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Amerigo Reports 2023 Production Results & Provides Increased 2024 Guidance

2023 copper production of 57.6 M pounds

2023 cash cost¹ \$2.17 /lb

2024 increased copper production guidance of 62.4 M pounds

2024 cash cost¹ guidance of \$2.08 /lb

VANCOUVER, BRITISH COLUMBIA – January 16, 2024/Amerigo Resources Ltd. (TSX: ARG; OTCQX: ARREF) (“Amerigo” or the “Company”) announced today 2023 production results from Minera Valle Central (“MVC”), the Company’s 100% owned operation located near Rancagua, Chile. Dollar amounts in this news release are in U.S. dollars (“USD”) unless indicated otherwise.

“MVC’s copper production in Q4-2023 was 16.4 million pounds, returning to normal levels following last year’s severe weather events at MVC,” said Aurora Davidson, Amerigo’s President and CEO. “We closed the year with a strong quarter, which resulted in annual copper production of 57.6 million pounds. In 2024, we expect to produce 62.4 million pounds of copper - our fourth year of increased guidance. Against higher copper prices, this production level should generate a robust financial performance.”

In 2023, MVC produced 57.6 million pounds (“M lbs”) of copper, in line with the revised annual guidance of 57.8 M lbs announced last September. The revised yearly guidance incorporated the impact of severe rains on MVC’s Q2-2023 and Q3-2023 copper production.

In Q4-2023, MVC produced 16.4 M lbs of copper; 47% of copper production came from historic tailings (“Cauquenes tailings”), proving MVC’s operational flexibility and ability to increase processing from Cauquenes if and when needed.

Amerigo produced 1.2 M lbs of molybdenum in 2023, compared to the Company’s increased guidance of 1.1 M lbs.

The Company’s 2023 cash cost¹ was \$2.17 per pound (“/lb”), compared to our latest guidance of \$2.20/lb.

In 2023, the Company incurred \$14.3 million in capital expenditures on projects (“Capex”), up \$1.0 million from our original guidance of \$13.3 million. Capitalizable maintenance and strategic spares were \$3.7 million.

Amerigo’s quarterly copper price in Q4-2023 was \$3.82/lb, compared to \$3.76/lb in Q3-2023. In Q4-2023, \$3.6 million was returned to shareholders through Amerigo’s quarterly dividend of Cdn\$0.03 per share.

On December 31, 2023, Amerigo's cash position was \$16.2 million (\$3.1 million higher than on September 30, 2023), and restricted cash was \$6.3 million (unchanged from September 30, 2023). The lost opportunity (decreased EBITDA¹ of \$10.6 million and increased Capex of \$1 million) from the 2023 weather events resulted in a decrease in year-end cash balances of approximately \$11.6 million.

Outstanding bank debt was \$21.3 million (an increase of \$0.25 million from September 30, 2023, as \$2.0 million was drawn from MVC's line of credit in October 2023, and only \$1.75 million, or half of MVC's \$3.5 million debt repayment due on December 31, 2023 was processed). Year-end restricted cash and debt balances include \$1.75 million plus interest semi-annual debt payment due on December 31, 2023, as one of the two lenders processed it on January 2, 2024.

On December 31, 2023, MVC's water reserves were over 10.0 million cubic meters, sufficient to maintain projected Cauquenes tailings processing rates for at least eighteen months, our maximum forecast horizon.

	2023	Q4-2023	Q3-2023	Q2-2023	Q1-2023
Fresh tailings					
Tonnes per day	125,034	117,331	109,276	138,261	136,972
Operating days	344	92	86	76	90
Tonnes processed	42,993,193	10,789,129	9,397,541	10,535,165	12,271,358
Copper grade	0.172%	0.174%	0.175%	0.169%	0.170%
Copper recovery	22.0%	21.0%	22.6%	22.3%	22.1%
Copper produced (M lbs)	35.83	8.69	8.21	8.79	10.14
Cauquenes tailings					
Tonnes per day	42,747	50,578	45,588	36,487	38,284
Operating days	289	91	38	72	89
Tonnes processed	12,341,596	4,584,009	1,733,896	2,624,532	3,399,159
Copper grade	0.248%	0.243%	0.239%	0.254%	0.255%
Copper recovery	32.3%	31.3%	32.0%	32.8%	33.3%
Copper produced (M lbs)	21.81	7.68	2.91	4.84	6.38
Copper produced (M lbs)	57.64	16.37	11.12	13.63	16.52
Copper delivered (M lbs)	57.22	16.08	10.98	13.67	16.49
Cash cost¹ (\$/lb)	2.17	2.06	2.44	2.37	1.91
Molybdenum produced (M lbs)	1.15	0.33	0.22	0.30	0.30
Molybdenum sold (M lbs)	1.15	0.33	0.22	0.30	0.30

2024 Guidance

In 2024, Amerigo expects to produce 62.4M lbs of copper and 1.2 M lbs of molybdenum, with 61% of copper production coming from fresh tailings. 2024 is our 4th consecutive year of increased production guidance and is 8%, or 4.8M lbs, higher than 2023 copper production.

The annual plant maintenance shutdown at MVC and El Teniente is expected to last eight days and occur in Q2-2024. Our guidance factors in lower production from the maintenance shutdown.

In 2023, the London Metal Exchange average copper price was \$3.85/lb despite strong macroeconomic headwinds. We are optimistic that in 2024, a combination of economic and political factors will contribute to higher copper prices. These factors include an accommodative interest rate environment during an election year in the United States and the interplay of copper supply and demand fundamentals. However, Amerigo employs a conservative approach in its annual budget preparation, and for 2024 guidance, has used average market prices of \$3.60/lb for copper, \$21/lb for molybdenum, and an exchange rate of 935 Chilean pesos (“CLP”) to USD 1.

Under these conditions, Amerigo’s 2024 normalized cash cost¹ is expected to be \$2.08/lb, excluding \$0.02/lb paid to MVC’s supervisors in January 2024 as the signing bonus of a 3-year collective labour agreement. This projected normalized cash cost¹ compares favorably to our 2023 cash cost of \$2.17/lb due to our guided higher production, lower benchmark treatment and refinery charges and cost reductions implemented at MVC.

A \$2/lb change in molybdenum price would have a \$0.03/lb impact on cash cost¹, and a 10% change in the CLP to USD foreign exchange rate would impact \$0.10/lb on cash cost¹.

Using a \$3.60/lb copper price, the royalty to Codelco’s El Teniente Division (“DET”) in 2024 would be \$0.98/lb. The DET royalty is calculated on a sliding scale based on copper prices. A \$0.20/lb increase in copper price would have a \$0.10/lb impact on the DET royalty.

Projected 2024 EBITDA¹ using these assumptions is expected to be \$34.6 million (excluding the effect of 2023 settlement adjustments). Each \$0.10/lb increase in copper price up to \$4/lb would increase EBITDA¹ by \$3.1 million. Each \$0.10/lb increase in copper price over \$4/lb and up to \$4.80/lb would have an increase in EBITDA¹ of approximately \$2.8 million.

In 2024, MVC is expected to incur \$5.7 million in capital expenditures on projects (“Capex”) and \$3.7 million on capitalizable maintenance and strategic spares. We are also evaluating two Capex projects that could further contribute to increasing production at MVC. These projects could be initiated in 2024, subject to the technical conclusions reached and higher copper prices.

Concerning financial obligations, as stated earlier in this release, \$1.75 million of MVC’s December 31, 2023 debt repayment was processed on January 2, 2024, and MVC will make two scheduled semi-annual bank debt repayments of \$3.5 million plus interest in June and December 2024. MVC will also repay \$1.0 million of the \$2.0 million drawn from its working capital line of credit in 2023. No further draws from the line of credit are projected to occur in 2024, and bank debt at year-end 2024 is expected to be \$11.5 million, a decrease of \$9.75 million.

Capital Return Strategy

Since the implementation of Amerigo’s Capital Return Strategy (the “Strategy”) in September 2021, the Company has paid cumulative quarterly dividends of Cdn\$0.26 per share (\$33.2 million) and used \$23.7 million to purchase and cancel 20.1 million of its common shares, an 11.1% reduction in the number of common shares outstanding at the inception of the Strategy.

Our quarterly dividend is the cornerstone of the Strategy and a key corporate objective. This dividend was maintained by Amerigo in 2023 despite the unexpected \$11.6 million negative impact on cash from the weather events. We are confident that at the current copper prices of \$3.80/lb, the quarterly dividend of Cdn\$0.03 per share remains secure, subject to Amerigo attaining its 2024 production guidance herein released.

Release of 2023 financial results on February 21, 2024

Amerigo will release 2023 financial results at the market open on Wednesday, February 21, 2024.

Investor conference call on February 22, 2024

Amerigo's quarterly investor conference call will occur on Thursday, February 22, 2024, at 11:00 am Pacific Daylight Time/2:00 pm Eastern Daylight Time.

Participants can join by visiting <https://emportal.ink/48le9Zs> 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 2023 Earnings Call.

About Amerigo and MVC

Amerigo 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; Listing: ARG: TSX.

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¹ Non-IFRS Measures

This news release references two performance measures not defined under International Financial Reporting Standards ("IFRS"): cash cost and EBITDA.

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.

Cash cost is a performance measure commonly used in the mining industry. In Amerigo's case, cash cost is the aggregate of smelting and refining charges, tolling/production costs, net of inventory adjustments and administration costs, and 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.

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

The Company reconciles these performance measures against IFRS measures every quarter when financial results are reported. Reconciliations are included in the Company's quarterly earnings release and Management's Discussion and Analysis.

Cautionary Note Regarding 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 are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning:

- forecasted production, operating costs and Capex expenditures for 2024;
- 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 at least 18 months;
- prices and price volatility for copper, molybdenum and other commodities and materials we use in our operations;
- our estimate as to projected EBITDA for 2024;
- our estimate as to the amount of the royalty to be payable to DET in 2024;
- 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 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;
- our estimate as to the length of the annual plant shutdown at MVC and El Teniente;
- 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; 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, 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 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 we do business with.

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

We caution that 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, expressed, 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 update publicly or otherwise revise any forward-looking statements or the preceding list of factors, whether as a result of new information or future events.

Future-oriented financial information "FOFI" or financial outlooks included in this news release are based on the assumptions contained in the Company's 2024 Budget, which was prepared consistently with the Company's accounting policies. FOFI has been included in this news release to provide context to the Company's 2024 guidance and may not be appropriate for other purposes.