Amerigo Resources Ltd.

Condensed Interim Consolidated Financial Statements
Three and six months ended June 30, 2018 and 2017
Unaudited – Prepared by Management

(Expressed in thousands of United States dollars)

Amerigo Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	June 30, 2018 $	December 31, 2017 $
Assets			
Current assets			
Cash and cash equivalents	12	21,390	27,524
Trade and settlement receivables		6,433	7,710
Taxes receivable		1,640	1,627
Prepaid expenses		762	1,408
Inventories	4	8,617	7,792
Interest rate swap	6	248	-
		39,090	46,061
Non-current assets			
Property, plant and equipment	5	191,728	176,011
Intangible assets		4,384	4,509
Investments		2,155	3,014
Other non-current assets		919	931
Deferred income tax asset		40	23
Total assets		238,316	230,549
Liabilities			
Current liabilities			
Current portion of borrowings	6	18,890	20,810
Trade and other payables		15,930	13,052
DET royalties	2	11,526	11,990
Current income tax liabilities		1,446	3,368
Current portion of derivative	7, 13	983	1,151
Interest rate swap	6	-	190
		48,775	50,561
Non-current liabilities			
Borrowings	6	46,671	42,257
Deferred income tax liability		27,775	26,876
Derivative	7, 13	10,905	11,042
Severance provisions		995	981
Other non-current liabilities		368	656
Total liabilities		135,489	132,373
Equity	8		
Share capital		79,278	78,954
Other reserves		8,875	7,916
Accumulated other comprehensive loss		(1,561)	(992)
Retained earnings		16,235	12,298
Total equity		102,827	98,176
Total equity and liabilities		238,316	230,549
Commitments	14		

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

Approved by the Board of Directors

"Robert Gayton"
Director

"George Ireland"
Director

Amerigo Resources Ltd.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive (Loss) Income - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
		$	$	$	$
Revenue	10	32,999	29,860	66,880	59,604
Tolling and production costs	11 (a)	(27,209)	(26,166)	(55,926)	(53,927)
Gross profit		5,790	3,694	10,954	5,677
Other expenses					
General and administration	11 (b)	(895)	(729)	(2,453)	(1,682)
Derivative to related parties including changes in fair value	11 (c)	239	(2,472)	(175)	(3,565)
Other (expenses) gains	11 (d)	(404)	(20)	(138)	13
		(1,060)	(3,221)	(2,766)	(5,234)
Operating profit		4,730	473	8,188	443
Finance expense	11 (e)	(912)	(1,662)	(1,897)	(3,015)
		(912)	(1,662)	(1,897)	(3,015)
Income (loss) before income tax		3,818	(1,189)	6,291	(2,572)
Income tax expense		(1,098)	(464)	(2,354)	(391)
Net income (loss)		2,720	(1,653)	3,937	(2,963)
Other comprehensive (loss) income					
Items that may be reclassified subsequently to net income (loss):					
Unrealized (losses) gains on investments, net of tax		(327)	165	(859)	457
Cumulative translation adjustment		81	(165)	285	(215)
Actuarial gains (losses) on severance provision		12	(8)	5	(12)
Other comprehensive (loss) income		(234)	(8)	(569)	230
Comprehensive income (loss)		2,486	(1,661)	3,368	(2,733)
Weighted average number of shares outstanding, basic		177,225,479	175,435,635	176,861,610	175,110,455
Weighted average number of shares outstanding, diluted		181,213,863	175,435,635	180,849,994	175,110,455
Earnings (loss) per share					
Basic		0.02	(0.01)	0.02	(0.02)
Diluted		0.02	(0.01)	0.02	(0.02)

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

Amerigo Resources Ltd.

Condensed Interim Consolidated Statements of Cash Flows - Unaudited

(expressed in thousands of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	$	$	$	$
Cash flows from operating activities				
Net income (loss)	2,720	(1,653)	3,937	(2,963)
Adjustment for items not affecting cash:				
Depreciation and amortization	3,685	3,578	7,251	7,162
Unrealized foreign exchange expense (gain)	896	(171)	773	(355)
Share-based payments	312	223	996	464
Deferred income tax expense	311	365	878	268
Finance expense	(944)	36	(905)	1,135
Changes in fair value of derivative	(483)	2,215	(305)	3,079
Other	(69)	(123)	(253)	(65)
	6,428	4,470	12,372	8,725
Changes in non-cash working capital				
Trade, settlement receivables and taxes receivable	(1,068)	7,763	1,123	7,562
Inventories	(1,735)	(913)	(857)	661
Trade and other payables	(1,842)	(3,957)	(952)	(4,120)
DET royalties	2	(941)	(464)	1,032
Net cash from operating activities	1,785	6,422	11,222	13,860
Cash flows used in investing activities				
Purchase of plant and equipment	(9,961)	(2,006)	(20,235)	(2,457)
Net cash used in investing activities	(9,961)	(2,006)	(20,235)	(2,457)
Cash flows from (used in) financing activities				
Proceeds from borrowings, net of transaction costs	8,800	-	14,610	-
Repayment of borrowings	(8,367)	(7,367)	(11,367)	(7,367)
Issuance of shares	14	-	86	57
Net cash from (used in) financing activities	447	(7,367)	3,329	(7,310)
Net (decrease) increase in cash and cash equivalents	(7,729)	(2,951)	(5,684)	4,093
Effect of exchange rate changes on cash	(750)	(2)	(450)	130
Cash and cash equivalents - Beginning of period	29,869	23,097	27,524	15,921
Cash and cash equivalents - End of period	21,390	20,144	21,390	20,144

Supplementary cash flow information (Note 12)

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

Amerigo Resources Ltd.

Condensed Interim Consolidated 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	Retained earnings	Total equity
		$	$	$	$	$
Balance - January 1, 2017	174,682,058	78,168	7,447	(2,047)	4,309	87,877
Share-based payments	-	-	464	-	-	464
Expenses settled with shares (Note 6 (c))	403,577	196	-	-	-	196
Exercise of share purchase options (Note 8(a))	350,000	81	(24)	-	-	57
Cumulative translation adjustment	-	-	-	(215)	-	(215)
Unrealized gains on investments	-	-	-	457	-	457
Actuarial losses on severance provision	-	-	-	(12)	-	(12)
Net loss	-	-	-	-	(2,963)	(2,963)
Balance - June 30, 2017	175,435,635	78,445	7,887	(1,817)	1,346	85,861
Share-based payments	-	-	163	-	-	163
Exercise of share purchase options	950,000	509	(134)	-	-	375
Cumulative translation adjustment	-	-	-	(192)	-	(192)
Unrealized gains on investments	-	-	-	1,039	-	1,039
Actuarial losses on severance provision	-	-	-	(22)	-	(22)
Net income	-	-	-	-	10,952	10,952
Balance - December 31, 2017	176,385,635	78,954	7,916	(992)	12,298	98,176
Balance - January 1, 2018	176,385,635	78,954	7,916	(992)	12,298	98,176
Share-based payments	-	-	996	-	-	996
Expenses settled with shares (Note 6 (c))	265,119	201	-	-	-	201
Exercise of share purchase options (Note 8(a))	600,000	123	(37)	-	-	86
Cumulative translation adjustment	-	-	-	285	-	285
Unrealized losses on investments	-	-	-	(859)	-	(859)
Actuarial gains on severance provision	-	-	-	5	-	5
Net income	-	-	-	-	3,937	3,937
Balance - June 30, 2018	177,250,754	79,278	8,875	(1,561)	16,235	102,827

The accompanying notes are an integral part of these condensed interim 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. Its shares are listed for trading on the Toronto Stock Exchange and traded in the United States on the OTCQX.

Amerigo owns a 100% interest in Minera Valle Central S.A. ("MVC"), a producer of copper concentrates. MVC, located in Chile, has a long-term contract with the El Teniente Division ("DET") of Corporación Nacional del Cobre de Chile ("Codelco") to process fresh and historic tailings from El Teniente (Note 2). El Teniente, in production since 1905, is the world's largest underground copper mine.

These condensed interim consolidated financial statements ("interim financial statements") of the Company as at and for the three and six months ended June 30, 2018 include the accounts of the Company and its subsidiaries (collectively the "Group").

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 and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2017, prepared in accordance with IFRS. 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.

These interim financial statements were authorised for issue by Amerigo's board of directors on July 30, 2018.

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, except for new IFRS pronouncements adopted on January 1, 2018 which were disclosed in the Company's interim financial statements for the three months ended March 21, 2018.

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

2) AGREEMENT WITH CODELCO'S EL TENIENTE DIVISION

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

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

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

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

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

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

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

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

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 interim financial statements, the Company makes judgements, estimates and assumptions concerning the future which may vary from actual results.

The Company's critical accounting estimates and judgements applied in the preparation of these interim financial statements are consistent with those reported in our 2017 annual consolidated financial statements.

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

4) INVENTORIES

	June 30, 2018 $	December 31, 2017 $
Plant supplies and consumables	4,573	4,057
Work-in-progress	3,998	3,701
Molybdenum concentrates	46	34
	8,617	7,792

At June 30, 2018 and December 31, 2017, work-in-progress on the production of copper concentrates under a tolling agreement and molybdenum concentrates were valued at cost.

5) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure $	Machinery and Equipment and other assets $	Total $
Six months ended June 30, 2018			
Opening net book amount	159,788	16,223	176,011
Exchange differences	-	(9)	(9)
Additions	21,400	1,510	22,910
Disposals	-	(59)	(59)
Depreciation charge	(4,233)	(2,892)	(7,125)
Closing net book amount	176,955	14,773	191,728
At June 30, 2018			
Cost	284,391	57,699	342,090
Accumulated depreciation	(107,436)	(42,926)	(150,362)
Net book amount	176,955	14,773	191,728

At June 30, 2018, property, plant and equipment included $27.8 million of construction in progress, which was not subject to depreciation (December 31, 2017: $11.5 million).

Total interest and charges of $0.8 million were capitalized and included in property, plant and equipment at June 30, 2018 (year ended December 31, 2017: $0.2 million).

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

6) BORROWINGS

	June 30, 2018 $	December 31, 2017 $
Cauquenes Phase One Loan (Note 6(a))	36,422	41,527
Cauquenes Phase Two Loan (Note 6(a))	25,928	11,601
	62,350	53,128
DET Price Support Facility (Note 6(b))	3,211	9,939
	65,561	63,067
Comprise:		
Short-term debt and current portion of long-term debt	18,890	20,810
Long-term debt	46,671	42,257
	65,561	63,067

a) On March 25, 2015, MVC obtained a $64.4 million loan facility from Banco Bilbao Vizcaya Argentaria, Chile ("BBVA") and Export Development Canada ("EDC") to finance the Cauquenes Phase One expansion (the "Cauquenes Phase One Loan").

The Cauquenes Phase One Loan has a maximum repayment term of six years consisting of twelve equal semi-annual principal payments of $5.4 million which commenced on June 30, 2016. The repayment term may be shortened without penalty in accordance with the loan provisions. Interest is paid semi-annually on June and December 30.

Interest on the Phase One Loan is synthetically fixed through an interest rate swap ("IRS"), accounted for at fair value through profit or loss ("FVTPL") at a rate of 5.56% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate, which at June 30, 2018 was 5.34% per annum. The IRS on the Phase One Loan has a term to December 27, 2018.

The balance of the Cauquenes Phase One Loan (net of transaction costs) at June 30, 2018 was $36.4 million (December 31, 2017: $41.5 million).

On August 3, 2017, MVC obtained a second financing tranche with BBVA and EDC for a facility (the "Cauquenes Phase Two Loan") of $35.3 million to finance the Cauquenes Phase Two expansion.

The Cauquenes Phase Two Loan has a maximum repayment term of three years consisting of six equal semi-annual principal payments of $5.9 million to commence on June 30, 2019. The repayment term may be shortened without penalty in accordance with the loan provisions. Interest is paid semi-annually on June and December 30.

Interest on the Phase Two Loan is synthetically fixed through a second IRS, accounted for at FVTPL, at a rate of 6.02% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate. The IRS on the Phase Two Loan has a term to January 3, 2022.

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

The balance of the Cauquenes Phase Two Loan (net of transaction costs) at June 30, 2018 was $25.9 million (December 31, 2017: $11.6 million).

MVC has provided security for the Cauquenes Phase One and Phase Two loans in the form of a charge on all of MVC's assets.

MVC is required to meet three bank covenants: current ratio (starting on December 31, 2019), tangible net worth and debt service coverage ratio, measured semi-annually on June 30 and December 31. At June 30, 2018, MVC met the debt service coverage ratio (requirement of 1.2) and the tangible net worth ratio (requirement of $115.0 million).

MVC is also required to have a debt service reserve account ("DSRA") which must be used to: /i/ pay the principal and interest of bank loans and amounts owing under the interest rate swaps if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal, interest and interest rate swaps that are payable in the following six months. At June 30, 2018, MVC held DSRA funds in the required amount of $7.4 million (December 31, 2017: $7.3 million).

b) In 2015, DET provided to MVC a copper price support facility of $17.0 million (the "DET Price Support Facility") which bears interest at a rate of 0.6% per month and is subordinate to MVC's bank financing.

The DET Price Support Facility is repayable in the period from January 1, 2017 to December 31, 2019 at a rate of $1.0 million per month, provided this repayment schedule does not preclude MVC from making the semi-annual principal debt repayments described in Note 6(a).

During the six months ended June 30, 2018 ("YTD-2018"), MVC repaid $6.0 million towards the DET Price Support Facility (six months ended June 30, 2017 ("YTD-2017"): $2.0 million). MVC currently anticipates the DET Price Support Facility will be fully repaid in September 2018.

The DET Price Support Facility's balance at June 30, 2018 was $3.2 million (December 31, 2017: $9.9 million), including $0.2 million in accrued interest (December 31, 2017: $0.9 million).

c) The Company has a $13.0 million standby line of credit (the "Line of Credit"). The Line of Credit is available from three Company shareholders. Availability is to the later of December 31, 2018 or the date of commencement of commercial production from the Phase Two expansion, up to March 31, 2019.

In 2018, the Company incurred an annual commitment fee of $0.2 million on the Line of Credit. This was settled with the issuance of 265,119 Company shares (2017: $0.2 million, settled with 403,577 Company shares).

Amounts drawn from the Line of Credit are subject to a drawdown fee of 1.5% and interest of 1.5% per month.

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

Principal is payable in the amounts and times permitted under the terms and conditions of the Cauquenes Phase One and Phase Two loans. The Line of Credit is payable by the earlier of December 31, 2019 or the one-year anniversary of payment of the Cauquenes Phase One and Phase Two loans. The Company did not provide security in connection with this facility.

At June 30, 2018, the Company had not drawn funds from the Line of Credit.

7) RELATED PARTY TRANSACTIONS

a) Derivative

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

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

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

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

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

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

YTD-2018, $0.5 million was paid or accrued to the Class A shareholders (YTD-2017: $0.5 million) and the derivative's fair value decreased $0.3 million (YTD-2017: increase of $3.1 million), for a total derivative expense of $0.2 million (YTD-2017: $3.6 million) (Note 11(c)).

At June 30, 2018, the derivative liability totalled $11.9 million (December 31, 2017: $12.2 million), with a current portion of $1.0 million (December 31, 2017: $1.2 million) and a long-term portion of $10.9 million (December 31, 2017: $11.0 million).

Actual monthly payments outstanding at June 30, 2018 and December 31, 2017 were $0.1 million.

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

b) Purchases of Goods and Services

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

	YTD-2018	**YTD-2017**
	$	**$**
Salaries and management fees	543	429

c) Key Management Compensation

The remuneration of directors and members of key management was as follows:

	YTD-2018	**YTD-2017**
	$	**$**
Management and directors' fees	664	548
Share-based payments	996	464
	1,660	1,012

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

d) The Group has in place a $13.0 million Line of Credit from three Company shareholders (Note 6(c)).

8) EQUITY

a) Share Capital

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

YTD-2018, the Company issued 265,119 shares valued at $0.2 million to three Company shareholders to settle the annual stand-by charge of the Line of Credit described in Note 6(c) (YTD-2017: 403,577 shares valued at $0.2 million).

The Company also issued 600,000 shares valued at $0.1 million in connection with various share option exercises by employees and directors (YTD-2017: 350,000 shares valued at $0.1 million).

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

b) Share Options

A total of 2,950,000 options were granted YTD-2018 (2017: 2,950,000), with a weighted average fair value estimated at Cdn$0.59 (2017: Cdn$0.28) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2018 $	2017 $
Weighted average share price	1.06	0.53
Weighted average exercise price	1.06	0.53
Dividend yield	0%	0%
Risk free interest rate	1.98%	1.01%
Pre-vest forfeiture rate	0%	0%
Expected life (years)	4.28	4.27
Expected volatility	70.60%	66.82%

Outstanding share options:

	June 30, 2018		December 31, 2017	
	Share options	Weighted average exercise price Cdn$	Share options	Weighted average exercise price Cdn$
At start of the period	11,050,000	0.37	12,600,000	0.44
Granted	2,950,000	1.06	2,950,000	0.53
Exercised	(600,000)	0.18	(1,300,000)	0.42
Expired	-	-	(3,200,000)	0.77
At end of the period	13,400,000	0.53	11,050,000	0.37
Vested and exercisable	11,925,000	0.46	11,050,000	0.37

The weighted average trading price of the Company's stock on the dates in which options were exercised YTD-2018 was Cdn$1.02 per share (YTD-2017: Cdn$0.71 per share).

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

Information relating to share options outstanding at June 30, 2018 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)
2,600,000	2,600,000	0.14 - 0.26	0.14	0.14	2.67
1,700,000	1,700,000	0.27 - 0.40	0.37	0.37	1.75
3,200,000	3,200,000	0.41 - 0.48	0.44	0.44	0.87
2,950,000	2,950,000	0.49 - 0.80	0.53	0.53	3.66
2,950,000	1,475,000	0.81 - 1.06	1.06	1.06	4.65
13,400,000	11,925,000		0.53	0.46	2.78

9) Segment Information

Operating segments are based on the reports reviewed by the board of directors 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	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Chile	191,566	175,834	5,303	5,441
Canada	162	177	-	-
	191,728	176,011	5,303	5,441

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

10) REVENUE

a) Revenue composition:

	Q2-2018 $	Q2-2017 $	YTD-2018 $	YTD-2017 $
Gross value of copper produced	45,049	39,267	90,911	77,917
Notional items deducted from gross value of copper produced:				
DET royalites- copper	(10,642)	(7,856)	(21,439)	(15,571)
Smelting and refining	(4,738)	(5,410)	(9,778)	(10,497)
Transportation	(518)	(534)	(1,072)	(1,037)
Copper tolling revenue	29,151	25,467	58,622	50,812
Molybdenum and other revenue	3,848	4,393	8,258	8,792
	32,999	29,860	66,880	59,604

b) Total revenue by product type and business unit:

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

The Group has a single business unit, consistent with the Group's single reportable segment (Note 9). A business unit can have revenue from more than one commodity as it can include an operation that produces more than one product.

	Q2-2018 $	Q2-2017 $	YTD-2018 $	YTD-2017 $
Copper	29,151	27,006	58,622	54,783
Molybdenum	3,848	2,854	8,258	4,821
	32,999	29,860	66,880	59,604

c) Total revenue by region:

All of the Group's revenue originates in Chile.

YTD-2018, the Group's revenue from one customer represented 88% of reported revenue (YTD-2017: 92%).

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

11) (EXPENSES) GAINS BY NATURE

a) Tolling and production costs consist of the following:

	Q2-2018	Q2-2017	YTD-2018	YTD-2017
	$	$	$	$
Tolling and production costs	(21,459)	(21,068)	(44,298)	(43,734)
Depreciation and amortization	(3,685)	(3,578)	(7,251)	(7,162)
Administration	(1,419)	(1,182)	(3,115)	(2,559)
DET royalties - molybdenum	(646)	(338)	(1,262)	(472)
	(27,209)	(26,166)	(55,926)	(53,927)

b) General and administration expenses consist of the following:

	Q2-2018	Q2-2017	YTD-2018	YTD-2017
	$	$	$	$
Share-based payment compensation	(312)	(223)	(996)	(464)
Salaries, management and professional fees	(442)	(388)	(1,017)	(806)
Office and general expenses	(141)	(118)	(440)	(412)
	(895)	(729)	(2,453)	(1,682)

c) Derivative to related parties (Note (7(a)) consist of the following:

	Q2-2018	Q2-2017	YTD-2018	YTD-2017
	$	$	$	$
Royalties to related parties	(244)	(257)	(480)	(486)
Fair value adjustments to royalty derivative	483	(2,215)	305	(3,079)
	239	(2,472)	(175)	(3,565)

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

	Q2-2018	Q2-2017	YTD-2018	YTD-2017
	$	$	$	$
Other gains	53	8	151	(10)
Foreign exchange (expense) gain	(457)	(28)	(289)	23
	(404)	(20)	(138)	13

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

e) Finance expense consists of the following:

	Q2-2018 $	Q2-2017 $	YTD-2018 $	YTD-2017 $
Finance, commitment and interest charges	(1,022)	(1,762)	(2,335)	(3,109)
Fair value adjustments to interest rate swaps	110	100	438	94
	(912)	(1,662)	(1,897)	(3,015)

12) SUPPLEMENTARY CASH FLOW INFORMATION

a) Cash and cash equivalents

	June 30, 2018 $	December 31, 2017 $
Cash at bank and on hand	13,861	19,595
Short-term bank deposits	129	629
	13,990	20,224
Cash held in a debt service reserve account (Note 6(a))	7,400	7,300
	21,390	27,524

b) Cash payments of interest and taxes

	YTD-2018 $	YTD-2017 $
Interest and taxes paid		
Interest paid	2,329	1,582
Income taxes paid	2,501	649
Other		
Increase in accounts payable related to the acquisition of plant and equipment	2,125	201
Cash paid during the year in connection with the derivative to related parties	480	815

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

13) 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 Group 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 and settlement receivables are embedded derivatives in circumstances when the value of these receivables changes as underlying commodity market prices vary. The fair values of these receivables are adjusted each reporting period by reference to forward market prices and changes in fair value are recorded as a component of revenue.

- Level 3 – Significant unobservable inputs that are not based on observable market data. The Group includes the derivative to related parties in Level 3 of the fair value hierarchy because it is not tradeable 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 to related parties (Note 7(a)). The Group has also included the IRS in Level 3 of the fair value hierarchy due to the lack of observable market quotes on these instruments. The fair values of IRS were determined with the assistance of third parties who performed a discounted cash flow valuation based on forward interest rate curves.

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

	Level 1 $	Level 2 $	Level 3 $	Total $
June 30, 2018				
Investments	2,155	-	-	2,155
Trade and settlement receivables	-	5,751	-	5,751
Interest rate swaps	-	-	248	248
Derivative to related parties	-	-	(11,888)	(11,888)
	2,155	5,751	(11,640)	(3,734)

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2017				
Investments	3,014	-	-	3,014
Trade and settlement receivables	-	6,581	-	6,581
Interest rate swaps	-	-	(190)	(190)
Derivative to related parties	-	-	(12,193)	(12,193)
	3,014	6,581	(12,383)	(2,788)

14) COMMITMENTS

a) MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to range from $1.4 million to $1.8 million per month.

b) At June 30, 2018, MVC had commitments of $7.1 million for purchase orders for the Cauquenes Phase Two expansion.

c) At June 30, 2018, the Company had a commitment of Chilean U.F. 201,903 (approximately $8.4 million at this date) for the molybdenum plant expansion. Payments are scheduled to be made over a period of five years estimated to commence in October 2018.

d) The Company has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.5 million.

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

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