Amerigo Resources Ltd.

Condensed Consolidated Interim Financial Statements
Three and nine months ended September 30, 2015 and 2014
Unaudited – Prepared by Management

(Expressed in thousands of United States dollars)

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	September 30, 2015 $	December 31, 2014 $
Assets			
Current assets			
Cash and cash equivalents	15 (c)	9,925	18,308
Trade and other receivables		1,572	6,607
Taxes receivable		14,313	4,310
Prepaid expenses	7 (a), 8	758	614
Inventories	4	8,451	8,706
Deferred income tax asset		40	37
		35,059	38,582
Non-current assets			
Investments	5	843	2,011
Property, plant and equipment	3, 6	172,289	133,359
Intangible assets		5,055	5,222
Other non-current assets		900	981
Total assets		214,146	180,155
Liabilities			
Current liabilities			
Trade and other payables		12,331	17,882
El Teniente royalties payable	2	2,853	16,920
Current portion of borrowings	7	12,234	-
Current income tax liabilities		185	112
Royalties to related parties	3, 9	971	863
		28,574	35,777
Non-current liabilities			
Severance provisions		604	1,341
Borrowings	7	50,850	-
Interest rate swap	8	1,140	-
Royalties to related parties	3, 9	10,339	10,096
Deferred income tax liability		23,393	21,391
Other non-current liabilities		50	57
Total liabilities		114,950	68,662
Equity	10		
Share Capital		78,057	78,057
Other reserves		7,274	7,088
Retained earnings		16,513	28,773
Accumulated other comprehensive loss		(2,648)	(2,425)
Total equity		99,196	111,493
Total equity and liabilities		214,146	180,155
Commitments	17		

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

Approved by the Board of Directors

"Robert Gayton"
Director

"George Ireland"
Director

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Comprehensive Loss - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
		$	$	$	$
Revenue	12	10,770	28,881	44,814	88,576
Tolling and production costs	13 (a), 14	(15,290)	(27,027)	(52,396)	(84,860)
Gross (loss) profit		(4,520)	1,854	(7,582)	3,716
Other (expenses) gains					
Loss from change in estimates	14	-	-	-	(8,066)
General and administration	13 (b)	(666)	(959)	(2,284)	(2,918)
Other (expenses) gains	13 (c)	(724)	99	(1,631)	741
Royalty derivative to related parties inlcuding changes in fair value	9 (a), 13 (d)	(826)	974	(752)	611
		(2,216)	114	(4,667)	(9,632)
Operating (loss) income		(6,736)	1,968	(12,249)	(5,916)
Finance (expense) gains	13 (e)	(235)	25	(940)	(219)
		(235)	25	(940)	(219)
(Loss) income before tax		(6,971)	1,993	(13,189)	(6,135)
Income tax recovery (expense)	14	810	(5,718)	929	(6,269)
Net loss		(6,161)	(3,725)	(12,260)	(12,404)
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to net loss					
Cumulative translation adjustment		373	(29)	669	(81)
Unrealized (losses) gains on investments	5	(662)	153	(889)	110
Severance provision		10	(935)	(3)	(637)
Other comprehensive loss, net of tax		(279)	(811)	(223)	(608)
Comprehensive loss		(6,440)	(4,536)	(12,483)	(13,012)
Weighted average number of shares outstanding, basic		173,610,629	173,652,844	173,610,629	173,094,611
Weighted average number of shares outstanding, diluted		173,610,629	173,652,844	173,610,629	173,094,611
Loss per share					
Basic		(0.03)	(0.02)	(0.07)	(0.07)
Diluted		(0.03)	(0.02)	(0.07)	(0.07)

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

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Cash Flows - Unaudited

(expressed in thousands of U.S. dollars)

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	$	$	$	$
Cash flows from operating activities				
Net loss	(6,161)	(3,725)	(12,260)	(12,404)
Adjustment for items not affecting cash:				
Depreciation and amortization	1,681	1,814	5,040	9,221
Changes in fair value of royalties to related parties	707	(1,129)	372	(1,062)
Loss from change in estimates	-	-	-	5,629
Impairment charges	195	-	898	-
Accretion	-	-	-	125
Unrealized foreign exchange expense	575	463	1,516	537
Deferred income tax expense	231	5,930	1,994	6,648
Share-based payments	40	155	186	542
Interest rate swap	108	-	185	-
Other	164	(112)	176	136
	(2,460)	3,396	(1,893)	9,372
Changes in non-cash working capital				
Trade, other receivables and advances	477	474	(4,596)	2,447
Inventories	(415)	1,651	(479)	2,540
Trade and other payables	(2,540)	(2,553)	(7,255)	(6,657)
El Teniente royalty payables	(1,876)	2,129	(14,067)	(2,698)
Net cash from operating activities	(6,814)	5,097	(28,290)	5,004
Cash flows from investing activities				
Purchase of plant and equipment	(15,259)	(1,969)	(41,158)	(8,094)
Capitalized interest on borrowings	(239)	-	(708)	-
Proceeds from the sale of plant and equipment	-	-	-	106
Net cash from investing activities	(15,498)	(1,969)	(41,866)	(7,988)
Cash flows from financing activities				
Proceeds from borrowings, net of transaction costs	20,248	-	63,121	-
Exercise of share purchase options	-	-	-	255
Net cash from financing activities	20,248	-	63,121	255
Net (decrease) increase in cash and cash equivalents	(2,064)	3,128	(7,035)	(2,729)
Effect of exchange rate changes on cash	(702)	(190)	(1,348)	(216)
Cash and cash equivalents – Beginning of period	12,691	7,265	18,308	13,148
Cash and cash equivalents - End of period	9,925	10,203	9,925	10,203

Supplementary cash flow information (Note 15)

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

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Changes in Equity - Unaudited

(expressed in thousands of U.S. dollars)

	Share capital					
	Number of shares	Amount	Other reserves	Accumulated other comprehensive (loss) income	Retained earnings	Total equity
		$	$	$	$	$
Balance January 1, 2014	172,290,344	77,514	6,577	(1,827)	39,475	121,739
Share-based payments	-	-	542	-	-	542
Exercise of share purchase options	900,000	341	(86)	-	-	255
Compensation settled with shares	462,500	202	-	-	-	202
Cumulative translation adjustment	-	-	-	(81)	-	(81)
Unrealized losses on investments	-	-	-	110	-	110
Severance provision	-	-	-	(637)	-	(637)
Net loss	-	-	-	-	(12,404)	(12,404)
Balance September 30, 2014	173,652,844	78,057	7,033	(2,435)	27,071	109,726
Share-based payments	-	-	55	-	-	55
Exercise of share purchase options	-	-	-	-	-	-
Cancellation of shares held in escrow	(42,215)	-	-	-	-	-
Cumulative translation adjustment	-	-	-	480	-	480
Unrealized losses on investments	-	-	-	(1,027)	-	(1,027)
Severance provision	-	-	-	557	-	557
Net loss	-	-	-	-	1,702	1,702
Balance December 31, 2014	173,610,629	78,057	7,088	(2,425)	28,773	111,493
Balance January 1, 2015	173,610,629	78,057	7,088	(2,425)	28,773	111,493
Share-based payments	-	-	186	-	-	186
Cumulative translation adjustment	-	-	-	669	-	669
Unrealized losses on investments	-	-	-	(889)	-	(889)
Severance provision	-	-	-	(3)	-	(3)
Net loss	-	-	-	-	(12,260)	(12,260)
Balance September 30, 2015	173,610,629	78,057	7,274	(2,648)	16,513	99,196

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

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

1) Reporting Entity and Basis of Presentation

a) Reporting entity

Amerigo Resources Ltd. (“Amerigo” or the "Company”) is a company domiciled in Canada and its shares are listed for trading on the Toronto Stock Exchange (“TSX”) and the OTCQX stock exchange in the United States. These condensed consolidated financial statements (“interim financial statements”) of the Company as at and for the three and nine months ended September 30, 2015 (“Q3-2015”) include the accounts of the Company and its subsidiaries (collectively the “Group”).

The Group is principally engaged in the production of copper and molybdenum concentrates through its operating subsidiary Minera Valle Central S.A. (“MVC”), pursuant to a long-term contractual relationship with the El Teniente Division (“DET”) of Corporación Nacional del Cobre de Chile (“Codelco”) (Note 2).

b) Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2014.

These interim financial statements were authorised for issue by the board of directors of the Company on November 2, 2015.

c) Significant accounting policies

These interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the Company’s most recent annual financial statements.

2) Agreements with Codelco’s El Teniente Division

In 1991, MVC entered into a contract with DET to process the fresh tailings from El Teniente, the world’s largest underground copper mine, for a term that through several contract modifications was extended to 2021 (collectively, the “Fresh Tailings Contract”). In 2009, MVC and DET entered into an agreement to process the tailings from Colihues, one of El Teniente’s historical tailings deposits (the “Colihues Contract”).

On April 8, 2014 MVC and DET entered into a contract (the “Master Agreement”) for the purchase by MVC of the rights to process tailings from an additional historical tailings deposit, Cauquenes, for a term to the earlier of its depletion or 2033, and extending the Fresh Tailings Contract from 2021 to 2037 and the Colihues Contract to the earlier of its depletion or 2037.

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

Royalties are payable to DET in respect of copper concentrates produced by MVC and are calculated using the London Metal Exchange ("LME") price for copper for the month of delivery of the tailings. Adjustments to the DET royalties are recorded on a monthly basis for changes in copper concentrate deliveries during the settlement period.

Royalties under the Fresh Tailings Contract are determined through a sliding scale formula tied to copper prices. Until August 1, 2015, no royalties were payable on copper produced from fresh tailings when the copper price was below $0.80/lb, and the royalty increased to a maximum of 13.5% at copper prices of $1.30/lb or higher. These terms were amended in the Master Agreement, as described below.

Under the Colihues Contract, MVC is required to pay a sliding scale royalty which is 3% for a copper price below $0.80/lb and increases to approximately 30% at a copper price of $4.27/lb. The parties are also required to review and potentially adjust costs and royalty structures for copper production from Colihues tailings where the copper price remains below $1.95/lb or over $4.27/lb for three consecutive months. These terms were not amended by the Master Agreement.

Until August 1, 2015, MVC paid a royalty of 10% of MVC's net revenue received from the sale of molybdenum concentrates produced from fresh tailings and 11.9% on net molybdenum revenue from Colihues tailings. These terms were also amended by the Master Agreement.

Additional terms of the Master Agreement include the following:

- Changes in the royalty payable for copper produced from fresh tailings, including a change in the royalty calculation to a sliding scale for a range of copper prices from $1.95/lb (13.5% royalty) to $4.80/lb (28.4% royalty), elimination of exchange rate provisions that increased royalty costs, and an increase in the threshold below which no royalty is payable from $0.80/lb to $1.95/lb, the same minimum level as that for the Cauquenes royalty. The change in fresh tailings royalty became effective on August 1, 2015;

- A sliding scale royalty for copper produced from Cauquenes tailings for copper prices ranging from $1.95/lb (16% royalty) to $5.50/lb (39% royalty);

- A sliding scale global molybdenum royalty for molybdenum prices between $7.31/lb (9% royalty) and $40/lb (19.7% royalty), effective August 1, 2015;

- Provisions requiring the parties to meet and review cost and royalty structures for copper production from fresh and Cauquenes tailings and for all molybdenum production in the event monthly average prices fall below the respective royalty ranges during 2 consecutive months, and projections indicate the permanence of such prices over time (less than $1.95/lb for copper or $7.31/lb for molybdenum, or for copper prices greater than $4.80/lb for fresh tailings and $5.50/lb for Cauquenes tailings, and for molybdenum prices greater than $40/lb);

- The review of all royalty structures is to be carried out in a manner that gives priority to the viability of the Master Agreement and maintains the equilibrium of the benefits between the Parties; and

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

- Three early exit options exercisable by DET within 2021 and every three years thereafter only in the event of changes unforeseen as of the date of the Master Agreement. The Company has currently judged the probabilities of DET exercising any of these early exit options as remote.

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 royalty payments 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, 2014 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"). MVC will draw down $1.0 million from the DET Facility for each month during the years 2015 and 2016 in which the average final settlement copper price to MVC is 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. As at September 30, 2015, MVC had drawn down $4.0 million from the DET Facility (Note 7). The DET Facility will be repaid starting in January 2017 and up to December 31, 2019 at a rate of $1.0 million per month, provided this repayment rate does not preclude MVC from making the semi-annual capital debt repayments described in Note 7(a). MVC may repay the DET Facility in advance and without penalty, provided BBVA and EDC pre-approve the advance payments.

Until December 31, 2014 DET royalties were recorded as components of tolling and production costs. In accordance with the terms of the second modification to the Master Agreement, effective January 1, 2015, MVC's revenue for the delivery of copper concentrates to DET is recognized as a tolling fee and is reported as a component of revenue, net of royalties to DET and transportation costs (Note 12).

As at September 30, 2015, royalties payable to DET, were $2.9 million (December 31, 2014: $16.9 million), representing approximately three months of royalties (2014: eight months of royalties).

3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

The significant estimates and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014, with the exception of the interest rate swap described in Note 8.

a) Useful Life of Assets

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

b) Royalty Derivative to Related Parties

The Group has an obligation to pay royalties to certain related parties, based on a fixed payment for each pound of copper equivalent produced from El Teniente tailings by MVC (Note 9). The royalty is a derivative financial instrument measured at fair value, and the Company is required under IFRS to reassess its estimate for the royalty derivative at each reporting date based on revised production estimates.

c) Impairment of Property, Plant and Equipment

In accordance with the Company's accounting policy, each asset or cash generating unit is evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The determination of fair value less cost to sell and value in use requires management to make estimates and assumptions about expected production and sales volumes, metals prices, mine plan estimates, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances may alter these projections and impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced, with the impact recorded in the statement of income.

As at September 30, 2015, management of the Company determined that the continued depressed market price for the Company's shares, resulting in market capitalization for the Company below its net asset value, constituted an impairment indicator, and completed an impairment assessment for MVC that included a determination of fair value less costs to sell.

Key assumptions incorporated in the impairment model included the following:

- Copper prices ($/lb): 2015: $2.50; 2016: $2.27; 2017: $2.18; 2018: $2.30; 2019: $2.40; 2020: $2.90; 2021: $3.30; 2022 to 2037: $3.50
- Power costs (excluding benefit from self-generation): From 2015 to 2024 costs are per contractual estimates (2015: $0.10186/kWh, 2016: $0.10407/kWh, 2017: $0.10916/kWh, 2018: $0.12554/kWh; 2019: $0.12138/kWh; 2020: $0.11965/kWh; 2021: $0.11999/kWh: 2022: 0.12059/kWh; 2023: $0.12142/kWh; 2024 $0.12209/kWh). From 2025 to 2037: estimated at $0.1300/kWh
- Operating costs based on historical costs incurred and estimated forecasts

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

- Production volume and recoveries as indicated in MVC's mining plan from 2015 to 2037, including processing of fresh tailings and old tailings from the Colihues and Cauquenes deposits
- Discount rate: 9% after tax

Management's impairment evaluation did not result in the identification of an impairment loss as of September 30, 2015. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgements. Sensitivities to changes in estimated metal prices, operating costs, particularly estimated power costs beyond MVC's current power contracts, operating results from the Cauquenes deposit that differ from current projections, and increases to estimated expansion capital costs might trigger an impairment that could be material.

d) Power Cost Assumptions

Certain components of MVC's power costs require complex calculations involving data from the Chilean National Energy Commission, the central power grid operating network and MVC's power supplier. MVC relies on the advice of external power consultants to estimate these costs, in particular in the case of newly introduced charges without historical precedent. Final costs may vary from estimated costs and any such variances are included in earnings in the period in which final costs are determined.

e) Interest rate swap

MVC has entered into an interest rate swap (Note 8) to fix the interest rate on 75% of the facility undertaken to finance the Cauquenes expansion. Estimates are made by management to determine the fair value of the interest rate swap at inception and at each reporting date.

f) Start date of Cauquenes operations

MVC commenced processing tailings from the Cauquenes deposit during September 2015 from one of the two sumps built as part of the Cauquenes phase one expansion. The second sump became operational in October 2015 and the ramp-up of operations in Cauquenes is expected to occur over Q4-2015 and Q1-2016. When a project nears the end of construction, management has to exercise judgment to determine the date in which the asset was in the location and condition necessary to operate as intended by management. The identification of this date is important since it establishes the point in time at which costs cease to be capitalized unless they provide an enhancement to the economic benefits of the asset, borrowing costs cease to be capitalized, processing costs begin to stabilize, the capitalization of pre-start-up revenue ceases and depreciation of the asset commences. Management will continue to assess the appropriate start date of the Cauquenes operations over Q4-2015.

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

4) INVENTORIES

	September 30, 2015 $	December 31, 2014 $
Plant supplies and consumables	5,857	5,395
Work in progress and concentrate inventories	2,594	3,311
	8,451	8,706

At September 30, 2015, work in progress and concentrate inventories were valued at cost. During the nine months ended September 30, 2015, the Group recorded a charge of $413,000 in tolling and production costs as a result of net realizable value ("NRV") adjustments in the months in which NRV was lower than cost, and a charge of $206,000 to tolling and production costs from writing-down the molybdenum in-circuit inventory determined not to be saleable, following MVC's decision to suspend the production of molybdenum concentrates in response to prevailing low market prices.

At December 31, 2014 inventories were valued at cost. During the year ended December 31, 2014, the Group recorded a charge of $319,000 in tolling and production costs as a result of an impairment of specific plant supplies and consumables.

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

5) INVESTMENTS

	September 30, 2015 $	December 31, 2014 $
Start of period	2,011	3,207
Changes in fair value	(889)	(917)
Impairment of investment	(279)	(279)
End of period	843	2,011

Available-for-sale financial assets include the following:

	September 30, 2015 $	December 31, 2014 $
Candente Copper Corp.	215	494
Los Andes Copper Ltd.	628	1,517
	843	2,011

a) At September 30, 2015, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn$0.045 and the fair value of the Group's approximately 4% investment in Candente Copper was $215,000. During the nine months ended September 30, 2015, the Group recorded an impairment charge of $279,000 (nine months ended September 30, 2014: other comprehensive loss of $419,000) for the decline in fair value of this investment.

b) At September 30, 2015, Los Andes Copper Ltd. ("Los Andes"), a company listed on the TSX Venture Exchange, had a closing share price of Cdn$0.105, and the fair value of the Group's approximately 4% investment in Los Andes was $628,000. During the nine months ended September 30, 2015, the Group recorded other comprehensive loss of $889,000 (nine months ended September 30, 2014: other comprehensive loss of $218,000) for the changes in the fair value of this investment.

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

6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure $	Machinery and Equipment and other assets $	Total $
Year ended December 31, 2014			
Opening net book amount	92,918	23,683	116,601
Exchange differences	-	(19)	(19)
Elimination of asset retirement obligation	(2,213)	-	(2,213)
Recognition of asset retirement obligation credit to PPE	(5,233)	-	(5,233)
Transfer from exploration and evaluation assets	22,584	-	22,584
Disposals	-	(143)	(143)
Additions	11,406	759	12,165
Depreciation charge	(7,576)	(2,807)	(10,383)
Closing net book amount	111,886	21,473	133,359
At December 31, 2014			
Cost	194,158	51,142	245,300
Accumulated depreciation	(82,272)	(29,669)	(111,941)
Net book amount	111,886	21,473	133,359
Nine months ended September 30, 2015			
Opening net book amount	111,886	21,473	133,359
Exchange differences	-	(25)	(25)
Additions	43,247	581	43,828
Depreciation charge	(3,529)	(1,344)	(4,873)
Closing net book amount	151,604	20,685	172,289
At September 30, 2015			
Cost	237,474	51,575	289,049
Accumulated depreciation	(85,871)	(30,889)	(116,760)
Net book amount	151,603	20,686	172,289

At September 30, 2015, PP&E of $72.3 million is categorized as construction in progress and not subject to depreciation (December 31, 2014: $31.2M).

Total interest of $1.7 million was capitalised in 2015 (2014: $13,000) and is included in property, plant and equipment at September 30, 2015.

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

7) BORROWINGS

	September 30, 2015 $	December 31, 2014 $
Cauquenes Expansion Loan (Note 7(a))	51,766	-
Cauquenes Expansion VAT Facility (Note 7(b))	7,259	
DET Expansion Support Facility (Note 7(d))	4,059	-
	63,084	-
Comprised of:		
Short-term debt and current portion of long-term debt	12,234	
Long-term debt	50,850	-
	63,084	-

a) On March 25, 2015, MVC closed a bank syndicate financing with Mandated Lead Arrangers Banco Bilbao Vizcaya Argentaria ("BBVA") and Export Development Canada ("EDC") for a loan facility (the "Cauquenes Expansion Loan") of up to $64.4 million to be used in the expansion of MVC's operations for the processing of tailings from the Cauquenes deposit. Terms of the loan include interest at a fixed rate of 5.81% per annum during construction and 5.56% per annum thereafter for 75% of the facility, both fixed through the use of an interest rate swap (Note 8). The remaining 25% of the facility is subject to a variable rate based on the US Libor 6 month rate, which at September 30, 2015 was 4.29% per annum (and would be 4.04% per annum during operation). Interest is payable 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 commencing on June 30, 2016. The repayment term may be shortened without penalty in accordance with the provisions of the finance agreement.

As of September 30, 2015, funding of $53.6 million had been received.

MVC incurred due diligence, bank fees and legal costs of $2.4 million, of which $2.0 million were recognized as transaction costs as of September 30, 2015 based on the percentage of funds drawn to date. The remaining $0.4 million was recognized as prepaid finance expenses and will be transferred to transaction costs on the same percentage basis as funds are drawn from the facility. Transaction costs will be amortized over the term of the loan using the effective interest rate method.

Interest on the loan is being fully capitalized during construction and commissioning, for a total of $1.1 million to September 30, 2015, of which $0.6 million were paid as of that date.

The balance of the loan (net of transaction costs) at September 30, 2015 was $51.8 million (December 31, 2014: $nil).

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

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 certain bank covenants to be measured semi-annually starting on December 31, 2015.

b) Also 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 expected to be incurred by MVC in connection with the Cauquenes expansion (the "VAT Facility"). The VAT Facility is due on or before June 30, 2016 and is subject to interest at a variable rate of the Chilean Association of Banks and Financial Institutions Tasa Bancaria plus 1.75%., which at September 30, 2015 was 5.68% per annum. Interest on the VAT Facility is being fully capitalized during construction and commissioning and paid quarterly starting on June 30, 2015. Interest of $0.1 million was paid up to September 30, 2015, at which date the balance of the loan was $7.3 million (December 31, 2014: $nil).

c) On March 24, 2015, Colihues Energía obtained from a Chilean bank a working capital loan of CLP 123.0 million (the equivalent of $0.2 million at the loan grant date) at an interest rate of 4.44% per annum. The loan was repaid on June 19, 2015. No security was provided in connection with the loan.

d) The Group has secured $30.0 million in additional credit facilities for the expansion, including a $17.0 million expansion support agreement with DET (Note 2), and a $13.0 million standby line of credit from three Amerigo shareholders that may be drawn down at Amerigo's option if required during construction and commissioning of the Cauquenes project. No security was provided in connection with these facilities. At September 30, 2015, $4.0 million had been drawn from the DET Facility (December 31, 2014: $nil). The Group incurred an annual commitment fee of $134,000 in respect of the standby line of credit.

8) INTEREST RATE SWAP

Concurrently with the Cauquenes Expansion Loan (Note 7(a)), MVC entered into an interest rate swap ("IRS") with BBVA to fix 75% of the interest payable on that facility. MVC recognized a fair value of $955,000 at inception for the IRS, which was accounted for as a prepaid finance expense, and is being treated as transaction costs as funds are drawn from the facility. At September 30, 2015, MVC had recognized $723,000 as transaction costs, and the balance of $232,000 was recognized as a prepaid finance expense. On September 30, 2015, the fair value of the IRS was determined to be $1,140,000 and mark-to-market adjustments of $185,000 were recognized in earnings, as a component of finance expense.

9) RELATED PARTY TRANSACTIONS

a) Royalty Derivative to Related Parties

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International").

Amerigo International is wholly-owned by the Company except for certain outstanding Class A shares which are owned indirectly by the Company's Chairman, an associate of the Chairman and a former director of the Company. The Class A shares were issued as part of a tax-efficient structure for the payment of the royalty (the "Royalty") granted in exchange for the transfer to the Company of an option to purchase MVC.

In accordance with the articles of Amerigo International, the holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a total royalty

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

dividend, if declared by the directors of Amerigo International, in an amount equal to the amount of the Royalty.

The Royalty is calculated as follows:

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

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

The Royalty is a derivative financial instrument. This liability is measured at fair value, with changes in fair value recorded in profit for the period. The fair value of the liability at September 30, 2015 was $11.3 million (December 31, 2014: $11.0 million), with a current portion of $971,000 (December 31, 2014: $863,000) and a long-term portion of $10.3 million (December 31, 2014: $10.1 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the nine months ended September 30, 2015, royalties totalling $380,000 were paid or accrued to the Amerigo International Class A shareholders (nine months ended September 30, 2014: $452,000). At September 30, 2015, $39,000 of this amount remained payable (December 31, 2014: $60,000).

The royalty derivative to related parties includes the royalty dividends described above and changes in fair value of the derivative. The fair value of the derivative increased by $372,000 in the nine months ended September 30, 2015 (nine months ended September 30, 2014: reduction in fair value of $1.1 million), for a total royalty derivative expense of $752,000 (nine months ended September 30, 2014: recovery of $611,000).

b) Purchases of Goods and Services

The Company's related parties consist of companies owned by executive officers and directors, as follows:

	Nature of Transactions
Zeitler Holdings Corp.	Management
Michael J. Kuta Law Corporation	Management
Delphis Financial Strategies Inc.	Management

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

The Group incurred the following fees in connection with companies owned by executive officers and directors and in respect of salaries paid to an officer. Transactions have been measured at the exchange amount which is determined on a cost recovery basis.

	Nine months ended September 30, 2015 $	2014 $
Salaries and management fees	756	772

c) Key Management Compensation

The remuneration of directors and other members of key management during the nine months ended September 30, 2015 and 2014 was as follows:

	Nine months ended September 30, 2015 $	2014 $
Management and directors' fees	1,020	1,043
Share-based payments	181	542
	1,201	1,585

Share-based payments are the fair value of options vested to directors and key management personnel.

d) The Group has secured a $13.0 million standby line of credit from three Amerigo shareholders (Note 7(d)).

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

10) EQUITY

a) Share Capital

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

b) Share Options

A total of 1,850,000 options were granted in the nine months ended September 30, 2015 (2014: 3,500,000 options), with a weighted average fair value estimated at Cdn$0.14 (2014: Cdn$0.28) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2015 $	2014 $
Weighted average share price	0.37	0.44
Weighted average exercise price	0.37	0.44
Dividend yield	0%	0%
Risk free interest rate	0.65%	1.59%
Pre-vest forfeiture rate	0%	0%
Expected life (years)	4.12	4.73
Expected volatility	46.87%	49.20%

Outstanding share options:

	September 30, 2015		December 31, 2014	
	Share options	Weighted average exercise price Cdn$	Share options	Weighted average exercise price Cdn$
At start of the period	13,765,000	0.78	11,265,000	0.84
Exercised	-	-	(900,000)	0.31
Expired	(3,165,000)	0.70	(100,000)	0.68
Granted	1,850,000	0.37	3,500,000	0.44
At end of the period	12,450,000	0.73	13,765,000	0.78
Vested and exercisable	11,987,500	0.75	13,765,000	0.78

For the 900,000 share options exercised during the year ended December 31, 2014, the weighted average closing share price at the date of exercise was Cdn$0.46.

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

Information relating to share options outstanding at September 30, 2015 is as follows:

Outstanding share options	Vested share options	Price range Cdn$	Weighted average exercise price on outstanding options Cdn$	Weighted average exercise price on vested options Cdn$	Weighted Average remaining life of outstanding options (years)
1,850,000	1,387,500	0.37 - 0.40	0.37	0.37	4.5
3,500,000	3,500,000	0.41 - 0.48	0.44	0.44	3.61
3,900,000	3,900,000	0.49 - 0.95	0.73	0.73	1.48
600,000	600,000	0.96 - 1.22	1.12	1.12	0.61
2,600,000	2,600,000	1.23 - 1.32	1.32	1.32	0.42
12,450,000	11,987,500		0.73	0.75	2.18

Further information about share options is as follows:

	Nine months ended September 30, 2015 $	2014 $
Total compensation recognized	186	542

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

c) Loss per Share

i) Basic

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

	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
	$	$	$	$
Loss for the period	(6,161)	(3,725)	(12,260)	(12,404)
Weighted average number of shares	173,610,629	173,652,844	173,610,629	173,094,611
Basic loss per share	(0.03)	(0.02)	(0.07)	(0.07)

ii) Diluted

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

	Three months ended September 30, 2015	2014	Nine Months ended September 30, 2015	2014
	$	$	$	$
Loss for the period	(6,161)	(3,725)	(12,260)	(12,404)
Weighted average diluted number of shares	173,610,629	173,652,844	173,610,629	173,094,611
Diluted loss per share	(0.03)	(0.02)	(0.07)	(0.07)

There were no potentially dilutive securities in the diluted loss per share calculation for the three and nine months ended September 30, 2015 (September 30, 2014: 3,383,333 dilutive share options).

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

11) Segment Information

Operating segments are based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group has one operating segment, the production of copper concentrates under a tolling agreement with DET (Note 2).

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

	Property, plant and equipment		Other	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Chile	172,137	133,161	5,955	6,203
Canada	152	198	-	-
	172,289	133,359	5,955	6,203

All of the Group's revenue originates in Chile. In the nine months ended September 30, 2015, revenue from one customer represented 100% of the Group's reported revenue (2014: 95%) and 70% of the Group's trade accounts receivable were due from one customer at September 30, 2015.

12) Revenue

Revenue consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
El Teniente tolling fees	14,897	-	62,833	-
Gross copper sales	-	29,616	-	90,452
Smelter, refinery and other charges	(3,040)	(3,615)	(10,425)	(10,667)
El Teniente royalties	(2,492)	-	(11,346)	-
Transportation	(237)	-	(856)	-
	9,128	26,001	40,206	79,785
Molybdenum and other revenue	1,642	2,880	4,608	8,791
	10,770	28,881	44,814	88,576

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

MVC has entered into an agreement pursuant to which it delivers to DET all the copper concentrates produced during the period from January 1, 2015 to December 31, 2022 under a "maquila" or tolling arrangement (Note 2). Accordingly, MVC's revenue for the delivery of copper concentrates to DET is now recognized as a tolling fee and is reported as a component of revenue, net of royalties to DET and transportation costs. In prior years, the nature of the agreements with Enami and DET resulted in royalties to DET and transportation costs being reported as components of production costs. This revenue is recognized when the tolling process has been completed.

Revenue from the sale of copper concentrates (until December 31, 2014) and molybdenum concentrates is recognized when the rights and obligations of ownership pass to the customer and the price is reasonably determinable.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and treatment and refining charges, and in 2015 is based on the average copper market price for the third month following the production of copper concentrates under the tolling agreement ("M+3").

When final tolling fees or prices are determined by quoted market prices in a period subsequent to the date of provision of tolling services or sale, such fees or prices are first determined on a provisional basis at the date of completion of tolling or sale and revenues are recorded based on forward prices. Adjustments are made to the tolling fee or sale price in subsequent periods based on movements in quoted market prices up to date of the final pricing. Under these circumstances, the value of MVC's amounts receivable changes as the underlying commodity market prices vary. This adjustment mechanism has the characteristics of a derivative. Accordingly, the fair value of the receivables are adjusted each reporting period by reference to forward market prices and changes in fair value are recorded as a component of revenue. In a period of rising prices, not only will MVC record higher revenue for deliveries in the period, but it will also record favourable adjustments to revenue for tolling services or copper and molybdenum concentrates delivered in the prior period. Similarly, in a period of declining prices, MVC will record lower revenues for current deliveries and negative adjustments to revenue for prior period tolling services or deliveries. At September 30, 2015, a 10% increase or decrease in provisional copper prices would result in price-driven revenue settlement adjustments of $1.9 million.

Molybdenum produced by MVC was sold under a written sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"). In Q1-2015, the sale price to Molymet was the average market price for the third month following delivery ("M+3"). MVC shut its molybdenum plant in response to weak molybdenum prices effective April 1, 2015.

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

13) EXPENSES BY NATURE

a) Tolling and production costs consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Tolling/production costs	(12,507)	(17,471)	(44,110)	(52,037)
El Teniente royalties	-	(6,315)	-	(18,986)
Depreciation and amortization	(1,681)	(1,814)	(5,040)	(9,221)
Administration	(1,102)	(1,083)	(3,246)	(3,571)
Transportation	-	(344)	-	(1,045)
	(15,290)	(27,027)	(52,396)	(84,860)

b) General and administration (expenses) gains consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Office and general expenses	(239)	(316)	(682)	(899)
Salaries, management and professional fees	(387)	(488)	(1,416)	(1,477)
Share-based payment compensation	(40)	(155)	(186)	(542)
	(666)	(959)	(2,284)	(2,918)

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

c) Other (expenses) gains consist of the following:

	Three months ended September 30, 2015 $	Three months ended September 30, 2014 $	Nine months ended September 30, 2015 $	Nine months ended September 30, 2014 $
Foreign exchange (expense) gain	(553)	(34)	(1,479)	482
Impairment of investment	(194)	-	(279)	-
Other gains	23	133	127	259
	(724)	99	(1,631)	741

d) Royalty derivative to related parties (expenses) gains consist of the following:

	Three months ended September 30, 2015 $	Three months ended September 30, 2014 $	Nine months ended September 30, 2015 $	Nine months ended September 30, 2014 $
Royalties to related parties	(118)	(155)	(380)	(452)
Fair value adjustments to royalty derivative	(708)	1,129	(372)	1,063
	(826)	974	(752)	611

e) Finance (expenses) gains consist of the following:

	Three months ended September 30, 2015 $	Three months ended September 30, 2014 $	Nine months ended September 30, 2015 $	Nine months ended September 30, 2014 $
Finance, commitment and interest charges	(127)	25	(755)	(93)
Interest rate swap-change in fair value	(108)	-	(185)	-
Asset retirement obligation accretion cost	-	-	-	(126)
	(235)	25	(940)	(219)

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

14) GAINS AND LOSSES FROM CHANGES IN ESTIMATES

Upon entering into the Master Agreement in the quarter ended September 30, 2014, the Company reassessed a series of material accounting estimates, as summarized in the following table:

Change in Estimate	Effect on Financial Position	Effect on Earnings	Tax Effect on Earnings
ARO	Unwinding of ARO asset of $2.2 million	-	-
	Unwinding of ARO liability of $7.4 million	-	-
	Unwinding of the two items described above resulted in a $5.2 million credit to PPE which will be unwound through 2037 as depreciation recovery.	-	-
Severance liability	Unwinding of $2.3 million statutory severance liability		-
	Increase of $80,000 in other comprehensive income associated with severance liability	Gain of $2.4 million included in tolling/production costs	-
	Reduction of $182,000 in contractual severance liability		-
	Reduction of $503,000 in associated deferred income tax asset	-	Expense of $0.5 million
Royalty derivative to related parties	Increased derivative by $8.1 million	Loss of $8.1million included in other expenses	-
		Loss of $5.7 million	Tax expense of $0.5 million
	Total negative impact on earnings	**$6.2 million**	

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

15) SUPPLEMENTARY CASH FLOW INFORMATION

	Nine months ended September 30, 2015 $	2014 $
(a) Interest and taxes paid		
Interest paid	626	75
Income taxes paid	981	1,531
(b) Other		
Increase (decrease) in accounts payable related to the acquisition of plant and equipment	1,012	(1,541)
Cash paid during the year for royalty dividends to related parties	400	435

(c) At September 30, 2015, cash of $1.4 million (December 31, 2014: $8.1 million) was restricted to be used exclusively in connection with payments associated with the Cauquenes expansion.

16) FAIR VALUE MEASUREMENT

Certain of the Group's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy has three levels that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and valuation techniques used to value the Group's financial assets and liabilities are the following:

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

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

- Level 3 – Significant unobservable inputs that are not based on observable market data. The Company includes the royalty derivative to related parties in Level 3 of the fair value hierarchy because it is not tradable or associated with observable price transparency. Management reviews the fair value of this derivative on a quarterly basis based on management's best estimates, which are unobservable inputs. Fair value is calculated by applying the discounted cash flow approach on a valuation model that considers the present value of the net cash flows expected to be paid as royalties to related parties (Note 9(a)).

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

	Level 1	Level 2	Level 3	Total
	$	$	$	$
September 30, 2015				
Investments	843	-	-	843
Trade and other receivables	-	887	-	887
Interest rate swap	-	-	(1,140)	(1,140)
Royalty derivative to related parties	-	-	(11,310)	(11,310)
	843	887	(12,450)	(10,720)

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2014				
Investments	2,011	-	-	2,011
Trade and other receivables	-	950	-	950
Royalty derivative to related parties	-	-	(10,959)	(10,959)
	2,011	950	(10,959)	(7,998)

17) COMMITMENTS

a) MVC entered into an agreement with its current power provider with a term from January 1, 2010 to December 31, 2017 which establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately $382,000 per month.

b) MVC entered into an agreement with its current power provider to supply approximately 70% of MVC's estimated annual power requirements during the period from January 1, 2018 to December 31, 2024. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to be approximately $1.4 million per month.

c) At September 30, 2015, MVC has commitments for $9.8 million in respect of purchase orders and construction contracts in connection with the Cauquenes expansion.

d) In 2011 Amerigo and an unrelated corporation entered into a joint agreement for the lease of office premises in Vancouver. The Company's share of basic rent commitments for the remaining term of the lease to July 31, 2016 is approximately $86,000.

e) The Master Agreement with DET has a Closure Plan clause requiring MVC and DET to work jointly to assess, under the new production scenario, the revision of the closure plan for the Cauquenes Deposit and compare it to the current plan in the possession of DET. In the case of any variation in the interests of DET due to MVC's activities extracting and processing tailings contained in Cauquenes, the Parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until such time as the estimation of the new closure plan is available and the Parties agree on the terms of compensation resulting from the revised plan, it is the Company's view there is no obligation to record a provision because the amount, if any, is not possible to determine.