

Amerigo Reports Strong Q3-2021 Financial Results

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Q3-2021 net income of \$8.4 million, earnings per share of \$0.05 (Cdn\$0.06)

EBITDA¹ of \$18.5 million, quarterly operating cash flow before changes in non-cash working capital¹ of \$14.1 million.

VANCOUVER, British Columbia, Nov. 03, 2021 -- [Amerigo Resources Ltd.](#) (TSX: ARG; ARREF: OTC) ("Amerigo" or the "Company") is pleased to announce financial results for the quarter ended September 30, 2021 ("Q3-2021"). Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Amerigo posted net income of \$8.4 million, earnings per share ("EPS") of \$0.05 (Cdn\$0.06), EBITDA¹ of \$18.5 million and quarterly operating cash flow before changes in non-cash working capital¹ of \$14.1 million.

"Amerigo had strong operations, with solid financial results and accomplished planned annual maintenance during the shortened quarter. During the quarter, we also announced a substantial issuer bid to provide the mechanism to orderly retire up to Cdn\$25 million in the share capital of the Company and Amerigo has reinstated dividends, which will now be paid on a quarterly basis", said Aurora Davidson, Amerigo's President and CEO. "We anticipate providing 2022 guidance to the market in conjunction with the release of the Q4-2021 production results at early in January 2022."

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 nine months ended September 30, 2021, available at the Company's website at www.amerigoresources.com and at www.sedar.com.

	30-Sep-21	31-Dec-20	Q3-2021	Q3-2020
Revenue (\$ millions)			48.1	37.6
Net income (\$ millions)			8.4	5.4
EPS (LPS) (\$)			0.05	0.03
EPS (LPS) (Cdn\$)			0.06	0.04
EBITDA ¹ (\$ millions)			18.5	13.3
Operating cash flow before changes in non-cash working capital ¹ (\$ millions)			14.1	10.7
Cash (\$ millions)	64.9	14.1		
Restricted cash (\$ millions)	6.4	-		
Bank debt (\$ millions)	34.2	46.5		

Highlights and Significant Items

- Q3-2021 net income increased to \$8.4 million (Q3-2020: \$5.4 million) due to higher production and higher metal prices.
- Q3-2021 EPS was \$0.05 (Cdn\$0.06) (Q3-2020: \$0.03 (Cdn\$0.04)).
- The Company generated operating cash flow before changes in non-cash working capital¹ of \$14.1 million in Q3-2021 (Q3-2020: \$10.7 million). Quarterly net operating cash flow was \$25.4 million (Q3-2020: \$15.4 million).

- Q3-2021 production was 16.0 million pounds of copper (Q3-2020: 14.7 million pounds) including 7.4 million pounds from Cauquenes (Q3-2020: 8.0 million pounds) and 8.6 million pounds from fresh tailings (Q3-2020: 6.7 million pounds).
- Molybdenum production in Q3-2021 was 0.3 million pounds (Q3-2020: 0.4 million pounds).
- Q3-2021 cash cost¹ decreased 10% to \$1.62 per pound ("lb") (Q3-2020: \$1.80/lb).
- In Q3-2021, the Company's average quarterly copper price was \$4.23/lb, 39% higher than the Q3-2020 average quarterly copper price of \$3.04/lb. The Company's average quarterly molybdenum price was \$18.19/lb, 147% higher than the Q3-2020 average quarterly price of \$7.37/lb.
- Revenue during Q3-2021 was \$48.1 million (Q3-2020: \$37.6 million), including copper tolling revenue of \$42.5 million (Q3-2020: \$35.5 million) and molybdenum revenue of \$5.6 million (Q3-2020: \$2.1 million).
- Copper tolling revenue is calculated from the Company's gross value of copper produced during Q3-2021 of \$72.0 million (Q3-2020: \$44.3 million) and negative fair value adjustments to settlement receivables of \$2.9 million (Q3-2020: positive fair value adjustments of \$5.9 million), less notional items including royalties to Codelco's El Teniente division of \$20.6 million (Q3-2020: \$9.8 million), smelting and refining of \$5.5 million (Q3-2020: \$4.4 million) and transportation of \$0.5 million (Q3-2020: \$0.5 million). The Q3-2021 settlement adjustments included \$2.4 million in negative settlement adjustments in respect of Q2-2021 production, which are final adjustments.
- Amerigo's financial performance is very sensitive to changes in copper prices. The Company's Q3-2021 provisional copper price was \$4.23/lb, and final prices for July, August, and September sales will be the average London Metal Exchange prices for October, November, and December, respectively. A 10% increase or decrease from the \$4.23/lb provisional price used on September 30, 2021 would result in a \$7.2 million change in revenue in Q4-2021 in respect of Q3-2021 production.
- On September 28, 2021, Amerigo commenced a substantial issuer bid to purchase for cancellation from Amerigo shareholders who choose to participate up to Cdn\$25 million in value of its common shares. The issuer bid expires on November 12, 2021.
- On September 30, 2021, the Company held cash and cash equivalents of \$64.9 million (December 31, 2020: \$14.1 million), restricted cash of \$6.4 million (December 31, 2020: \$nil) and had working capital of \$21.6 million (December 31, 2020: working capital deficiency of \$6.1 million).
- Amerigo's Board of Directors (the "Board") has reached a decision to declare and pay steady dividends on a quarterly basis. Dividends will be declared at the discretion of the Board and will depend on the Company's financial results, other factors of relevance determined by the Board and the maintenance of appropriate levels of working capital.
- On November 1, 2021, the Board declared a quarterly dividend of Cdn\$0.02 per share, payable on December 20, 2021 to shareholders of record as of November 30, 2021. 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 the September 30, 2021 share closing price of Cdn\$1.26, this would represent an annual dividend yield of 6.35%.

Summary Consolidated Statements of Financial Position

	September 30, December 31,	
	2021	2020
	\$ thousands	\$ thousands
Cash and cash equivalents	64,945	14,085
Restricted cash	6,441	-
Property plant and equipment	182,030	184,805
Other assets	17,247	38,685
Total assets	270,663	237,575
Total liabilities	129,479	126,893
Shareholders' equity	141,184	110,682
Total liabilities and shareholders' equity	270,663	237,575

Summary Consolidated Statements of Income and Comprehensive Income

	Q3-2021	Q3-2020
	\$ thousands	\$ thousands
Revenue	48,132	37,555
Tolling and production costs	(33,940)	(28,572)
Other expenses	(1,546)	(922)
Finance expense	(1,102)	(784)
Income tax expense	(3,124)	(1,889)
Net income	8,420	5,388
Other comprehensive income	55	444
Comprehensive income	8,475	5,832
Earnings per share - basic & diluted	0.05	0.03

Summary Consolidated Statements of Cash Flows

	Q3-2021	Q3-2020
	\$ thousands	\$ thousands
Cash flows from operating activities	14,067	10,738
Changes in non-cash working capital	11,315	4,646
Net cash from operating activities	25,382	15,384
Net cash used in investing activities	(6,022)	(540)
Net cash used in financing activities	(2,156)	(5,030)
Net increase in cash	17,204	9,814
Effect of foreign exchange rates on cash	(1,168)	168
Cash and cash equivalents, beginning of period	48,909	489
Cash and cash equivalents, end of period	64,945	10,471

Investor conference call on November 4, 2021

Amerigo's quarterly investor conference call will take place on Thursday, November 4, 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 79182997.

Energy and Mines Virtual World Congress

Amerigo will be participating in the Energy and Mines Virtual World Congress that is taking place on November 9 and 10, 2021. CEO Aurora Davidson will be participating on the Keynote Panel Identifying Pathways to Net-Zero Mining on November 9th at 8:30 a.m. EST.

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; Fax: (604) 682-2802; Web: 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 nine months ended September 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 and at www.sedar.com.

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¹ Non-IFRS Measures

This news release includes three non-IFRS measures: EBITDA (i), quarterly operating cash flow before changes in non-cash working capital (ii) and cash cost (iii).

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

(Expressed in thousands)	Q3-2021	Q3-2020
	\$	\$
Gross profit	14,192	8,983
Add:		
Depreciation and amortization	4,325	4,270
EBITDA	18,517	13,253

(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 (used in) operating activities.

(Expressed in thousands)	Q3-2021	Q3-2020
	\$	\$
Net cash provided by operating activities	25,382	15,384
Add (deduct):		
Changes in non-cash working capital	(11,315)	(4,646)
Operating cash flow before non-cash working capital	14,067	10,738

(iii) 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)	Q3-2021	Q3-2020
	\$	\$
Tolling and production costs	33,940	28,572
Add (deduct):		
DET notional royalties - copper	20,594	9,839
Smelting and refining	5,499	4,480
Transportation costs	520	478
Inventory adjustments	(3,101)	(461)
By-product credits	(5,611)	(2,109)
Total cost	51,841	40,799
Deduct:		
DET notional royalties - copper	(20,594)	(9,839)
DET royalties - molybdenum	(1,115)	(267)
	(21,709)	(10,106)
Depreciation and amortization	(4,325)	(4,270)
Cash cost	25,807	26,423

Pounds of copper tolled from fresh and old tailings	15.99	14.68
Cash cost (\$/lb)	1.62	1.80

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.

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, 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 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 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 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;
- 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.

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