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Amerigo Announces Q3-2023 Results & Quarterly Dividend

Net loss of \$5.8 million driven by 31% lower copper production

EBITDA¹ of \$3.2 million, ending quarter cash & restricted cash of \$19.4 million

Quarterly dividend of Cdn\$0.03 per share declared, representing a 9.4% yield²

Current production outperforming Q4-2022, Capital Return Strategy remains in place

VANCOUVER, BRITISH COLUMBIA – November 1, 2023/Amerigo Resources Ltd. (TSX: ARG; OTCQX: ARREF) (“Amerigo” or the “Company”) announces financial results for the three months ended September 30, 2023 (“Q3-2023”). Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Q3-2023 results included a net loss of \$5.8 million, loss per share (“LPS”) of \$0.04 (Cdn\$0.05) and EBITDA¹ of \$3.2 million. Lower copper production from Minera Valle Central (“MVC”), the Company’s 100% owned operation near Rancagua, Chile, impacted these results. The negative impact from lower production was mitigated by lower settlement adjustments to prior quarter sales, copper royalties, and tolling and production costs quarter-on-quarter. Financial performance was also impacted by an increase of \$1.4 million in unrealized foreign exchange loss and a \$1.1 million environmental compliance plan.

“This was a very challenging operational quarter for Amerigo,” said Aurora Davidson, Amerigo’s President and CEO. “However, since the end of September, we are again outperforming our production targets, which is a testament to the excellence of our operational teams. We have put this production interruption behind us and are looking ahead with even more confidence in MVC’s ability to produce copper profitably and sustainably. Despite the past two challenging quarters, I am pleased to announce the Board of Directors has declared the Company’s ninth consecutive dividend. Given the combination of recent operational impacts and current economic headwinds weighing on copper prices, the Board is examining the temporary modification of the quarterly and performance dividend components of our Capital Return Strategy. While we wait for copper prices to improve, we have maintained our pause on buying back shares in the marketplace,” she added.

After year-to-date capital returns to shareholders of \$13.6 million, Capex payments of \$14.4 million, and debt and lease repayments of \$5.4 million, cash and restricted cash on September 30, 2023, were \$19.4 million, compared to the beginning of 2023 cash and restricted cash of \$42.0 million.

¹ This is a non-IFRS measure. See “Non-IFRS Measures” for further information.



On October 30, 2023, Amerigo's Board of Directors declared its ninth consecutive quarterly dividend. The dividend will be in the amount of Cdn\$0.03 per share, payable on December 20, 2023, to shareholders of record as of November 30, 2023³. 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 September 29, 2023, share closing price of Cdn\$1.27, this represents an annual dividend yield of 9.4%².

This news release should be read with Amerigo's interim consolidated financial statements and Management's Discussion and Analysis ("MD&A") for Q3-2023, available on the Company's website at www.amerigoresources.com and www.sedarplus.ca.



	30-Sep-23	31-Dec-22	Q3-2023	Q3-2022
MVC's copper price (\$/lb) ⁴			3.76	3.50
Revenue (\$ millions)			30.3	30.9
Net loss (\$ millions)			(5.8)	(4.4)
LPS (\$)			(0.04)	(0.03)
LPS (Cdn)			(0.05)	(0.03)
EBITDA ¹ (\$ millions)			3.2	1.6
Operating cash flow before changes in non-cash working capital ¹ (\$ millions)			2.6	2.6
FCFE ¹ (\$ millions)			(2.6)	0.6
Cash (\$ millions)	13.1	37.8		
Restricted cash (\$ millions)	6.3	4.2		
Borrowings (\$ millions)	20.3	23.7		
Shares outstanding at end of period (millions)	164.8	166.0		

Highlights and Significant Items

- Amerigo's Q3-2023 financial performance was impacted by 31% lower copper production compared to the quarter ended September 30, 2022 ("Q3-2022") due to severe rain in central Chile, which temporarily affected MVC's operations in two separate events. MVC fully resolved these disruptions and resumed normal operations and production levels on September 21, 2023.
- Despite 31% lower copper production, Q3-2023 revenue of \$30.3 million was only 2% lower than Q3-2022 revenue of \$30.9 million due to a higher average copper price of \$3.76 per pound ("lb") (Q3-2022: \$3.50/lb), a reduction of \$8.4 million in negative settlement adjustment to prior quarter sales, \$1.6 million in lower notional items including copper royalties to DET, and a \$1.1 million increase in molybdenum revenue.
- Tolling and production costs were \$32.4 million (Q3-2022: \$34.4 million) due to lower copper production.
- Net loss during Q3-2023 was \$5.8 million, compared to a net loss of \$4.4 million in Q3-2022, primarily due to an increase of \$1.4 million in unrealized foreign exchange loss and \$1.1 million spent on environmental compliance plan costs which could not be capitalized under IFRS.
- LPS during Q3-2023 was \$0.04 (Cdn\$0.05) (Q3-2022: \$0.03 (Cdn\$0.03)).
- Q3-2023 copper production was 11.1 million pounds ("M lbs") (Q3-2022: 16.0 M lbs), including 8.2 M lbs from fresh tailings (Q3-2022: 8.6 M lbs) and 2.9 M lbs from historic tailings (Q3-2022: 7.4 M lbs).
- Molybdenum production during Q3-2023 was 0.2 M lbs (Q3-2022: 0.3 M lbs). MVC's molybdenum price increased to \$23.31/lb (Q3-2022: \$15.39/lb), resulting in a Q3-2023 molybdenum revenue of \$4.6 million (Q3-2022: \$3.5 million).
- Copper tolling revenue is calculated from the gross value of copper produced in Q3-2023 of \$41.6 million (Q3-2022: \$56.8 million) and negative fair value adjustments to settlement receivables of \$0.4 million (Q3-2022: \$8.8 million), less notional items including DET royalties of \$10.6 million (Q3-2022: \$14.3 million), smelting and refining of \$4.5 million (Q3-2022: \$5.9 million) and transportation of \$0.3 million (Q3-2022: \$0.4 million).

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



- In Q3-2023, the Company generated cash flow before changes in non-cash working capital¹ of \$2.6 million (Q3-2022: \$2.6 million), used net operating cash of \$7.5 million (Q3-2022: \$4.1 million) and had negative free cash flow to equity¹ (“FCFE”) of \$2.6 million (Q3-2022: positive FCFE¹ of \$0.6 million).
- Q3-2023 cash cost¹ was \$2.44/lb (Q3-2022: \$1.93/lb), impacted by lower production, which resulted in increases of \$0.44/lb in other direct costs, \$0.21/lb in power costs and \$0.04/lb in administration. Due to prevailing terms, smelting and refining costs were \$0.03/lb higher. The cost increases were mitigated by stronger molybdenum by-product credits of \$0.19/lb from higher prices.
- Amerigo’s financial performance is sensitive to changes in copper prices. MVC’s Q3-2023 provisional copper price was \$3.76/lb. The final prices for July, August, and September 2023 sales will be the average London Metal Exchange (“LME”) prices for October, November, and December 2023, respectively. A 10% increase or decrease from the \$3.76/lb provisional price would result in a \$4.1 million change in revenue in Q4-2023 regarding Q3-2023 production.
- In Q3-2023, Amerigo returned \$3.7 million to shareholders (Q3-2022: \$3.8 million) through Amerigo’s quarterly dividend of Cdn\$0.03 per share. YTD-2023 capital returns were \$13.6 million: \$11.0 million paid in quarterly dividends and \$2.6 million returned through purchasing 2.3 million common shares for cancellation through a Normal Course Issuer Bid.
- On September 30, 2023, the Company held cash and cash equivalents of \$13.1 million (December 31, 2022: \$37.8 million), restricted cash of \$6.3 million (December 31, 2022: \$4.2 million), had a working capital deficiency of \$12.7 million (December 31, 2022: working capital of \$10.0 million) and had not used funds from its \$15.0 million working capital line of credit.

Investor Conference Call on November 2, 2023

Amerigo’s quarterly investor conference call will occur on Thursday, November 2, 2023, at 11:00 a.m. Pacific Daylight Time/2:00 p.m. Eastern Daylight Time.

Participants can join by visiting <https://emportal.ink/3s49iS8> 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 directly to be entered into the call by an Operator. Dial 1-888-664-6392 (Toll-Free North America) and state they wish to participate in the Amerigo Resources Q3-2023 Earnings Call.

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.

Contact Information

Aurora Davidson
President and CEO
(604) 697-6207
ad@amerigoresources.com

Graham Farrell
Investor Relations
(416) 842-9003
graham.farrell@harbor-access.com

¹ This is a non-IFRS measure. See “Non-IFRS Measures” for further information.



Summary Consolidated Statements of Financial Position		
	September 30, 2023	December 31, 2022
	\$ thousands	\$ thousands
Cash and cash equivalents	13,131	37,821
Restricted cash	6,305	4,215
Property plant and equipment	159,831	158,591
Other assets	20,054	30,552
Total assets	199,321	231,179
Total liabilities	93,678	112,476
Shareholders' equity	105,643	118,703
Total liabilities and shareholders' equity	199,321	231,179

Summary Consolidated Statements of Loss and Comprehensive Loss		
Three months ended September 30,		
	2023	2022
	\$ thousands	\$ thousands
Revenue	30,329	30,858
Tolling and production costs	(32,353)	(34,414)
Other expenses	(4,250)	(1,587)
Finance expense	(1,043)	(204)
Income tax recovery	1,524	905
Net loss	(5,793)	(4,442)
Other comprehensive income	1,169	2,353
Comprehensive loss	(4,624)	(2,089)
Loss per share - basic & diluted	(0.04)	(0.03)

Summary Consolidated Statements of Cash Flows		
Three months ended September 30,		
	2023	2022
	\$ thousands	\$ thousands
Cash flow from operating activities	2,617	2,617
Changes in non-cash working capital	(10,072)	(6,741)
Net cash used in operating activities	(7,455)	(4,124)
Net cash used in investing activities	(5,203)	(1,814)
Net cash used in financing activities	(5,771)	(6,188)
Net decrease in cash and cash equivalents	(18,429)	(12,126)
Effect of foreign exchange rates on cash	(115)	919
Cash and cash equivalents, beginning of period	31,675	53,020
Cash and cash equivalents, end of period	13,131	41,813

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 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 performance measures in accordance with IFRS.

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



(Expressed in thousands)	Q3-2023	Q3-2022
	\$	\$
Gross loss	(2,024)	(3,556)
Add:		
Depreciation and amortization	5,192	5,125
EBITDA	3,168	1,569

- (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)	Q3-2023	Q3-2022
	\$	\$
Net cash used in operating activities	(7,455)	(4,124)
Add:		
Changes in non-cash working capital	10,072	6,741
Operating cash flow before non-cash working capital	2,617	2,617

- (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 the following:

- 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)	Q3-2023	Q3-2022
	\$	\$
Operating cash flow before changes in non-cash working capital	2,617	2,617
Deduct:		
Cash used to purchase plant and equipment	(5,203)	(1,814)
Lease repayments	-	(218)
Free cash flow to equity	(2,586)	585
Add:		
Lease repayments	-	218
Free cash flow	(2,586)	803



- (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 by the number of pounds of copper produced.

(Expressed in thousands)	Q3-2023	Q3-2022
	\$	\$
Tolling and production costs	32,353	34,414
Add (deduct):		
Smelting and refining charges	4,473	5,926
Transportation costs	295	410
Inventory adjustments	684	(614)
By-product credits	(4,580)	(3,492)
Depreciation and amortization	(5,192)	(5,125)
DET royalties - molybdenum	(863)	(691)
Cash cost	27,170	30,828
Copper tolled (M lbs)	11.12	16.00
Cash cost (\$/lb)	2.44	1.93

2 Dividend yield

The disclosed annual yield of 9.4% is based on four quarterly dividends of Cdn\$0.03 per share each, divided over Amerigo's September 29, 2023, closing share price of Cdn\$1.27.

3 Dividend dates

A dividend of Cdn\$0.03 per share will be paid on December 20, 2023, to shareholders of record as of November 30, 2023. Accordingly, the ex-dividend date will be November 29, 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 before 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 of the third month following the delivery of copper concentrates produced under the DET tolling agreement ("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.

Q2-2023 copper deliveries were marked-to-market on June 30, 2023 at \$3.80/lb and were settled in Q3-2023 as follows:

- April 2023 sales settled at the July 2023 LME average price of \$3.83/lb
- May 2023 sales settled at the August 2023 LME average price of \$3.79/lb
- June 2023 sales settled at the September 2023 LME average price of \$3.75/lb

Q3-2023 copper deliveries were marked to market on September 30, 2023 at \$3.75/lb and will be settled at the LME average prices for October (\$3.60/lb), November and December 2023.



Cautionary Note Regarding Forward-Looking Information

This news release contains certain forward-looking information and statements defined in applicable securities laws (collectively called "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 are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning:

- forecasted production and operating costs;
- the maintenance of the Company's return of capital strategy;
- our strategies and objectives;
- 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 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;
- our dividend policy, including the security of the quarterly dividends and our Capital Return Strategy; 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. Many of these risks and uncertainties apply to the Company and its operations and 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 have a material effect on the Company.



Actual results and developments will likely differ materially from those expressed or implied by the forward-looking statements 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 we do business with.

Future production levels and cost estimates assume no adverse mining or other events significantly affecting 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.

The preceding list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our results to differ materially from those estimated, projected, and expressed in or implied by our forward-looking statements. You should also 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. Except as required by law, we undertake no obligation to revise any forward-looking statements or the preceding list of factors, whether due publicly or otherwise, to new information or future events.