

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	Amerigo Resources Ltd.					
Reporting Year	From	1/1/2019	To:	12/31/2019	Date submitted	6/4/2019
Reporting Entity ESTMA Identification Number	E088560	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report				

Other Subsidiaries Included
(optional field)

Minera Valle Central S.A.

Not Consolidated

Not Substituted

Attestation by Reporting Entity

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name of Director or Officer of Reporting Entity	Aurora Davidson	Date	6/4/2019
Position Title	Executive Vice President and Chief Financial Officer		

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Reporting Entity Name	Amerigo Resources Ltd.			Currency of the Report	USD
Reporting Entity ESTMA Identification Number	E088560				
Subsidiary Reporting Entities (if necessary)					

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
CHILE	CORPORACION NACIONAL DEL COBRE DE CHILE			42,236,428						42,236,428	1. Reported amounts are in US dollars, Amerigo's reporting currency and MVC's functional currency. The amounts are calculated in U.S. dollars.
											2. Amerigo produces copper and molybdenum concentrates through an operating subsidiary in Chile, Minera Valle Central S.A. ("MVC"). MVC has a tolling agreement with Corporacion Nacional del Cobre de Chile (Codelco) under which title to the copper concentrates remains with Codelco and MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices, net of notional items which include royalties. Royalties are therefore not paid by MVC to Codelco, but are deducted by Codelco from the payments made to MVC under the tolling agreement.
CHILE	REPUBLIC OF CHILE	SERVICIO DE IMPUESTOS INTERNOS ("INTERNAL REVENUE SERVICES")	3,179,574							3,179,574	1. Reported amounts are in US dollars, Amerigo's reporting currency and MVC's functional currency. Of this, \$1,444,171 in respect of income tax monthly installments were calculated and paid in Chilean Pesos (CLP 925,250,527) and were translated to US dollars at the average exchange rate of each month of payment, which in this case was an average rate of CLP 640.68 : US\$1.
											2. \$1,735,403 in respect of final income tax payment for the year ended December 31, 2017 was paid on April 2018. The amount was calculated and paid in US Dollars.

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Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
CHILE	MUNICIPALITY OF REQUINOA				154,879					154,879	1. Reported amounts are in US dollars. Amerigo's reporting currency and MVC's functional currency. The amounts were calculated and paid in Chilean Pesos (CLP 97,414,465) and were translated to US dollars at the average exchange rate of each month of payment, which in this case was an average rate of CLP 628.97 : US\$1.
CHILE	COMMUNITY OF YUNGAY								425,933	425,933	1. Reported amounts are in US dollars. Amerigo's reporting currency and MVC's functional currency. The amounts were calculated and paid in Chilean Pesos (CLP 270,994,257) and were translated to US dollars at the average exchange rate of each month of payment, which in this case was an average rate of CLP 636.24 : US\$1.
											2. Payment refers to construction work undertaken by an independent third party to improve the safety of a road for the benefit of the community of Yungay. Amounts reported represent the cost of the construction work undertaken.

Additional Notes:

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Subsidiary Reporting Entities (if necessary)			

Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ²³
CHILE	MVC - MINERA VALLE CENTRAL		42,236,428						42,236,428	Refer to Notes under Payments by Payee
CHILE	MVC - MINERA VALLE CENTRAL	3,179,574							3,179,574	Refer to Notes under Payments by Payee
CHILE	MVC - MINERA VALLE CENTRAL			154,879					154,879	Refer to Notes under Payments by Payee
CHILE	MVC - MINERA VALLE CENTRAL							425,933	425,933	Refer to Notes under Payments by Payee

Additional Notes³:

AMERIGO RESOURCES LTD. – ESTMA REPORT 2017

INTRODUCTION

Amerigo Resources Ltd. and its subsidiaries (collectively the “Company”) have prepared a report (“the Report”) of payments made to government entities for the year ended December 31, 2018 as required by the Extractive Sector Transparency Measures Act S.C.2014, c.39, s.376 (“ESTMA” or the “Act”).

BASIS OF PREPARATION

The Report has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications, which prescribe the form and manner of reporting. The following is a summary of judgments and definitions considered by the Company in preparing the Report.

Payee

For purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state.
- b) A body that is established by two or more governments.
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state/provincial or local/municipal levels. Payees include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government.

Indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act. For the year ended December 31, 2017, (the “Reporting Period”) there were no Reporting payments to an Indigenous payee.

The individual department, agency or other body of the payee that received the payment is disclosed in the Notes column in the body of the Report.

Activities within the scope of the Report

Payments made by The Company to payees relating to the commercial development of minerals (“commercial development”) are disclosed in this Report.

The Company produces copper and molybdenum concentrates through an operating subsidiary in Chile, Minera Valle Central S.A. (“MVC”). MVC has a long-term contractual relationship with Corporación Nacional del Cobre de Chile (Codelco), a Chilean state-owned copper mining company.

The Company makes payments related to its commercial activities which are integrated with its tailings processing and production of molybdenum concentrates by MVC.

The Report excludes payments that are not related to the Company’s commercial development activities, as defined by the Act and in the associated Guidance document published by NRCan.

Project

In the Reporting Period, the Company had one project: the MVC project. Payments are reported at the project level as they are attributable to the MVC project.

A “project” means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. However, if multiple such agreements are substantially interconnected, the Company has aggregated such interconnected agreements into a single “Project” for reporting purposes, as permitted under the Act and the associated Technical Reporting Specifications published by NRCan.

Cash and in-kind payments

Payments are reported on a cash basis, meaning they are reported in the period in which they are paid.

There was one in-kind payment in the Reporting Period, being construction work undertaken by an independent third party to improve the safety of a road for the benefit of the community of Yungay, located near MVC. Amounts reported represent the cost of the construction work undertaken.

All information is reported in U.S. dollars, Amerigo’s reporting currency and MVC’s functional currency.

Royalties were deducted from tolling revenue received from Codelco (as opposed to being effectively paid to Codelco) in U.S. dollars, and the amounts were calculated in U.S. dollars.

Payments of taxes, fees and infrastructure improvement payments are reported in U.S. dollars. Amounts paid for taxes, fees and infrastructure improvement payments were calculated and paid in Chilean pesos. The currency exchange rates and method of conversion are disclosed in the Notes column in the body of the Report.

Payments to the “same payee” that meet or exceed the equivalent of Cdn\$100,000 in one category of payment are disclosed.

Payments made in situations of joint control

Reporting payments to payees where made by the Company as operator. There were no payments made in respect of situations of joint control in the Report.

Payment Categories

The information is reported under the following payment categories.

1. Taxes

This category includes taxes paid by the Company on its income, profits or production. Taxes reported include installment payments on income tax made during the Reporting Period. Consumption taxes and personal income taxes are excluded.

2. Royalties

MVC’s production of copper concentrates is conducted under a tolling agreement with Codelco, under which MVC processes the fresh and historic tailings from Codelco’s El Teniente copper mine. Title to the copper concentrates produced by MVC remains with Codelco and MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices, net of notional items (treatment and refining charges, copper royalties to Codelco and transportation costs). MVC also pays royalties to Codelco on MVC’s production of molybdenum concentrates.

Royalties are not paid by MVC to Codelco but are deducted by Codelco from the payments made to MVC under the tolling agreement.

3. Fees

This category includes payments made for a “patente municipal” or annual municipal commercial permit during the Reporting Period.

4. Production entitlements

A payee’s share of mineral production under a production sharing agreement or a similar contractual or legislated arrangement is reported under this category. There were no production entitlement payments to a payee in the Reporting Period.

5. Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category. There were no bonus payments to a payee in the Reporting Period.

6. Dividends

These are dividend payments other than dividends paid to a payee as an ordinary shareholder the Company. There were no dividend payments to a payee in the Reporting Period.

7. Infrastructure improvement payments

These are payments for construction of infrastructure that does not relate primarily to the operational purposes of the Company. During the Reporting Period, the Company made payments to a construction company for safety and improvements to a road used by the community of Yungay, situated near the MVC plant.