

Amerigo Resources Ltd. Reports Record Revenue, Net Income and Cash Balances in 2021

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**2021 net income of \$39.8 million, earnings per share of \$0.22 (Cdn\$0.28)
Annual EBITDA¹ of \$90.1 million, annual operating cash flow before changes in non-cash working capital¹ of \$69.5 million
Dividend of Cdn\$0.03 per share payable on March 21, 2022**

VANCOUVER, Feb. 24, 2022 - [Amerigo Resources Ltd.](#) (TSX: ARG; ARREF:OTC) ("Amerigo" or the "Company") is pleased to announce financial results for the year and three months ("Q4-2021") ended December 31, 2021. Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Amerigo's annual financial results included net income of \$39.8 million, earnings per share ("EPS") of \$0.22 (Cdn\$ 0.28), EBITDA¹ of \$90.1 million and operating cash flow before changes in working capital¹ of \$69.5 million.

"Amerigo had a robust operational and financial performance in 2021, with record revenue of \$199.6 million, EBITDA¹ of \$90.1 million and net income of \$39.8 million, the highest net income ever recorded by the Company. We closed the year with record cash balances and a strong balance sheet", said Aurora Davidson, Amerigo's President and CEO.

"Importantly, we completed a debt refinancing in June 2021 that removed prior restrictions on the use of surplus cash and allowed Amerigo to re-establish dividends and initiate programs to repurchase shares for cancellation. Capital repatriation remains a key corporate goal, and we have provided guidance for another year of robust operational performance at our MVC operation in Chile", added Ms. Davidson.

Q4-2021 financial results included net income of \$8.9 million, EPS of \$0.05 (Cdn\$0.06), EBITDA¹ of \$24.9 million and operating cash flow before changes in working capital¹ of \$18.3 million.

On February 22, 2022, Amerigo's Board of Directors (the "Board") declared a quarterly dividend of Cdn\$0.03 per share, payable on March 21, 2022 to shareholders of record as of March 4, 2022. 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 December 31, 2021 share closing price of Cdn\$1.46, this would represent an annual dividend yield of 8.22%.

The Board will continue to declare dividends at a sustainable quarterly rate and, depending on a number of factors including but not limited to the Company's financial performance, the copper market outlook and the level of activity of the Company's share buyback programs, will pay an annual dividend at a higher rate such that the Company's cash levels are maintained in the range of \$20.0 to \$25.0 million.

This news release should be read in conjunction with Amerigo's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the years ended December 31, 2021 and 2020, available at the Company's website at www.amerigoresources.com and at www.sedar.com.

	Annual Annual			
	2021	2020	Q4-2021	Q4-2020
Revenue (\$ millions)	199.6	126.4	52.0	47.2
Net income (\$ millions)	39.8	6.1	8.9	8.3
EPS (\$)	0.22	0.03	0.05	0.05

EPS (Cdn)	0.28	0.05	0.06	0.06
EBITDA ¹ (\$ millions)	90.1	33.1	24.9	20.1
Operating cash flow before changes in working capital ¹ (\$ millions)	69.5	29.1	18.3	19.8
Cash (\$ millions)	59.8	14.1		
Restricted cash (\$ millions)	4.2	-		
Borrowings (\$ millions)	30.4	53.8		

Highlights and Significant Items

- 2021 net income increased to \$39.8 million (2020: \$6.1 million) due to higher copper production and higher metal prices. Annual EPS was \$0.22 (Cdn\$0.28) (2020: \$0.03; Cdn\$0.05)
- The Company generated \$69.5 million in annual operating cash flow before changes in non-cash working capital¹ (2020: \$29.1 million). Annual net operating cash flow was \$93.1 million (2020: \$19.8 million).
- 2021 production was 63.4 million pounds ("M lbs") of copper, 13% higher than 2020 production of 56.2 M lbs due to higher tonnage, grade and recoveries from fresh tailings and higher tonnage from Cauquenes.
- 2021 molybdenum production was 1.3 M lbs (2020: 1.4 M lbs) due to lower molybdenum content in fresh tailings.
- At December 31, 2021, MVC had water reserves of 5.8 million cubic meters, which are sufficient to meet the Company's 2022 production guidance of 61.9 M lbs of copper.
- 2021 cash cost¹ was \$1.75 per pound ("lb") (2020: \$1.76/lb).
- In 2021, the Company's average copper price was \$4.25/lb (2020: \$2.94/lb) and the Company's average molybdenum price was \$15.01/lb (2020: \$8.19/lb).
- Revenue in 2021 was \$199.6 million (2020: \$126.4 million), including copper tolling revenue of \$181.4 million (2020: \$116.3 million) and molybdenum revenue of \$18.1 million (2020: \$9.5 million).
- Copper tolling revenue is calculated from the Company's gross value of copper produced of \$269.4 million (2020: \$156.6 million) and fair value adjustments to settlement receivables of \$13.1 million (2020: \$11.6 million), less notional items including royalties to Codelco's El Teniente division of \$78.4 million (2020: \$33.5 million), smelting and refining of \$20.6 million (2020: \$16.7 million) and transportation of \$2.0 million (2020: \$1.8 million).
- Amerigo's financial performance is very sensitive to changes in copper prices. At December 31, 2021, the Company's provisional copper price was \$4.32/lb and final prices for October, November, and December 2021 sales will be the average London Metal Exchange prices for January, February and March 2022 respectively. A 10% increase or decrease from the \$4.32/lb provisional price would result in a \$7.2 million change in copper revenue in 2022 in respect of 2021 production.
- In response to its improved cash generating capacity and liquidity, in Q4-2021 the Company returned \$11.6 million to shareholders. \$8.8 million was returned from the purchase of 8.5 million common shares for cancellation (7.1 million shares repurchased through a Substantial Issuer Bid completed on November 12, 2021, and 1.4 million shares repurchased through an ongoing Normal Course Issuer Bid ("NCIB")). \$2.8 million was returned through Amerigo's Q4-2021 quarterly dividend of Cdn\$0.02 per share. In 2022, Amerigo may repurchase for cancellation a further 9.4 million shares under the NCIB. Amerigo is reporting the NCIB monthly activity progress monthly at <http://www.amerigoresources.com/investors/share-buybacks/>.
- In 2021, MVC made debt repayments of \$57.8 million (2020: \$9.4 million) and received funds of \$33.8 million from a replacement term loan. Borrowings at year end were \$30.4 million (December 31, 2020: \$53.8 million).
- On December 31, 2021, the Company held cash and cash equivalents of \$59.8 million (December 31, 2020: \$14.1 million), restricted cash of \$4.2 million (2020: \$nil) and had working capital of \$24.6 million (December 31, 2020: working capital deficiency of \$6.1 million).

Summary Consolidated Statements of Financial Position

	December 31, 2021	December 31, 2020
	\$ thousands	\$ thousands
Cash and cash equivalents	59,792	14,085
Restricted cash	4,221	-
Property plant and equipment	178,083	184,805
Other assets	27,249	38,685
Total assets	269,345	237,575
Total liabilities	130,552	126,893
Shareholders' equity	138,793	110,682
Total liabilities and shareholders' equity	269,345	237,575

Summary Consolidated Statements of Income and Comprehensive Income

	Year ended December 31,	
	2021	2020
	\$ thousands	\$ thousands
Revenue	199,551	126,427
Tolling and production costs	(127,463) (111,041
Other expenses	(7,820) (3,606
Finance expense	(3,769) (5,240
Income tax expense	(20,680) (476
Net income	39,819	6,064
Other comprehensive (loss) income	(604) 1,756
Comprehensive income	39,215	7,820
Earnings per share - basic & diluted	0.22	0.03

Summary Consolidated Statements of Cash Flows

	Year ended December 31,	
	2021	2020
	\$ thousands	\$ thousands
Cash flows from operating activities	69,453	29,148
Changes in non-cash working capital	23,672	(9,371
Net cash from operating activities	93,125	19,777
Net cash used in investing activities	(8,104) (2,720
Net cash used in financing activities	(36,821) (10,658
Net increase in cash	48,200	6,399
Effect of foreign exchange rates on cash	(2,493) 522
Cash and cash equivalents, beginning of year	14,085	7,164
Cash and cash equivalents, end of year	59,792	14,085

Investor Conference Call on February 28, 2022

Amerigo's quarterly investor conference call will take place on Monday, February 28, 2022 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time. To join the call, please dial 1-888-664-6392 (Toll-Free North America) and enter confirmation number 49146972.

OTCQX Best 50

Amerigo was included in the 2022 OTCQX Best 50, the OTCQX's ranking of the top performing OTCQX companies based on total return and growth in average daily dollar volume in 2021. The ranking spans over 500 companies of all sizes, industries, and geographic regions. Amerigo ranked as the 32nd best performance in the ranking.

About Amerigo and Minera Valle Central ("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; Web: www.amerigoresources.com; Listing: ARG:TSX.

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¹ Non-IFRS Measures

This news release includes three non-IFRS measures: EBITDA (i), 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)	2021	2020	Q4-2021	Q4-2020
	\$	\$	\$	\$
Gross profit	72,088	15,386	19,891	15,729
Add:				
Depreciation and amortization	18,014	17,694	4,992	4,350
EBITDA	90,102	33,080	24,883	20,079

(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)	2021	2020	Q4-2021	Q4-2020
	\$	\$	\$	\$
Net cash provided by operating activities	93,125	19,777	17,705	4,639
Add (deduct):				
Changes in non-cash working capital	(23,672)	9,371	574	15,118
Operating cash flow before non-cash working capital	69,453	29,148	18,279	19,757

(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)	2021	2020	Q4-2021	Q4-2020
	\$	\$	\$	\$
Tolling and production costs	127,463	111,041	32,118	31,459
Add (deduct):				
DET notional royalties - copper	78,374	33,536	21,606	12,355
Smelting and refining	20,631	16,665	5,426	4,905
Transportation costs	2,021	1,751	458	511
Inventory adjustments	(223)	(3,381)	570	(1,254)

By-product credits	(18,107)	(10,168)	(4,228)	(3,598)
Total cost	210,159	149,444	55,950	44,378
Deduct:				
DET notional royalties - copper	(78,374)	(33,536)	(21,606)	(12,355)
DET royalties - molybdenum	(3,159)	(1,345)	(896)	(506)
	(81,533)	(34,881)	(22,502)	(12,861)
Depreciation and amortization	(18,014)	(17,694)	(4,992)	(4,350)
Cash cost	110,612	96,869	28,456	27,167
Pounds of copper tolled from fresh and old tailings	63.4M	54.9M	16.9M	16.4M
Cash cost (\$/lb)	1.75	1.76	1.68	1.65

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 and operating costs;
- 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 2021 sustaining capital expenditures;
- the sufficiency of water reserves of Colihues to maintain projected Cauquenes tonnage processing in 2021 and future years;
- 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;
- the expected amount of MVC's annual free cash flow that will become available for distribution to Amerigo shareholders each year during the term of the Term Loan;
- our assessment of the probabilities of DET exercising its early exit options under the DET Agreement as remote;
- 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;
- 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 Amerigo's or MVC's staff will not contract COVID-19 or that Amerigo'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 MVC 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 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 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. You should also carefully consider the matters discussed under Risk Factors in Amerigo's Annual Information Form. The forward-looking statements contained herein speak only as of the date of the 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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