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Amerigo Announces 2022 Results & Quarterly Dividend

2022 net income of $4.4 million, adjusted net income of $15.9 million

Annual EBITDA[1] of $48.7 million - $28.0 million returned to shareholders in 2022

Quarterly dividend of Cdn$0.03 per share declared, representing a 9.09% yield[2]

VANCOUVER, BRITISH COLUMBIA – February 22, 2023/Amerigo Resources Ltd. (TSX: ARG; OTCQX: ARREF) ("Amerigo" or the "Company") is pleased to announce financial results for the year and three months("Q4-2022") ended December 31, 2022. Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Amerigo's annual financial results included net income of $4.4 million, earnings per share ("EPS") of $0.03, EBITDA[1] of $48.7 million, and free cash flow to equity[1] of $17.1 million. Excluding an $11.5 million equipment write-down recorded during 2022, the annual adjusted net income was $15.9 million. The write-down had no impact on the 2022 cash flow.

Amerigo returned $28.0 million to shareholders during the year. Cash and restricted cash on December 31, 2022, was $42.0 million, compared to starting 2022 cash and restricted cash of $64.0 million.

"We are pleased to report 2022 financial results. Our stable operations have now outperformed production guidance in each of the last three years, and Amerigo successfully weathered lower copper prices to generate strong operating cash flow of $34.9 million dollars," said Aurora Davidson, Amerigo's President and CEO. "Last year, we returned $28.0 million to shareholders and reduced bank debt by $7.0 million. With copper prices rebounding at the end of 2022, we look forward to a strong year during which we believe we can, for the first time, deploy all the tools available in Amerigo's powerful capital return strategy. We are off to an excellent start, having initiated share repurchases in January under our second annual Normal Course Issuer Bid share buyback program, and announcing today another quarterly dividend," she added.

Q4-2022 financial results included a net loss of $1.6 million, loss per share ("LPS") of $0.01, EBITDA[1] of $14.1 million, and free cash flow to equity[1] of $9.2 million. Adjusted net income excluding the $11.5 million equipment write-down recorded in the quarter was $9.9 million. Q4-2022 financial results included $4.8 million in positive settlement adjustments to copper revenue, of which $2.1 million were final adjustments.

On February 21, 2023, Amerigo's Board of Directors declared a quarterly dividend of Cdn$0.03 per share, payable on March 20, 2023, to shareholders of record as of March 6, 2023[3]. Amerigo designates the entire amount of this taxable dividend to be an "eligible dividend" for purposes of the *Income Tax Act* (Canada), as amended from time to time. Based on Amerigo's December 31, 2022, share closing price of Cdn$1.32, this represents an annual dividend yield of 9.09%[2].

This news release should be read in conjunction with Amerigo's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A) for the years ended December 31, 2022 and 2021 available on the Company's website at www.amerigoresources.com and at www.sedar.com

[1] This is a non-IFRS measure. See "Non-IFRS Measures" for further information.

	2022	2021	Q4-2022	Q4-2021
MVC's copper price ($/lb)[4]	4.01	4.25	3.80	4.32
Revenue ($ millions)	168.1	199.6	49.9	52.0
Net income (loss) ($ millions)	4.4	39.8	(1.6)	8.9
EPS (LPS) ($)	0.03	0.22	(0.01)	0.05
EPS (LPS) (Cdn$)	0.03	0.28	(0.01)	0.06
EBITDA[1] ($ millions)	48.7	90.1	14.1	24.9
Operating cash flow before changes in non-cash working capital[1] ($ millions)	34.9	69.5	15.6	18.3
FCFE[1] ($ millions)	17.1	32.3	9.2	8.1
At December 31,	**2022**	**2021**		
Cash ($ millions)	37.8	59.8		
Restricted cash ($ millions)	4.2	4.2		
Borrowings ($ millions)	23.7	30.4		
Share outstanding at end of year (millions)	166.0	173.7		

Highlights and Significant Items

- Lower copper market prices starting in mid-2022 affected Amerigo's financial performance. The Company's annual average copper price was $4.01 per pound ("/lb"), down from $4.25/lb in 2021, resulting in lower copper revenue before notional charges of $33.3 million, despite higher copper production.

- 2022 net income was further impacted by a $11.5 million equipment write-down for the 2025 retirement of two power generators that the Company determined to be obsolete during the year. The write-down is a non-cash event, with no impact on the Company's 2022 cash flow.

- 2022 net income was $4.4 million (2021: $39.8 million). 2022 net income, excluding the generators write-down, was $15.9 million.

- Annual earnings per share ("EPS") was $0.03 (Cdn$0.03) (2021: $0.22 (Cdn$0.28)).

- 2022 copper production was 64.0 million pounds ("M lbs") (2021: 63.4 M lbs), including 37.7 M lbs from fresh tailings (2021: 32.3 M lbs) and 26.3 M lbs from Cauquenes historical tailings (2021: 31.1 M lbs).

- 2022 molybdenum production was 1.0 M lbs (2021: 1.3 M lbs) due to lower molybdenum content in fresh tailings.

- 2022 revenue was $168.1 million (2021: $199.6 million), including copper tolling revenue of $153.0 million (2021: $181.4 million) and molybdenum revenue of $15.1 million (2021: $18.1 million).

- Copper tolling revenue is calculated from the gross value of copper produced in 2022 of $255.4 million (2021: $269.4 million) and negative fair value adjustments to settlement receivables of $6.2 million (2021: positive adjustments of $13.1 million), less notional items including DET royalties of $70.5 million (2021: $78.4 million), smelting and refining of $24.0 million (2021: $20.6 million) and transportation of $1.7 million (2021: $2.0 million).

[1] This is a non-IFRS measure. See "Non-IFRS Measures" for further information.

- The Company generated annual operating cash flow before changes in non-cash working capital[1] of $34.9 million (2021: $69.5 million). Annual net operating cash flow was $23.6 million (2021: $93.8 million). Free cash flow to equity[1] was $17.1 million (2021: $32.3 million).

- 2022 cash cost[1] was $1.98/lb including $0.04/lb paid to the Company's Chilean plant workers in Q4-2022 as the signing bonus of a 3-year collective labour agreement. Normalized cash cost[1] excluding the effect of the signing bonus was $1.94/lb (2021: $1.75/lb). The main drivers of the increase in cash cost[1] were lower molybdenum by-product credits ($0.05/lb) and an increase in industry benchmark treatment and refinery charges ($0.04/lb).

- Amerigo's financial performance is sensitive to changes in copper prices. The Company's year-end provisional copper price was $3.80/lb[4] and final prices for October, November, and December 2022 sales will be the average London Metal Exchange ("LME") prices for January, February, and March 2023 respectively. A 10% increase or decrease from the $3.80/lb[4] provisional price used on December 31, 2022, would result in a $6.4 million change in revenue in Q1-2023 in respect of Q4-2022 production.

- During 2022, Amerigo returned $28.0 million to shareholders (2021: $11.7 million), including $15.7 million (2021: $2.8 million) through Amerigo's regular quarterly dividend of Cdn$0.03 per share, and $12.3 million used to purchase for cancellation 9.4 million common shares (2021: $8.8 million used to purchase for cancellation 8.5 million common shares).

- In 2022, net debt repayments were $7.0 million (2021: $24.0 million). The Company's borrowings at year end were $23.7 million (December 31, 2021: $30.4 million). Amerigo's debt level is now at its lowest since Q1-2015.

- On December 31, 2022, Amerigo held cash and cash equivalents of $37.8 million (December 31, 2021: $59.8 million), a restricted cash balance of $4.2 million (December 31, 2021: $4.2 million) and had working capital of $10.0 million (December 31, 2021: $24.6 million)

Investor Conference Call on February 23, 2023

Amerigo's quarterly investor conference call will take place on Thursday, February 23, 2023 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

Participants can join by going to **https://bit.ly/3FICjYa** and entering their name and phone number. The conference system will then call the participants and place them instantly into the call.

Alternatively, participants can dial direct to be entered to the call by an Operator. Dial 1-888-664-6392 (Toll-Free North America) and enter **confirmation number 84336703**.

About Amerigo and Minera Valle Central ("MVC")

Amerigo Resources Ltd. is an innovative copper producer with a long-term relationship with Corporación Nacional del Cobre de Chile ("Codelco"), the world's largest copper producer.

Amerigo produces copper concentrate and molybdenum concentrate as a by-product at the MVC operation in Chile by processing fresh and historic tailings from Codelco's El Teniente mine, the world's largest underground copper mine. Tel: (604) 681-2802; Web: www.amerigoresources.com; ARG:TSX; OTCQX: ARREF

[1] This is a non-IFRS measure. See "Non-IFRS Measures" for further information.

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Summary Consolidated Statements of Financial Position	December 31, 2022 $ thousands	December 31, 2021 $ thousands
Cash and cash equivalents	37,821	59,792
Restricted cash	4,215	4,221
Property plant and equipment	158,591	178,083
Other assets	30,552	27,249
Total assets	**231,179**	**269,345**
Total liabilities	112,476	130,552
Shareholders' equity	118,703	138,793
Total liabilities and shareholders' equity	**231,179**	**269,345**

Summary Consolidated Statements of Income and Comprehensive Income	Years ended December 31, 2022 $ thousands	2021 $ thousands
Revenue	168,052	199,551
Tolling and production costs	(139,729)	(127,463)
Other expenses	(14,936)	(7,820)
Finance expense	(957)	(3,769)
Income tax expense	(8,056)	(20,680)
Net income	**4,374**	**39,819**
Other comprehensive income (loss)	2,370	(604)
Comprehensive income	6,744	39,215
Earnings per share - basic & diluted	0.03	0.22

Summary Consolidated Statements of Cash Flows	Years ended December 31, 2022 $ thousands	2021 $ thousands
Cash flows from operating acitivities	34,906	69,453
Changes in non-cash working capital	(11,275)	24,393
Net cash from operating activities	23,631	93,846
Net cash used in investing acitivities	(9,807)	(8,104)
Net cash used in financing acitivites	(35,892)	(37,542)
Net (decrease) increase in cash	(22,068)	48,200
Effect of foreign exchange rates on cash	97	(2,493)
Cash and cash equivalents, beginning of year	59,792	14,085
Cash and cash equivalents, end of year	**37,821**	**59,792**

1 Non-IFRS Measures

This news release includes five non-IFRS measures: (i) EBITDA, (ii) operating cash flow before changes in non-cash working capital, (iii) free cash flow to equity ("FCFE"), (iv) free cash flow ("FCF") and (v) cash cost.

These non-IFRS performance measures are included in this news release because they provide key performance measures used by management to monitor operating performance, assess corporate performance, and to plan and assess the overall effectiveness and efficiency of Amerigo's operations. These performance measures are not standardized financial measures under IFRS and, therefore, amounts presented may not be comparable to similar financial measures disclosed by other companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

(i) EBITDA refers to earnings before interest, taxes, depreciation, and administration and is calculated by adding back depreciation expense to the Company's gross profit.

(Expressed in thousands)	2022 $	2021 $	Q4-2022 $	Q4-2021 $
Gross profit	28,323	72,088	8,837	19,891
Add:				
Depreciation and amortization	20,370	18,014	5,262	4,992
EBITDA	**48,693**	**90,102**	**14,099**	**24,883**

(ii) Operating cash flow before changes in non-cash working capital is calculated by adding back the decrease or subtracting the increase in changes in non-cash working capital to or from cash provided by operating activities.

(Expressed in thousands)	2022 $	2021 $	Q4-2022 $	Q4-2021 $
Net cash provided by operating activities	23,631	93,846	3,711	14,989
Add (deduct):				
Changes in non-cash working capital	11,275	(24,393)	11,921	3,290
Operating cash flow before non-cash working capital	**34,906**	**69,453**	**15,632**	**18,279**

(iii) Free cash flow to equity ("FCFE") refers to operating cash flow before changes in non-cash working capital less capital expenditures plus new debt issued less debt and lease repayments. FCFE represents the amount of cash generated by the Company in a reporting period that can be used to pay for:

a) potential distributions to the Company's shareholders, and
b) any additional taxes triggered by the repatriation of funds from Chile to Canada to fund these distributions.

Free cash flow ("FCF") refers to FCFE plus repayments of borrowings and lease repayments.

(Expressed in thousands)	2022 $	2021 $	Q4-2022 $	Q4-2021 $
Operating cash flow before changes in non-cash working capital	34,906	69,453	15,632	18,279
Deduct:				
Cash used to purchase plant and equipment	(9,807)	(11,956)	(2,564)	(4,532)
Repayment of borrowings, net of new debt issued	(7,000)	(24,045)	(3,500)	(5,361)
Lease repayments	(1,041)	(1,192)	(345)	(254)
Free cash flow to equity	**17,058**	**32,260**	**9,223**	**8,132**
Add:				
Repayment of borrowings, net of new debt issued	7,000	24,045	3,500	5,361
Lease repayments	1041	1192	345	254
Free cash flow	**25,099**	**57,497**	**13,068**	**13,747**

(iv) Cash cost is a performance measure commonly used in the mining industry that is not defined under IFRS. Cash cost is the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits. Cash cost per pound produced is based on pounds of copper produced and is calculated by dividing cash cost over the number of pounds of copper produced.

(Expressed in thousands)	2022	2021
	$	$
Tolling and production costs	139,729	127,463
Add (deduct):		
Smelting and refining	23,965	20,631
Transportation costs	1,702	2,021
Inventory adjustments	(74)	(223)
By-product credits	(15,060)	(18,107)
DET royalties - molybdenum	(2,874)	(3,159)
Depreciation and amortization	(20,370)	(18,014)
Cash cost	127,018	110,612
Pounds of copper tolled (fresh and old tailings)	64.0M	63.4M
Cash cost ($/lb)	**1.98**	**1.75**

2 Dividend yield

The disclosed annual yield of 9.09% is based on four quarterly dividends of Cdn$0.03 per share each, divided over Amerigo's December 31, 2022 closing share price of Cdn$1.32.

3 Dividend dates

A dividend of Cdn$0.03 per share will be paid on March 20, 2023 to shareholders of record as of March 6, 2023. Accordingly, the ex-dividend date will be March 5, 2023. Shareholders purchasing Amerigo shares on the ex-dividend date or after will not receive this dividend, as it will be paid to selling shareholders. Shareholders purchasing Amerigo shares prior to the ex-dividend date will receive the dividend.

4 MVC's copper price

MVC's copper price is the average notional copper price for the period, before smelting and refining, DET notional copper royalties, transportation costs and excluding settlement adjustments to prior period sales.

MVC's pricing terms are based on the average LME copper price for the third month following delivery of copper concentrates produced under the tolling agreement with DET ("M+3"). This means that when final copper prices are not yet known, they are provisionally marked-to-market at the end of each month based on the progression of the LME published average monthly M and M+3 prices. Provisional prices are adjusted monthly using this consistent methodology, until they are settled.

Q3-2022 copper deliveries were marked-to-market at September 30, 2022 at $3.50/lb and were settled in Q4-2022 as follows:

- July 2022 sales settled at the October 2022 LME average price of $3.46/lb
- August 2022 sales settled at the November 2022 LME average price of $3.64/lb
- September 2022 sales settled at the December 2022 LME average price of $3.79/lb

Q4-2022 copper deliveries were marked-to-market at December 31, 2022 at $3.80/lb and will be settled at the LME average prices for January ($4.08/lb), February and March 2023.

Cautionary Statement on Forward-Looking Information

This news release contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These forward-looking statements include but are not limited to, statements concerning:

- forecasted production and operating costs;
- our strategies and objectives;
- our capital return strategy, including our dividend policy;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- the sufficiency of MVC's water reserves to maintain projected Cauquenes tonnage processing for a period of at least 18 months;
- prices and price volatility for copper, molybdenum and other commodities and of materials we use in our operations;
- the demand for and supply of copper, molybdenum and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and financial condition and our expected ability to redeploy other tools of our capital return strategy;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity; and
- general business and economic conditions, including, but not limited to, our assessment of strong market fundamentals supporting copper prices.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; risks related to the potential impact of global or national health concerns, including COVID-19, and the inability of employees to access sufficient healthcare; government or regulatory actions or inactions; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from Codelco's Division El Teniente's current production and historic tailings from tailings deposit; the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with supply chain disruptions; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Notwithstanding the efforts of the Company and MVC, there can be no guarantee that the Company's or MVC's staff will not contract COVID-19 or that the Company's and MVC's measures to protect staff from COVID-19 will be effective. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Such statements are based on several assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest and currency exchange rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper, molybdenum and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the grade and projected recoveries of tailings processed by MVC;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC continuing to trend towards normal levels;
- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production levels.

Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. You should also carefully consider the matters discussed under Risk Factors in the Company`s Annual Information Form. The forward-looking statements contained herein speak only as of the date of this news release and except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.