the base case metal prices used in the economic analysis. At a 7% discount rate, the unlevered after tax net present value for the Project is estimated to be approximately US$480 million at an assumed long term copper price of $3.30/lb Cu. Over the life of the contract, total EBITDA for MVC is estimated to be $2.5 billion, of which $1.2 billion is the estimated El Teniente royalty.

Using these parameters, the preliminary financial analysis summary in Table 1-3 indicates that MVC has a positive net cash flow and supports the further development of the Cauquenes deposit.

Table 1-3 Summary MVC Economic Analysis

Copper Price (US$/lb)	Base Case	2.50	3.00	3.50	4.00
NPV7% after tax (US$ millions)	$480	$217	$389	$543	$679

<u>*Conclusions and Recommendations*</u>

In the opinion of the QP, the Project that is outlined in this Technical Report has met its objectives. Mineral resources have been estimated for the Project, and a feasible development plan has been presented. The data supporting the inferred mineral resource estimates were appropriately collected, evaluated and estimated, and the Project objective of identifying tailings mineralization that could potentially support future processing operations has been achieved.

The recommendation of the QP is to proceed with construction of the MVC plant expansion. This work program is expected to cost $30 million and is planned to be complete in Q4-2018

DIVIDENDS

In August 2005, the Board of Directors of the Company approved a policy of paying semi-annual dividends. The Company's dividend policy is, under normal circumstances and after taking into account the Company's cash flow and short and long term needs and objectives, to declare and pay dividends on the common shares averaging at least one-third of reported net earnings calculated over a period of years. The declaration of each dividend, however, is in the discretion of the Board of Directors which reserves the right to adjust or terminate the declaration and payment of dividends from time to time according to the prevailing business environment and cash needs of the Company.

Pursuant to the Company's dividend policy, on September 1, 2005, the Company paid its first dividend of Cdn$0.045 per common share. The Company also paid dividends of Cdn$0.045 per common share on each of April 7, 2006 and September 1, 2006. The Company then paid dividends of Cdn$0.065 per common share on each of April 4, 2007, August 31, 2007, April 2, 2008 and September 5, 2008.

The Company suspended the payment of dividends in 2009 as a result of the global financial crisis and the precipitous drop in copper and molybdenum prices, all of which had an extremely adverse effect on the Company's financial results and its cash position.

During 2011 the Company reinstated the payment of dividends, and paid semi-annual dividends of Cdn$0.02 per common share on each of May 5, 2011, November 30, 2011, May 25, 2012 and November 29, 2012.

In a May 7, 2013 Board meeting, the Company's directors decided that, due in part to volatility in the copper price, it would be prudent to defer the dividend decision until Q3-2013. In a November 6, 2013 Board meeting, the Company's directors decided that the Company should preserve cash rather than pay a dividend, given the Company's relatively low cash position at that time and its plan to fund a portion of the capital cost of the Cauquenes expansion through internal cash flow.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The Company had 174,682,058 common shares issued and outstanding on December 31, 2016 and 175,435,635 common shares issued and outstanding as of the date of this AIF. The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the Company's shareholders, and each common share confers the right to one vote in person or by proxy at all such meetings. The holders of the common shares, subject to the prior rights, if any, of the holders of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

As of the date of this AIF, the Company does not have any warrants issued and outstanding. The Company has a rolling maximum stock option plan (the "Plan") pursuant to which the directors of the Company are authorized to grant options to directors, officers, employees and consultants of the Company and the Offshore Companies on up to 10% of the issued and outstanding common shares of the Company. All options granted to date have a term of five years. As of the date of this AIF there are options to purchase a total of 12,000,000 common shares outstanding under the Plan (6.84% of the issued and outstanding common shares):

Number of Options/Shares	Expiry Date	Exercise Price
700,000	June 5, 2017	Cdn$0.53
3,450,000	May 12, 2019	Cdn$0.435
1,800,000	March 30, 2020	Cdn$0.37
3,100,000	March 1, 2021	Cdn$0.14
2,950,000	February 24, 2022	Cdn$0.53

The Company's common shares last traded on the TSX in 2016 at a price of $0.35 per share. Of the options outstanding on that date, 3,350,000 were in the money on December 31, 2016 and 12,000,000 were in the money as of the date of this AIF.

MARKET FOR SECURITIES

Trading Price and Volume

The Company’s shares are listed for trading on the TSX under the symbol “ARG”. During the period from January 1, 2016 through to December 31, 2016, the Company’s shares traded on the TSX as follows:

Month	Volume (Daily average)	High (Cdn$)	Low (Cdn$)
December 2016	240,700	0.36	0.27
November 2016	518,700	0.35	0.16
October 2016	96,900	0.18	0.15
September 2016	91,400	0.16	0.14
August 2016	107,900	0.19	0.15
July 2016	246,900	0.18	0.15
June 2016	122,400	0.19	0.12
May 2016	161,600	0.19	0.12
April 2016	343,300	0.17	0.10
March 2016	194,400	0.16	0.12
February 2016	87,100	0.20	0.12
January 2016	108,300	0.20	0.10

Escrowed Securities

The Company has no escrowed securities.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, province and country of residence, positions held with the Company, and principal occupation of each director and executive officer of the Company within the five preceding years as at the date of this AIF, is as set out in the following table.

Name, Province or State, and Country of Residence, and Position with the Company	Principal Occupation within the five preceding years	Period of Service as a Director or Officer	Number of Shares and % of Class (1)
Klaus Zeitler(2) British Columbia, Canada Executive Chairman and Director	Executive Chairman; former President and Chief Executive Officer of the Company	April 2003 to Present	4,671,938(3) common shares, or 2.66%
Sidney Robinson Ontario, Canada Independent Director	Corporate Director; until January 1, 2004, Senior Partner of Torys LLP, Toronto	May 2003 to Present	753,000 common shares, or 0.43%
Robert Gayton(4) British Columbia, Canada Lead Independent Director	Chartered Professional Accountant (CPA, CA); financial consultant to the mineral exploration and technology industries since 1990	August 2004 to Present	119,500 common shares, or 0.07%
Alberto Salas Santiago, Chile Independent Director	Mining entrepreneur, university professor, consultant, manager and senior executive or director of several mining companies; former President of the Chilean Confederation of Production and Commerce and of the Chilean Society of Mining (Somani)	May 2011 to Present	Nil
George Ireland Massachusetts, USA Independent Director	Founder and portfolio manager of Geologic Resource Partners LLC, an investment management firm	June 4, 2012 to present	23,307,140 common shares, or 13.29%
Rob Henderson(5) British Columbia, Canada President & CEO	President and CEO of the Company; former COO of the Company; professional engineer	June 4, 2012 to Present	432,143 common shares, or 0.25%
Aurora Davidson(6) British Columbia, Canada Executive Vice President and Chief Financial Officer	Chartered Professional Accountant (CPA, CGA); chief financial officer to mining companies	January 2004 to Present	394,643 common shares, or 0.22%
Kimberly Thomas British Columbia, Canada Corporate Secretary	Former legal assistant to the Company	January 2016 to Present	Nil

(1) Includes direct and indirect holdings and shares over which a director exercises control or direction. As a group, all directors and executive officers beneficially own, directly or indirectly, or exercise control or direction over, a total of 29,678,364 common shares, representing 16.99% of the issued and outstanding common shares of the Corporation as of December 31, 2016 and 16.92% of the issued and outstanding common shares of the Corporation as of the date of this AIF. In addition, Dr. Zeitler with an associate beneficially owns, directly or indirectly, or exercises control or direction over, a 50% interest in a private company which owns 1,900,000 Class A Common Shares of AIHC, representing 100% of the shares of that class.

(2) Dr. Zeitler was CEO of the Company from December 8, 2010 to October 1, 2015, Chairman from October 1, 2013 to October 1, 2015 and was appointed Executive Chairman on October 1, 2015.
(3) 2,306,044 Shares owned indirectly.
(4) Ceased to be Chairman and was appointed Lead Independent Director effective October 1, 2013.
(5) Mr. Henderson became the Company's COO on June 4, 2012, President on October 1, 2013 and CEO on October 1, 2015.
(6) Ms. Davidson became the Company's CFO in December 2003 and was appointed Executive Vice-President on October 1, 2015.

Dr. Klaus Zeitler received his professional education at Karlsruhe University from 1959 to 1966 and obtained a PhD in economic planning. Dr. Zeitler is a member of the Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association. Dr. Zeitler financed, built and managed base metal and gold mines worldwide (Europe, Africa, North America, South America, Pacific) with a total investment value of $4.0 billion. Dr. Zeitler was a managing director of Metallgesellschaft AG, a German metals conglomerate, and in 1986 founded and was a director and the first CEO of Metall Mining (later Inmet Mining Corporation) with assets of over $4.0 billion, and base metal and gold mines in different parts of the world. After having been a director of Teck and Cominco for many years, Dr. Zeitler joined Teck in 1997 as Senior Vice President and had responsibilities for the exploration and development of mines in Peru, Mexico and the USA. Since his retirement in 2002 from Teck and in addition to being Executive Chairman and a director of Amerigo, Dr. Zeitler is also a director of Tahoe Resources, Inc., a director of Western Copper and Gold Corporation, a director of Prospector Resources Corp. and Chairman of Los Andes Copper Ltd.

Sidney Robinson was a senior partner at Torys LLP where he practiced corporate and mining law for over 30 years until he retired at the beginning of January 2004. He provided strategic and legal advice with respect to acquisitions, developments and financings to senior management and boards of directors of a number of Canadian and international mining companies. He sits on the boards of public and private corporations and has many years of experience as a director of mining companies in Canada and in the United States.

Dr. Robert Gayton, FCDA (FCA), graduated from the University of British Columbia in 1962 with a Bachelor of Commerce degree and in 1964 earned the Chartered Professional Accountant (CPA, CA) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at the University of British Columbia in 1965, beginning 10 years in the academic world, including time at the University of California, Berkeley, earning a Ph.D. in business. Dr. Gayton rejoined Peat Marwick Mitchell in 1974 and became a partner in 1976 where he provided audit and consulting services to private and public company clients for 11 years. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987, and is a director of a number of public companies.

Alberto Salas is the former President of the Chilean Confederation of Production and Commerce (CPC), President of the Business Advisory of the Pacific Alliance CEAP-Chile, member of the APEC Business Advisory Council (ABAC), President of the Interamerican Society of Mining (SIM), President of the Latin American Mining Organism (Olami-International) and a former President of the Chilean Society of Mining (Sonami).

George Ireland has over thirty years of experience in the resource sector in positions ranging from field geology to banking and venture capital. Mr. Ireland founded Geologic Resource Partners in 2004 and serves as Chief Investment Officer and Portfolio Manager. From 2000 to 2004, he was General Partner of Ring Partners, LP, an investment partnership which has been merged into Geologic Resource Partners. Mr. Ireland graduated from the University of Michigan with a BS from the School of Natural Resources. Mr. Ireland also serves on the boards of Redstar Gold Corp. Rathdowney Resources Ltd., and Lithium Americas Corporation (formerly Western Lithium USA Corp.).

Rob Henderson is a professional engineer with an MBA. Mr. Henderson has over thirty years of international experience operating, building and acquiring mineral properties, and joined Amerigo after eight years with Kinross Gold Corporation where he attained the position of Senior Vice President Technical Services responsible for energy, mine planning, mineral resources and reserves. Prior to Kinross, Mr. Henderson worked in mining operations with Rand Mines and De Beers and then with SNC Lavalin and Hatch delivering engineering services to international mining clients.

Aurora Davidson is a Chartered Professional Accountant (CPA, CGA). She obtained her designation from the former Certified General Accountants Association of British Columbia and holds a BSc in Business Administration from Alliant International University in San Diego, California. Ms. Davidson has more than 25 years of experience in financial and general business management having assisted private and public companies in the roles of Chief Financial Officer, Vice-president, Finance and Corporate Controller within the mineral exploration and technology sectors. She is also the Chief Financial Officer of Los Andes Copper Ltd. and Nikos Explorations Ltd., both of which are TSXV listed companies.

Kimberly Thomas has 20 years of experience working with public companies. Ms. Thomas has assisted the management teams and board of directors of Geodex Minerals Ltd., First Quantum Minerals Ltd., Ascot Resources Ltd. and various other public companies and has extensive experience with various stock exchanges and securities commissions in Canada and the United States. Ms. Thomas joined the Company in January 2010. She is also the Legal Assistant of Los Andes Copper Ltd. and Nikos Explorations Ltd., both of which are TSXV listed companies.

Directors' Term

In accordance with the Articles of the Company, each Director is elected annually and holds office until the next annual general meeting of the shareholders, his successor is elected or appointed or his position vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia). The term of office of each member of the Board of Directors expires at the annual general meeting.

Committees of the Board of Directors

The committees of the board of directors of the Company and the directors serving on each of the committees are described below:

Audit Committee

The Audit Committee oversees the Company's financial reporting obligations, financial systems and financial disclosure. It reviews the quarterly and annual financial statements, monitors and assesses the integrity of the Company's internal control systems, meets regularly with the Company's auditors and liaises between the Board of Directors and the auditors. The members of the Company's Audit Committee are Dr. Robert Gayton (Chairman), George Ireland and Sidney Robinson, all three of whom are independent directors. The Company's auditors, PricewaterhouseCoopers LLC, report directly to the Audit Committee.

Nominating, Compensation and Corporate Governance Committee

The Nominating, Compensation and Corporate Governance Committee reviews the performance of the Company's senior management, the Board of Directors as a whole, and individual directors. It oversees the orientation program for new recruits to the Board and when required, recommends nominees for election to the Board of Directors to fill vacancies or newly created director positions. The Committee is responsible for determining the compensation to be paid to the Company's executive officers and for reviewing their corporate goals and objectives. The members of the Company's Nominating, Compensation and Corporate Governance committee are Sidney Robinson (Chairman), Alberto Salas and Dr. Robert Gayton.

Disclosure Policy Committee

The objective of the Disclosure Committee is to ensure that communications to the investing public about the Company and its direct and indirect holdings are timely, factual and accurate, and are broadly disseminated in accordance with all applicable legal and regulatory requirements and with the Company's Corporate Disclosure Policy. The Disclosure Committee consists of the members of the Company's Board of Directors, Rob Henderson, the Company's President and CEO and Aurora Davidson, the Company's Executive Vice President and CFO.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The Company's audit committee has a charter (the "Audit Committee Charter") in the form attached to this AIF as Schedule "A".

Composition of the Audit Committee

The following are the members of the Company's Audit Committee:

Robert Gayton (Chairman)	Independent (1)	Financially literate (1)
Sidney Robinson	Independent (1)	Financially literate (1)
George Ireland	Independent (1)	Financially literate (1)

(1) As defined by National Instrument 52-110 ("NI 52-110").

Relevant Education and Experience

A description of the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member may be found above under the heading "Directors and Officers: Name, Occupation and Security Holding".

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions in sections 2.4, 3.2, 3.3(2), 3.4, 3.5 or 3.6 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110, or on section 3.8 of NI 52-110.

Audit Committee Oversight

At no time was a recommendation of the Company's audit committee to nominate or compensate an external auditor not adopted by the board of directors.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "Independent Auditors" of the Audit Committee Charter set out in Schedule "A" to this AIF.

External Auditor Services Fees (By Category)

The aggregate fees billed by the Company's external auditors in the last two fiscal years (all amounts are in Canadian dollars) in respect of all services provided to the Company, including MVC, are as follows:

Fee Summary	2016	2015
Audit of the financial statements	212,820	134,600
Review of quarterly financial statements	45,000	57,000
All Other Fees	23,500	-
Total Services	**281,320**	**191,600**

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(c) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting and will not participate in negotiating and concluding terms of any proposed transaction. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in a greater number of and larger programs, and reducing financial exposure in respect of any one program. A particular company may also assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. See also "Description of the Business – Risk Factors – Conflicts of Interest", above.

PROMOTERS

No person has, within the two most recently completed financial years or during the current financial year, been a promoter of the Company or a subsidiary of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not a party to any material legal proceedings and is not aware of any such proceedings pending or contemplated. There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the last financial year or by a court or regulatory authority that would likely be considered important to a reasonable investor in making an investment decision. The Company did not enter into any settlement agreement with a court relating to securities legislation or with a securities regulatory authority during its last financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this AIF, within the Company's three most recently completed financial years no director, executive officer or principal shareholder of the Company, or any associate or affiliate of any of the above, has had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar is Computershare Trust Company of Canada, 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9, and Computershare Trust Company of Canada, 4 King Street West, Suite 1101, Toronto, Ontario, M5H 1B6, is the Company's co-transfer agent and registrar.

EXPERTS

Names of Experts

PricewaterhouseCoopers LLP ("PwC") of Suite 1400, 250 Howe Street, Vancouver, British Columbia, V6C 3S7, are the auditors for the Company. PwC audited the Financial Statements of the Company for the year ended December 31, 2016. PwC reports that it is independent from the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Robert D. Henderson, P.Eng., prepared the Technical Report (please refer to **MINERA VALLE CENTRAL TECHNICAL REPORT**, above). Mr. Henderson is remunerated by the Company for his services as President and CEO of Amerigo Resources Ltd., and as a director of MVC.

Interests of Experts

Mr. Henderson held 432,143 of the Company's outstanding common shares as of the date of the Technical Report. Mr. Henderson also held options to purchase common shares in the capital of the Company as of the date of the Technical Report: 700,000 at a price of $0.53 expiring in June 2017; 600,000 at a price of $0.435 expiring in May 2019; 300,000 at a price of $0.37, expiring in March 2020; 800,000 at a price of $0.14 expiring in March 2021. Prior to publication of the Technical Report, Mr. Henderson had been appointed a director of MVC. Other than as set out in this AIF, and as disclosed in all other documents filed by the Company on SEDAR, Mr. Henderson, when or after he prepared the Technical Report, did not receive or was about to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates (based on information provided to the Company by him) or was expected to be elected, appointed or employed for the first time as a director, officer or employee of the Company or of any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's Information Circular for its most recent annual general meeting of securityholders that involved the election of directors.

Additional financial information is provided in the Company's Financial Statements and MD&A for the year ended December 31, 2016.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER
Amended March 24, 2009

A. AUDIT COMMITTEE PURPOSE

The Board of Directors of the Amerigo Resources Ltd. (the "Company") has an overall responsibility to oversee the affairs of the Company for the benefit of the shareholders. The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Ensure the effectiveness of the overall process of identifying and addressing principal business risk and the adequacy of the related disclosure;
- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance;
- Monitor the independence and performance of the Company's independent auditors;
- Provide an avenue of communications among the independent auditors, management and the Board of Directors; and
- Encourage adherence to, and continuous improvement of, the Company's policies, procedures and practices at all levels.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

B. AUDIT COMMITTEE COMPOSITION AND MEETINGS

Audit Committee members shall meet the requirements of the TSX. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent non-executive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial expertise.

Audit Committee members shall be appointed by the Board. If the Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the independent auditors and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed.

C. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES – DETAIL

Review Procedures

1. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

2. Review the Company's Financial Statements and MD&A prior to filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments.

3. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.

4. Review with financial management the Company's quarterly financial results and MD&A prior to the release of earnings. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors.

Independent Auditors

5. The independent auditors are accountable directly to the Audit Committee. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.

6. Approve the fees and other significant compensation to be paid to the independent auditors, and pre-approve any non-audit services that the auditor may provide.

7. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditor's independence.

8. Review the independent auditors audit plan and engagement letter.

9. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors.

10. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

Other Audit Committee Responsibilities

11. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

12. The Chairman of the Committee will review all disclosure documents to be issued by the Company relating to financial matters, including news releases, annual information forms and information circulars.

13. Establish a procedure for the: (i) confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and (ii) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.