

Amerigo Resources Ltd.

**Condensed Interim Consolidated Financial Statements
Three and nine months ended September 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	September 30, 2021 \$	December 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents	14	64,945	14,085
Restricted cash	7	2,941	-
Trade and settlement receivables		4,167	21,157
Taxes receivable		923	230
Prepaid expenses		473	869
Inventories	5	7,100	7,271
		80,549	43,612
Non-current assets			
Property, plant and equipment	6	182,030	184,805
Intangible assets		3,631	3,798
Restricted cash	7	3,500	-
Other non-current assets		776	806
Deferred income tax asset		177	153
Investments		-	4,401
Total assets		270,663	237,575
Liabilities			
Current liabilities			
DET royalties	3	21,966	13,010
Trade and other payables		17,535	14,579
Current portion of borrowings	7	9,214	17,059
Current income tax liabilities		6,509	97
Current portion of leases	8	1,288	1,643
Current portion of related party derivative liability	9,15	1,226	1,196
Interest rate swap	7	1,246	2,171
		58,984	49,755
Non-current liabilities			
Deferred income tax liability		30,828	25,590
Borrowings	7	26,839	36,709
Related party derivative liability	9,15	9,566	10,099
Leases	8	2,639	4,091
Severance provisions		623	649
Total liabilities		129,479	126,893
Equity			
Share capital	10	80,387	80,461
Other reserves		10,606	10,248
Accumulated other comprehensive (loss) income		(184)	529
Retained earnings		50,375	19,444
Total equity		141,184	110,682
Total equity and liabilities		270,663	237,575
Commitments	16		
Subsequent event	17		

"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 September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Revenue	12	48,132	37,555	147,542	79,239
Tolling and production costs	13 (a)	(33,940)	(28,572)	(95,345)	(79,582)
Gross profit (loss)		14,192	8,983	52,197	(343)
Other expenses					
General and administration	13 (b)	(1,007)	(604)	(3,177)	(1,739)
Other (losses) gains	13 (d)	(454)	(15)	(1,812)	598
Derivative to related parties including changes in fair value	13 (c)	(85)	(303)	(454)	1,339
		(1,546)	(922)	(5,443)	198
Operating profit (loss)		12,646	8,061	46,754	(145)
Finance expense	13 (e)	(1,102)	(784)	(4,094)	(4,521)
		(1,102)	(784)	(4,094)	(4,521)
Income (loss) before income tax		11,544	7,277	42,660	(4,666)
Income tax (expense) recovery		(3,124)	(1,889)	(11,729)	2,423
Net income (loss)		8,420	5,388	30,931	(2,243)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to net income (loss):					
Unrealized gains (losses) on investments, net of tax		-	563	(276)	223
Realized loss on investments, net of tax		-	-	(324)	(1)
Cumulative translation adjustment		54	(204)	(75)	86
Actuarial gains (losses) on severance provision		1	85	(38)	57
Other comprehensive income (loss)		55	444	(713)	365
Comprehensive income (loss)		8,475	5,832	30,218	(1,878)
Weighted average number of shares outstanding, basic		181,807,803	180,769,351	181,583,401	180,756,212
Weighted average number of shares outstanding, diluted		185,414,752	182,329,728	184,356,306	180,997,212
Earnings (loss) per share					
Basic		0.05	0.03	0.17	(0.01)
Diluted		0.05	0.03	0.17	(0.01)

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash flows from operating activities				
Net income (loss)	8,420	5,388	30,931	(2,243)
Adjustment for items not affecting cash:				
Depreciation and amortization	4,325	4,271	13,022	13,345
Finance expense (gain)	1,065	(820)	44	952
Unrealized foreign exchange loss (gain)	688	(213)	519	(592)
Share-based payments	188	32	465	71
Deferred income tax expense (recovery)	(465)	1,886	5,189	(2,513)
Other	15	151	(31)	144
Impairment charges	9	-	844	2,303
Changes in fair value of derivative	(178)	43	(305)	(2,076)
	14,067	10,738	50,678	9,391
Changes in non-cash working capital				
Restricted cash	(2,241)	-	(6,441)	-
Trade, other receivables and taxes receivable	7,298	(428)	16,680	2,976
Inventories	1,791	143	(323)	(298)
Trade and other payables	3,604	1,250	5,871	2,129
DET royalties	863	3,681	8,955	940
Net cash from operating activities	25,382	15,384	75,420	15,138
Cash flows used in investing activities				
Purchase of plant and equipment	(6,022)	(540)	(7,424)	(1,818)
Proceeds from the sale of investments	-	-	3,852	75
Net cash used in investing activities	(6,022)	(540)	(3,572)	(1,743)
Cash flows used in from financing activities				
Proceeds from borrowings net of transaction costs	(43)	-	33,778	-
Repayment of borrowings	(1,861)	(4,685)	(52,462)	(9,371)
Lease repayments	(252)	(345)	(938)	(957)
Issuance of shares	-	-	-	116
Net cash used in financing activities	(2,156)	(5,030)	(19,622)	(10,212)
Net increase in cash and cash equivalents	17,204	9,814	52,226	3,183
Effect of exchange rate changes on cash	(1,168)	168	(1,366)	124
Cash and cash equivalents - Beginning of period	48,909	489	14,085	7,164
Cash and cash equivalents - End of period	64,945	10,471	64,945	10,471

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	Retained earnings	Total equity
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance - January 1, 2020	180,169,351	80,300	10,179	(1,227)	13,380	102,632
Share-based payments	-	-	71	-	-	71
Exercise of share purchase options	600,000	161	(45)	-	-	116
Cumulative translation adjustment	-	-	-	86	-	86
Unrealized gains on investments	-	-	-	223	-	223
Realized loss on investments	-	-	-	(1)	-	(1)
Actuarial gains on severance provision	-	-	-	57	-	57
Net loss	-	-	-	-	(2,243)	(2,243)
Balance - September 30, 2020	180,769,351	80,461	10,205	(862)	11,137	100,941
Share-based payments	-	-	43	-	-	43
Cumulative translation adjustment	-	-	-	(200)	-	(200)
Unrealized gains on investments	-	-	-	1,634	-	1,634
Actuarial losses on severance provision	-	-	-	(43)	-	(43)
Net income	-	-	-	-	8,307	8,307
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	-	-	465	-	-	465
Exercise of share purchase options	1,191,727	(74)	(107)	-	-	(181)
Cumulative translation adjustment	-	-	-	(75)	-	(75)
Unrealized losses on investments	-	-	-	(276)	-	(276)
Realized loss on investments	-	-	-	(324)	-	(324)
Actuarial losses on severance provision	-	-	-	(38)	-	(38)
Net income	-	-	-	-	30,931	30,931
Balance - September 30, 2021	181,961,078	80,387	10,606	(184)	50,375	141,184

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
September 30, 2021

(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 nine months ended September 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 November 1, 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.

Amerigo Resources Ltd.

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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 September 30, 2021, the accrual for DET notional copper royalties and DET molybdenum royalties, was \$22.0 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 September 30, 2021, the Deferred Payments balance of \$1.9 million was included in borrowings within current liabilities.

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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

	September 30, 2021	December 31, 2020
	\$	\$
Plant supplies and consumables	4,812	4,190
Work in progress	1,174	2,660
Molybdenum concentrates	1,114	421
	<hr/> 7,100	<hr/> 7,271

At September 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 nine months ended September 30, 2021 ("YTD-2021"), the Company recorded a charge of \$0.4 million in obsolete plant supplies and consumables. During the nine months ended September 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.

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

6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure \$	Machinery and Equipment and other assets \$	Total \$
Nine months ended September 30, 2021			
Opening net book amount	156,543	28,262	184,805
Exchange differences	-	3	3
Additions	10,356	154	10,510
Impairment of obsolete equipment	-	(433)	(433)
Depreciation charge	(6,308)	(6,547)	(12,855)
Closing net book amount	160,591	21,439	182,030
At September 30, 2021			
Cost	297,402	89,088	386,490
Accumulated depreciation	(136,811)	(67,649)	(204,460)
Net book amount	160,591	21,439	182,030

7) BORROWINGS

	September 30, 2021 \$	December 31, 2020 \$
Consolidated bank loan (a)	-	46,463
Term loan (b)	34,202	-
DET deferred settlements loan (Note 3)	1,851	7,305
	36,053	53,768
Comprise:		
Short-term debt and current portion of long-term debt	9,214	17,059
Long-term debt	26,839	36,709
	36,053	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.

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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 September 30, 2021 was 0.1655% per annum plus a margin of 3.90%. The IRS has a term to June 30, 2026. On September 30, 2021, the balance of the Term Loan was \$34.2 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 September 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 September 30, 2021, MVC held the required reserved funds in the amount of \$2.9 million and \$3.5 million, respectively, shown as restricted cash on Amerigo’s statement of financial position.

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

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

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
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(tabular information expressed in thousands of U.S. dollars)

8) LEASES

	September 30, 2021	December 31, 2020
	\$	\$
Molybdenum plant lease	3,904	5,587
Other leases	23	147
	<u>3,927</u>	<u>5,734</u>
Comprise:		
Current portion of long-term leases	1,288	1,643
Long-term leases	2,639	4,091
	<u>3,927</u>	<u>5,734</u>

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 \$1.5 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.

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In YTD-2021 \$0.8 million was paid or accrued to the Class A shareholders (YTD-2020: \$0.7 million) and the derivative's fair value decreased by \$0.3 million (YTD-2020: decreased by \$2.0 million), for a total derivative expense of \$0.5 million (YTD-2020: recovery of \$1.3 million) (Note 13(c)).

At September 30, 2021, the derivative totalled \$10.8 million (December 31, 2020: \$11.3 million), with a current portion of \$1.2 million (December 31, 2020: \$1.2 million) and a long-term portion of \$9.6 million (December 31, 2020: \$10.1 million).

Actual monthly payments outstanding at September 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.

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

	<u>YTD-2021</u>	<u>YTD-2020</u>
	<u>\$</u>	<u>\$</u>
Salaries and management fees	1,163	562

c) Key Management Compensation

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

	<u>YTD-2021</u>	<u>YTD-2020</u>
	<u>\$</u>	<u>\$</u>
Salaries and management fees	1,163	562
Directors' fees	240	199
Share-based payments	318	40
	<u>1,721</u>	<u>801</u>

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

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
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10) EQUITY

a) Share Capital

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

In YTD-2021 Amerigo issued 1,191,727 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.

During YTD-2021, Amerigo commenced a substantial issuer bid to purchase for cancellation from Amerigo shareholders who choose to participate up to Cdn\$25 million in value of its common shares. The number of shares to be repurchased and cancelled as part of the issuer bid will be determined on the expiry date of November 12, 2021.

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\$0.41
Weighted average exercise price	Cdn\$0.95	Cdn\$0.33
Dividend yield	0%	0%
Risk free interest rate	0.56%	1.03%
Pre-vest forfeiture rate	0.95%	0%
Expected life (years)	4.31	4.19
Expected volatility	73.39%	69.61%

Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2021

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

Outstanding share options:

	September 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	0.70	12,520,000	0.72
Granted	2,860,000	0.95	2,080,000	0.41
Exercised	(1,191,727)	0.18	(600,000)	0.26
Repurchased pursuant to cashless exercise	(566,602)	0.18	-	-
Cancelled/forfeited	(120,000)	0.91	(2,400,000)	0.90
Expired	-	-	(1,530,000)	0.37
At end of the period	11,051,671	0.84	10,070,000	0.70
Vested and exercisable	6,984,998	0.88	8,120,000	0.77

The weighted average trading price of the Company's stock on the dates in which options were exercised in YTD-2021 was Cdn\$0.94 per share (2020: Cdn\$0.54 per share).

Information relating to share options outstanding at September 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)
1,496,671	349,998	0.40	\$0.40	\$0.40	3.42
2,315,000	2,135,000	0.52-0.53	0.53	0.53	0.75
6,920,000	4,500,000	0.91-1.11	1.02	1.09	2.80
320,000	-	1.29	1.29	-	4.68
11,051,671	6,984,998		0.84	0.88	2.51

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).

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

	Property, plant and equipment		Other	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Chile	181,915	184,589	4,407	4,604
Canada	115	216	-	-
	182,030	184,805	4,407	4,604

12) REVENUE

a) Revenue composition:

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Gross value of copper produced	72,001	44,306	196,778	104,819
Adjustments to fair value of settlement receivables	(2,867)	5,937	10,421	2,031
	69,134	50,243	207,199	106,850
Notional items deducted from gross value of copper produced:				
DET royalties - copper	(20,594)	(9,839)	(56,768)	(21,181)
Smelting and refining	(5,499)	(4,480)	(15,205)	(11,760)
Transportation	(520)	(478)	(1,563)	(1,240)
Copper tolling revenue	42,521	35,446	133,663	72,669
Molybdenum revenue	5,611	2,109	13,879	5,902
Slag processing revenue	-	-	-	668
	48,132	37,555	147,542	79,239

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.

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Copper	42,521	35,446	133,663	73,337
Molybdenum	5,611	2,109	13,879	5,902
	48,132	37,555	147,542	79,239

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- c) Total revenue by region:

All the Company's revenue originates in Chile.

YTD-2021, the Company's revenue from one customer represented 91% of reported revenue (YTD-2020: 93%).

13) EXPENSES BY NATURE

- a) Tolling and production costs consist of the following:

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Tolling and production costs	(27,212)	(22,587)	(76,335)	(61,786)
Depreciation and amortization	(4,325)	(4,270)	(13,022)	(13,344)
Administration	(1,288)	(1,448)	(3,725)	(3,613)
DET royalties - molybdenum	(1,115)	(267)	(2,263)	(839)
	(33,940)	(28,572)	(95,345)	(79,582)

- b) General and administration expenses consist of the following:

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Salaries, management and professional fees	(614)	(457)	(1,920)	(1,247)
Office and general expenses	(205)	(115)	(792)	(421)
Share-based payment compensation	(188)	(32)	(465)	(71)
	(1,007)	(604)	(3,177)	(1,739)

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

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Royalties to related parties	(263)	(260)	(759)	(737)
Fair value adjustments to royalty derivative	178	(43)	305	2,076
	(85)	(303)	(454)	1,339

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

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Foreign exchange (losses) gains	(460)	(86)	(1,078)	478
Writedown of obsolete equipment and supplies	(9)	-	(844)	-
Other gains	15	71	110	120
	(454)	(15)	(1,812)	598

e) Finance expense consists of the following:

	Q3-2021	Q3-2020	YTD-2021	YTD-2020
	\$	\$	\$	\$
Finance and interest charges	(488)	(1,176)	(2,750)	(3,076)
Fair value adjustments to interest rate swaps	(614)	392	(1,344)	(1,445)
	(1,102)	(784)	(4,094)	(4,521)

14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Cash and cash equivalents

	September 30, 2021	December 31, 2020
	\$	\$
Cash at bank and on hand	64,801	7,841
Short-term bank deposits	144	144
	64,945	7,985
Cash held in a debt service reserve account (Note 7)	-	6,100
	64,945	14,085

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b) Cash payments of interest and taxes

	YTD-2021	YTD-2020
	\$	\$
Interest and taxes paid		
Interest paid	3,868	2,626
Income taxes paid	621	25
Other		
Increase in accounts payable related to the acquisition of plant and equipment	(3,055)	(46)
Cash paid during the period in connection with the derivative to related parties	956	233

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
	\$	\$	\$	\$
September 30, 2021				
Trade and settlement receivables	-	3,436	-	3,436
Interest rate swap	-	-	(1,246)	(1,246)
Derivative to related parties	-	-	(10,792)	(10,792)
	-	3,436	(12,038)	(8,602)
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) 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 \$0.9 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.

17) SUBSEQUENT EVENT

On November 1, 2021, Amerigo's board of directors declared a quarterly dividend of Cdn\$0.02 per share, payable on December 20, 2021 to shareholders of record as of November 30, 2021.