

Amerigo Resources Ltd.

Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

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)

		March 31, 2022	December 31, 2021
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	14	71,095	59,792
Restricted cash	7	2,883	721
Trade and settlement receivables		12,115	12,776
Taxes receivable		1,571	1,509
Prepaid expenses		520	703
Inventories	5	9,456	7,728
Interest rate swap	7	372	-
		<u>98,012</u>	<u>83,229</u>
Non-current assets			
Property, plant and equipment	6	175,863	178,083
Intangible assets		3,519	3,575
Restricted cash		3,500	3,500
Other non-current assets		761	765
Deferred income tax asset		220	193
Total assets		<u>281,875</u>	<u>269,345</u>
Liabilities			
Current liabilities			
DET royalties	3	23,216	22,846
Trade and other payables		17,005	17,983
Current income tax liabilities		13,563	8,311
Current portion of borrowings	7	7,339	7,004
Current portion of leases	8	1,273	1,202
Current portion of related party derivative liability	9	1,122	1,031
Interest rate swap	7	-	220
		<u>63,518</u>	<u>58,597</u>
Non-current liabilities			
Deferred income tax liability		36,180	35,834
Borrowings	7	23,461	23,400
Related party derivative liability	9	9,037	9,873
Leases	8	2,090	2,241
Severance provisions		709	607
Total liabilities		<u>134,995</u>	<u>130,552</u>
Equity			
Share capital	10	76,347	76,795
Other reserves		10,447	10,752
Accumulated other comprehensive (loss) income		(212)	(75)
Retained earnings		60,298	51,321
Total equity		<u>146,880</u>	<u>138,793</u>
Total equity and liabilities		<u>281,875</u>	<u>269,345</u>
Commitments	16		
Subsequent events	17		

Approved by the Board of Directors

"Robert Gayton"

Director

"George Ireland"

Director

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

Amerigo Resources Ltd.

Condensed Interim Consolidated Statements of Income and Comprehensive Income - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	Three months ended March 31,	
		2022	2021
		\$	\$
Revenue	12	53,765	48,907
Tolling and production costs	13 (a)	(32,339)	(30,029)
Gross profit		21,426	18,878
Other expenses			
General and administration	13 (b)	(1,579)	(1,248)
Other gains (losses)	13 (d)	688	(1,212)
Derivative to related parties including changes in fair value	13 (c)	477	(377)
		(414)	(2,837)
Operating profit		21,012	16,041
Finance gains (expenses)	13 (e)	114	(856)
		114	(856)
Income before income tax		21,126	15,185
Income tax expense		(5,637)	(4,260)
Net income		15,489	10,925
Other comprehensive loss			
Items that may not be reclassified subsequently to net income:			
Actuarial losses on severance provision		(21)	(37)
Unrealized losses on investments, net of tax		-	(276)
Realized losses on investments, net of tax		-	(324)
Items that may be reclassified subsequently to net income:			
Cumulative translation adjustment		(116)	(62)
Other comprehensive loss		(137)	(699)
Comprehensive income		15,352	10,226
Weighted average number of shares outstanding, basic		174,128,294	181,169,693
Weighted average number of shares outstanding, diluted		178,034,466	183,068,907
Earnings per share			
Basic		0.09	0.06
Diluted		0.09	0.06

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 March 31,	
	2022	2021
	\$	\$
Cash flows from operating activities		
Net income	15,489	10,925
Adjustment for items not affecting cash:		
Depreciation and amortization	4,924	4,376
Impairment charges	551	749
Deferred income tax expense	333	4,254
Share-based payments	208	89
Other	84	(43)
Changes in fair value of derivative	(741)	377
Finance gain	(196)	(454)
Unrealized foreign exchange gain	(43)	(233)
	20,609	20,040
Changes in non-cash working capital		
Restricted cash	(2,162)	-
Trade, other receivables and taxes receivable	335	5,896
Inventories	(1,797)	(1,862)
Trade and other payables	4,019	279
DET royalties	370	3,783
Net cash fom operating activities	21,374	28,136
Cash flows used in investing activities		
Purchase of plant and equipment	(2,419)	(563)
Proceeds from the sale of investments	-	3,852
Net cash used in investing activities	(2,419)	3,289
Cash flows used in from financing activities		
Dividends paid	(4,175)	-
Repurchase of shares	(3,407)	-
Lease repayments	(283)	(345)
Exercise of options	110	-
Repayment of borrowings	-	(6,547)
Net cash used in financing activities	(7,755)	(6,892)
Net increase in cash and cash equivalents	11,200	24,533
Effect of exchange rate changes on cash	103	25
Cash and cash equivalents - Beginning of period	59,792	14,085
Cash and cash equivalents - End of period	71,095	38,643

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Amerigo Resources Ltd.

Condensed Interim Consolidated Statements of Changes in Equity - Unaudited

(expressed in thousands of U.S. dollars)

	Share capital		Other reserves	Accumulated other comprehensive loss	Retained earnings	Total equity
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance - January 1, 2021	180,769,351	80,461	10,248	529	19,444	110,682
Share-based payments	-	-	89	-	-	89
Exercise of share purchase options	1,021,027	(104)	(73)	-	-	(177)
Cumulative translation adjustment	-	-	-	(62)	-	(62)
Unrealized losses on investments	-	-	-	(276)	-	(276)
Realized losses on investments	-	-	-	(324)	-	(324)
Actuarial losses on severance provision	-	-	-	(37)	-	(37)
Net income	-	-	-	-	10,925	10,925
Balance - March 31, 2021	181,790,378	80,357	10,264	(170)	30,369	120,820
Share-based payments	-	-	571	-	-	571
Exercise of share purchase options	386,516	164	(83)	-	-	81
Shares repurchased in substantial issuer bid	(7,116,345)	(3,127)	-	-	(4,264)	(7,391)
Shares repurchased in normal course issuer bid	(1,376,425)	(599)	-	-	(849)	(1,448)
Cumulative translation adjustment	-	-	-	17	-	17
Realized loss on investments	-	-	-	86	-	86
Actuarial losses on severance provision	-	-	-	(8)	-	(8)
Net income	-	-	-	-	28,894	28,894
Dividends declared	-	-	-	-	(2,829)	(2,829)
Balance - December 31, 2021	173,684,124	76,795	10,752	(75)	51,321	138,793
Balance - January 1, 2022	173,684,124	76,795	10,752	(75)	51,321	138,793
Share-based payments	-	-	208	-	-	208
Exercise of share purchase options	1,553,774	623	(513)	-	-	110
Shares repurchased in normal course issuer bid	(2,447,975)	(1,071)	-	-	(2,337)	(3,408)
Cumulative translation adjustment	-	-	-	(116)	-	(116)
Actuarial losses on severance provision	-	-	-	(21)	-	(21)
Net income	-	-	-	-	15,489	15,489
Dividends declared	-	-	-	-	(4,175)	(4,175)
Balance - March 31, 2022	172,789,923	76,347	10,447	(212)	60,298	146,880

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

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
March 31, 2022

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

1) REPORTING ENTITY

Amerigo Resources Ltd. (“Amerigo”) 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 3). El Teniente, in production since 1905, is the world’s largest underground copper mine.

These condensed interim consolidated financial statements (“interim financial statements”) as at and for the three months ended March 31, 2022 (“Q1-2022”) include the accounts of Amerigo and its subsidiaries (collectively the “Company”).

2) BASIS OF PRESENTATION

a) 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 Amerigo’s audited consolidated financial statements as at and for the year ended December 31, 2021, which have been 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 Amerigo’s financial position and performance since the last annual consolidated financial statements.

These interim financial statements were authorised for issuance by Amerigo’s board of directors on May 2, 2022.

b) Significant accounting policies

These interim financial statements follow the same accounting policies and methods of application as Amerigo’s most recent annual financial statements.

The interim financial statements should be read in conjunction with Amerigo’s most recent annual financial statements.

3) AGREEMENTS 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 the earlier of 2033 or deposit depletion for Cauquenes, the earlier of 2037 or deposit depletion for Colihues and 2037 for fresh tailings.

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

Amerigo Resources Ltd.

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

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%).

Notional royalties for copper concentrates produced from Colihues are determined through a sliding scale for copper prices ranging from \$0.80/lb (3%) to \$4.27/lb (30%).

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

The DET Agreement anticipates that in the event monthly average prices fall below certain ranges and projections which 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. Amerigo has currently judged the probabilities of DET exercising any of these early exit options as remote.

At March 31, 2022, the accrual for DET notional copper royalties and DET molybdenum royalties, was \$23.2 million (December 31, 2021: \$22.8 million).

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 interim financial statements, the Company makes judgements, estimates and assumptions concerning the future which may vary from actual results. Sources of estimation uncertainty include estimates used to determine the recoverable amounts of long-lived assets, the provision for income taxes and related deferred tax liabilities and the valuation of other assets and liabilities including inventory.

The Company's critical accounting estimates and judgements applied in the preparation of these interim financial statements are consistent with those reported in our 2021 annual consolidated financial statements.

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
March 31, 2022

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

5) INVENTORIES

	March 31, 2022 \$	December 31, 2021 \$
Plant supplies and consumables	5,415	4,870
Work in progress	2,518	1,773
Molybdenum concentrates	1,523	1085
	9,456	7,728

At March 31, 2022 and December 31, 2021, work-in-progress on the production of copper concentrates under a tolling agreement and molybdenum concentrates were valued at cost.

During Q1-2022, the Company recorded a charge of \$0.1 million in obsolete plant supplies and consumables (Q1-2021: \$0.4 million).

6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure \$	Machinery and Equipment and other assets \$	Total \$
Three months ended March 31, 2022			
Opening net book amount	158,239	19,844	178,083
Additions	2,545	103	2,648
Depreciation charge	(2,726)	(2,142)	(4,868)
Closing net book amount	158,058	17,805	175,863
At March 31, 2022			
Cost	300,476	89,073	389,549
Accumulated depreciation	(142,418)	(71,268)	(213,686)
Net book amount	158,058	17,805	175,863

During Q1-2022, the Company recorded a charge of \$nil million in obsolete property, plant, and equipment (2021: \$0.3 million).

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited March 31, 2022

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

7) BORROWINGS

	March 31, 2022 \$	December 31, 2021 \$
Term Loan	30,800	30,404
	30,800	30,404
Comprise:		
Short-term debt and current portion of long-term debt	7,339	7,004
Long-term debt	23,461	23,400
	30,800	30,404

On March 25, 2015, MVC obtained a \$64.4 million loan facility to finance the Cauquenes Phase One expansion and on August 3, 2017, MVC obtained a \$35.3 million facility to finance the Cauquenes Phase Two expansion. On September 26, 2019, MVC completed a refinance of the Cauquenes Phase One and Phase Two loans. Under the refinance provisions, the principal outstanding on the Cauquenes loans was structured as a senior secured term loan facility (the "Consolidated Bank Loan") of \$56.3 million, with a repayment term of 4 years to September 26, 2023.

On June 29, 2021, MVC repaid the remaining outstanding principal amount of \$42.2 million on the Consolidated Bank Loan, along with accrued interest of \$0.3 million and an IRS break fee of \$2.3 million equal to the value of the IRS on June 29, 2021. For accounting purposes, this was treated as an extinguishment of debt within finance expense.

On June 30, 2021, MVC entered into a new finance agreement (the "Finance Agreement") with a syndicate of two banks domiciled in Chile, pursuant to which MVC has been provided with a replacement term loan (the "Term Loan") in the amount of \$35.0 million and a working capital line of credit (the "Line of Credit") of up to \$15.0 million.

The Term Loan has a 5-year term to June 30, 2026, with ten semi-annual installments of \$3.5 million each commencing on December 31, 2021, together with accrued interest. MVC may make early repayments without penalty in accordance with the provisions of the Finance Agreement. Interest on the Term Loan is synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 5.48% 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 on March 31, 2022 was 0.35438% per annum plus a margin of 3.90%. The IRS has a term to June 30, 2026. On March 30, 2022, the balance of the Term Loan was \$30.8 million.

The Line of Credit can be drawn in multiple disbursements and has an availability period until June 30, 2023. The repayment terms are of up to two years for each disbursement, counted from each disbursement date, and would consist of 4 equal semi-annual payments, with the first payments due six months from each disbursement date. The interest rate will be based on the US Libor six-month rate plus a margin to be defined on each disbursement date. At the date that US Libor is discontinued, the interest rate will be based on the ISDA 2020 IBOR Fallbacks Protocol. As of March 31, 2022, MVC has not drawn funds from the Line of Credit.

MVC is required to have a debt service reserve account to be funded monthly with 1/6 of the next debt payment (principal and interest) such that semi-annual debt payments are fully funded a month prior to the payment date, and a second reserve account of \$3.5 million to be released on January 1, 2025. On March 31, 2022 MVC held the required reserved

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited March 31, 2022

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

funds in the amount of \$2.9 million and \$3.5 million, respectively, shown as restricted cash on Amerigo's statement of financial position.

MVC is required to meet two bank covenants semi-annually on June 30 and December 31: debt/EBITDA ratio (requirement ≤ 3) and net worth (requirement \geq \$100.0 million) which were met on December 31, 2021.

MVC has provided security on the Finance Agreement in the form of a charge on all MVC's assets.

8) LEASES

	March 31, 2022 \$	December 31, 2021 \$
Molybdenum plant lease	3,363	3,443
Comprise:		
Current portion of long-term leases	1,273	1,202
Long-term leases	2,090	2,241
	3,363	3,443

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Foment ("UF") to finance the expansion of MVC's molybdenum plant. Terms of the lease include a term to November 2023, monthly capital payments of approximately \$0.1 million, a balloon payment at the end of the lease term of approximately \$1.5 million and interest at a rate of 0.45% per month. The lease can be prepaid without penalty.

9) RELATED PARTY TRANSACTIONS

a) Derivative

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International"), wholly-owned by Amerigo except for certain outstanding Class A shares which are owned indirectly by other individuals (including Amerigo'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 individuals transferring to Amerigo 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.

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

March 31, 2022

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

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

In Q1-2022 \$0.3 million was paid or accrued to the Class A shareholders (Q1-2021: \$0.3 million) and the derivative's fair value decreased by \$0.8 million (Q1-2021: increased by \$0.1 million), for a total derivative recovery of \$0.5 million (Q1-2021: expense of \$0.4 million) (Note 13(c)).

At March 31, 2022, the derivative totalled \$10.1 million (December 31, 2021: \$10.9 million), with a current portion of \$1.1 million (December 31, 2021: \$1.0 million) and a long-term portion of \$9.0 million (December 31, 2021: \$9.9 million).

Actual monthly payments outstanding at March 31, 2022 were \$0.1 million (December 31, 2021: \$0.1 million).

b) Purchases of Goods and Services

Amerigo 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 market rates determined on a cost recovery basis.

<u>Entity</u>	<u>Nature of Transactions</u>
Zeitler Holdings Corp.	Management
Delphis Financial Strategies Inc.	Management
Malaspina Consultants Inc.	Management

	Q1-2022	Q1-2021
	\$	\$
Salaries, management fees and bonuses	522	510

c) Key Management Compensation

The remuneration of directors and other members of key management during Q1-2022 and Q1-2021 was as follows:

	Q1-2022	Q1-2021
	\$	\$
Salaries, management fees and bonuses	522	510
Directors' fees	83	73
Share-based payments	145	59
	750	642

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

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
March 31, 2022

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

10) EQUITY

a) Share Capital

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

In Q1-2022, Amerigo issued 903,774 shares in connection with cashless share option exercises and 650,000 cash shares option exercises by officers, directors, and MVC employees. A value of \$0.5 million was transferred from other reserves to share capital as a result.

In 2021, Amerigo commenced a normal course issuer bid to purchase up to 10,750,000 common shares over a period of twelve months commencing on December 2, 2021. During Q1-2022, 2,447,975 shares were repurchased at an average price of Cdn\$1.77 per share.

b) Share Options

A total of 2,645,000 options were granted in Q1-2022 (2021: 2,540,000) with a weighted average fair value estimated at Cdn\$0.65 (2021: Cdn\$0.51) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2022	2021
Weighted average share price	Cdn\$1.62	Cdn\$0.91
Weighted average exercise price	Cdn\$1.62	Cdn\$0.91
Dividend yield	4.85%	0%
Risk free interest rate	1.59%	0.54%
Pre-vest forfeiture rate	1.98%	0.95%
Expected life (years)	4.33	4.30
Expected volatility	68.93%	73.56%

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited March 31, 2022

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

Outstanding share options:

	March 31, 2022		December 31, 2021	
	Share options	Weighted average exercise price Cdn\$	Share options	Weighted average exercise price Cdn\$
At start of the period	10,725,005	0.7	10,070,000	0.70
Granted	2,645,000	1.62	2,860,000	0.95
Exercised	(1,553,774)	0.55	(1,407,543)	0.22
Repurchased pursuant to cashless exercise	(737,886)	0.55	(577,452)	0.22
Cancelled/forfeited	-	-	(220,000)	0.82
At end of the period	11,078,345	1.10	10,725,005	0.85
Vested and exercisable	5,859,998	0.98	6,784,998	0.89

The weighted average trading price of the Company's stock on the dates in which options were exercised in Q1-2022 was Cdn\$1.69 per share (2021: Cdn\$0.89 per share).

Information relating to share options outstanding at March 31, 2022 is as follows:

Outstanding share options	Vested share options	Price range Cdn\$	Weighted average exercise price on outstanding options Cdn\$	Weighted average exercise price on vested options Cdn\$	Weighted Average remaining life of outstanding options (years)
1,253,342	700,002	0.40	\$0.40	\$0.40	2.92
203,334	50,000	0.52-0.53	0.52	0.52	3.42
6,656,669	5,083,330	0.91-1.11	1.03	1.07	2.24
320,000	-	1.29-1.29	1.29	-	4.19
2,645,000	-	1.62	1.62	-	4.91
11,078,345	5,833,332		1.10	0.98	3.03

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
March 31, 2022

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

11) SEGMENT INFORMATION

Operating segments are determined based on the management reports reviewed by the board of directors to make strategic decisions.

The Company has one operating segment: the production of copper concentrates under a tolling agreement with DET, with the production of molybdenum concentrates as a by-product (Note 3).

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

	Property, plant and equipment		Other	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Chile	175,776	177,995	4,280	4,340
Canada	87	88	-	-
	175,863	178,083	4,280	4,340

12) REVENUE

a) Revenue composition:

	Q1-2022	Q1-2021
	\$	\$
Gross value of copper produced	73,797	58,143
Adjustments to fair value of settlement receivables	5,612	8,530
	79,409	66,673
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(22,290)	(15,991)
Smelting and refining	(6,274)	(4,762)
Transportation	(466)	(519)
Copper tolling revenue	50,379	45,401
Molybdenum revenue	3,386	3,506
	53,765	48,907

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

b) Total revenue by product type and business unit:

The Company has a single business unit, consistent with its single reportable segment (Note 11).

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

	Q1-2022	Q1-2021
	\$	\$
Copper	50,379	45,401
Molybdenum	3,386	3,506
	53,765	48,907

c) Total revenue by region:

All the Company's revenue originates in Chile.

In Q1-2022, the Group's revenue from one customer represented 94% of reported revenue (Q1-2021: 93%).

13) (EXPENSES) GAINS BY NATURE

a) Tolling and production costs consist of the following:

	Q1-2022	Q1-2021
	\$	\$
Tolling and production costs	(25,121)	(23,834)
Depreciation and amortization	(4,924)	(4,376)
Administration	(1,616)	(1,262)
DET royalties - molybdenum	(678)	(557)
	(32,339)	(30,029)

b) General and administration expenses consist of the following:

	Q1-2022	Q1-2021
	\$	\$
Salaries, management and professional fees	(971)	(758)
Office and general expenses	(400)	(401)
Share-based payment compensation	(208)	(89)
	(1,579)	(1,248)

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- c) Derivative to related parties (Note (9(a)) consist of the following:

	Q1-2022	Q1-2021
	\$	\$
Fair value adjustments to derivative	741	(126)
Royalty payments to related parties	(264)	(251)
	477	(377)

- d) Other gains (losses) consist of the following:

	Q1-2022	Q1-2021
	\$	\$
Writedown of obsolete equipment and supplies	(551)	(749)
Foreign exchange gains (losses)	1,227	(489)
Other gains	12	26
	688	(1,212)

- e) Finance gains (expenses) consists of the following:

	Q1-2022	Q1-2021
	\$	\$
Finance, commitment and interest charges	(478)	(1,078)
Fair value adjustments to interest rate swaps	592	222
	114	(856)

14) SUPPLEMENTARY CASH FLOW INFORMATION

- a) Cash and cash equivalents

	March 31, 2022	December 31, 2021
	\$	\$
Cash at bank and on hand	70,951	59,648
Short-term bank deposits	144	144
	71,095	59,792

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b) Cash payments of interest and taxes

	Q1-2022	Q1-2021
	\$	\$
Interest and taxes paid		
Interest paid	18	1,224
Income taxes paid	605	27
Other		
Increase in accounts payable related to the acquisition of plant and equipment	228	355
Cash paid during the quarter in connection with the derivative to related parties	269	435

15) FAIR VALUE MEASUREMENT

Certain of Amerigo'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 Amerigo's financial assets and liabilities are the following:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that Amerigo can access at the measurement date. Amerigo 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. Copper and molybdenum trade and settlement receivables are derivatives because 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 separate component of revenue.
- Level 3 – Significant unobservable inputs that are not based on observable market data. Amerigo includes the related party derivative liability 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 a related party (Note 9(a)). Amerigo 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 value of the IRS was determined with the assistance of third parties who performed a discounted cash flow valuation based on forward interest rate curves.

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	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
March 31, 2022				
Trade receivables	-	11,595	-	11,595
Interest rate swap	-	-	372	372
Related party derivative liability	-	-	(10,159)	(10,159)
	-	11,595	(9,787)	1,808
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
December 31, 2021				
Trade receivables	-	11,825	-	11,825
Interest rate swap	-	-	(220)	(220)
Related party derivative liability	-	-	(10,904)	(10,904)
	-	11,825	(11,124)	701

16) COMMITMENTS

- a) At March 31, 2022 MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement established minimum stand-by charges based on peak hour power supply calculations, estimated to range from \$0.8 million to \$1.4 million per month.
- b) 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 Amerigo's view there is no obligation to record a provision because the amount, if any, is not possible to determine.

17) SUBSEQUENT EVENTS

- a) Subsequent to period end, the Company purchased 563,750 common shares at an average price of Cdn\$1.83 under its normal course issuer bid.