

# **Amerigo Resources Ltd.**

**Condensed Interim Consolidated Financial Statements  
Three and six months ended June 30, 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)

	Notes	June 30, 2022 \$	December 31, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	53,020	59,792
Restricted cash	7	698	721
Trade and settlement receivables		2,162	12,776
Taxes receivable		1,284	1,509
Prepaid expenses		275	703
Inventories	5	8,093	7,728
Interest rate swap		750	-
		66,282	83,229
<b>Non-current assets</b>			
Property, plant and equipment	6	174,076	178,083
Restricted cash		3,500	3,500
Intangible assets		3,463	3,575
Other non-current assets		750	765
Deferred income tax asset		193	193
<b>Total assets</b>		248,264	269,345
<b>Liabilities</b>			
<b>Current liabilities</b>			
DET royalties	3	19,094	22,846
Trade and other payables		18,942	17,983
Current portion of borrowings	7	7,000	7,004
Current income tax liabilities		8,235	8,311
Current portion of related party derivative liability	9	1,064	1,031
Current portion of leases	8	1,045	1,202
Interest rate swap	7	-	220
		55,380	58,597
<b>Non-current liabilities</b>			
Deferred income tax liability		33,089	35,834
Borrowings	7	20,022	23,400
Related party derivative liability	9	8,067	9,873
Leases	8	1,148	2,241
Severance provisions		621	607
<b>Total liabilities</b>		118,327	130,552
<b>Equity</b>			
Share capital	10	73,431	76,795
Other reserves		10,707	10,752
Accumulated other comprehensive income (loss)		516	(75)
Retained earnings		45,283	51,321
<b>Total equity</b>		129,937	138,793
<b>Total equity and liabilities</b>		248,264	269,345
<b>Commitments</b>	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 (Loss) Income and Comprehensive (Loss) Income - Unaudited

(expressed in thousands of U.S. dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Revenue</b>	12	33,584	50,503	87,349	99,410
<b>Tolling and production costs</b>	13 (a)	(31,968)	(31,376)	(64,307)	(61,405)
<b>Gross profit</b>		1,616	19,127	23,042	38,005
<b>Other expenses</b>					
Other losses	13 (d)	(2,920)	(146)	(2,232)	(1,358)
General and administration	13 (b)	(957)	(922)	(2,536)	(2,170)
Derivative to related parties including changes in fair value	13 (c)	788	8	1,265	(369)
		(3,089)	(1,060)	(3,503)	(3,897)
<b>Operating (loss) profit</b>		(1,473)	18,067	19,539	34,108
Finance expense	13 (e)	(267)	(2,136)	(153)	(2,992)
		(267)	(2,136)	(153)	(2,992)
<b>(Loss) income before income tax</b>		(1,740)	15,931	19,386	31,116
Income tax expense		(3,331)	(4,345)	(8,968)	(8,605)
<b>Net (loss) income</b>		(5,071)	11,586	10,418	22,511
<b>Other comprehensive income (loss)</b>					
<b>Items that may not be reclassified subsequently to net income:</b>					
Actuarial losses on severance provision		(15)	(2)	(36)	(39)
Unrealized losses on investments, net of tax		-	-	-	(276)
Realized losses on investments, net of tax		-	-	-	(324)
<b>Items that may be reclassified subsequently to net income:</b>					
Cumulative translation adjustment		743	(67)	627	(129)
<b>Other comprehensive income (loss)</b>		728	(69)	591	(768)
<b>Comprehensive (loss) income</b>		(4,343)	11,517	11,009	21,743
Weighted average number of shares outstanding, basic		171,124,544	181,790,378	172,618,121	181,451,916
Weighted average number of shares outstanding, diluted		171,124,544	185,444,167	176,090,218	183,947,859
<b>(Loss) earnings per share</b>					
Basic		(0.03)	0.06	0.06	0.12
Diluted		(0.03)	0.06	0.06	0.12

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

# Amerigo Resources Ltd.

## Condensed Interim Consolidated Statements of Cash Flows - Unaudited

(expressed in thousands of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Net (loss) income	(5,071)	11,586	10,418	22,511
Adjustment for items not affecting cash:				
Depreciation and amortization	5,059	4,321	9,983	8,697
Unrealized foreign exchange loss (gain)	649	64	606	(169)
Share-based payments	282	188	490	277
Changes in fair value of derivative	(1,026)	(8)	(1,767)	369
Finance gain	(656)	(567)	(852)	(1,021)
Deferred income tax (recovery) expense	(3,097)	1,400	(2,764)	5,654
Other	(92)	(3)	(8)	(46)
Impairment charges	-	86	551	835
	(3,952)	17,067	16,657	37,107
Changes in non-cash working capital				
Trade, other receivables and taxes receivable	10,465	3,486	10,800	9,382
Restricted cash	2,184	(4,200)	22	(4,200)
Inventories	1,296	(252)	(501)	(2,114)
Trade and other payables	(3,179)	1,492	840	1,771
DET royalties	(4,122)	4,309	(3,752)	8,092
<b>Net cash fom operating activities</b>	<b>2,692</b>	<b>21,902</b>	<b>24,066</b>	<b>50,038</b>
<b>Cash flows used in investing activities</b>				
Purchase of plant and equipment	(3,010)	(839)	(5,429)	(1,402)
Proceeds from the sale of investments	-	-	-	3,852
<b>Net cash used in investing activities</b>	<b>(3,010)</b>	<b>(839)</b>	<b>(5,429)</b>	<b>2,450</b>
<b>Cash flows used in financing activities</b>				
Repurchase of shares	(8,854)	-	(12,261)	-
Dividends paid	(4,065)	-	(8,240)	-
Repayment of borrowings	(3,500)	(44,054)	(3,500)	(50,601)
Lease repayments	(195)	(341)	(478)	(686)
Exercise of options	36	-	146	-
Proceeds from borrowings net of transaction costs	-	33,821	-	33,821
<b>Net cash used in financing activities</b>	<b>(16,578)</b>	<b>(10,574)</b>	<b>(24,333)</b>	<b>(17,466)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(16,896)</b>	<b>10,489</b>	<b>(5,696)</b>	<b>35,022</b>
<b>Effect of exchange rate changes on cash</b>	<b>(1,179)</b>	<b>(223)</b>	<b>(1,076)</b>	<b>(198)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>71,095</b>	<b>38,643</b>	<b>59,792</b>	<b>14,085</b>
<b>Cash and cash equivalents - End of period</b>	<b>53,020</b>	<b>48,909</b>	<b>53,020</b>	<b>48,909</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 (loss) income	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	-	-	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
Share-based payments	-	-	383	-	-	383
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	-	-	-	84	-	84
Realized gains on investments	-	-	-	86	-	86
Actuarial losses on severance provision	-	-	-	(6)	-	(6)
Net income	-	-	-	-	17,308	17,308
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	-	-	490	-	-	490
Exercise of share purchase options	1,707,286	681	(535)	-	-	146
Shares repurchased in normal course issuer bid	(9,373,575)	(4,045)	-	-	(8,216)	(12,261)
Cumulative translation adjustment	-	-	-	627	-	627
Actuarial losses on severance provision	-	-	-	(36)	-	(36)
Net income	-	-	-	-	10,418	10,418
Dividends declared	-	-	-	-	(8,240)	(8,240)
Balance - June 30, 2022	166,017,835	73,431	10,707	516	45,283	129,937

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  
June 30, 2022

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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). 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, 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 August 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.

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
June 30, 2022

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(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 DET 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 contains three early exit options exercisable by DET. The first option expired in 2021. The remaining two options can be exercised within 2024 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, 2022, the accrual for DET notional copper royalties and DET molybdenum royalties, was \$19.1 million (December 31, 2021: \$22.8 million).

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
June 30, 2022

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(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 judgements include assessing impairment indicators. Sources of estimation uncertainty include 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.

## 5) INVENTORIES

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	<b>June 30,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
	\$	\$
Plant supplies and consumables	4,361	4,870
Work in progress	2,367	1,773
Molybdenum concentrates	1,365	1085
	<b>8,093</b>	<b>7,728</b>

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At June 30, 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 the six months ended June 30, 2022 ("YTD-2022"), the Company recorded a charge of \$0.1 million in obsolete plant supplies and consumables (six months ended June 30, 2021 "YTD-2021": \$0.4 million).



# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
June 30, 2022

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

## 6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure \$	Equipment and other assets \$	Total \$
<b>Six months ended June 30, 2022</b>			
Opening net book amount	158,239	19,844	178,083
Exchange differences	-	1	1
Additions	5,763	103	5,866
Depreciation charge	(6,308)	(3,566)	(9,874)
<b>Closing net book amount</b>	<b>157,694</b>	<b>16,382</b>	<b>174,076</b>
<b>At June 30, 2022</b>			
Cost	303,750	88,954	392,704
Accumulated depreciation	(146,056)	(72,572)	(218,628)
<b>Net book amount</b>	<b>157,694</b>	<b>16,382</b>	<b>174,076</b>

## 7) BORROWINGS

	June 30, 2022 \$	December 31, 2021 \$
Term Loan	27,022	30,404
	27,022	30,404
Comprise:		
Short-term debt and current portion of long-term debt	7,000	7,004
Long-term debt	20,022	23,400
	27,022	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.

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited June 30, 2022

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

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 interest rate swap (“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, for 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, 2022 was 2.88% per annum plus a margin of 3.90%. At the date that 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 June 30, 2022, the balance of the Term Loan was \$27.0 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, 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 June 30, 2022, 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 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 June 30, 2022.

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

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
June 30, 2022

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

## 8) LEASES

	June 30, 2022 \$	December 31, 2021 \$
Molybdenum plant lease	2,193	3,443
Comprise:		
Current portion of long-term leases	1,045	1,202
Long-term leases	1,148	2,241
	2,193	3,443

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Fomento (“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 \$1.1 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.

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited June 30, 2022

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

In YTD-2022 \$0.5 million was paid or accrued to the Class A shareholders (YTD-2021: \$0.5 million) and the derivative's fair value decreased by \$1.8 million (YTD-2021: \$0.1 million), for a total derivative recovery of \$1.3 million (YTD-2021: expense of \$0.4 million) (Note 13(c)).

At June 30, 2022, the derivative totalled \$9.1 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 \$8.1 million (December 31, 2021: \$9.9 million).

Actual monthly payments outstanding at June 30, 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

	<b>YTD-2022</b>	<b>YTD-2021</b>
	<b>\$</b>	<b>\$</b>
Salaries and management fees	760	846

### c) Key Management Compensation

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

	<b>YTD-2022</b>	<b>YTD-2021</b>
	<b>\$</b>	<b>\$</b>
Salaries and management fees	760	846
Directors' fees	159	152
Share-based payments	281	186
	<b>1,200</b>	<b>1,184</b>

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  
June 30, 2022

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(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-2022 Amerigo issued 923,953 shares in connection with cashless share option exercises (2021: 1,207,543 shares) and 783,333 shares (2021: 200,000 shares) in connection with cash share 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 (2021: \$0.2 million).

In 2021, Amerigo commenced a normal course issuer bid (“NCIB”) to purchase up to 10,750,000 common shares over a period of twelve months which began on December 2, 2021. The NCIB was completed in June 2022. In YTD-2022, 9,373,575 shares were repurchased at an average price of Cdn\$1.67 per share (2021: 1,376,425 shares repurchased at an average price of Cdn\$1.35 per share).

In 2021, Amerigo completed a substantial issuer bid to purchase for cancellation from Amerigo shareholders who chose to participate a total of 7,116,345 common shares, repurchased at a price of Cdn\$1.30 per share.

### b) Share Options

A total of 2,645,000 options were granted in YTD-2022 (2021: 2,860,000) 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\$0.95
Weighted average exercise price	Cdn\$1.62	Cdn\$0.95
Dividend yield	4.85%	0%
Risk free interest rate	1.59%	0.56%
Pre-vest forfeiture rate	1.98%	0.95%
Expected life (years)	4.33	4.31
Expected volatility	68.93%	73.39%

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited June 30, 2022

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

Outstanding share options:

	June 30, 2022		December 31, 2021	
	Share options	Weighted average exercise price Cdn\$	Share options	Weighted average exercise price Cdn\$
<b>At start of the period</b>	10,725,005	0.85	10,070,000	0.70
Granted	2,645,000	1.62	2,860,000	0.95
Exercised	(1,707,286)	0.54	(1,407,543)	0.22
Repurchased pursuant to cashless exercise	(751,040)	0.54	(577,452)	0.22
Cancelled/forfeited	(90,001)	1.23	(220,000)	0.82
<b>At end of the period</b>	<b>10,821,678</b>	<b>1.11</b>	<b>10,725,005</b>	<b>0.85</b>
Vested and exercisable	5,773,332	1.00	6,784,998	0.89

The weighted average trading price of the Company's stock on the dates in which options were exercised in YTD-2022 was Cdn\$1.68 per share (2021: Cdn\$0.89 per share).

Information relating to share options outstanding at June 30, 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)
1,073,342	533,336	0.40	\$0.40	\$0.40	2.67
203,334	50,000	0.52-0.53	0.52	0.52	3.17
6,630,002	5,083,330	0.91-1.11	1.03	1.07	1.99
320,000	106,666	1.29	1.29	1.29	3.94
2,595,000	-	1.62	1.62	-	4.67
<b>10,821,678</b>	<b>5,773,332</b>		<b>1.11</b>	<b>1.00</b>	<b>2.78</b>

### 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).

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited June 30, 2022

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

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

	Property, plant and equipment		Other	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Chile	173,993	177,995	4,213	4,340
Canada	83	88	-	-
	174,076	178,083	4,213	4,340

## 12) REVENUE

a) Revenue composition:

	Q2-2022 \$	Q2-2021 \$	YTD-2022 \$	YTD-2021 \$
Gross value of copper produced	63,667	66,634	137,464	124,777
Adjustments to fair value of settlement receivables	(7,849)	4,758	(2,237)	13,288
	55,818	71,392	135,227	138,065
Notional items deducted from gross value of copper produced:				
DET royalties - copper	(18,281)	(20,183)	(40,571)	(36,174)
Smelting and refining	(5,791)	(4,944)	(12,065)	(9,706)
Transportation	(403)	(524)	(869)	(1,043)
Copper tolling revenue	31,343	45,741	81,722	91,142
Molybdenum revenue	2,241	4,762	5,627	8,268
	33,584	50,503	87,349	99,410

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.

	Q2-2022 \$	Q2-2021 \$	YTD-2022 \$	YTD-2021 \$
Copper	31,343	45,741	81,722	91,142
Molybdenum	2,241	4,762	5,627	8,268
	33,584	50,503	87,349	99,410

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited June 30, 2022

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c) Total revenue by region:

All the Company's revenue originates in Chile.

YTD-2022, the Company's revenue from one customer represented 94% of reported revenue (YTD-2021: 92%).

### 13) EXPENSES BY NATURE

a) Tolling and production costs consist of the following:

	Q2-2022	Q2-2021	YTD-2022	YTD-2021
	\$	\$	\$	\$
Tolling and production costs	(25,090)	(25,289)	(50,211)	(49,123)
Depreciation and amortization	(5,059)	(4,321)	(9,983)	(8,697)
Administration	(1,301)	(1,175)	(2,917)	(2,437)
DET royalties - molybdenum	(518)	(591)	(1,196)	(1,148)
	(31,968)	(31,376)	(64,307)	(61,405)

b) General and administration expenses consist of the following:

	Q2-2022	Q2-2021	YTD-2022	YTD-2021
	\$	\$	\$	\$
Salaries, management and professional fees	(453)	(548)	(1,424)	(1,306)
Share-based payment compensation	(282)	(188)	(490)	(277)
Office and general expenses	(222)	(186)	(622)	(587)
	(957)	(922)	(2,536)	(2,170)

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

	Q2-2022	Q2-2021	YTD-2022	YTD-2021
	\$	\$	\$	\$
Fair value adjustments to royalty derivative	1,026	253	1,767	127
Royalties to related parties	(238)	(245)	(502)	(496)
	788	8	1,265	(369)



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d) Other losses consist of the following:

	Q2-2022	Q2-2021	YTD-2022	YTD-2021
	\$	\$	\$	\$
Foreign exchange losses	(2,942)	(129)	(1,715)	(618)
Other gains	22	69	34	95
Writedown of obsolete equipment and supplies	-	(86)	(551)	(835)
	(2,920)	(146)	(2,232)	(1,358)

e) Finance expense consists of the following:

	Q2-2021	Q2-2021	YTD-2022	YTD-2021
	\$	\$	\$	\$
Finance and interest charges	(646)	(1,184)	(1,124)	(2,262)
Fair value adjustments to interest rate swaps	379	(952)	971	(730)
	(267)	(2,136)	(153)	(2,992)

### 14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Cash and cash equivalents

	June 30, 2022	December 31, 2021
	\$	\$
Cash at bank and on hand	52,877	59,648
Short-term bank deposits	143	144
	53,020	59,792

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
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## b) Cash payments of interest and taxes

	YTD-2022	YTD-2021
	\$	\$
Interest and taxes paid		
Interest paid	850	3,852
Income taxes paid	8,802	60
Other		
Increase in accounts payable related to the acquisition of plant and equipment	35	1,239
Cash paid during the quarter in connection with the derivative to related parties	508	689

## 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
	\$	\$	\$	\$
<b>June 30, 2022</b>				
Trade and settlement receivables (payables)	-	(1,944)	-	(1,944)
Interest rate swap	-	-	750	750
Derivative to related parties	-	-	(9,131)	(9,131)
	-	(1,944)	(8,381)	(10,325)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>December 31, 2021</b>				
Trade and settlement receivables	-	11,825	-	11,825
Interest rate swap	-	-	(220)	(220)
Derivative to related parties	-	-	(10,904)	(10,904)
	-	11,825	(11,124)	701

## 16) COMMITMENTS

- a) At June 30, 2022 MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2037. The agreement established minimum stand-by charges based on peak hour power supply calculations, estimated to range from \$0.9 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.