Amerigo Resources Ltd.

Condensed Interim Consolidated Financial Statements
Three and six months ended June 30, 2021 and 2020
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, 2021 $	December 31, 2020 $
Assets			
Current assets			
Cash and cash equivalents	14	48,909	14,085
Restricted cash	7	700	-
Trade and settlement receivables		12,142	21,157
Taxes receivable		459	230
Prepaid expenses		270	869
Inventories	5	8,941	7,271
		71,421	43,612
Non-current assets			
Restricted cash	7	3,500	-
Property, plant and equipment	6	178,473	184,805
Intangible assets		3,686	3,798
Other non-current assets		791	806
Deferred income tax asset		188	153
Investments		-	4,401
Total assets		258,059	237,575
Liabilities			
Current liabilities			
DET royalties	3	21,103	13,010
Trade and other payables		15,642	14,579
Current portion of borrowings	7	10,685	17,059
Current income tax liabilities		2,921	97
Current portion of leases	8	1,495	1,643
Current portion of related party derivative liability	9,15	1,137	1,196
Interest rate swap	7	632	2,171
		53,615	49,755
Non-current liabilities			
Deferred income tax liability		31,283	25,590
Borrowings	7	26,821	36,709
Related party derivative liability	9,15	9,838	10,099
Leases	8	3,291	4,091
Severance provisions		686	649
Total liabilities		125,534	126,893
Equity	10		
Share capital		80,357	80,461
Other reserves		10,452	10,248
Accumulated other comprehensive (loss) income		(239)	529
Retained earnings		41,955	19,444
Total equity		132,525	110,682
Total equity and liabilities		258,059	237,575
Commitments	16		

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 (Loss) and Comprehensive Income (Loss) - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
		$	$	$	$
Revenue	12	50,503	26,046	99,410	41,684
Tolling and production costs	13 (a)	(31,376)	(26,441)	(61,405)	(51,010)
Gross profit (loss)		19,127	(395)	38,005	(9,326)
Other expenses					
General and administration	13 (b)	(922)	(434)	(2,170)	(1,135)
Other (losses) gains	13 (d)	(146)	(382)	(1,358)	613
Derivative to related parties including changes in fair value	13 (c)	8	(2,100)	(369)	1,642
		(1,060)	(2,916)	(3,897)	1,120
Operating profit (loss)		18,067	(3,311)	34,108	(8,206)
Finance expense	13 (e)	(2,136)	(904)	(2,992)	(3,737)
		(2,136)	(904)	(2,992)	(3,737)
Income (loss) before income tax		15,931	(4,215)	31,116	(11,943)
Income tax (expense) recovery		(4,345)	613	(8,605)	4,312
Net income (loss)		11,586	(3,602)	22,511	(7,631)
Other comprehensive (loss) income					
Items that may be reclassified subsequently to net income (loss):					
Unrealized gains (losses) on investments, net of tax		-	763	(276)	(340)
Realized loss on investments, net of tax		-	-	(324)	(1)
Cumulative translation adjustment		(67)	(158)	(129)	290
Actuarial losses on severance provision		(2)	(61)	(39)	(28)
Other comprehensive (loss) income		(69)	544	(768)	(79)
Comprehensive income (loss)		11,517	(3,058)	21,743	(7,710)
Weighted average number of shares outstanding, basic		181,790,378	180,769,351	181,451,916	180,749,571
Weighted average number of shares outstanding, diluted		185,444,167	180,769,351	183,947,859	180,749,571
Earnings (loss) per share					
Basic		0.06	(0.02)	0.12	(0.04)
Diluted		0.06	(0.02)	0.12	(0.04)

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, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
	$	$	$	$
Cash flows from operating activities				
Net income (loss)	11,586	(3,602)	22,511	(7,631)
Adjustment for items not affecting cash:				
Depreciation and amortization	4,321	4,338	8,697	9,074
Deferred income tax expense (recovery)	1,400	(614)	5,654	(4,399)
Share-based payments	188	29	277	39
Impairment charges	86	-	835	2,303
Unrealized foreign exchange loss (gain)	64	114	(169)	(379)
Finance (gain) expense	(567)	684	(1,021)	1,772
Changes in fair value of derivative	(8)	1,826	369	(2,119)
Other	(3)	10	(46)	(7)
	17,067	2,785	37,107	(1,347)
Changes in non-cash working capital				
Restricted cash	(4,200)	-	(4,200)	-
Trade, other receivables and taxes receivable	3,486	(4,087)	9,382	3,404
Inventories	(252)	1,871	(2,114)	(441)
Trade and other payables	1,492	2,633	1,771	879
DET royalties	4,309	(2,070)	8,092	(2,741)
Net cash from (used in) operating activities	21,902	1,132	50,038	(246)
Cash flows used in investing activities				
Purchase of plant and equipment	(839)	(810)	(1,402)	(1,278)
Proceeds from the sale of investments	-	-	3,852	75
Net cash (used in) from investing activities	(839)	(810)	2,450	(1,203)
Cash flows used in from financing activities				
Proceeds from borrowings net of transaction costs	33,821	-	33,821	-
Repayment of borrowings	(44,054)	-	(50,601)	(4,686)
Lease repayments	(341)	(403)	(686)	(612)
Issuance of shares	-	-	-	116
Net cash used in financing activities	(10,574)	(403)	(17,466)	(5,182)
Net increase (decrease) in cash and cash equivalents	10,489	(81)	35,022	(6,631)
Effect of exchange rate changes on cash	(223)	(2)	(198)	(44)
Cash and cash equivalents - Beginning of period	38,643	572	14,085	7,164
Cash and cash equivalents - End of period	48,909	489	48,909	489

Supplementary cash flow information (Note 14)

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) income	Retained earnings	Total equity
		$	$	$	$	$
Balance - January 1, 2020	180,169,351	80,300	10,179	(1,227)	13,380	102,632
Share-based payments	-	-	39	-	-	39
Exercise of share purchase options	600,000	161	(45)	-	-	116
Cumulative translation adjustment	-	-	-	290	-	290
Unrealized losses on investments	-	-	-	(340)	-	(340)
Realized losses on investments	-	-	-	(1)	-	(1)
Actuarial losses on severance provision	-	-	-	(28)	-	(28)
Net loss	-	-	-	-	(7,631)	(7,631)
Balance - June 30, 2020	180,769,351	80,461	10,173	(1,306)	5,749	95,077
Share-based payments	-	-	75	-	-	75
Cumulative translation adjustment	-	-	-	(404)	-	(404)
Unrealized gains on investments	-	-	-	2,197	-	2,197
Actuarial gains on severance provision	-	-	-	42	-	42
Net income	-	-	-	-	13,695	13,695
Balance - December 31, 2020	180,769,351	80,461	10,248	529	19,444	110,682
Balance - January 1, 2021	180,769,351	80,461	10,248	529	19,444	110,682
Share-based payments	-	-	277	-	-	277
Exercise of share purchase options	1,021,027	(104)	(73)	-	-	(177)
Cumulative translation adjustment	-	-	-	(129)	-	(129)
Unrealized losses on investments	-	-	-	(276)	-	(276)
Realized losses on investments	-	-	-	(324)	-	(324)
Actuarial losses on severance provision	-	-	-	(39)	-	(39)
Net income	-	-	-	-	22,511	22,511
Balance - June 30, 2021	181,790,378	80,357	10,452	(239)	41,955	132,525

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

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 and six months ended June 30, 2021 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, 2020, 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 August 9, 2021.

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.

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

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.

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 or rise above 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 June 30, 2021, the accrual for DET notional copper royalties and DET molybdenum royalties, was $21.1 million (December 31, 2020: $13.0 million).

During 2020, MVC reached an agreement with DET to defer payment of $7.3 million in copper settlements (the "Deferred Payments"). The Deferred Payments, which were immediately due to DET, commenced to be paid on January 5, 2021 in 12 equal monthly installments and bear interest at a rate of LIBOR 12 months plus 3 %. At June 30, 2021, the Deferred Payments balance of $3.7 million was included in borrowings within current liabilities.

(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 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 2020 annual consolidated financial statements.

5) Inventories

	June 30, 2021 $	December 31, 2020 $
Plant supplies and consumables	3,552	4,190
Work in progress	4,358	2,660
Molybdenum concentrates	1,031	421
	8,941	7,271

At June 30, 2021 and December 31, 2020, work-in-progress on the production of copper concentrates under a tolling agreement and molybdenum concentrates were valued at cost.

During the six months ended June 30, 2021 ("YTD-2021"), the Company recorded a charge of $0.4 million in obsolete plant supplies and consumables. During the six months ended June 30, 2020 ("YTD-2020"), the Company recorded a charge of $2.3 million in tolling and production costs as a result of net realizable value ("NRV") adjustments in the months in which NRV was lower than cost.

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

6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure $	Machinery and Equipment and other assets $	Total $
Six months ended June 30, 2021			
Opening net book amount	156,543	28,262	184,805
Exchange differences	-	5	5
Additions	2,535	147	2,682
Impairment of obsolete equipment	-	(433)	(433)
Depreciation charge	(4,207)	(4,379)	(8,586)
Closing net book amount	154,871	23,602	178,473
At June 30, 2021			
Cost	289,524	88,863	378,387
Accumulated depreciation	(134,653)	(65,261)	(199,914)
Net book amount	154,871	23,602	178,473

7) BORROWINGS

	June 30, 2021 $	December 31, 2020 $
Consolidated bank loan (a)	-	46,463
Term loan (b)	33,821	-
DET deferred settlements loan (Note 3)	3,685	7,305
	37,506	53,768
Comprise:		
Short-term debt and current portion of long-term debt	10,685	17,059
Long-term debt	26,821	36,709
	37,506	53,768

a) 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.

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

Interest on the Consolidated Bank Loan was synthetically fixed through an interest rate swap (“IRS”), accounted for at fair value through profit or loss, at a rate of 5.70% per annum for 80% of the facility. The remaining 20% of the facility was subject to a variable rate based on the US Libor six-month rate plus a margin of 2.85% per annum. The IRS had a term to September 26, 2023.

MVC had provided security on the Consolidated Bank Loan in the form of a charge on all of MVC’s assets.

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.

b) 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 June 30, 2021 was 0.1655% per annum plus a margin of 3.90%. The IRS has a term to June 30, 2026. On June 30, 2021, the balance of the Term Loan (net of transaction costs of $1.2 million) was $33.8 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 June 30, 2021, 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 June 30, 2021, MVC held the required reserved funds in the amount of $0.7 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: debt/EBITDA ratio (requirement =< 3) and net worth (requirement => $100.0 million) which were met on June 30, 2021.

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

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

8) Leases

	June 30, 2021 $	December 31, 2020 $
Molybdenum plant lease	4,719	5,587
Other leases	67	147
	4,786	5,734
Comprise:		
Current portion of long-term leases	1,495	1,643
Long-term leases	3,291	4,091
	4,786	5,734

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 Amerigo's founders (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 founders 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.

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

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

In YTD-2021 $0.5 million was paid or accrued to the Class A shareholders (YTD-2020: $0.5 million) and the derivative's fair value decreased by $0.1 million (YTD-2020: decreased by $2.1 million), for a total derivative expense of $0.4 million (YTD-2020: recovery of $1.6 million) (Note 13(c)).

At June 30, 2021, the derivative totalled $11.0 million (December 31, 2020: $11.3 million), with a current portion of $1.1 million (December 31, 2020: $1.2 million) and a long-term portion of $9.9 million (December 31, 2020: $10.1 million).

Actual monthly payments outstanding at June 30, 2021 were $0.1 million (December 31, 2020: $0.3 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.

Entity	Nature of Transactions
Zeitler Holdings Corp.	Management
Delphis Financial Strategies Inc.	Management
Malaspina Consultants Inc.	Management

	YTD-2021	YTD-2020
	$	$
Salaries and management fees	846	391

c) Key Management Compensation

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

	YTD-2021	YTD-2020
	$	$
Salaries and management fees	846	391
Directors' fees	152	132
Share-based payments	186	23
	1,184	546

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

(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 YTD-2021 Amerigo issued 1,021,027 shares in connection with cashless share option exercises by officers and directors. A value of $0.1 million was transferred from other reserves to share capital as a result.

In YTD-2020, Amerigo issued 600,000 shares for the exercise of options for cash proceeds of $0.1 million. A value of $0.1 million was transferred from other reserves to share capital as a result.

b) Share Options

A total of 2,860,000 options were granted in YTD-2021 (2020: 2,080,000) with a weighted average fair value estimated at Cdn$0.51 (2020: Cdn$0.16) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2021	2020
Weighted average share price	Cdn$0.95	Cdn$0.40
Weighted average exercise price	Cdn$0.95	Cdn$0.31
Dividend yield	0%	0%
Risk free interest rate	0.56%	1.10%
Pre-vest forfeiture rate	0.95%	0%
Expected life (years)	4.31	4.19
Expected volatility	73.39%	69.37%

Outstanding share options:

	June 30, 2021		December 31, 2020	
	Share options	Weighted average exercise price Cdn$	Share options	Weighted average exercise price Cdn$
At start of the period	10,070,000	0.7	12,520,000	0.72
Granted	2,860,000	0.95	2,080,000	0.41
Exercised	(1,021,027)	0.14	(600,000)	0.26
Repurchased pursuant to cashless exercise	(478,973)	0.14	-	-
Cancelled/forfeited	-	-	(2,400,000)	0.90
Expired	-	-	(1,530,000)	0.37
At end of the period	11,430,000	0.83	10,070,000	0.70
Vested and exercisable	7,193,327	0.87	8,120,000	0.77

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

The weighted average trading price of the Company's stock on the dates in which options were exercised in YTD-2021 was Cdn$0.89 per share (2020: Cdn$0.54 per share).

Information relating to share options outstanding at June 30, 2021 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)
1,720,000	573,327	0.40	$0.40	$0.40	3.67
2,350,000	2,120,000	0.52-0.53	0.53	0.53	1.00
7,040,000	4,500,000	0.91-1.11	1.02	1.09	3.08
320,000	-	1.29	1.29	-	4.94
11,430,000	7,193,327		0.83	0.87	2.79

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	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Chile	178,322	184,589	4,477	4,604
Canada	151	216	-	-
	178,473	184,805	4,477	4,604

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

12) REVENUE

a) Revenue composition:

	Q2-2021 $	Q2-2020 $	YTD-2021 $	YTD-2020 $
Gross value of copper produced	66,634	33,333	124,777	60,513
Adjustments to fair value of settlement receivables	4,758	1,426	13,288	(3,906)
	71,392	34,759	138,065	56,607
Notional items deducted from gross value of copper produced:				
DET royalties - copper	(20,183)	(6,150)	(36,174)	(11,342)
Smelting and refining	(4,944)	(4,257)	(9,706)	(7,280)
Transportation	(524)	(444)	(1,043)	(762)
Copper tolling revenue	45,741	23,908	91,142	37,223
Molybdenum revenue	4,762	2,138	8,268	3,793
Slag processing revenue	-	-	-	668
	50,503	26,046	99,410	41,684

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.

	Q2-2021 $	Q2-2020 $	YTD-2021 $	YTD-2020 $
Copper	45,741	23,908	91,142	37,891
Molybdenum	4,762	2,138	8,268	3,793
	50,503	26,046	99,410	41,684

c) Total revenue by region:

All the Company's revenue originates in Chile.

YTD-2021, the Company's revenue from one customer represented 92% of reported revenue (YTD-2020: 91%).

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

13) Expenses By Nature

a) Tolling and production costs consist of the following:

	Q2-2021 $	Q2-2020 $	YTD-2021 $	YTD-2020 $
Tolling and production costs	(25,289)	(20,740)	(49,123)	(39,199)
Depreciation and amortization	(4,321)	(4,338)	(8,697)	(9,074)
Administration	(1,175)	(1,053)	(2,437)	(2,165)
DET royalties - molybdenum	(591)	(310)	(1,148)	(572)
	(31,376)	(26,441)	(61,405)	(51,010)

b) General and administration expenses consist of the following:

	Q2-2021 $	Q2-2020 $	YTD-2021 $	YTD-2020 $
Salaries, management and professional fees	(548)	(354)	(1,306)	(790)
Share-based payment compensation	(188)	(29)	(277)	(39)
Office and general expenses	(186)	(51)	(587)	(306)
	(922)	(434)	(2,170)	(1,135)

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

	Q2-2021 $	Q2-2020 $	YTD-2021 $	YTD-2020 $
Royalties to related parties	(245)	(274)	(496)	(477)
Fair value adjustments to royalty derivative	253	(1,826)	127	2,119
	8	(2,100)	(369)	1,642

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

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

	Q2-2021	Q2-2020	YTD-2021	YTD-2020
	$	$	$	$
Foreign exchange (losses) gains	(129)	(396)	(618)	564
Writedown of obselete equipment and supplies	(86)	-	(835)	-
Other gains	69	14	95	49
	(146)	(382)	(1,358)	613

e) Finance expense consists of the following:

	Q2-2021	Q2-2020	YTD-2021	YTD-2020
	$	$	$	$
Finance and interest charges	(1,184)	(792)	(2,262)	(1,900)
Fair value adjustments to interest rate swaps	(952)	(112)	(730)	(1,837)
	(2,136)	(904)	(2,992)	(3,737)

14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Cash and cash equivalents

	June 30, 2021	December 31, 2020
	$	$
Cash at bank and on hand	48,765	7,841
Short-term bank deposits	144	144
	48,909	7,985
Cash held in a debt service reserve account (Note 7)	-	6,100
	48,909	14,085

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

b) Cash payments of interest and taxes

	YTD-2021 $	YTD-2020 $
Interest and taxes paid		
Interest paid	3,852	1,590
Income taxes paid	60	-
Other		
Increase in accounts payable related to the acquisition of plant and equipment	1,239	(44)
Cash paid during the quarter in connection with the derivative to related parties	689	84

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.

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

	Level 1 $	Level 2 $	Level 3 $	Total $
June 30, 2021				
Trade and settlement receivables	-	12,142	-	12,142
Interest rate swap	-	-	(632)	(632)
Derivative to related parties	-	-	(10,975)	(10,975)
	-	12,142	(11,607)	535

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2020				
Investments	4,401	-	-	4,401
Trade and settlement receivables	-	19,933	-	19,933
Interest rate swap	-	-	(2,171)	(2,171)
Derivative to related parties	-	-	(11,295)	(11,295)
	4,401	19,933	(13,466)	10,868

16) COMMITMENTS

a) At June 30, 2021 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) Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.1 million.

c) 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.