

# **Amerigo Resources Ltd.**

**Condensed Interim Consolidated Financial Statements**

**Three months ended March 31, 2023 and 2022**

**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	March 31, 2023 \$	December 31, 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	43,923	37,821
Restricted cash	7	2,860	715
Trade and settlement receivables		7,802	13,913
Taxes receivable		264	487
Prepaid expenses		379	543
Inventories	5	10,189	10,373
Interest rate swap	7	1,044	1,143
		66,461	64,995
<b>Non-current assets</b>			
Property, plant and equipment	6	158,050	158,591
Restricted cash	7	3,500	3,500
Intangible assets		3,295	3,351
Other non-current assets		756	742
<b>Total assets</b>		232,062	231,179
<b>Liabilities</b>			
<b>Current liabilities</b>			
DET royalties	3	20,754	16,807
Trade and other payables		18,848	26,346
Current portion of borrowings	7	7,561	7,006
Current income tax liabilities		3,761	1,593
Current portion of leases	8	2,121	2,256
Current portion of related party derivative liability	9	808	1,017
		53,853	55,025
<b>Non-current liabilities</b>			
Deferred income tax liability		31,849	33,962
Borrowings	7	16,705	16,644
Related party derivative liability	9	6,312	6,135
Severance provisions		831	710
<b>Total liabilities</b>		109,550	112,476
<b>Equity</b>			
Share capital	10	73,955	73,437
Other reserves		10,439	11,233
Accumulated other comprehensive income		2,132	2,295
Retained earnings		35,986	31,738
<b>Total equity</b>		122,512	118,703
<b>Total equity and liabilities</b>		232,062	231,179
<b>Commitments</b>	16		
<b>Subsequent events</b>	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)

		Three months ended March 31,	
	Notes	2023	2022
		\$	\$
<b>Revenue</b>	12	52,648	53,765
<b>Tolling and production costs</b>	13 (a)	(39,170)	(32,339)
<b>Gross profit</b>		13,478	21,426
<b>Other expenses</b>			
Other gains	13 (c)	1,548	688
General and administration	13 (b)	(1,329)	(1,579)
Derivative to related parties including changes in fair value		(255)	477
		(36)	(414)
<b>Operating profit</b>		13,442	21,012
Finance (expenses) gains	13 (d)	(827)	114
		(827)	114
<b>Income before income tax</b>		12,615	21,126
Income tax expense		(3,530)	(5,637)
<b>Net income</b>		9,085	15,489
<b>Other comprehensive income</b>			
<b>Items that may not be reclassified subsequently to net income:</b>			
Actuarial gains (losses) on severance provision		28	(21)
<b>Items that may be reclassified subsequently to net income:</b>			
Cumulative translation adjustment		(191)	(116)
<b>Other comprehensive loss</b>		(163)	(137)
<b>Comprehensive income</b>		8,922	15,352
Weighted average number of shares outstanding, basic		166,128,472	174,128,294
Weighted average number of shares outstanding, diluted		167,968,772	178,034,446
<b>Earnings per share</b>			
Basic		0.05	0.09
Diluted		0.05	0.09

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,	
	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Net income	9,085	15,489
Adjustment for items not affecting cash:		
Depreciation and amortization	4,985	4,924
Finance expense (gain)	714	(196)
Share-based payments	271	208
Changes in fair value of derivative	255	(741)
Other	134	84
Deferred income tax (recovery) expense	(2,114)	333
Unrealized foreign exchange gain	(138)	(43)
Impairment charges	-	551
	13,192	20,609
Changes in non-cash working capital		
Trade, other receivables and taxes receivable	6,499	335
Inventories	185	(1,797)
Trade and other payables	(5,622)	4,019
DET royalties	3,946	370
<b>Net cash from operating activities</b>	<b>18,200</b>	<b>23,536</b>
<b>Cash flows used in investing activities</b>		
Purchase of plant and equipment	(4,383)	(2,419)
<b>Net cash used in investing activities</b>	<b>(4,383)</b>	<b>(2,419)</b>
<b>Cash flows used in financing activities</b>		
Dividends paid	(3,637)	(4,175)
Restricted cash	(2,145)	(2,162)
Repurchase of shares	(1,852)	(3,407)
Lease repayments	(188)	(283)
Exercise of options	105	110
<b>Net cash used in financing activities</b>	<b>(7,717)</b>	<b>(9,917)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,100</b>	<b>11,200</b>
<b>Effect of exchange rate changes on cash</b>	<b>2</b>	<b>103</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>37,821</b>	<b>59,792</b>
<b>Cash and cash equivalents - End of period</b>	<b>43,923</b>	<b>71,095</b>

### 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		Other reserves	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number of shares	Amount				
		\$	\$	\$	\$	\$
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
Share-based payments	-	-	815	-	-	815
Exercise of share purchase options	168,335	64	(29)	-	-	35
Shares repurchased in normal course issuer bid	(6,925,600)	(2,974)	-	-	(5,879)	(8,853)
Cumulative translation adjustment	-	-	-	2,529	-	2,529
Actuarial losses on severance provision	-	-	-	(22)	-	(22)
Net loss	-	-	-	-	(11,115)	(11,115)
Dividends declared	-	-	-	-	(11,566)	(11,566)
Balance - December 31, 2022	166,032,658	73,437	11,233	2,295	31,738	118,703
Balance - January 1, 2023	166,032,658	73,437	11,233	2,295	31,738	118,703
Share-based payments	-	-	271	-	-	271
Exercise of share purchase options	1,066,220	1,170	(1,065)	-	-	105
Shares repurchased in normal course issuer bid	(1,615,059)	(652)	-	-	(1,200)	(1,852)
Cumulative translation adjustment	-	-	-	(191)	-	(191)
Actuarial gains on severance provision	-	-	-	28	-	28
Net income	-	-	-	-	9,085	9,085
Dividends declared	-	-	-	-	(3,637)	(3,637)
Balance - March 31, 2023	165,483,819	73,955	10,439	2,132	35,986	122,512

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, 2023

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(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).

These condensed interim consolidated financial statements (“interim financial statements”) as at and for the three months ended March 31, 2023 (“Q1-2023”) 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. They should be read in conjunction with Amerigo’s audited consolidated financial statements as of and for the year ended December 31, 2022, which have been prepared in accordance with IFRS. However, selected notes are included to explain events and transactions that are significant to understanding 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 1, 2023.

### 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.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

March 31, 2023

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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 specific 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 starting 2021 and every three years after that only in the event of changes unforeseen at the time the Agreement was entered into. Amerigo has judged the probabilities of DET exercising any of these early exit options as remote.

On March 31, 2023, the accrual for DET notional copper royalties and DET molybdenum royalties was \$20.8 million (December 31, 2022: \$16.8 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 consolidated financial statements, Amerigo makes judgments in applying the Company's accounting policies and makes estimates and assumptions concerning future events, which may vary from actual results. Sources of judgements include assessing impairment indicators. Sources of estimation uncertainty include the provision for income taxes and related deferred tax liabilities, the determination of the useful lives of long-lived assets, and the valuation of other assets and liabilities, including inventory.

The Company's critical accounting estimates and judgements applied in preparing these interim financial statements are consistent with those reported in our 2022 annual consolidated financial statements.

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
March 31, 2023

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

## 5) INVENTORIES

	March 31, 2023	December 31, 2022
	\$	\$
Plant supplies and consumables	7,239	7,588
Work in progress	1,491	1,434
Molybdenum concentrates	1,459	1,351
	10,189	10,373

On March 31, 2023 and December 31, 2022, work-in-progress on producing copper concentrates under a tolling agreement and molybdenum concentrates were valued at cost.

During Q1-2023, the Company recorded a charge of \$nil in obsolete plant supplies and consumables (Q1-2022: \$0.1 million).

## 6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure	Machinery and Equipment and other assets	Total
	\$	\$	\$
<b>Three months ended March 31, 2023</b>			
Opening net book amount	144,400	14,191	158,591
Additions	4,388	-	4,388
Depreciation charge	(4,078)	(851)	(4,929)
<b>Closing net book amount</b>	144,710	13,340	158,050
<b>At March 31, 2023</b>			
Cost	286,074	88,643	374,717
Accumulated depreciation	(141,364)	(75,303)	(216,667)
<b>Net book amount</b>	144,710	13,340	158,050



# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
March 31, 2023

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

## 7) BORROWINGS

	March 31, 2023 \$	December 31, 2022 \$
Term Loan	24,266	23,650
	24,266	23,650
Comprise:		
Short-term debt and current portion of long-term debt	7,561	7,006
Long-term debt	16,705	16,644
	24,266	23,650

On June 30, 2021, MVC entered into a finance agreement (the “Finance Agreement”) with a syndicate of two banks domiciled in Chile for a 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, and 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 interest rate swap (“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, 2023 was 5.15% per annum plus a margin of 3.90%. When US Libor is discontinued, the interest rate will be based on the ISDA 2020 IBOR Fallbacks Protocol. The IRS has a term to June 30, 2026. On March 31, 2023, the balance of the Term Loan was \$24.3 million, and the IRS was in an asset position of \$1.0 million.

The Line of Credit can be drawn in multiple disbursements and is available 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. When US Libor is discontinued, the interest rate will be based on the ISDA 2020 IBOR Fallbacks Protocol. As of March 31, 2023, 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 before the payment date and a second reserve account of \$3.5 million to be released on January 1, 2025. On March 31, 2023, MVC held the required reserve funds 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  $\leq 3$ ) and net worth (requirement  $\geq$  \$100.0 million), which were met on December 31, 2022.

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
March 31, 2023

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

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

## 8) LEASES

	March 31, 2023 \$	December 31, 2022 \$
Molybdenum plant lease	2,121	2,256
Comprise:		
Current portion of long-term leases	2,121	2,256
	2,121	2,256

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Foment ("UF") to finance the expansion of MVC's molybdenum plant. The terms of the lease included an original term to November 2023, monthly capital payments of approximately \$0.1 million, a balloon payment at the end of the lease term of approximately \$1.1 million and interest at a rate of 0.45% per month. The lease was prepaid without penalty in April 2023 (Note 17 (c)).

## 9) RELATED PARTY TRANSACTIONS

### a) Derivative liability

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 that must 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 changes in the derivative's fair value.

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

March 31, 2023

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

In Q1-2023, the derivative liability decreased \$nil (Q1-2022: decreased \$0.8 million), with \$0.3 million paid or accrued to the Class A shareholder (Q1-2022: \$0.3 million) and a change in derivative fair value expense of \$0.3 million (Q1-2022: recovery of \$0.5 million).

On March 31, 2023, the derivative totalled \$7.1 million (December 31, 2022: \$7.1 million), with a current portion of \$0.8 million (December 31, 2022: \$1.0 million) and a long-term portion of \$6.3 million (December 31, 2022: \$6.1 million).

Actual monthly payments outstanding on March 31, 2023 were \$0.1 million (December 31, 2022: \$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 regarding 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	
Amezquita Management Inc.	Management	

  

	<u>Q1-2023</u>	<u>Q1-2022</u>
	<u>\$</u>	<u>\$</u>
Salaries, management fees and bonuses	402	522

### c) Key Management Compensation

The remuneration of directors and other members of key management during Q1-2023 and Q1-2022 was as follows:

	<u>Q1-2023</u>	<u>Q1-2022</u>
	<u>\$</u>	<u>\$</u>
Salaries, management fees and bonuses	402	522
Directors' fees	84	83
Share-based payments	178	145
	664	750

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

## 10) EQUITY

### a) Share Capital

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

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

March 31, 2023

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

In Q1-2023, Amerigo issued 699,553 shares in connection with cashless share option exercises and 366,667 cash shares option exercises by officers, directors, and MVC employees. A value of \$1.1 million was transferred from other reserves to share capital.

In 2022, Amerigo commenced a normal course issuer bid (“NCIB”) to purchase from Amerigo shareholders who chose to participate up to 11,080,000 common shares over twelve months beginning on December 2, 2022. In Q1-2023, 1,615,059 shares were repurchased at an average price of Cdn\$1.56 per share.

In 2022, Amerigo issued 938,776 shares in connection with cashless share option exercises and 783,333 cash shares option exercises by officers, directors, and MVC employees. A value of \$0.5 million was transferred from other reserves to share capital.

In 2022, Amerigo completed an NCIB which had started on December 2, 2021, to purchase for cancellation 10,750,000 common shares of the Company, of which 9,373,575 shares were repurchased and cancelled in 2022 at an average price of Cdn\$1.67 per share.

### b) Share Options

A total of 2,695,000 options were granted in Q1-2023 (2022: 2,645,000) with a weighted average fair value estimated at Cdn\$0.56 (2022: Cdn\$0.65) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	2023	2022
Weighted average share price	Cdn\$1.60	Cdn\$1.62
Weighted average exercise price	Cdn\$1.60	Cdn\$1.62
Dividend yield	7.50%	4.85%
Risk free interest rate	3.63%	1.59%
Pre-vest forfeiture rate	1.93%	1.98%
Expected life (years)	4.32	4.33
Expected volatility	68.59%	68.93%

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited March 31, 2023

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

Outstanding share options:

	March 31, 2023		December 31, 2022	
	Share options	Weighted average exercise price Cdn\$	Share options	Weighted average exercise price Cdn\$
<b>At start of the period</b>	10,795,012	1.11	10,725,005	0.85
Granted	2,695,000	1.60	2,645,000	1.62
Exercised	(1,066,220)	0.98	(1,722,109)	0.54
Repurchased pursuant to cashless exercise	(1,597,119)	0.98	(762,883)	0.54
Cancelled/forfeited	-	-	(90,001)	1.23
<b>At end of the period</b>	<b>10,826,673</b>	<b>1.26</b>	<b>10,795,012</b>	<b>1.11</b>
Vested and exercisable	5,338,322	1.04	5,823,332	1.00

The weighted average trading price of the Company's stock on the dates in which options were exercised in Q1-2023 was Cdn\$1.58 per share (2022: Cdn\$1.67 per share).

Information relating to share options outstanding on March 31, 2023 is as follows:

Outstanding share options	Vested share options	Price range Cdn\$	Weighted Average exercise price of outstanding options Cdn\$	Weighted Average exercise price of vested options Cdn\$	Weighted Average remaining life of outstanding options (years)
816,669	816,669	0.40	\$0.40	\$0.40	1.92
176,668	100,000	0.52-0.53	0.52	0.52	2.39
4,223,336	3,449,994	0.91-1.11	1.02	1.05	1.81
320,000	106,666	1.29-1.29	1.29	1.29	3.19
5,290,000	864,993	1.60-1.62	1.61	1.62	4.42
<b>10,826,673</b>	<b>5,338,322</b>		<b>1.26</b>	<b>1.04</b>	<b>3.15</b>

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
March 31, 2023

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

## 11) SEGMENT INFORMATION

Operating segments are determined based on the management reports the board of directors reviews 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, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Chile	157,974	158,514	4,051	4,093
Canada	76	77	-	-
	158,050	158,591	4,051	4,093

## 12) REVENUE

a) Revenue composition:

	Q1-2023 \$	Q1-2022 \$
Gross value of copper produced	66,798	73,797
Adjustments to fair value of settlement receivables	3,374	5,612
	70,172	79,409
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(18,438)	(22,290)
Smelting and refining	(6,661)	(6,274)
Transportation	(464)	(466)
Copper tolling revenue	44,609	50,379
Molybdenum revenue	8,039	3,386
	52,648	53,765

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited March 31, 2023

(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.

	Q1-2023	Q1-2022
	\$	\$
Copper	44,609	50,379
Molybdenum	8,039	3,386
	52,648	53,765

c) Total revenue by region:

All of the Company's revenue originates in Chile.

In Q1-2023, the Group's revenue from one customer represented 85% of reported revenue (Q1-2022: 94%).

### 13) (EXPENSES) GAINS BY NATURE

a) Tolling and production costs consist of the following:

	Q1-2023	Q1-2022
	\$	\$
Tolling and production costs	(30,693)	(25,121)
Depreciation and amortization	(4,986)	(4,924)
DET royalties - molybdenum	(1,806)	(678)
Administration	(1,685)	(1,616)
	(39,170)	(32,339)

b) General and administration expenses consist of the following:

	Q1-2023	Q1-2022
	\$	\$
Salaries, management and professional fees	(661)	(971)
Office and general expenses	(397)	(400)
Share-based payment compensation	(271)	(208)
	(1,329)	(1,579)

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c) Other gains consist of the following:

	Q1-2023	Q1-2022
	\$	\$
Foreign exchange gains	1,527	1,227
Other gains	21	12
Writedown of obsolete equipment and supplies	-	(551)
	1,548	688

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

	Q1-2023	Q1-2022
	\$	\$
Finance, commitment and interest charges	(728)	(478)
Fair value adjustments to interest rate swaps	(99)	592
	(827)	114

## 14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Cash and cash equivalents

	March 31, 2023	December 31, 2022
	\$	\$
Cash at bank and on hand	43,780	37,678
Short-term bank deposits	143	143
	43,923	37,821

b) Cash payments of interest and taxes

	Q1-2023	Q1-2022
	\$	\$
Interest and taxes paid		
Interest paid	41	18
Income taxes paid	2,761	605
Other		
Increase in accounts payable related to the acquisition of plant and equipment	5	228
Cash paid during the quarter in connection with the derivative to related parties	286	269



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## Consistency of Presentation

On the Statement of Cash Flows for the three months ending March 31, 2022, the \$2,162 in cash paid into the debt service reserve account to be held as restricted cash to fund MVC's next borrowings payment was reclassified from operating activities to financing activities. This reclassification was done to align the nature of the transaction with its presentation on the Q1-2023 Statement of Cash Flows.

## 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 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 separate component of revenue.
- Level 3 – Significant unobservable inputs 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 every quarter 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 these instruments' lack of observable market quotes. 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.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>March 31, 2023</b>				
Trade receivables	-	6,958	-	6,958
Interest rate swap	-	-	1,044	1,044
Related party derivative liability	-	-	(7,120)	(7,120)
	-	6,958	(6,076)	882

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	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>December 31, 2022</b>				
Trade receivables	-	12,360	-	12,360
Interest rate swap	-	-	1,143	1,143
Related party derivative liability	-	-	(7,152)	(7,152)
	-	12,360	(6,009)	6,351

## 16) COMMITMENTS

- a) MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2037. The agreement establishes minimum stand-by charges based on peak hour power supply calculations, estimated to range from \$1.1 million to \$1.3 million monthly.
- 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 that there is no obligation to record a provision because the amount, if any, is not possible to determine.

## 17) SUBSEQUENT EVENTS

- a) Subsequent to March 31, 2023, the Company purchased 39,600 common shares under its NCIB.
- b) Subsequent to March 31, 2023, 33,333 options were exercised on a cashless basis.
- c) On April 4, 2023, the Company repaid the molybdenum plant lease in full by pre-paying \$1.0 million in monthly payments as well as the \$1.1 million balloon payment otherwise due at the end of the lease.
- d) On May 1, 2023, Amerigo's Board of Directors declared a quarterly dividend of Cdn\$0.03 per share, payable on June 20, 2023 to shareholders of record as of May 30, 2023.