

# **Amerigo Resources Ltd.**

**Condensed Interim Consolidated Financial Statements  
Three and nine months ended September 30, 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)

		September 30, 2023	December 31, 2022
	Notes	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	13,131	37,821
Restricted cash	7	2,805	715
Trade and settlement receivables		6,491	13,913
Taxes receivable		2,129	487
Prepaid expenses		50	543
Inventories	5	6,440	10,373
Interest rate swap	7	1,010	1,143
		<u>32,056</u>	<u>64,995</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	159,831	158,591
Restricted cash	7	3,500	3,500
Intangible assets		3,184	3,351
Other non-current assets		750	742
<b>Total assets</b>		<u>199,321</u>	<u>231,179</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		23,891	26,346
DET royalties	3	11,881	16,807
Current portion of borrowings	7	7,517	7,006
Current portion of related party derivative liability	9	948	1,017
Current income tax liabilities		539	1,593
Current portion of leases	8	-	2,256
		<u>44,776</u>	<u>55,025</u>
<b>Non-current liabilities</b>			
Deferred income tax liability		29,941	33,962
Borrowings	7	12,816	16,644
Related party derivative liability	9	5,399	6,135
Severance provisions		746	710
<b>Total liabilities</b>		<u>93,678</u>	<u>112,476</u>
<b>Equity</b>			
Share capital	10	73,693	73,437
Other reserves		11,010	11,233
Accumulated other comprehensive income		2,386	2,295
Retained earnings		18,554	31,738
<b>Total equity</b>		<u>105,643</u>	<u>118,703</u>
<b>Total equity and liabilities</b>		<u>199,321</u>	<u>231,179</u>
<b>Commitments</b>			
Subsequent events	16 17		
<b>Approved by the Board of Directors</b>			
"Robert Gayton"		"George Ireland"	
Director		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 September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Revenue</b>	12	30,329	30,858	115,013	118,207
<b>Tolling and production costs</b>	13 (a)	(32,353)	(34,414)	(106,864)	(98,721)
<b>Gross (loss) profit</b>		(2,024)	(3,556)	8,149	19,486
Other losses	13 (c)	(3,292)	(756)	(981)	(2,988)
General and administration	13 (b)	(981)	(1,041)	(3,342)	(3,577)
Derivative to related parties including changes in fair value		23	210	69	1,475
		(4,250)	(1,587)	(4,254)	(5,090)
<b>Operating (loss) profit</b>		(6,274)	(5,143)	3,895	14,396
Finance expense	13 (d)	(1,043)	(204)	(2,229)	(357)
		(1,043)	(204)	(2,229)	(357)
<b>(Loss) income before income tax</b>		(7,317)	(5,347)	1,666	14,039
Income tax recovery (expense)		1,524	905	(2,167)	(8,063)
<b>Net (loss) income</b>		(5,793)	(4,442)	(501)	5,976
<b>Other comprehensive income (loss)</b>					
<b>Items that may not be reclassified subsequently to net income:</b>					
Actuarial gains (losses) on severance provision		6	(15)	32	(51)
<b>Items that may be reclassified subsequently to net income:</b>					
Cumulative translation adjustment		1,163	2,368	59	2,995
<b>Other comprehensive income</b>		1,169	2,353	91	2,944
<b>Comprehensive (loss) income</b>		(4,624)	(2,089)	(410)	8,920
Weighted average number of shares outstanding, basic		164,829,767	166,017,835	165,394,588	170,393,849
Weighted average number of shares outstanding, diluted		164,829,767	166,017,835	165,394,588	172,117,598
<b>(Loss) earnings per share</b>					
Basic		(0.04)	(0.03)	(0.00)	0.04
Diluted		(0.04)	(0.03)	(0.00)	0.03

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,	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Cash flows (used in) from operating activities</b>				
Net (loss) income	(5,793)	(4,442)	(501)	5,976
Adjustment for items not affecting cash:				
Depreciation and amortization	5,192	5,125	15,206	15,108
Unrealized foreign exchange loss (gain)	1,286	2,460	(296)	3,066
Environmental compliance plan costs	1,066	-	1,066	-
Finance expense (gain)	691	105	888	(747)
Impairment charges	321	-	321	551
Share-based payments	290	263	854	753
Deferred income tax recovery	(351)	(492)	(4,022)	(3,256)
Other	(62)	69	59	61
Changes in fair value of derivative	(23)	(471)	(69)	(2,238)
	2,617	2,617	13,506	19,274
Changes in non-cash working capital				
Trade, other receivables and taxes receivable	(886)	(2,803)	6,273	7,997
Inventories	1,261	(634)	2,751	(1,135)
Trade and other payables	(6,802)	665	(6,355)	1,505
DET royalties	(3,645)	(3,969)	(4,926)	(7,721)
<b>Net cash (used in) from operating activities</b>	<b>(7,455)</b>	<b>(4,124)</b>	<b>11,249</b>	<b>19,920</b>
<b>Cash flows used in investing activities</b>				
Purchase of plant and equipment	(5,203)	(1,814)	(14,377)	(7,243)
<b>Net cash used in investing activities</b>	<b>(5,203)</b>	<b>(1,814)</b>	<b>(14,377)</b>	<b>(7,243)</b>
<b>Cash flows used in financing activities</b>				
Dividends paid	(3,653)	(3,785)	(10,997)	(12,025)
Restricted cash	(2,104)	(2,185)	(2,090)	(2,163)
Debt facility transaction fees	(14)	-	(573)	-
Repayment of borrowings	-	-	(3,500)	(3,500)
Repurchase of shares	-	-	(2,609)	(12,261)
Lease repayments	-	(218)	(1,862)	(696)
Exercise of options	-	-	102	146
<b>Net cash used in financing activities</b>	<b>(5,771)</b>	<b>(6,188)</b>	<b>(21,529)</b>	<b>(30,499)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,429)</b>	<b>(12,126)</b>	<b>(24,657)</b>	<b>(17,822)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(115)</b>	<b>919</b>	<b>(33)</b>	<b>(157)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>31,675</b>	<b>53,020</b>	<b>37,821</b>	<b>59,792</b>
<b>Cash and cash equivalents - End of period</b>	<b>13,131</b>	<b>41,813</b>	<b>13,131</b>	<b>41,813</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	-	-	753	-	-	753
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	-	-	-	2,995	-	2,995
Actuarial losses on severance provision	-	-	-	(51)	-	(51)
Net income	-	-	-	-	5,976	5,976
Dividends declared	-	-	-	-	(12,025)	(12,025)
Balance - September 30, 2022	166,017,835	73,431	10,970	2,869	37,056	124,326
Share-based payments	-	-	270	-	-	270
Exercise of share purchase options	14,823	6	(7)	-	-	(1)
Cumulative translation adjustment	-	-	-	(582)	-	(582)
Actuarial gains on severance provision	-	-	-	8	-	8
Net loss	-	-	-	-	(1,602)	(1,602)
Dividends declared	-	-	-	-	(3,716)	(3,716)
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	-	-	854	-	-	854
Exercise of share purchase options	1,078,296	1,179	(1,077)	-	-	102
Shares repurchased in normal course issuer bid	(2,281,187)	(923)	-	-	(1,686)	(2,609)
Cumulative translation adjustment	-	-	-	59	-	59
Actuarial gains on severance provision	-	-	-	32	-	32
Net loss	-	-	-	-	(501)	(501)
Dividends declared	-	-	-	-	(10,997)	(10,997)
Balance - September 30, 2023	164,829,767	73,693	11,010	2,386	18,554	105,643

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, 2023

---

(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, 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 and should be read in conjunction with Amerigo’s audited consolidated financial statements as at and for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

These interim financial statements were authorised for issuance by Amerigo’s board of directors on October 30, 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 and 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 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.

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2023

---

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

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 within 2021 (not exercised) 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 September 30, 2023, the payable and/or accrual for DET notional copper royalties and DET molybdenum royalties, was \$11.9 million (December 31, 2022: \$16.8 million).

#### **4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgments 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, 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 judgments include assessing impairment indicators. Sources of estimation uncertainty include the related deferred tax liabilities and the determination of the useful lives of long-lived assets.

The Company's critical accounting policy judgments and estimation uncertainty 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 September 30, 2023

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

### 5) INVENTORIES

	September 30, 2023	December 31, 2022
	\$	\$
Plant supplies and consumables	3,113	7,588
Work in progress	1,953	1,434
Molybdenum concentrates	1,374	1,351
	6,440	10,373

At September 30, 2023 and December 31, 2022, 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, 2023, the Company recorded a charge of \$0.3 million in tolling and production costs due to net realizable value (“NRV”) adjustments in the months in which NRV was lower than cost. During the nine months ended September 30, 2022, the Company recorded a charge of \$0.1 million in obsolete plant supplies and consumables.

### 6) PROPERTY, PLANT AND EQUIPMENT

	Plant and infrastructure	Machinery and Equipment and other assets	Total
	\$	\$	\$
<b>Nine months ended September 30, 2023</b>			
Opening net book amount	144,400	14,191	158,591
Additions	10,282	5,996	16,278
Depreciation charge	(12,563)	(2,475)	(15,038)
<b>Closing net book amount</b>	<b>142,119</b>	<b>17,712</b>	<b>159,831</b>
<b>At September 30, 2023</b>			
Cost	290,506	94,279	384,785
Accumulated depreciation	(148,387)	(76,567)	(224,954)
<b>Net book amount</b>	<b>142,119</b>	<b>17,712</b>	<b>159,831</b>



# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2023

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

### 7) BORROWINGS

	September 30, 2023	December 31, 2022
	\$	\$
Term Loan	20,333	23,650
Comprise:		
Short-term debt and current portion of long-term debt	7,517	7,006
Long-term debt	12,816	16,644
	20,333	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”) 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 interest rate swaps (“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, 2023 was 5.73% per annum plus a margin of 3.90%. As US Libor was discontinued on June 30, 2023, the variable interest rate from that date forward will be based on the Secured Overnight Financing Rate (“SOFR”) plus a margin of 4.3%. The IRS has a term of June 30, 2026. On September 30, 2023, the balance of the Term Loan, net of transaction costs, was \$20.3 million, and the IRS was in an asset position of \$1.0 million.

The Line of Credit can be drawn in multiple disbursements, and on June 29, 2023, was extended to be available until June 30, 2025. The repayment terms would vary depending on the date of disbursement, with a maximum repayment term of up to two years counted from the disbursement date. The interest rate will be based on the SOFR rate plus a margin to be defined on each disbursement date. As of September 30, 2023, MVC had not drawn funds from the Line of Credit. Subsequent to September 30, 2023, MVC drew \$2.0 million from the Line of Credit (Note 17).

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 September 30, 2023, MVC held the required reserve funds of \$2.8 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, 2023.

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  
September 30, 2023

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

## 8) LEASES

	September 30, 2023 \$	December 31, 2022 \$
Molybdenum plant lease	-	2,256
Comprise:		
Current portion of long-term leases	-	2,256
	-	2,256

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 included 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, interest at a rate of 0.45% per month and could be prepaid without penalty. On April 4, 2023, the Company repaid the lease in full by pre-paying \$1.0 million in monthly payments and the end-of-lease \$1.1 million balloon payment.

## 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 that must be measured at fair value at each reporting date. Changes in fair value are recorded in profit (loss) for the period.

The derivative expense includes the monthly payments described above and changes in the derivative’s fair value.

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2023

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

In YTD-2023, the derivative liability decreased \$0.8 million (YTD-2022: \$2.2 million), with \$0.7 million paid or accrued to the Class A shareholder (YTD-2022: \$0.8 million) and a change in derivative fair value recovery of \$0.1 million (YTD-2022: \$1.5 million)

On September 30, 2023, the derivative totalled \$6.3 million (December 31, 2022: \$7.2 million), with a current portion of \$0.9 million (December 31, 2022: \$1.0 million) and a long-term portion of \$5.4 million (December 31, 2022: \$6.2 million).

Actual monthly payments outstanding on September 30, 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	

  

	<b>YTD-2023</b>	<b>YTD-2022</b>
	<b>\$</b>	<b>\$</b>
Salaries and management fees	794	956

### c) Key Management Compensation

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

	<b>YTD-2023</b>	<b>YTD-2022</b>
	<b>\$</b>	<b>\$</b>
Salaries and management fees	794	956
Directors' fees	240	239
Share-based payments	558	506
	1,592	1,701

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 September 30, 2023

---

(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-2023, Amerigo issued 711,629 shares in connection with cashless share option exercises and 366,667 cash share 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 in up to 11,080,000 common shares over twelve months beginning on December 2, 2022. In YTD-2023, 2,281,187 shares were repurchased and cancelled at an average price of Cdn\$1.55 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 a 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 YTD-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 September 30, 2023

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

Outstanding share options:

	September 30, 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	(1,078,296)	0.99	(1,722,109)	0.54
Repurchased pursuant to cashless exercise	(1,635,045)	0.99	(762,883)	0.54
Cancelled/forfeited	-	-	(90,001)	1.23
<b>At end of the period</b>	<b>10,776,671</b>	<b>1.26</b>	<b>10,795,012</b>	<b>1.11</b>
Vested and exercisable	5,444,986	1.03	5,823,332	1.00

The weighted average trading price of the Company's stock on the dates in which options were exercised in YTD-2023 was Cdn\$1.58 per share (2022: Cdn\$1.68 per share).

Information relating to share options outstanding on September 30, 2023 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)
800,000	800,000	0.40	\$0.40	\$0.40	1.42
176,668	150,000	0.52-0.53	0.52	0.52	1.85
4,223,336	3,449,994	0.91-1.11	1.02	1.05	1.32
320,000	213,332	1.29	1.29	1.29	2.69
5,256,667	831,660	1.60-1.62	1.61	1.62	3.93
<b>10,776,671</b>	<b>5,444,986</b>		<b>1.26</b>	<b>1.03</b>	<b>2.65</b>

# Amerigo Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited  
September 30, 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	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Chile	159,758	158,514	3,934	4,093
Canada	73	77	-	-
	159,831	158,591	3,934	4,093

## 12) REVENUE

a) Revenue composition:

	Q3-2023	Q3-2022	YTD-2023	YTD-2022
	\$	\$	\$	\$
Gross value of copper produced	41,558	56,754	161,165	194,218
Adjustments to fair value of settlement receivables	(408)	(8,776)	(555)	(11,013)
	41,150	47,978	160,610	183,205
Notional items deducted from gross value of copper produced:				
DET royalties - copper	(10,633)	(14,276)	(43,068)	(54,847)
Smelting and refining	(4,473)	(5,926)	(16,831)	(17,991)
Transportation	(295)	(410)	(1,176)	(1,279)
Copper tolling revenue	25,749	27,366	99,535	109,088
Molybdenum revenue	4,580	3,492	15,478	9,119
	30,329	30,858	115,013	118,207

# Amerigo Resources Ltd.

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

	Q3-2023	Q3-2022	YTD-2023	YTD-2022
	\$	\$	\$	\$
Copper	25,749	27,366	99,535	109,088
Molybdenum	4,580	3,492	15,478	9,119
	30,329	30,858	115,013	118,207

c) Total revenue by region:

All of the Company's revenue originates in Chile.

YTD-2023, the Company's revenue from one customer represented 87% of reported revenue (YTD-2022: 92%).

### 13) EXPENSES BY NATURE

a) Tolling and production costs consist of the following:

	Q3-2023	Q3-2022	YTD-2023	YTD-2022
	\$	\$	\$	\$
Tolling and production costs	(24,949)	(27,323)	(83,305)	(77,534)
Depreciation and amortization	(5,192)	(5,125)	(15,206)	(15,108)
Administration	(1,349)	(1,275)	(4,677)	(4,192)
DET royalties - molybdenum	(863)	(691)	(3,676)	(1,887)
	(32,353)	(34,414)	(106,864)	(98,721)

b) General and administration expenses consist of the following:

	Q3-2023	Q3-2022	YTD-2023	YTD-2022
	\$	\$	\$	\$
Salaries, management and professional fees	(420)	(494)	(1,541)	(1,918)
Share-based payment compensation	(290)	(263)	(854)	(753)
Office and general expenses	(271)	(284)	(947)	(906)
	(981)	(1,041)	(3,342)	(3,577)

# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2023

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

c) Other losses consist of the following:

	<b>Q3-2023</b>	<b>Q3-2022</b>	<b>YTD-2023</b>	<b>YTD-2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Foreign exchange (losses) gains	(2,161)	(789)	172	(2,504)
Environmental compliance plan costs	(1,066)	-	(1,066)	-
Other (losses) gains	(65)	33	(87)	67
Writedown of obsolete equipment and supplies	-	-	-	(551)
	<b>(3,292)</b>	<b>(756)</b>	<b>(981)</b>	<b>(2,988)</b>

d) Finance expense consists of the following:

	<b>Q3-2023</b>	<b>Q3-2022</b>	<b>YTD-2023</b>	<b>YTD-2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Finance and interest charges	(976)	(498)	(2,428)	(1,622)
Fair value adjustments to interest rate swaps	(67)	294	199	1,265
	<b>(1,043)</b>	<b>(204)</b>	<b>(2,229)</b>	<b>(357)</b>

### 14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Cash and cash equivalents

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	6,988	37,678
Short-term bank deposits	6,143	143
	<b>13,131</b>	<b>37,821</b>



# Amerigo Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2023

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

b) Cash payments of interest and taxes

	YTD-2023	YTD-2022
	\$	\$
Interest and taxes paid		
Interest paid	1,170	863
Income taxes paid	5,907	10,181
Other		
Increase in accounts payable related to the acquisition of plant and equipment	(2,106)	(1,557)
Cash paid during the period in connection with the derivative to related parties	736	770

### Consistency of Presentation

On the Statement of Cash Flows for the three and nine months ending September 30, 2022, the \$2.2 million and \$2.2 million 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 Q3-2023 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 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. Amerigo has also included the IRS in Level 2 of the fair value hierarchy because these instruments are determined based on the observed values for underlying interest rates.
- 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 Resources Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements - Unaudited September 30, 2023

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2023</b>				
Trade and settlement receivables	-	5,859	-	5,859
Interest rate swap	-	1,010	-	1,010
Derivative to related parties	-	-	(6,347)	(6,347)
	-	6,869	(6,347)	522

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>December 31, 2022</b>				
Trade and settlement receivables	-	12,360	-	12,360
Interest rate swap	-	1,143	-	1,143
Derivative to related parties	-	-	(7,152)	(7,152)
	-	13,503	(7,152)	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 established 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 there is no obligation to record a provision because the amount, if any, is not possible to determine.

### 17) SUBSEQUENT EVENTS

- a) On October 30, 2023, Amerigo's Board of Directors declared a quarterly dividend of Cdn\$0.03 per share, payable on December 20, 2023, to shareholders of record as of November 30, 2023.
- b) On October 11, 2023, MVC drew \$2.0 million from the Line of Credit. The amount has an interest rate of 9.2% (SOFR of 5.45% plus a margin of 3.75%).