

Amerigo Reports Q2-2020 Production Results and Provides Operational Update

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VANCOUVER, July 23, 2020 - [Amerigo Resources Ltd.](#) ("Amerigo" or the "Company") (TSX: ARG) announced today Q2-2020 production results from Minera Valle Central ("MVC"), the Company's 100% owned operation located near Rancagua, Chile.

MVC produced 12.97 million pounds (M lbs) of copper at a cash cost of US\$1.72/lb per pound, and 0.35 M lbs of molybdenum. In Q2-2020, MVC's copper production from fresh and Cauquenes tailings increased 20% compared to Q1-2020.

	April 2020	May 2020	June 2020	Q2-2020
Fresh tailings				
Tonnes per day	123,650	124,149	110,347	119,435
Operating days	30	31	30	91
Tonnes processed	3,709,504	3,848,629	3,310,423	10,868,556
Copper grade	0.137%	0.140%	0.134%	0.137%
Copper recovery	19%	21%	21%	20%
Copper produced (million of pounds)	2.12	2.44	2.1	6.66
Cauquenes tailings				
Tonnes per day	35,323	34,573	37,907	35,875
Operating days	30	31	28	89
Tonnes processed	1,047,178	1,064,852	1,052,868	3,164,898
Copper grade	0.253%	0.257%	0.262%	0.257%
Copper recovery	34%	35%	37%	35%
Copper produced (million of pounds)	1.97	2.11	2.23	6.31
Copper produced (M lbs)	4.09	4.55	4.33	12.97
Cash cost (US\$/pound copper)	1.79	1.65	1.73	1.72

Copper production results are in line with the Company's 2020 guidance (refer to our news release of February 19, 2020) where the Company announced a reduction in Cauquenes tonnage processing to approximately 40,000 tonnes per day (TPD) through H1-2020 in response to drought conditions then present in central Chile.

In Q2-2020, processing rates averaged 119,435 TPD for fresh tailings and 35,875 TPD for Cauquenes. Copper grade in fresh tailings was slightly higher than expected and recoveries from fresh and Cauquenes tailings also exceeded initial expectations in response to MVC's initial plant debottlenecking initiatives. Operating days in Q2-2020 were 91/91 for fresh tailings and 89/91 for Cauquenes. Two days of operation were lost in Cauquenes in late June due to strong rainfall.

Q2-2020 cash cost was US\$1.72 per pound (lb), US\$0.13/lb lower than the Company's latest cash cost guidance for the second quarter and US\$0.22/lb lower than cash cost in Q1-2020.

MVC's operations continued through Q2-2020 without any significant disruptions due to Covid-19 and MVC's response to Covid-19 was praised by Chile's Mining Ministry.

Production results for the most recent five quarters are summarized below:

	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Fresh tailings					
Tonnes per day	119,435	120,037	114,448	118,296	123,099
Operating days	91	78	92	92	89
Tonnes processed	10,868,556	9,306,854	10,529,332	10,883,200	10,940,468
Copper grade	0.137%	0.125%	0.112%	0.110%	0.111%
Copper recovery	20.3%	19.9%	17.5%	18.8%	19.1%
Copper produced (M lbs)	6.66	5.13	4.57	4.99	5.12
Cauquenes tailings					
Tonnes per day	35,875	43,763	58,908	58,449	57,746
Operating days	89	67	91	90	89
Tonnes processed	3,164,898	2,976,621	5,365,311	5,226,443	5,094,589
Copper grade	0.257%	0.261%	0.273%	0.270%	0.232%
Copper recovery	34.9%	33.4%	34.5%	35.7%	31.6%
Copper produced (M lbs)	6.31	5.72	11.15	11.10	8.22
Fresh tailings +Cauquenes (M lbs)	12.97	10.85	15.72	16.09	13.34
Slag Processing					
Tonnes processed	-	14,960	93,248	33,885	-
Copper grade	-	4.6%	5.3%	5.0%	-
Copper recovery	-	80%	79%	81%	-
Copper produced (M lbs)	-	1.23	8.62	3.0	-
Copper produced (M lbs)	12.97	12.08	24.34	19.09	13.34
Copper delivered (M lbs)	13.70	11.82	24.07	19.55	1.94
Cash cost(US\$/pound copper)	1.72	1.94	1.79	1.56	1.97
Molybdenum produced (M lbs)	0.35	0.19	0.39	0.53	0.25
Molybdenum sold (M lbs)	0.36	0.23	0.41	0.51	0.24

As previously disclosed by the Company, the central region of Chile where MVC is located experienced lower than normal rain in 2018 (total annual rainfall of 291 mm¹) and a severe drought in 2019 (total annual rainfall of 124 mm) compared to normal annual rainfall of approximately 410 mm. In 2020, the rain season started in the second half of June, with very heavy rainfall. Rain has continued into July and is expected to continue at least until the end of this month.

The following table was updated to July 15, 2020 and shows cumulative rainfall of 309 mm as of that date, essentially 75% of normal annual rainfall in the region.

¹ Each millimeter (mm) of measured precipitation is the equivalent of one liter of rainfall per square meter.

Intense rainfall resulted in 2 days of lost production in Cauquenes in June and 10 days of lost production in Cauquenes in July. Despite these lost days, the Company continues to expect to meet production guidance for 2020, as processing rates at Cauquenes have started to increase in response to more water availability at MVC.

Water reserves at Colihues have also increased from a low point of 300,000 cubic meters earlier in 2020 to 8 million cubic meters, a level not seen since February 2018. The positive effect of rainfall in fresh tailings is not yet seen as El Teniente is located at a higher altitude than MVC and will only see the benefits of the 2020 rain season as snow starts to melt in the fourth quarter of the year.

The Company's production forecast for H2-2020 assumes: (i) increased processing rates from Cauquenes, which have been achieved in July, (ii) lower processing rates from fresh tailings in Q3-2020 associated with reduced activity at El Teniente due to Covid-19, and (iii) the known impact of debottlenecking initiatives implemented to date. Cash costs will step down progressively in Q3-2020 and Q4-2020, primarily due to increased production at Cauquenes. MVC continues to work on additional initiatives to improve plant performance.

Under these assumptions, MVC estimates that it will produce 56 million pounds of copper in 2020 at a cash cost of \$1.67/lb. Additional information is included in the following table.

	Q1-2020 Actual	Q2-2020 Actual	Q3-2020 Est.	Q4-2020 Est.	2020
Fresh tailings					
Tonnes per day	120,037	119,435	106,804	125,000	117,724
Operating days	78	91	92	92	353
Tonnes processed	9,306,854	10,868,556	9,826,000	11,437,500	41,438,910
Copper grade	0.125%	0.137%	0.127%	0.115%	0.126%
Copper recovery	19.9%	20.3%	21.0%	22.0%	20.8%
Copper produced (M lbs)	5.13	6.66	5.75	6.38	23.92
Cauquenes tailings					
Tonnes per day	43,763	35,875	50,000	62,500	48,481
Operating days	67	88	86	92	333
Tonnes processed	2,976,621	3,164,898	4,300,000	5,750,000	16,191,519
Copper grade	0.261%	0.257%	0.243%	0.243%	0.249%
Copper recovery	33.4%	34.9%	33.3%	35.0%	34.3%
Copper produced (M lbs)	5.72	6.31	7.68	10.79	30.50
Fresh tailings +Cauquenes (M lbs)	10.85	12.97	13.43	17.17	54.42
Slag Processing					
Tonnes processed	14,960	-	-	-	14,960
Copper grade	4.6%	-	-	-	4.6%
Copper recovery	80%	-	-	-	80%
Copper produced (M lbs)	1.23	-	-	-	1.23
Copper produced (M lbs)	12.08	12.97	13.43	17.17	55.65
Cash cost(US\$/pound copper)	1.94	1.72	1.56	1.46	1.67
Molybdenum produced (M lbs)	0.19	0.35	0.43	0.42	1.39

Release of Q2-2020 results on August 12, 2020

The Company will release its Q2-2020 financial results at market open on Wednesday, August 12, 2020.

Investor conference call on August 13, 2020

Amerigo's quarterly investor conference call will take place on Thursday, August 13, 2020 at 11:00 am Pacific Time/2:00 pm Eastern Time.

To join the call, please dial 1-800-273-9672 (Toll-Free North America) and let the operator know you wish to participate in the Amerigo Resources conference call, if asked please give the confirmation number of 4327621.

The analyst and investment communities are welcome to ask questions of management. Media can attend on a listen-only basis.

About Amerigo and MVC

[Amerigo Resources Ltd.](#) is an innovative copper producer with a long-term relationship with Corporaci?n Nacional del Cobre de Chile (“Codelco”), the world's largest copper producer.

Amerigo produces copper concentrate 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; Fax: (604) 682-2802; Web: www.amerigoresources.com; Listing: ARG:TSX.

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

- forecasted production, reductions in operating costs and an increase in recoveries;
- water supply risk to MVC as a result of extreme drought conditions in Chile;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- our estimates in respect of annual 2020 sustaining capital expenditures;
- the timing of completion of MVC's projects to improve water recirculation;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper 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 our expected ability to meet our obligations for the next 12 months;
- 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; and
- general business and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that are 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; risks with respect to completion of all phases of the Cauquenes expansion, the ability of the Company to draw down funds from bank facilities and lines of credit, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion; 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; 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 a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about;

- general business and economic conditions;
- interest 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 and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- 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;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- 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 returning to 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. 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.

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