Amerigo Resources Ltd.

Consolidated Financial Statements
For the year ended December 31, 2013
(expressed in thousands of U.S. dollars)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Financial Statements, the Management's Discussion and Analysis and the information contained in the company's annual filing of financial results have been prepared by the management of the company.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgements based on currently available information.

The Audit Committee of the Board of Directors, consisting of three independent members, meets periodically with management and the independent auditors to review the scope and result of the annual audit, and to review the Financial Statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The company's independent auditors, who are appointed by the shareholders, conducted an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the Financial Statements.

A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable. Management conducts ongoing reviews and evaluation of these controls and report on their findings to management and the Audit Committee.

"Klaus Zeitler"
Klaus Zeitler
Chairman and Chief Executive Officer

February 21, 2014

"Aurora Davidson"
Aurora Davidson
Chief Financial Officer

February 21, 2014

February 21, 2014

Independent Auditor's Report

To the Shareholders of Amerigo Resources Ltd.

We have audited the accompanying consolidated financial statements of Amerigo Resources Ltd., which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of comprehensive income (loss), cash flows and changes in equity for the years ended December 31, 2013 and 2012, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Amerigo Resources Ltd. as at December 31, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

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

Amerigo Resources Ltd.

Consolidated Statements of Financial Position

(expressed in thousands of U.S. dollars)

	Notes	December 31, 2013 $	December 31, 2012 $
Assets			
Current assets			
Cash and cash equivalents	5	13,148	9,250
Trade and other receivables	6	13,035	13,863
Prepaid expenses		319	337
Inventories	7	11,481	11,324
		37,983	34,774
Non-current assets			
Investments	8	3,207	4,149
Exploration and evaluation assets	10	21,375	18,736
Property, plant and equipment	11	116,601	138,337
Intangible assets	12	5,903	7,402
Other non-current assets		1,040	1,018
Total assets		186,109	204,416
Liabilities			
Current liabilities			
Trade and other payables	13	20,493	20,633
El Teniente royalties payable	9, 13	13,142	16,498
Current income tax liabilities	13, 18	721	335
Royalties to related parties	13, 16	655	731
Borrowings	14	-	1,483
		35,011	39,680
Non-current liabilities			
Severance provisions	13	3,611	4,301
Royalties to related parties	16	4,224	5,285
Asset retirement obligation	15	7,295	6,926
Deferred income tax liability	18	14,229	16,026
Total liabilities		64,370	72,218
Equity	17		
Share Capital		77,514	77,514
Other reserves		6,577	6,525
Retained earnings		39,475	38,482
Accumulated other comprehensive (loss) income		(1,827)	9,677
Total equity		121,739	132,198
Total equity and liabilities		186,109	204,416
Commitments	27		

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

Approved by the Board of Directors

"Robert Gayton"
Director

"George Ireland"
Director

Amerigo Resources Ltd.

Consolidated Statements of Comprehensive Income (Loss)

(expressed in thousands of U.S. dollars)

	Notes	Years ended December 31, 2013	2012
		$	$
Revenue		143,592	181,761
Cost of sales	20	137,556	182,851
Gross profit (loss)		6,036	(1,090)
Other expenses			
General and administration	20	2,764	4,847
Other expenses (gains)	22	1,472	(1,096)
		4,236	3,751
Operating profit (loss)		1,800	(4,841)
Finance expense	21	626	1,056
		626	1,056
Profit (loss) before tax		1,174	(5,897)
Income tax expense	18	181	2,295
Net profit (loss)		993	(8,192)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to net (loss) income			
Cumulative translation adjustment		(10,613)	10,339
Unrealized losses on investments, net of taxes	8	(891)	(3,125)
Other comprehensive (loss) income, net of tax		(11,504)	7,214
Comprehensive loss		(10,511)	(978)
Weighted average number of shares outstanding, basic		172,290,344	172,290,344
Weighted average number of shares outstanding, diluted		173,190,344	172,290,344
Earnings (loss) per share			
Basic		0.01	(0.05)
Diluted		0.01	(0.05)

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

Amerigo Resources Ltd.
Consolidated Statements of Cash Flows

(expressed in thousands of U.S. dollars)

	Years ended December 31, 2013 $	2012 $
Cash flows from operating activities		
Net profit (loss)	993	(8,192)
Adjustment for items not affecting cash:		
Depreciation and amortization	16,878	16,055
Impairment charges	1,360	-
Accretion	(746)	567
Unrealized foreign exhange expense	951	-
Deferred income tax (recovery) expense	(430)	1,715
Share-based payments	52	1,040
Other	78	1,099
	19,136	12,284
Changes in non-cash working capital		
Trade, other receivables and advances	(381)	6,539
Inventories	(1,909)	(964)
Trade and other payables	5,288	(1,246)
El Teniente royalty payables	(2,068)	6,113
	20,066	22,726
Payment of long-term employee benefits	(543)	-
Net cash from operating activities	19,523	22,726
Cash flows from investing activities		
Purchase of plant and equipment and evaluation assets	(13,391)	(23,708)
Net cash from investing activities	(13,391)	(23,708)
Cash flows from financing activities		
Repayments, net of cash proceeds	(1,497)	(3,347)
Dividends	-	(6,846)
Net cash from financing activities	(1,497)	(10,193)
Net increase (decrease) in cash and cash equivalents	4,635	(11,175)
Effect of exchange rate changes on cash	(737)	(395)
Cash and cash equivalents – Beginning of year	9,250	20,820
Cash and cash equivalents - End of year	13,148	9,250

Supplementary cash flow information (Note 26)

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

Amerigo Resources Ltd.

Consolidated Statements of Changes in Equity

(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, 2012	172,290,344	77,514	5,485	2,463	53,520	138,982
Share based payments	-	-	1,040	-	-	1,040
Cumulative translation adjustment	-	-	-	10,339	-	10,339
Unrealized losses on investments (net of tax recoveries of $1,448)	-	-	-	(3,125)	-	(3,125)
Net loss	-	-	-	-	(8,192)	(8,192)
Dividends	-	-	-	-	(6,846)	(6,846)
Balance December 31, 2012	172,290,344	77,514	6,525	9,677	38,482	132,198
Balance January 1, 2013	172,290,344	77,514	6,525	9,677	38,482	132,198
Share-based payments	-	-	52	-	-	52
Cumulative translation adjustment	-	-	-	(10,613)	-	(10,613)
Unrealized losses on investments	-	-	-	(891)	-	(891)
Net profit	-	-	-	-	993	993
Balance December 31, 2013	172,290,344	77,514	6,577	(1,827)	39,475	121,739

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

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

1) General Information

Amerigo Resources Ltd. (the "Company") is a company incorporated pursuant to the laws of British Columbia, Canada and its shares are listed for trading on the Toronto Stock Exchange ("TSX"), the OTCQX stock exchange in the United States and the Lima Stock Exchange. The address of the Company's principal office is Suite 1950 – 400 Burrard Street, Vancouver, British Columbia.

The Company is a producer of copper and molybdenum concentrates with operations in Chile. At December 31, 2013, its operating subsidiary Minera Valle Central S.A. ("MVC") has a contractual relationship with the El Teniente Division ("DET") of Corporacion Nacional del Cobre de Chile ("Codelco"), Chile's state-owned copper producer, through 2021 to process the fresh tailings from El Teniente, the world's largest underground copper mine (the "2021 Fresh Tailings Contract"), as well as to process the tailings from El Teniente's Colihues historical deposit (the "Colihues Contract"), (Note 9).

During the quarter ended September 30, 2013, the Company received official notice that the board of directors of Codelco had approved the major terms of an agreement granting MVC the rights to process the historic tailings in the Cauquenes deposit located near MVC's plant and extending the fresh tailings contract to 2037. The Company and DET are in the process of finalizing the details of the formal agreement (the "2014 DET Agreement").

These consolidated financial statements were authorised for issue by the board of directors on February 21, 2014 and have been prepared in accordance with and in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2) Summary Of Significant Accounting Policies

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

Basis of Preparation

These consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with IFRS on an historical cost basis, except for financial instruments which have been measured at fair value, and are presented in U.S. dollars except when otherwise indicated.

Consolidation

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

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

Segment Reporting

The Group operates in one segment which is the production of copper concentrates, with the production of molybdenum concentrates as a by-product.

Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each entity operates ('the functional currency"). The functional currency of the Company is the Canadian dollar and the functional currency of MVC and MVC Generacion is the Chilean peso ("CLP"). The Company's consolidated financial statements are presented in United States dollars ("$"), which is the Company's presentation currency. The U.S. dollar is widely used as a presentation currency in the mining industry, allowing for appropriate benchmarking with other companies operating in a variety of jurisdictions. These consolidated financial statements have been translated to the U.S. dollar in accordance with IAS 21"The Effects of Changes in Foreign Exchange Rates". This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). Resulting gains and losses on translation are included as a component of equity.

Transactions and Balances

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

Property, Plant and Equipment

Exploration and Evaluation Costs

Exploration and evaluation costs related to specific properties or projects are capitalized and are considered to be tangible assets. These assets are not depreciated as they are currently not available for use. The Group's exploration and evaluation costs will be reclassified to property, plant and equipment when production decisions on projects or properties are made, or expensed in the period in which it is determined they have no future economic value.

Property, Plant and Equipment

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

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

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

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

- Plant and infrastructure: Term of the current contracts with DET (2021).
- Machinery, equipment and other assets (except vehicles and mobile equipment): Term of the current contracts with DET (2021).
- Vehicles and mobile equipment: 7 years.

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

Asset Impairment

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

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other long-lived assets in the unit on a pro-rata basis.

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

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

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

Intangible Assets

Intangible assets reflect the value assigned to the 2021 Fresh Tailings Contract. This contractual right is amortized on a units of production basis over the term of the contract and tested for impairment when circumstances indicate that the carrying value may be impaired. In addition to the amortization of the contractual right, royalties payable to DET under the contracts are recorded based on production in the year and included in cost of sales.

Financial Assets and other Financial Liabilities

Classification

a) Loans and Receivables

Cash and cash equivalents, trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

b) Available-for-Sale Financial Assets (“AFS”)

Investments and other assets held by the Group are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income and are accumulated in the investments revaluation reserve. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period. The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date.

c) Other Financial Liabilities

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

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

e) Derivatives

The Group’s molybdenum trade receivables are embedded derivatives given that 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.

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

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

The Group's royalties to related parties are a derivative liability, classified as current or non-current based on the contractual terms specific to the instrument. Gains and losses on re-measurement are included in finance income (expense).

Recognition and Measurement

a) Effective Interest Method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

b) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer;
- default or delinquency in interest or principal payments; or
- it has become probable that the issuer will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

c) De-Recognition of Financial Assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or if the Group transfers the financial asset and substantially all risks and rewards of ownership to another entity.

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

Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the holders earn the options.
The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

Inventories

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

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

Cash and Cash Equivalents

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

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

Current and Deferred Income Tax

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

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

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

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

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

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

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

Provisions

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

At December 31, 2013, MVC has a future obligation to retire the assets located at its facility at the end of the 2021 Fresh Tailings Contract with DET. This obligation was recorded as a liability at present value in the Company's consolidated statement of financial position. The value of asset retirement obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The fair value of the liability is added to the carrying amount of plant and equipment, and this additional carrying amount is depreciated over time to 2021. An accretion cost, representing the increase over time in the present value of the liability, is recorded each period in finance expense.

At December 31, 2013, MVC has a future obligation with its workers for statutory severance payments based on their employee contracts and/or Chilean labour law at the end of the 2021 Fresh Tailings Contract. This obligation has been recorded as a liability at present value in the Company's consolidated statement of financial position. The value of the severance provision is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The increase or decrease over time in the present value of the liability is recorded each period in cost of sales.

Earnings (Loss) per Share

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

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

Revenue Recognition

Revenue from the sale of the Group's copper and molybdenum concentrates is recognized when the rights and obligations of ownership pass to the customer and the price is reasonably determinable. In 2013 the majority of the Group’s concentrates were sold at known market prices.

In circumstances where final prices are determined by quoted market prices in a period subsequent to the date of sale, prices are determined on a provisional basis at the date of sale and revenues are recorded based on forward prices. Adjustments are made to the 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 the Group’s amounts receivable change 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.

Copper produced by MVC is sold under a written sales agreement with Chile’s Empresa Nacional de Minería (“Enami”). The agreement with Enami establishes a delivery schedule of monthly sales quotas and in 2013 set MVC’s copper sale price at the average market price for the month preceding delivery (“M-1”). Where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and MVC receives a sale price calculated for the originally scheduled month of delivery until the quota is met.

Molybdenum produced by MVC is predominantly sold under a written sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”). In 2013, the sale price to Molymet was the average market price for the third month following delivery (“M+3”). In normal supply conditions and in circumstances where the quotational period for sales goes beyond the sale price for the month of delivery, sales for copper and molybdenum concentrates are provisionally priced at the time of sale based on the prevailing copper forward market price or the current molybdenum market price, as specified in the sales contracts, where applicable.

Variations between the price recorded at the time of sale and the actual final price received from Enami or Molymet are caused by changes in copper and molybdenum market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified 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 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 deliveries.

Comprehensive Income (Loss)

Comprehensive income (loss) includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company’s comprehensive income (loss), components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

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

3) Adoption of New and Revised International Financial Reporting Standards

Effective January 1, 2013, the Company adopted the following new and revised standards, along with any consequential amendments, in accordance with the applicable transitional provisions:

IFRS 10 – Consolidated Financial Statements: IFRS 10 replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidations conclusions on January 1, 2013 and determined the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries or investees.

IFRS 11 – Joint Arrangements: IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, Investments in Associates and Joint Ventures (amended in 2011). The Company does not currently have joint arrangements or investments in associates. Accordingly, the adoption of IFRS 11 did not have an effect on the Company's consolidated financial statements. The other amendments to IAS 28 did not affect the Company.

IFRS 12 – Disclosure of interests in other entities: IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company's disclosure requirements in respect of IFRS 12 are contained in Note 23 of these condensed consolidated interim financial statements.

IFRS 13 – Fair Value Measurement: IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013. The Company's disclosure requirements in respect of IFRS 13 are contained in Note 24 of these condensed consolidated interim financial statements.

IAS 1 Amendment - Presentation of Items of Other Comprehensive Income: The Company adopted the amendments to IAS 1 which required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The Company has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 19R – Employee Benefits: The amended version of IAS 19 changes the way defined benefit plans and termination benefits are accounted for, in order to improve the recognition, presentation and disclosure of these types of plans. The revised standard has a particular impact on the amounts presented in profit or loss and other comprehensive income. The adoption of IAS19R had an impact on the presentation of actuarial gains or losses arising from the Group's severance liabilities which are now included in other comprehensive income.

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

Amendments to IFRS 7 – Financial Instruments - disclosures on asset and liability offsetting: This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with U.S. GAAP.

Annual improvements 2011: These annual improvements address six issues in the 2009-2011 reporting cycle and includes changes to: IFRS 1: First Time Adoption; IAS 1: Financial Statement Presentation; IAS 16: Property, Plant and Equipment; IAS 32: Financial Instruments: Presentation and IAS 34: Interim Financial Reporting.

The IASB has issued the following standards which have not yet been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2014. The Company is completing its assessment of the impact that the new standards will have on its consolidated financial statements.

IFRS 9 – Financial Instruments - classification and measurement: The IASB has suspended the originally planned effective date of January 1, 2015 for IFRS 9. The IASB issued IFRS 9 as the first step in its project to replace IAS 39: Financial Instruments – recognition and measurement. The Company will commence assessing the impact of this new standard upon the announcement of its new effective date.

Amendment to IAS 32 – Financial Instruments – presentation: These amendments are to the application guidance on IAS 31, Financial Instruments: Presentation, and clarify some of the requirements for offsetting assets and financial liabilities on the statement of financial position.

Amendment to IAS 36 – Impairment of Assets: This amendment addresses the disclosure of information regarding the recoverable amount of impaired assets as that amount is based on fair value less costs of disposal.

Financial Instruments: Recognition and Measurement Amendment to IAS 39 – Novation of Derivatives: This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.

IFRIC 21 – Levies: This is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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

4) Critical Accounting Estimates And Judgements

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

In preparing these consolidated financial statements, the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that 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.

Useful Life of Assets

As at December 31, 2013, the contractual relationship with DET was estimated to terminate as of December 31, 2021. The useful lives of assets have been determined based on their estimated economic life, not to exceed December 31, 2021.

The remaining life of the contractual relationship with DET is expected to change to December 31, 2037 upon execution of the 2014 DET Agreement, and may change again in the future based on executed term extensions.

Asset Retirement Obligation ("ARO")

The Company assesses its provision for ARO and fair values the liability at the end of each reporting quarter, using the current risk-free discount rates. The ARO results from the obligation to remove property and equipment at the end of the contractual relationship with DET and from environmental regulations set by Chilean authorities. AROs include costs related to MVC's plant and equipment. The ARO is a critical accounting estimate for the Company. There are significant uncertainties related to the ARO and the impact on the financial statements could be material. The eventual timing and costs of the ARO could differ from current estimates. The main factors that could cause expected ARO cash flows to change include changes to laws and legislation, additions of new plant and equipment and changes to the term of the contractual relationship with DET.

At December 31, 2013, the future value of the provision for ARO was determined using an estimated annual inflation rate of 3%, a risk premium estimated at 6.7% and discounted at the risk-free rate of 5.18%.

The ARO is expected to change upon execution of the 2014 DET Agreement.

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 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 will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying

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

value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of income.

As at December 31, 2013, management of the Company determined that the Company's continued depressed share price, resulting in capitalization below net assets 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): 2014: $3.20; 2015: $3.18; 2016: $3.18; 2017: $3.06; 2018 to 2037: $2.95
- Power costs (excluding benefit from self-generation): From 2014 to 2017 costs are per contractual estimates (2014: $0.1006/kWh, 2015: $0.1148/kWh, 2016: $0.1267/kWh, 2017: $0.1277/kWh). From 2018 to 2037: estimated at $0.1300/kWh
- Operating costs based on historical costs incurred and estimated forecasts
- Production volume and recoveries as indicated in MVC's mining plan from 2013 to 2037, including processing of fresh tailings and old tailings from the Colihues and Cauquenes deposits
- Extension of contractual relationship with DET to 2037
- Discount rate: 9% after tax

Management's impairment evaluation did not result in the identification of an impairment loss as of December 31, 2013, other than for obsolescence impairment of specific assets ($668,000) and spare parts ($274,000). Although management believes the estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments. Sensitivities to changes in estimated operating costs, particularly estimated power costs beyond MVC's current power contracts, operating results from Cauquenes that differ from current projections, and increases to estimated expansion capital costs might trigger an impairment that could be material.

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely to arise from future processing operations. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable processing operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available. Exploration and evaluation assets are included in the Company's impairment test along with property, plant and equipment.

Exploration and evaluation assets are transferred to property, plant and equipment once the Group has obtained the legal right to process the related tailings and an economically viable processing operation has been established.

Power Cost Assumptions

Certain components of MVC's power costs involve complex calculations involving data from Chiles' National Energy Commission, the central power grid operating network and the Company's power supply company. The Company relies on the advice of external power consultants to estimate these costs, in particular in the case of newly introduced charges with no historical precedent. Final costs may vary from estimated costs and would be included in earnings in the period in which final costs are determined.

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

Severance Provisions

MVC has a future obligation with its workers for statutory severance payments based on their employee contracts and/or Chilean labour law at the termination of the contractual relationship with DET. This obligation has been recorded as a liability at present value in the Company's consolidated statement of financial position. The value of the severance provision is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The increase or decrease over time in the present value of the liability is recorded each period in cost of sales.

The Company's severance provisions are expected to change upon execution of the 2014 DET Agreement.

5) Cash And Cash Equivalents

	December 31, 2013 $	**December 31, 2012 $**
Cash at bank and on hand	5,540	2,157
Short term bank deposits	7,608	7,093
	13,148	9,250

Short-term bank deposits are redeemable on demand.

6) Trade And Other Receivables

	December 31, 2013 $	**December 31, 2012 $**
Current		
Accounts receivable	13,035	13,863
Less: Provision for impairment of trade receivables	-	-
Accounts receivable - net	13,035	13,863
Non-current		
Other non-current receivables	934	1,018

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

The ageing analysis of these trade and other receivables is as follows:

	December 31, 2013 $	**December 31, 2012 $**
Up to 3 months	7,361	8,947
3 to 6 months	3,183	3,521
Greater than 6 months	2,491	1,395
	13,035	13,863

The carrying amounts of the Group’s trade and other receivables are denominated in the following currencies:

Currency	**December 31, 2013 $**	**December 31, 2012 $**
Chilean Peso	13,009	13,819
Other	26	44
	13,035	13,863

The fair values of trade and other receivables approximate their carrying value, as follows:

	December 31, 2013 $	**December 31, 2012 $**
Trade receivables	7,368	9,612
Other	5,667	4,251
	13,035	13,863

The effective interest rates on trade and other receivables were nil% (December 31, 2012: nil%).

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

7) INVENTORIES

	December 31, 2013 $	December 31, 2012 $
Plant supplies and consumables at cost	7,310	7,957
Concentrate inventories	4,171	3,367
	11,481	11,324

At December 31, 2013, the Company recorded $418,000 in cost of sales as a result of adjustments to net realizable value of copper inventories (2012: $nil). Molybdenum inventories were valued at cost at December 31, 2013 and 2012, as cost was lower than net realizable value.

During the year ended December 31, 2013, the Company recorded $274,000 in cost of sales as a result of an impairment of specific plant supplies and consumables (2012: $nil).

8) INVESTMENTS

	December 31, 2013 $	December 31, 2012 $
Start of year	4,149	8,723
Exchange differences	(51)	141
Unrealized losses on changes in fair value	(891)	(4,715)
End of year	3,207	4,149

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

Available-for-sale financial assets include the following:

	December 31, 2013 $	December 31, 2012 $
Candente Copper Corp.	1,555	2,210
Candente Gold Corp.	-	260
Los Andes Copper Ltd.	1,652	1,609
Cobriza Metals Corp.	-	70
	3,207	4,149

a) At December 31, 2013, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn$0.26 and the fair value of the Group's approximately 5% investment in Candente Copper was $1.6 million. During the year ended December 31, 2013, the Group recorded other comprehensive loss of $669,000 (2012: other comprehensive loss of $3.3 million) for the changes in fair value of this investment.

b) At December 31, 2013, Los Andes Copper Ltd. ("Los Andes"), a company listed on the TSX Venture Exchange, had a closing share price of Cdn$0.22, and the fair value of the Group's approximately 5% investment in Los Andes was $1.7 million. During the year ended December 31, 2013, the Group recorded other comprehensive income of $108,000 (2012: other comprehensive loss of $910,000) for the changes in the fair value of this investment.

c) Management wrote off the Group's investment in Candente Gold Corp. on June 30, 2013, recording other comprehensive loss of $260,000. During the year ended December 31, 2013, the Group recorded other comprehensive loss of $260,000 for the changes in the fair value of this investment.

(d) Management wrote-off the Group's investment in Cobriza Metals Corp. on June 30, 2013, recording other comprehensive loss of $70,000. During the year ended December 31, 2013, the Group recorded other comprehensive loss of $70,000 for the changes in the fair value of this investment.

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

9) El Teniente Royalties Payable

At December 31, 2013 MVC has a contract with DET to process fresh tailings until 2021 from the current production of the El Teniente mine which provided for a royalty to DET on copper and molybdenum concentrates produced by MVC. The amount of the copper royalty on fresh tailings was determined pursuant to a formula that considered both the price of copper and the copper content in the fresh tailings. No royalties were payable on fresh tailings if the copper price was below $0.80/lb (for copper content in fresh tailings between 0.09% and 0.1499%); if the copper price was between $0.80/lb and $0.95/lb, the royalty varied on a sliding scale from 0% to 10%; if the copper price was between $0.95/lb and $1.30/lb, the royalty varied on a sliding scale from 10% to 13.5%; and if the copper price was $1.30/lb or higher, a maximum royalty of 13.5% was payable.

Royalty payments for copper concentrates production were calculated using the LME Price for copper for the month of delivery of the tailings, and invoiced by DET in CLP using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates, on a monthly basis within 30 days of the end of the third month following the month of delivery of the tailings. Payment to DET was made within 10 days of receipt of invoices. Accordingly, the price base used for the calculation of the El Teniente royalty was, in most instances, not the same price base used for the pricing of copper concentrate sales.

Adjustments to the DET royalties were recorded on a monthly basis for changes in copper concentrate deliveries during the settlement period.

MVC also paid to DET a royalty of 10% of MVC's net revenue received from the sale of molybdenum concentrates produced from fresh tailings.

The DET royalties are recorded as a component of cost of sales.

MVC also has an agreement with DET with respect to the processing of tailings from the Colihues tailings impoundment ("old tailings"), which provided for a sliding scale copper royalty on old tailings that was 3% if the LME Price was less than $0.80/lb, and increased to approximately 30% at an LME Price of $4.27/lb, but also contained a provision that the parties would review and potentially adjust the formula where the LME Price remained lower than $1.95/lb or higher than $4.27/lb for three consecutive months. For molybdenum prices lower than $35/lb, the royalty on old tailings was 11.9% and for molybdenum prices greater than or equal to $35/lb, the royalty was 12.4%.

From time to time MVC has entered into short term modifications to the legal structure of the royalty arrangements with DET. The Company's view is that these arrangements did not change the substance of the underlying royalty arrangements.

As at December 31, 2013, royalties payable to El Teniente were $13.1 million (December 31, 2012: $16.5 million), representing approximately four months of royalties.

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

10) EXPLORATION AND EVALUATION ASSETS

	$
Year ended December 31, 2012	
Opening net book amount	10,131
Exchange differences	950
Additions	7,655
	18,736
Year ended December 31, 2013	
Opening net book amount	18,736
Exchange differences	(1,806)
Additions	4,445
	21,375

The Group's exploration and evaluation assets relate to costs incurred to conduct pilot tests, engineering costs and other associated costs to evaluate the potential options for the processing of tailings in DET's Cauquenes tailings deposit. MVC has the legal right to explore this area during negotiations to obtain the rights to process these tailings.

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

11) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure $	equipment and other assets $	Total $
Year ended December 31, 2012			
Opening net book amount	101,911	26,597	128,508
Exchange differences	8,767	1,915	10,682
Additions	11,297	2,967	14,264
Depreciation charge	(12,422)	(2,695)	(15,117)
Closing net book amount	109,553	28,784	138,337
At December 31, 2012			
Cost	178,781	55,231	234,012
Accumulated depreciation	(69,228)	(26,447)	(95,675)
Net book amount	109,553	28,784	138,337
Year ended December 31, 2013			
Opening net book amount	109,553	28,784	138,337
Exchange differences	(8,859)	(2,067)	(10,926)
Additions	4,839	1,050	5,889
Disposals	-	(17)	(17)
Impairment	-	(668)	(668)
Transfer to other assets	-	(74)	(74)
Depreciation charge	(12,616)	(3,324)	(15,940)
Closing net book amount	92,917	23,684	116,601
At December 31, 2013			
Cost	167,892	50,549	218,441
Accumulated depreciation	(74,974)	(26,866)	(101,840)
Net book amount	92,918	23,683	116,601

An impairment charge of $668,000 (2012: $nil) was booked for obsolescence of specific assets.

Total interest of $nil was capitalised in the year ended December 31, 2013 (2012: $46,000) and is included in property, plant and equipment at December 31, 2013.

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

12) INTANGIBLE ASSETS

	$
Net book amount, December 31, 2011	7,726
Exchange differences	613
Charged to earnings	(937)
Net book amount, December 31, 2012	7,402
Exchange differences	(560)
Charged to earnings	(939)
Net book amount, December 31, 2013	5,903

13) TRADE AND OTHER PAYABLES

	2013	**2012**
	$	**$**
Current		
Trade and other payables	20,493	20,633
El Teniente royalties payable (Note 9)	13,142	16,498
Current income tax liabilities	721	335
Royalties to related parties	655	731
	35,011	38,197
Non-current		
Severance provisions	3,611	4,301
Royalties to related parties	4,224	5,285
	7,835	9,586

The fair value of trade and other payables approximates carrying values.

The Company has accrued for severance provisions in respect of estimated statutory severance payments in MVC at the termination of the 2021 Fresh Tailings Contract. The estimate of severance provisions is calculated through an actuarial model that considers variables such as the current population statistics of MVC employees, estimated employee turnover and voluntary retirement from MVC, death rates, retirement age, salary adjustments and discount rates. The severance provision at December 31, 2013 was $3,611 (2012: $4,301).

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

14) Borrowings

	December 31, 2013 $	December 31, 2012 $
Bank loans (Notes 14 (a), (b) and (c))	-	1,483
		1,483
Less: Short-term debt and current portion of long-term debt	-	1,483
		-

a) In November 2010, MVC obtained from a Chilean bank a loan denominated in U.S. dollars in the principal amount of $4 million to assist with the financing of a pilot plant to evaluate the viability of processing tailings from a new project. This loan was repaid in full during the quarter ended December 31, 2012. The interest rate on this loan was 4.68% per annum. Total borrowing costs of $206,000 on this loan were capitalized, at a capitalization rate of 100%.

b) In December 2008, MVC obtained a $5 million loan from a Chilean bank. In May 2009, the loan was converted into a Chilean peso (“CLP”) loan and in May 2010 it was restructured as a three year loan. The principal amount of this loan was CLP 2,858 million and was repaid in full during the quarter ended June 30, 2013. MVC entered into an interest rate swap through which it fixed the rate of the loan to an annual rate of 9.96%.

c) In January 2012, MVC Generacion, a wholly-owned subsidiary of MVC, obtained from a Chilean bank a working capital loan of CLP301 million (the equivalent of $616,000 at the loan grant date). This loan was repaid in full during the quarter ended June 30, 2013. The interest rate on this loan was 0.61% per month

d) In July 2011 MVC entered into an agreement with a Chilean bank to secure a revolving working capital line of credit for up to $20 million or its equivalent in CLP (the “Line of Credit”). The Line of Credit has a term to July 4, 2014. For borrowings in CLP, interest is payable at a variable rate of the Chilean Tasa Activa Bancaria (TAB) plus an applicable margin, and for borrowings in US dollars interest is payable at a variable rate of LIBOR-30 days plus applicable margin. Current borrowing rates would be 0.53% per month on CLP draws and 0.18% per month on US dollar draws. The Line of Credit requires MVC to meet minimum quarterly equity, debt to equity and maximum debt ratios. MVC was in compliance with these covenants at December 31, 2013. No funds have been drawn down on this line of credit.

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

15) Asset Retirement Obligation

MVC is obligated through the 2021 Fresh Tailings Contract to remove the facilities and equipment used in its operations and to leave the land occupied by MVC's operations clean and clear within six months of expiry of that contract.

In 2011 MVC obtained an independent assessment of site restoration costs which was updated in 2013 by MVC's engineering department. The 2013 revised report indicated costs of $8,085,000 as at the end of 2013, which were adjusted to reflect inflation (estimated at an annual rate of 3%), risk premium (estimated at 6.7%) and discounted at the risk-free rate of 5.18%.

The liability is being accreted over time to 2021, the end of the term of the 2021 Fresh Tailings Contract.

	$
At December 31, 2011	6,842
Charged to earnings - accretion	333
Change in estimate	(249)
At December 31, 2012	6,926
Charged to earnings - accretion	372
Change in estimate	(3)
At December 31, 2013	7,295

16) Related Party Transactions

a) Royalties to Related Parties

The Group 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 and Chief Executive Officer, an associate of the Chairman and Chief Executive Officer, a former director of the Company and an associate of that former director. 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 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

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

- $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 December 31, 2013 is $4.9 million (December 31, 2012: $6 million), with a current portion of $655,000 (December 31, 2012: $731,000) and a long-term portion of $4.2 million (2012: $5.3 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the year ended December 31, 2013, royalties totalling $707,000 were paid or accrued to the Amerigo International Class A shareholders (2012: $840,000). At December 31, 2013, $52,000 of this amount remained outstanding (December 31, 2012: $71,000).

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

The Company 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.

	Year ended December 31, 2013 $	**Year ended December 31, 2012 $**
Salaries and management fees	1,280	1,218

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

c) Key Management Compensation

The remuneration of directors and other members of key management during the periods ended December 31, 2013 and 2012 were as follows:

	Year ended December 31, 2013 $	**Year ended December 31, 2012 $**
Management and directors' fees	1,545	1,469
Share-based payments	52	1,009
	1,597	2,478

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

17) EQUITY

a) Share Capital

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

b) Share Options

No share options were granted in the year ended December 31, 2013.

The weighted average fair value of the share options granted in the year ended December 31, 2012 was estimated at Cdn$0.28 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2013 $	**2012** $
Weighted average share price	-	0.73
Weighted average exercise price	-	0.73
Dividend yield	-	5.51%
Risk free interest rate	-	1.25%
Pre-vest forfeiture rate	-	0%
Expected life (years)	-	3.66
Expected volatility	-	71.73%

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

Outstanding share options:

	December 31, 2013		December 31, 2012	
	Share options	Weighted average exercise price Cdn$	Share options	Weighted average exercise price Cdn$
At start of the year	12,300,000	0.95	10,070,000	1.25
Granted	-	-	3,900,000	0.73
Expired	(1,035,000)	2.13	(1,670,000)	2.23
At end of the year	11,265,000	0.84	12,300,000	0.95
Vested and exercisable	11,265,000	0.84	11,600,000	0.98

Information relating to share options outstanding at December 31, 2013 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 $	average remaining life of outstanding options (years)
1,700,000	1,700,000	0.31-0.69	0.42	0.42	1.59
3,165,000	3,165,000	0.70-0.74	0.70	0.70	1.17
3,200,000	3,200,000	0.75-0.95	0.77	0.77	3.18
600,000	600,000	0.96-1.22	1.12	1.12	2.36
2,600,000	2,600,000	1.23-1.32	1.32	1.32	2.17
11,265,000	11,265,000		0.84	0.84	2.10

The weighted average remaining life of vested options at December 31, 2013 was 2.10 years.

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

Further information about share options is as follows:

	Year ended December 31, 2013 $	Year ended December 31, 2012 $
Total compensation recognized	52	1,040

c) Earnings (loss) per Share

i) Basic

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

	December 31, 2013 $	December 31, 2012 $
Profit (loss) for the year	993	(8,192)
Weighted average number of shares	172,290,344	172,290,344
Basic earnings (loss) per share	0.01	(0.05)

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

ii) Diluted

Diluted earnings (loss) per share are 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.

	December 31, 2013 $	December 31, 2012 $
Profit (loss) for the year	993	(8,192)
Weighted average number of ordinary shares in issue	172,290,344	172,290,344
Effect of dilutive securities:		
Share options	900,000	-
Weighted average diluted shares outstanding	173,190,344	172,290,344
Diluted earnings (loss) per share	0.01	(0.05)

The number of anti-dilutive securities excluded from the diluted loss per share calculation for the year ended December 31, 2012 was 1,600,000 share options.

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

18) INCOME TAX EXPENSE

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

	Year ended December 31, 2013 $	Year ended December 31, 2012 $
Current		
Canadian income tax	(14)	201
Foreign income and resource tax	625	380
Total current tax	611	581
Deferred		
Canadian income tax	-	211
Foreign income and resource tax	(430)	1,503
Total deferred tax	(430)	1,714
Income tax expense	181	2,295

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

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

	Year ended December 31, 2013 $	**Year ended December 31, 2012 $**
Earnings (loss) before tax	1,174	(5,897)
Statutory tax rate	25.75%	25.00%
Expected income tax expense (recovery)	302	(1,474)
Tax effect of:		
Non-deductible expenses and foreign monetary adjustments	79	(206)
Change in benefits not recognized	571	797
Income tax rate change - foreign country	(162)	2,626
Withholding tax and other foreign taxes	65	262
Difference in tax rates in foreign jurisdictions	(328)	(574)
OCI movement on fair value adjustments of investments	-	251
Foreign exchange impact	(375)	268
Other	29	345
	181	2,295

c) The income tax credited to equity during the year is as follows:

	2013 $	**2012 $**
Deferred tax	1,367	1,418
	1,367	1,418

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

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

	December 31, 2013 $	December 31, 2012 $
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months	1,673	1,449
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	(15,902)	(17,475)
Deferred tax liabilities/asset- net	(14,229)	(16,026)

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

	2013 $	2012 $
At start of the year	(16,026)	(15,031)
Tax credited (charged) to earnings (loss)	430	(1,503)
Tax credited directly to equity	-	1,207
Foreign exchange impact in equity	1,367	(699)
At end of the year	(14,229)	(16,026)

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

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

Deferred tax liabilities	**Property, plant and equipment** **$**	**Intangible assets** **$**	**Other** **$**	**Total** **$**
At December 31, 2011	(12,961)	(1,313)	(1,654)	(15,928)
Credited to loss	(2,004)	-	-	(2,004)
Charged (credited) to equity/ foreign exchange impact on equity	(1,030)	(167)	1,654	457
At December 31, 2012	(15,995)	(1,480)	-	(17,475)
Charged (credited) to earnings	(84)	187	-	103
Charged to equity/ foreign exchange impact on equity	1,358	112	79	1,549
At December 31, 2013	(14,721)	(1,181)	79	(15,823)

Deferred tax assets	**Asset retirement obligation** **$**	**Other** **$**	**Total** **$**
At December 31, 2011	640	257	897
Charged to loss	174	327	501
Credited (charged) to equity/ foreign exchange impact on equity	58	(7)	51
At December 31, 2012	872	577	1,449
Charged to earnings	194	133	327
Charged to equity/ foreign exchange impact on equity	(64)	(118)	(182)
At December 31, 2013	1,002	592	1,594

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

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

g) Unrecognized deductible temporary differences

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

	2013 $	2012 $
Non-capital losses	12,363	11,339
Capital losses	727	772
Other temporary deductible differences	7,306	8,258
	20,396	20,369

h) Loss carry-forwards

At December 31, 2013, the Company had $12.4 million of Canadian federal net operating loss carry-forwards. These loss carry-forwards expire at various dates between 2015 and 2033.Net operating loss carry-forwards have not been recognized, as it is not probable the legal entity in which they arose will have taxable profits against which such loss carry-forwards could be utilized.

At December 31, 2013, the Company had $0.8 million of Canadian federal net capital losses. These losses could be carried back three years and forward indefinitely against future taxable capital gains. Net capital losses have not been recognized, as it is not probable the legal entity in which they arose will have taxable capital gains against which such losses could be utilized.

i) Non-resident subsidiaries

The Company has non-resident subsidiaries that have undistributed earnings. Taxable temporary differences in relation to these investments for which deferred tax liabilities have not been recognized are $98 million at December 31, 2013 (2012: $92 million), as earnings are not expected to be distributed in the foreseeable future.

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

19) 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 with the production of molybdenum concentrates as a by-product.

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

	Property, plant and equipment		Other	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Chile	116,344	138,000	28,318	27,156
Canada	257	337	-	-
	116,601	138,337	28,318	27,156

All of the Group's revenue originates in Chile.

The Group's sales to one customer represent 92% of reported revenue (2012: 84%).

20) Expenses By Nature

Cost of sales consists of the following:

	Year ended December 31, 2013 $	Year ended December 31, 2012 $
Production costs	80,334	115,807
El Teniente royalty	33,815	43,874
Depreciation and amortization	16,878	16,055
Administration	4,928	5,395
Transportation	1,601	1,720
	137,556	182,851

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

General and administration expenses consist of the following:

	Year ended December 31, 2013 $	**Year ended December 31, 2012 $**
Office and general expenses	1,133	1,311
Salaries, management and professional fees	2,042	2,105
Share-based payment compensation	52	1,040
Royalties to related parties	(411)	1,074
Bad debt (recovery) expense	(52)	(683)
	2,764	4,847

21) FINANCE EXPENSE

	Year ended December 31, 2013 $	**Year ended December 31, 2012 $**
Interest charges	370	869
Interest rate swap-change in fair value	(116)	(147)
Asset retirement obligation accretion cost	372	334
	626	1,056

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

22) Other Expenses (Gains)

	Year ended December 31, 2013 $	Year ended December 31, 2012 $
Foreign exchange (gain) loss	1,202	(414)
Impairment charge	668	-
Other gains	(398)	(682)
	1,472	(1,096)

23) Disclosure of Interest in Other Entities

The Company has nine subsidiaries, all of which are wholly-owned with the exception of Amerigo International. Amerigo International is wholly-owned by the Company except for certain outstanding Class A shares, as disclosed in Note 16(a).

	Jurisdiction of incorporation
Amerigo International Holdings Corp.	Canada
Amerigo Investments Ltd.	Barbados
Amerigo Banking Corporations	St. Lucia
Amerigo Inversiones SPA	Chile
Amerigo Resources Ltd. I Chile Limitada	Chile
Amerigo Resources Ltd. II Chile SPA	Chile
Amerigo International Inversiones Limitada	Chile
Minera Valle Central S.A.	Chile
Minera Valle Central Generacion S.A.	Chile

The Company does not have restrictions on its ability to transfer cash to or from its subsidiaries, or to pay dividends, advance loans or make loan repayment within the group companies.

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

24) Fair Value Measurement

The tables below analyse recurring assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the Company can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2013				
Investments	3,207	-	-	3,207
Trade and other receivables	-	1,088	-	1,088
Royalties to related parties	-	-	(4,828)	(4,828)
	3,207	1,088	(4,828)	(533)

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2012				
Investments	4,149	-	-	4,149
Trade and other receivables	-	2,091	-	2,091
Royalties to related parties	-	-	(5,946)	(5,946)
	4,149	2,091	(5,946)	294

The Company's policy is to recognize transfers out of Level 3 as of the date of the event or change in the circumstances that caused the transfer.

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

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

	Royalties to related parties
Balance at January 1, 2013	6,016
Paid	(777)
Credited to earnings	(411)
Balance at December 31, 2013	4,828

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

Valuation approach: The 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. At December 31, 2013, only molybdenum trade receivables were considered embedded derivatives.

Key observable inputs: Average Platt's molybdenum dealer oxide molybdenum price for the month when sales are made.

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

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

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

Valuation approach: The fair value is calculated by applying the discounted cash flow approach. The valuation model considers the present value of the net cash flows expected to be paid as royalties to related parties (Note 16(a)).

Key unobservable inputs: Estimated copper equivalent production to 2021, assumed copper and molybdenum prices and discount rate.

Inter-relationship between key unobservable inputs and fair value measurement: The estimated fair value increases the lower the discount rate, the higher the estimated production and the higher the copper equivalent for molybdenum production calculated from the relationship of molybdenum to copper prices.

The calculation of the fair value of the royalties to related parties is performed by the Company's Chief Financial Officer, on a quarterly basis.

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

Key unobservable inputs correspond to:

- Estimated copper equivalent production as provided by MVC's mining plan.
- Assumed copper and molybdenum prices for the calculation of copper equivalent from molybdenum production, as provided by consensus long-term copper and molybdenum price market data.
- Discount rate calculated from the sum of MVC's confirmed U.S. dollar borrowing rate plus a risk premium, determined on a quarterly basis.

25) FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

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

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk through close controls on cash requirements and regular updates to short-term cash flow projections, by maintaining strong banking relationships in Chile where MVC has historically obtained short-term debt facilities to meet working capital requirements and by raising additional capital for investment or operations as required from time to time.

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

At December 31, 2013	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	20,493	20,493	-	-	-
El Teniente royalties payable	13,142	13,142	-	-	-
Royalties to related parties	4,879	746	729	2,128	1,276
Severance provisions	3,611	-	-	-	3,611
	42,125	34,381	729	2,128	4,887

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

At December 31, 2012	**Total**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	20,633	20,633	-	-	-
El Teniente royalties payable	16,498	16,498	-	-	-
Borrowings	1,483	1,483	-	-	-
Royalties to related parties	6,016	790	848	2,349	2,029
Severance provisions	4,301	-	-	-	4,301
	48,931	39,404	848	2,349	6,330

Foreign Exchange Risk

The Group faces foreign exchange risk exposures arising from transactions denominated in foreign currencies. The Group's main foreign exchange risks arise with respect to the Canadian dollar and the Chilean Peso. The Company has elected not to actively manage this exposure at this time. Notwithstanding, the Company continuously monitors this exposure to determine if any mitigation strategies become necessary. Based on the balances as at December 31, 2013, a 1% increase (decrease) in the Chilean Peso/U.S. dollar or the Canadian dollar/U.S. dollar exchange rates on that day would have resulted in an increase or decrease of approximately $61,500 and $1,000,000 in loss and comprehensive loss, respectively.

Interest Rate Risk

Included in the results of operations of the Company are interest income on U.S. dollar, Canadian dollar and Chilean peso cash and cash equivalents. The Company's interest rate risk mainly arises from the interest rate impact on its cash and cash equivalents. The interest rate risk is minimal. The Group receives interest on cash and cash equivalents based on market interest rates. As at December 31, 2013, with other variables unchanged, a 1% change in Prime rates would have had a marginal impact on net earnings and no effect on other comprehensive income.

Commodity Price Risk

MVC faces commodity price risk arising from changes to the market prices for copper and molybdenum from the time of delivery of concentrates to the time of final price settlement. This risk is mitigated given the quotational periods in place for copper and molybdenum sales in 2013 which were "M-1" and "M+3", respectively.

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

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

	2013 $/lb	2012 $/lb	2013 $	2012 $
Copper	-	-	-	-
Molybdenum	9.68	11.35	87	167

Credit Risk

Financial instruments that potentially subject the Group to credit risk consist of cash and cash equivalents and amounts receivable. The Group has an investment policy which requires that cash and cash equivalents can only be deposited in investments with certain minimum credit ratings. Cash and cash equivalents are maintained with financial institutions in Canada and Chile and are redeemable on demand. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. In 2013, MVC sold its copper and molybdenum concentrates to four customers and does not consider it has any significant credit risk exposure on its accounts receivable.

Capital Risk Management

The Company manages as capital its capital stock, other reserves, and retained earnings. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to its shareholders and to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk. In connection with the line of credit described in Note 14, MVC is required to meet certain bank covenants.

26) SUPPLEMENTARY CASH FLOW INFORMATION

	2013 $	2012 $
(a) Interest and taxes paid		
Interest paid	193	259
Income taxes paid	2,408	2,931
(b) Other		
Decrease in accounts payable related to the acquisition of plant and equipment	(3,073)	(1,538)
Cash paid during the year for royalty dividends to related parties	731	844

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

27) COMMITMENTS

a) MVC entered into an agreement with its current power provider which extends from January 1, 2010 to December 31, 2017 and establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately $365,000 per month for the period January 1, 2014 to December 31, 2017.

b) The Company has entered into a joint lease agreement together with an unrelated corporation for the lease of office premises in Vancouver. The lease is for a five year term commencing August 1, 2011, and the Company's share of basic rent commitments for the remaining term of the contract is approximately $316,355.