FINAL TRANSCRIPT

Amerigo Resources Ltd.

Q4 and Full Year 2023 Earnings Conference Call

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PRESENTATION

Operator

Good afternoon. My name is Lester, and I will be your conference Operator today. At this time, I would like to welcome everyone to Amerigo Resources' Q4 and Full Year 2023 Earnings Conference Call. All lines have been placed on mute to prevent any background noise.

After the formal remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press *, followed by the number 1 on your telephone keypad. If you would like to withdraw your question, please press *, followed by the number 2. Thank you.

Mr. Graham Farrell of Harbor Access, Investor Relations, you may begin the conference.

Graham Farrell — Investor Relations, Harbor Access LLC

Thank you, Operator. Good afternoon, and welcome, everyone, to Amerigo's quarterly conference call to discuss the Company's financial results for the fourth quarter and full year of 2023. We appreciate you joining us today.

This call will cover Amerigo's financial and operating results for the fourth quarter and full year ended December 31, 2023.

Following our prepared remarks, we will open the conference call to a question-and-answer session.

Our call today will be led by Amerigo's President and Chief Executive Officer, Aurora Davidson, along with the Company's Chief Financial Officer, Carmen Amezquita.

Before we begin with our formal remarks, we would like to remind everyone that some of the statements on this conference call may be forward-looking statements. Forward-looking statements may include, but are not necessarily limited to, financial projections or other statements of the Company's plans, objectives, expectations, or intentions.

These matters involve certain risks and uncertainties. The Company's actual results may differ significantly from those projected or suggested by any forward-looking statements, due to a variety of factors, which are discussed in detail in our SEDAR filings.

I will now hand the call over to Aurora Davidson. Please go ahead, Aurora.

Aurora Davidson — President and Chief Executive Officer, Amerigo Resources Ltd.

Thank you, Graham. Welcome to Amerigo's earnings call for the fourth quarter and 2023 annual results.

All dollar figures in this call are US dollars, except where we specifically refer to Canadian dollars.

In 2023, we faced significant challenges, including a 10 percent year-over-year hit to production and a $0.15 lower average annual copper price. Despite these hurdles, Amerigo's capital return strategy proved its resilience.

Even when revenue fell by almost $11 million and EBITDA decreased by $14 million, we delivered four more quarterly dividends to shareholders.

This has confirmed the inherent strength and the well-constructed nature of our capital return strategy, which should reassure you of our unwavering commitment to returning capital.

Looking ahead, we are excited about 2024. Our excellent operating team at MVC delivered a strong fourth quarter, and the challenges of 2023 are now behind us.

We are back on track generating cash to return to shareholders through our strategy of regular dividends, share buybacks, and performance dividends, each activated under specific market conditions to maximize shareholder returns.

We just declared our tenth consecutive quarterly dividend, with an annualized yield that remains best in class. Our capital return strategy is robust and adaptable.

The quarterly dividend, which is a key element of our strategy, is complemented by additional mechanisms such as share buybacks and performance dividends. These instruments are designed to be activated when copper prices rise, showcasing our preparedness for positive market fluctuations and providing a comprehensive approach to returning capital to our shareholders.

As I mentioned last year, Amerigo is a cash flow story, not an earnings story. But today, I want to emphasize another aspect. For almost three years now, Amerigo has fundamentally been a story of returning capital to shareholders, and this commitment was clearly demonstrated in 2023.

Last year, we returned $17.2 million to shareholders. And we continued to pay down our bank debt, making principal payments of $5.3 million, repaying all outstanding leases. By the end of the year, Amerigo's debt level was reduced to $20.7 million, and we had cash and restricted cash of $22.5 million.

The strength of our capital return strategy comes from our ability to generate cash and the conservative construction of the strategy itself. 2023 showed us that Amerigo can weather tremendous external shocks and still return healthy amounts of capital to shareholders.

Operationally, our team could not have performed any better. We got off to a strong start in 2023, beating our first quarter production and cost targets. However, these annual targets were shortly of little use, due to the historic flooding that affected Chile towards midyear.

MVC recovered from these events as quickly and efficiently as possible. These operational accomplishments were detailed in Amerigo's news releases and social media from June to November of 2023.

From a market perspective, the magnitude of the operational issues we faced last year overshadowed the progress we had been making with investors in recent years. But the fact is that investors who were with us throughout 2023 were paid handsomely to wait for both the recovery at MVC and the strengthening of copper prices.

While investors waited, Amerigo provided the security of the corners—proved the security of the cornerstone quarterly dividend with a total payout of CAD$0.12.

Here is a recap of our fourth quarter financial results. These numbers reflect the complete operational recovery after the flooding events.

Amerigo’s Q4 production was 16.4 million pounds of copper. Under a copper price of $3.82 per pound, EBITDA was $11.2 million and net income was $3.9 million.

Free cash flow to equity, which is our ultimate financial performance measure, was $6.5 million. Yet the markets still need to catch on, as our annualized dividend yield remains at almost 10 percent.

As we continue doing what we have been doing, we expect that yield to fall, as investors increasingly value the security and size of this fundamental component of our capital return strategy.

Looking at 2024, let me address the inevitability of higher copper prices. The fundamentals of copper supply and demand continue to work in our favour, even with other macro factors, such as interest rates, providing a headwind to market sentiment.

This is apparent in the quick change in projected copper balances in the past few months. The projected slight surplus for 2024, which was the consensus, has flipped to a projected deficit and shocks to global supply.

We have talked many times about the long-term challenges of increasing copper mine supply. More recently, we have also discussed the increased copper demand profile emerging from global electrification goals and other aspects of decarbonization.

These trends remain in place. What has changed is the speed with which the market can flip from apparent surplus to deficit, and the magnitude of the flips is being driven by issues in the copper supply chain.

The size of supply disruption from copper mines is now able to overwhelm the seasonal surges in refined copper production, when the smelters draw down for copper concentrate inventories.

Ultimately, it is up to the copper mines to replenish those inventories. But it continues to be more complex and more challenging for the world to produce enough copper to meet expected demand, let alone to replenish stockpiles.

For example, a series of mine production downgrades from copper producers, including Angola and Rio Tinto, were announced in the past few months. And these production downgrades are more significant than any positive impact of companies announcing production increases. This had a meaningful impact on 2024's copper supply forecast, erasing about half of the global production increases expected for this year.

Perhaps the biggest shock has been the shutting down of First Quantum's Cobre Panama, despite the tremendous financial benefit and employment the mine provided to the country. By itself, Cobre Panama represents 1.5 percent of global copper supply, and it looks like the mine could be permanently shuttered.

A world producing over 20 million tonnes of copper annually must overcome around 5 percent or 1 million tonnes per year of supply disruptions due to politics, geology, rising costs, and capital starvation. The global copper industry must do this to tread water and maintain stable production, let alone increase production. And every year, this becomes harder and harder, putting upward pressure on copper prices.

This is the environment we expect in 2024 and where Amerigo sets itself apart. In this type of supply and copper price environment, the strengths of Amerigo are evident.

We have a long-term contract to process tailings without exploration or geological risk. We have no jurisdictional risk, as our contract is with Codelco, the Chilean state-owned copper company. Similarly, we do have no counterparty risk as we also sell our copper concentrates directly to Codelco.

Our sustaining capital expenditures are minimal, as is our declining debt level. In other words, we are primed to maximize our return of capital to shareholders in 2024. So far this year, our operational results are on track, and we are generating cash to support our capital return strategy. Our cash balances should build commensurately with rising copper prices.

We expect to produce 62.4 million pounds of copper this year. This is in line with the guidance we provided for 2023. We also expect to produce 1.2 million pounds of moly.

Regarding our 2024 financial obligations, we will make scheduled bank debt repayments of $9.75 million plus interest, and bank debt at year-end will then only be $11.5 million.

I want to finish my comments by summarizing our capital return strategy and what we have already achieved. But more importantly, I want to reiterate what shareholders can expect as copper prices rise in response to the imminent copper shortages.

First, under our 2024 production and cost guidance, which was press released on January the 17, 2024, at current copper prices, Amerigo's quarterly dividend is safe.

We have conservatively budgeted a copper price of $3.60 per pound for our forecasts, and today's copper price is $3.85. We expect higher prices as the copper deficits fully emerge in 2024.

Since implementing our capital return strategy, Amerigo has paid a cumulative dividend of CAD$0.26 per share, representing $33.2 million, and has used $23.7 million to purchase and cancel more than 20 million common shares.

We renewed a share repurchase program under a normal course issuer bid. Under this program, we can repurchase up to 10.9 million common shares for cancellation through December 1st of this year. This represents 6.6 percent of the Company's issued and outstanding common shares.

We have temporarily suspended share repurchases due to the financial impact of our lower 2023 production. Still, the Company will again be positioned to buy shares for cancellation at its discretion.

In addition to quarterly dividends and share buybacks, strong spot copper prices and a robust copper price outlook will eventually translate into the deployment of performance dividends.

The yield an investor at Amerigo is paid to wait while copper prices remain range bound is best in class. Had last year's flooding not occurred, the potential for additional share buybacks or a performance dividend is evident, even with stagnant copper prices.

This year, with no operational impediments to face, the potential to return additional capital should also be apparent and this would boost our yield even further.

However, as the market increases its understanding of the stability of our business and our capital model and the increasing probabilities of higher copper prices, something different will change our yield.

I believe our share price will be bid up to bring the investment yield down to more appropriate levels. That means Amerigo will continue to shine as a total return vehicle for investors.

I will now ask Carmen, our Chief Financial Officer, to discuss the Company's financial results.

Carmen, please go ahead.

Carmen Amezquita — Chief Financial Officer, Amerigo Resources Ltd.

Thanks, Aurora. I will now present the 2023 annual financial report from Amerigo and its MVC operation in Chile.

In 2023, the Company posted net income of $3.4 million, earnings per share of $0.02 or CAD$0.03, and EBITDA of $34.6 million.

Amerigo's operations and financial performance were affected by heavy rains and flooding in Chile, negatively impacting copper production in the second and third quarters. This can clearly be seen in each of our 2023 quarterly results, which can be found on Page 7 of our MD&A.

In Q1 and Q4, with stable production of 16.5 million pounds each quarter, the Company posted strong net income and, more importantly, strong net operational cash flow.

Despite the hurdles faced in Q2 and Q3, Amerigo returned $17.2 million to shareholders, with $14.6 million paid through Amerigo's quarterly dividend of CAD$0.03 per share, and $2.6 million returned through the purchase and cancellation of 2.3 million common shares through a normal course issuer bid.

Revenue in 2023 was $157.5 million. Revenue was comprised of lower gross value of copper tolls on behalf of DET of $220.7 million compared to $255.4 million in 2022, from lower copper production and copper prices, less notional items, including DET royalties of $58.8 million, smelting and refining of $23.3 million, and transportation of $1.6 million, with positive fair value adjustments to settlement receivables of $1.1 million.

Revenue also included increased molybdenum revenue of $19.4 million compared to $15.1 million in 2022, due to stronger molybdenum production and prices in 2023.

When you look at our quarterly revenue numbers, it's important to see the effect of settlement adjustments to prior-quarter sales, as these can be material from quarter to quarter. We always include a breakdown of revenue in our financials and MD&A to facilitate this analysis.

Tolling and production costs increased 3 percent from $139.7 million in 2022 to $143.3 million in 2023. This included increases to direct tolling costs of $3.7 million, which were in line with our 2023 cost guidance, as well as increases to power costs of $1 million, due to higher pass-through charges and the use of a temporary high-cost power source to produce fresh tailings while the plant remained disconnected from the central power grid.

DET molybdenum royalties increased by $1.8 million due to both higher prices and higher production.

This increase in costs was offset by a decrease in labour costs of $1.2 million, mostly due to a decrease in signing bonuses paid according to collective labour agreements year over year, as well as a decrease in grinding media costs of $2.2 million from lower consumption and input cost.

General and administrative expenses were $5 million, down $400,000 from 2022.

In 2023, Amerigo had a $0.8 million expense associated with the fair value adjustment of the derivative to related parties and posted other gains of $1.3 million, which is comprised of foreign exchange gains of $2.9 million, environmental compliance plan costs of $1.1 million, equipment and supply write-downs of $0.3 million, and other losses of $0.2 million.

The Company's finance expense in 2023 was $2.9 million compared to $1 million in 2022. Finance expense was lower in 2022 as it included a $1.4 million non-cash gain to mark-to-market adjustments on the interest rate swaps. This non-cash gain was down to $88,000 in 2023.

Income tax expense was down from $8.1 million to $3.4 million in 2023, including current income tax expense of $8.3 million and a deferred tax recovery of $4.9 million.

As a side note, significantly all the current income tax due for the year 2023 has already been paid by MVC through monthly tax installments.

Amerigo's cash cost in 2023 was $2.17 per pound, which is below our updated guidance of $2.20 per pound following the flooding and only $0.03 higher than the original guidance issued for 2023, which was $2.14 per pound. This was achieved despite lower production from stronger molybdenum by-product credits and cost management at MVC.

Moving on to the balance sheet. On December 31, 2023, the Company held cash and cash equivalents of $16.2 million, restricted cash of $6.3 million, and had a working capital deficiency of $12.3 million. Borrowing at year-end was $20.7 million, and all leases had been paid.

In terms of cash flows during the year, Amerigo generated a cash flow from operations of $22.3 million. And net cash flow generated in the year, which includes the changes in working capital, was $20.2 million.

In terms of uses of cash, $16.9 million was used in investing activities and $24.9 million was used in financing activities. I will explain this further.

We made CapEx payments of $16.9 million during the year. As we have stated before, 2023 was a CapEx-intensive year at MVC due to the construction of a new sump in Cauquenes, which has been completed and has an expected life of 3.5 years, and the purchase and most of the installation of a standby power transformer at MVC, which is a significant risk-mitigation project for our operation.

With respect to the cash used in financing activities of $24.9 million, here is where the returns to shareholders come into play. There were $14.6 million in dividends paid and $2.6 million used to repurchase shares.

Additionally, we made bank repayments of $5.3 million and used $1.9 million to fully repay our leases. We drew $2 million from the operating line of credit, and there was a $2.1 million change in restricted cash.

As a final comment, we reported a provisional copper price of $3.83 per pound on our Q4 2023 sales. The final settlement prices for October, November, and December 2023 sales will be the average LME prices for January, February, and March 2024 respectively.

Each 10 percent change from that $3.83 per pound provisional price would result in a $6.2 million change in revenue in Q1 2024 regarding the Q4 2023 production. We now know the January price, which was $3.78 per pound.

We will report Amerigo's Q1 2024 financial results in May 2024 and want to thank you for your continued interest in the Company.

We will now take questions from call participants.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please press *, followed by the number 1 on your touch-tone phone. If you wish to cancel your request, please press *, 2.

First question comes from Steve Ferazani from Sidoti. Your line is now open.

Steve Ferazani — Sidoti

Good afternoon, Aurora. Appreciate the detail on the call. Wanted to ask about the CapEx guidance. Obviously, you made a number of investments this year, some planned, some obviously resulting from flooding. Looks like current guidance is significantly lower; could be a benefit to cash flow significantly, particularly if we get prices rising.

Just want to think about how you're thinking this year and longer term in terms of CapEx. Obviously, there might be some additional risk mitigation efforts you might consider post the summer. Overall, your view on short-term and long-term CapEx of the Company?

Aurora Davidson

Steve, as Carmen mentioned, 2023 was not a representative year regarding CapEx.

For 2024, our sustaining CapEx is projected at $5.7 million. Those are the real capital sustaining projects that we have.

In terms of accounting, we also capitalize around $3.7 million of maintenance that is subject to capitalization and our strategic spares. If you take both of them together, it's $9.4 million. And that would be a good benchmark to use on a going-forward basis.

Of course, inflation may have an impact but, right now we're seeing also an easing of inflation. So it is back to normal—

Steve Ferazani

Yeah.

Aurora Davidson

—under the parameters that we disclosed in our guidance.

Steve Ferazani

Great. You mentioned the easing inflationary pressures. It looked like, I mean, if I look at your Q4 numbers, not comparing it to Q2 to Q3 on a per-pound basis just because of the production issues, but even if I go back four or five quarters, it certainly looks like some easement of costs. Would you agree with that and how that plays into '24?

Aurora Davidson

Yes. Inflation is coming down in Chile. In 2023, the Chilean CPI was 3.9 percent compared to 12.8 percent in 2022, which was a year when we saw significantly higher inflationary pressure. In January, inflation was 0.7 percent, which is even lower than what we saw in January of 2023. So we're not seeing a significant impact.

And the Chilean peso is also at very, very manageable levels because one factor is inflation and the other one is basically just how strong or weak the Chilean peso is compared to our recurring currency, which is the US dollar. So both of them are behaving in a very stable way, and.

But just so that you're aware, in our guidance news release, we always provide the sensitivity to changes—

Steve Ferazani

Yeah.

Aurora Davidson

—in Chilean pesos and how that would have an impact or not on cash costs. But right now, we're seeing a very stable actual result of financial performance in January 2024 compared to our projections.

Steve Ferazani

Okay. Great. I know moly is just a by-product and the focus tends to be on copper but, full year moly was up, but it's certainly been extremely volatile.

Any thoughts on moly prices? And I know you can't really factor that in on your side of business, but just general thoughts on the moly market?

Aurora Davidson

It is hard to gauge. It's a little bit of a black box. Our budget—

Steve Ferazani

Yeah.

Aurora Davidson

—is at $0.21 per pound. It's now close to that, trend close to $19.60 per pound. It was $19.20 in January. So it's behaving close to what we had expected. And—

Steve Ferazani

Yeah.

Aurora Davidson

—some outlooks are a little bit more positive than $22 or $23 per pound, but it remains to be seen.

By this time last year, we had seen a significant ramp up in moly prices and then the prices came down. As we say, if there is a strong moly price, it's gravy for us.

Steve Ferazani

Right. Right.

Aurora Davidson

It did help, as Carmen was saying, our cash cost performance last year, but we're not banking on it. But we don't expect it to be at significantly lower levels than what we're seeing right now, either.

Steve Ferazani

Great. And before I let you go, I always got to ask this one. What would be the parameters to start with everything normalized and with the balance sheet in decent shape, what would be the parameters to restarting the buyback?

Aurora Davidson

We always speak about $25 million of cash as our desired target. I think I provided some breakdown of that in our prior conference call. Around $50 million—

Steve Ferazani

Okay.

Aurora Davidson

—of our operational cash, $10 million to be held at head office. We're not there yet. We're—

Steve Ferazani

Okay.

Aurora Davidson

—building up our cash. We're reducing our working capital efficiency. We'll see. It is very sensitive to copper prices. It is trending—

Steve Ferazani

Sure.

Aurora Davidson

—in the right direction. So I think it's just a matter of time, not a matter if it's—

Steve Ferazani

Okay.

Aurora Davidson

—going to happen.

Steve Ferazani

Yeah. Perfect. Thanks, Aurora.

Aurora Davidson

Sure.

Operator

Your next question comes from John Polcari from Mutual of America Capital Management. Your line is now open.

John Polcari — Mutual of America Capital Management

Thank you. Aurora, thank you for doing the call. Just a few questions. The power prices, am I correct that they're indexed to the US CPI? Do I have that fact correct?

Aurora Davidson

That is correct.

John Polcari

So how much of the increase would you say was attributable to just the CPI change because I know, what, power costs were up about $0.07?

Aurora Davidson

I would say that, normally, the big adjustment comes from the annual CPI adjustments, John. There's also a component of power costs, which are the pass-through charges. Those are the charges of the electrical grid system in Chile that are passed on to industrial consumers, and I've spoken about that before. Those tend to fluctuate as a matter of supply and demand within the electrical sector in Chile and those are denominated in pesos.

So there's an element of volatility associated with those pass-through charges and it was disclosed as such that in our 2023 variances of power costs, the significant change that we saw from these pass-through charges and from the anomalous use of higher-cost generation that was temporarily used in June and July of last year while we were disconnected from the grid.

John Polcari

Okay. Thank you. With the dramatic increase in reservoir levels, would power costs or hydro costs be going down at all?

Aurora Davidson

It doesn't affect us. No. It doesn't affect us. We have fixed tariffs on an annual basis. And—

John Polcari

Okay.

Aurora Davidson

—those are only subject to the changes on the US CPI and to the pass-through charges. So the rest of the balance items on the power matrix in Chile have no impact on us.

John Polcari

Thank you. I missed the prior answer. What were you budgeting for molybdenum for the year? Nineteen—

Aurora Davidson

Twenty-one cents per pound.

John Polcari

Twenty-one cents? Okay. Just two other quick questions. One, if copper prices were to spike, there's some concern that the entire market's on somewhat of a nice edge and could spike higher in the latter part of the year and into '25.

What would happen to the Codelco royalty agreement? I think the cap said $5, is it?

Aurora Davidson

We have two caps. We have a cap for the fresh tailings and we have a cap for the old tailings. The cap for the fresh is $4.80 per pound. The cap for Cauquenes' old tailings is $5.50 per pound.

And basically, copper prices would have to come out of this range and remain there for a period of three months, and market indications would be that they would remain at those levels. And what happens after that is we sit with Codelco to basically continue the progression of the slope on the royalty to them, which is tied to copper prices.

John Polcari

Okay. Thank you. And lastly, would it be safe to assume debt levels, I believe you mentioned, would be down at year-end to approximately $11.5 million, and very modest, perhaps even de minimis amounts of repurchase by the third or fourth quarter copper prices averaging $4, which would only be another 3 percent above the current LME three-month forward contract.

Looking at the free cash flow and equity for the fourth quarter and not wanting to do a simple annualization, but would it be reasonable to think that free cash flow generation could certainly be, say, north of $35 million or $40 million, leading to—not to put words in anyone's mouth—but a strong likelihood by year-end of maybe additional performance payments?

Aurora Davidson

We have provided a—on our corporate presentation on our website, we have provided a guidance at different copper prices for EBITDA and free cash flow to equity. Those are tied in to a series of parameters, so you can work out the math of what—

John Polcari

Okay.

Aurora Davidson

—you expect copper prices to be and how much cash could be generated within the year which, obviously, doesn't include the cash that we had at the start of the year going in.

That's why I always emphasize the nature and the mechanisms of the return of capital policy, because we don't want to be guessing what's going to be happening.

John Polcari

Mm-hmm.

Aurora Davidson

We know what's going to be happening. Right? And the trigger points of higher copper prices are, depending on where the share price is, if it makes sense to continue to buy shares, that's where it would go next and where we have been before, and after that it's a performance dividend.

So that is committed to, and those are the—that's why we always provide the guidance on what to expect the Company could be generating in the year, and what are our commitments within our—whenever you look at free cash flow to equity, and that basically is free cash flow to the shareholders—

John Polcari

Mm-hmm.

Aurora Davidson

—we've already factored in debt repayments; we've already factored in CapEx. So it's all available for distribution.

John Polcari

Well, I guess what I'm wondering is, would the board perhaps be predisposed to consider just eliminating the debt in its entirety by year-end, so—

Aurora Davidson

We have low levels of debt, John. We have low levels of debt. We do pay a finance expense for having—

John Polcari

Right.

Aurora Davidson

—that debt in place, but it's also it's just part doing business. One of the aspects—

John Polcari

So—

Aurora Davidson

—of our finance expense is having a standby credit, which I think it's important for the Company to have.

So I don't think that there would be, necessarily, a prioritization of reducing debt, because we have very manageable debt as we have it. We have low levels of debt within the Company now.

John Polcari

Okay. So even the term debt—not the line commitment, but perhaps even a de minimis amount of term debt wouldn't be an impediment to any potential future performance payments?

Aurora Davidson

No, it wouldn't be. It wouldn't be. We can distribute—

John Polcari

All right.

Aurora Davidson

—that cash as per the terms of our finance agreement.

John Polcari

Right. Aurora, thank you very much.

Aurora Davidson

Thank you, John.

Operator

Your next question comes from Stephen Ottridge. Your line is now open.

Stephen Ottridge — Private Investor,

Yeah. Hello, there. I've been reading that treatment charges for concentrates have been declining in China.

Does Amerigo benefit from this?

Aurora Davidson

Stephen, that's a good question. We don't. We don't in the sense that our TC/RCs are set annually according to the annual benchmark, so they were set in December. That annual benchmark is for 80 tonnes TC and $0.08 RCs, which are significantly higher than what the spot prices are right now.

However, your question is important because the decline in TC/RCs is telling us something interesting in measuring the tightness of the copper concentrate market. As you know, the TC/RCs are the fees that the mining companies pay the smelters to convert the concentrate into the finished metal. And when TC/RCs drop, what it's signalling is a tightness in the concentrate supply to the smelters.

One information that I was reading about earlier this month was that TC/RCs had dropped to $22.70 per tonne, $2.70 per pound. So that's super, super low. And it is showing that there is a huge tightness in the market, and that smelters are struggling to get that concentrate for processing and to conduct their business.

Now having said that, there's a significant amount of additional smelter capacity coming online as well this year, but all of this is indicating that the smelters are really looking at where they're going to be getting their concentrate and starting to even reschedule part of their maintenance work to go idle now because they are not sure they're going to be getting the material that they need to operate.

The amount of concentrate that you need for each tonne of new smelting capacity is quite significant. I think the ratio is 4 to 1. So this is all interesting and supportive of the discussion that we were having about the state of the market and how mine supply is challenged, very challenged this year.

Stephen Ottridge

Okay. Thanks.

Operator

There are no further questions at this time. Aurora, please continue.

Aurora Davidson

Thank you. Well, thank you, all, for joining us today. The recording and the script of this earnings call will be available on our website in the next few days as soon as we get it from the providers.

Our next earnings call will be on May 9, 2024, to discuss our Q1 financial results.

And as usual, if you have any further questions about the Company, please reach out to Carmen, to Graham, or to myself. We're always available to answer your questions.

Thank you very much.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for joining. You may now disconnect.