

# Amerigo Resources Ltd. Reports Strong Net Income & Operating Cash Flow in Q2-2021

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VANCOUVER, Aug. 11, 2021 - [Amerigo Resources Ltd.](#) (TSX: ARG; ARREF: OTC) ("Amerigo" or the "Company") is pleased to announce financial results for the quarter ended June 30, 2021 ("Q2-2021").

Amerigo posted net income of \$11.6 million, earnings per share ("EPS") of \$0.06 (Cdn\$0.08), EBITDA<sup>1</sup> of \$23.4 million and quarterly operating cash flow before changes in working capital of \$17.1 million.

"Amerigo has again met operational objectives and posted another quarter of strong financial results. The Company generated \$17.1 million in operating cash flow, improved its ending cash position to \$53.1 million and reduced bank debt to \$33.8 million", said Aurora Davidson, Amerigo's President and CEO.

The information and data contained in this news release should be read in conjunction with Amerigo's interim consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2021, available at the Company's website at [www.amerigoresources.com](http://www.amerigoresources.com) and at [www.sedar.com](http://www.sedar.com).

	30-Jun-21	31-Dec-20	Q2-2021	Q2-2020
Revenue (\$ millions)			50.5	26.0
Net income (loss) (\$ millions)			11.6	(3.6 )
EPS (LPS) (\$)			0.06	(0.02 )
EPS (LPS) (Cdn\$)			0.08	(0.03 )
EBITDA <sup>1</sup> (\$ millions)			23.4	3.9
Operating cash flow before changes in working capital (\$ millions)			17.1	2.8
Cash (\$ millions)	48.9	14.1		
Restricted cash (\$ millions)	4.2	-		
Bank debt (\$ millions)	33.8	46.5		

## Highlights and Significant Items

- Q2-2021 net income was \$11.6 million (Q2-2020: net loss of \$3.6 million), due to higher production, higher metal prices and \$4.8 million in positive quarterly fair value adjustments.
- Q2-2021 EPS was \$0.06 (Cdn\$ 0.08) (Q2-2020: loss per share ("LPS") of \$0.02 (Cdn\$0.03)).
- The Company generated operating cash flow before changes in non-cash working capital of \$17.1 million in Q2-2021 (Q2-2020: \$2.8 million). Quarterly net operating cash flow was \$21.9 million (Q2-2020: \$1.1 million).

<sup>1</sup> This is a non-GAAP financial measure. Refer to "Alternative Performance Measures" at the end of this press release.

- Q2-2021 production from Amerigo's Minera Valle Central ("MVC") tailings processing facility in Chile was 15.0 million pounds of copper (Q2-2020: 13.0 million pounds) including 7.6 million pounds from Cauquenes (Q2-2020: 6.3 million pounds) and 7.4 million pounds from fresh tailings (Q2-2020: 6.7 million pounds). Actual average grades and recoveries from Cauquenes tailings have consistently been lower than the average grade and recoveries originally anticipated from Cauquenes tailings as set out in the Technical Report entitled "Minera Valle Central Operation - Rancagua, Region VI, Chile" dated March 29, 2019 with an effective date of December 31, 2018 (the "Technical Report") prepared by Robert D. Henderson P.Eng. Accordingly, the Company is no longer relying on the Technical Report's projections and assumptions, including, but not limited to, the 2021 production guidance and the inferred mineral resource estimates contained therein. Therefore, the Technical Report, and the production guidance and mineral resource estimates contained therein, should no longer be considered current or relied upon.
- Molybdenum production in Q2-2021 was 0.3 million pounds (Q2-2020: 0.4 million pounds).
- Q2-2021 cash cost<sup>2</sup> (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits) increased 5% to \$1.81 per pound ("lb") (Q2-2020: \$1.72/lb).
- In Q2-2021, MVC's average quarterly copper price was \$4.44/lb, 70% higher than the Q2-2020 average copper price of \$2.61/lb. MVC's average quarterly molybdenum price was \$13.33/lb, 69% higher than the Q2-2020 average quarterly price of \$7.88/lb.
- Revenue during Q2-2021 was \$50.5 million (Q2-2020: \$26.0 million), including copper tolling revenue of \$45.7 million (Q2-2020: \$23.9 million) and molybdenum revenue of \$4.8 million (Q2-2020: \$2.1 million).
- Copper tolling revenue is calculated from MVC's gross value of copper produced during Q2-2021 of \$66.6 million (Q2-2020: \$33.3 million) and positive fair value adjustments to settlement receivables of \$4.8 million (Q2-2020: \$1.4 million), less notional items including DET royalties of \$20.2 million (Q2-2020: \$6.1 million), smelting and refining of \$5.0 million (Q2-2020: \$4.3 million) and transportation of \$0.5 million (Q2-2020: \$0.4 million). The Q2-2021 settlement adjustments included \$5.3 million in positive fair value adjustments in respect of Q1-2021 production, which are final adjustments.
- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q2-2021 provisional copper price was \$4.37/lb, and final prices for April, May, and June sales will be the average London Metal Exchange prices for July, August, and September, respectively. A 10% increase or decrease from the \$4.37/lb provisional price used on June 30, 2021 would result in a \$6.6 million change in revenue in Q3-2021 in respect of Q2-2021 production.
- On June 30, 2021, the Company held cash and cash equivalents of \$48.9 million (December 31, 2020: \$14.1 million), restricted cash of \$4.2 million (December 31, 2020: \$nil) and had working capital of \$17.8 million (December 31, 2020: working capital deficiency of \$6.1 million).
- On June 30, 2021, MVC completed a restructuring of its debt facilities. MVC's bank debt net of transaction costs at quarter end was \$33.8 million (December 31, 2020: \$46.5 million)

<sup>2</sup> This is a non-GAAP financial measure. Refer to "Alternative Performance Measures" at the end of this press release.

#### Summary Consolidated Statements of Financial Position

	June 30, 2021	December 31, 2020
	\$ thousands	\$ thousands
Cash and cash equivalents	48,909	14,085
Restricted cash	4,200	-
Property plant and equipment	178,473	184,805
Other assets	26,477	38,685
Total assets	258,059	237,575
Total liabilities	125,534	126,893
Shareholders' equity	132,525	110,682

Total liabilities and shareholders' equity	258,059	237,575
Summary Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)		
	Q2-2021	Q2-2020
	\$ thousands	\$ thousands
Revenue	50,503	26,046
Tolling and production costs	(31,376)	(26,441)
Other expenses	(1,060)	(2,916)
Finance expense	(2,136)	(904)
Income tax (expense) recovery	(4,345)	613
Net income (loss)	11,586	(3,602)
Other comprehensive (loss) income	(69)	544
Comprehensive income (loss)	11,517	(3,058)
Earnings (loss) per share - basic & diluted	0.06	(0.02)
Summary Consolidated Statements of Cash Flows		
	Q2-2021	Q2-2020
	\$ thousands	\$ thousands
Cash flows from operating activities	17,067	2,785
Changes in non-cash working capital	4,835	(1,653)
Net cash from operating activities	21,902	1,132
Net cash received used in investing activities	(839)	(810)
Net cash used in financing activities	(10,574)	(403)
Net increase (decrease) in cash	10,489	(81)
Effect of foreign exchange rates on cash	(223)	(2)
Cash and cash equivalents, beginning of period	38,643	572
Cash and cash equivalents, end of period	48,909	489

#### Earnings Call on August 12, 2021

Amerigo's quarterly earnings call will take place on Thursday, August 12, 2021, at 11:00 am Pacific Time/2:00 pm Eastern Time.

To join the call, please dial 1-888-664-6392 (Toll-Free North America) and enter confirmation number 17812350 to participate in the Amerigo Resources conference call.

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

#### 121 Mining Investment Online Americas

Amerigo will be participating in the upcoming 121 Mining Investment Online Americas conference from October 13 to 15, 2021. CEO Aurora Davidson will be available for one-on-one meetings with investors for the duration of the event. The 121 Mining Investment conference connects senior investors from institutional funds, private equity groups, family offices and sector analysts that are based in Canada and USA, through one-on-one investor meetings hosted virtually.

#### 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 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; Fax: (604) 682-2802; Web: [www.amerigoresources.com](http://www.amerigoresources.com); Listing: ARG:TSX.

The information and data contained in this news release should be read in conjunction with Amerigo's Condensed Interim Consolidated Financial Statements (unaudited) and MD&A for the three and six months ended June 30, 2021 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2020, available at the Company's website at [www.amerigoresources.com](http://www.amerigoresources.com) and at [www.sedar.com](http://www.sedar.com).

For further information, please contact:

Aurora Davidson	Graham Farrell
President and CEO	Investor Relations
(604) 697 6207	(416) 842-9003
<a href="mailto:ad@amerigoresources.com">ad@amerigoresources.com</a>	<a href="mailto:Graham.Farrell@HarborAccessLLC.com">Graham.Farrell@HarborAccessLLC.com</a>

#### Alternative Performance Measures

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this news release because they provide key performance measures used by management to monitor performance, assess corporate performance, and to plan and assess the overall effectiveness and efficiency of Amerigo's operations. These performance measures do not have any standardized meaning within IFRS and, therefore, amounts presented may not be comparable to similar measures presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

#### 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;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- prices and price volatility for copper 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 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 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 deposits; risks with respect to the ability of the Company to draw down funds from bank facilities and lines of credit and 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; 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 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 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.

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