

# Amerigo Announces Q1-2023 Results & Quarterly Dividend

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Q1-2023 net income of \$9.1 million as Amerigo beats production and cash cost guidance

EBITDA<sup>1</sup> of \$18.5 million, cash balance grows to \$43.9 million

Quarterly dividend of Cdn\$0.03 per share declared, representing a 7.36% yield<sup>2</sup>

VANCOUVER, British Columbia, May 03, 2023 -- [Amerigo Resources Ltd.](#) (TSX: ARG; OTCQX: ARREF) ("Amerigo" or the "Company") is pleased to announce financial results for the three months ended March 31, 2023 ("Q1-2023").

Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Amerigo's quarterly financial results included net income of \$9.1 million, earnings per share ("EPS") of \$0.05 (Cdn\$0.07), EBITDA<sup>1</sup> of \$18.5 million, and free cash flow to equity<sup>1</sup> of \$8.6 million. Q1-2023 financial results included \$3.4 million in positive settlement adjustments to copper revenue, of which \$3.8 million were final adjustments.

"We are pleased to report strong financial results for the first quarter of 2023," said Aurora Davidson, Amerigo's President and CEO. "As previously announced, quarterly copper and molybdenum production exceeded guidance, and Amerigo's cash cost was 11% lower than expected due to strong molybdenum by-product credits."

"During Q1-2023, copper prices continued to stabilize at \$4 per pound, and Amerigo recorded its second consecutive quarter of positive price settlement adjustments. In this operating and copper price environment, Amerigo continued to deliver robust financial performance and cash flow metrics," Ms. Davidson added.

"These results have generated the declaration of our seventh consecutive quarterly dividend and supported Amerigo's current share buyback program, with another 1.6 million common shares purchased for cancellation during the quarter. While we wait to see once again the even higher copper price levels reached in early 2022, we are already returning capital to shareholders at a prodigious rate."

In Q1-2023, Amerigo returned \$5.5 million to shareholders and paid \$4.4 million for capital expenditures. Cash and restricted cash on March 31, 2023 were \$50.3 million, compared to starting 2023 cash and restricted cash of \$42.0 million.

On May 1, 2023, Amerigo's Board of Directors declared a quarterly dividend of Cdn\$0.03 per share, payable on June 20, 2023, to shareholders of record as of May 30, 2023<sup>3</sup>. 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 Amerigo's March 31, 2023, share closing price of Cdn\$1.63, this represents an annual dividend yield of 7.36%<sup>2</sup>.

This news release should be read in conjunction with Amerigo's interim consolidated financial statements and Management's Discussion and Analysis ("MD&A") for Q1-2023, available on the Company's website at [www.amerigoresources.com](http://www.amerigoresources.com) and at [www.sedar.com](http://www.sedar.com).

	31-Mar-23	31-Dec-22	Q1-2023	Q1-2022
MVC's copper price (\$/lb) <sup>4</sup>			4.01	4.64
Revenue (\$ millions)			52.6	53.8
Net income (\$ millions)			9.1	15.5
EPS (\$)			0.05	0.09
EPS (Cdn)			0.07	0.11
EBITDA <sup>1</sup> (\$ millions)			18.5	26.4
Operating cash flow before changes in non-cash working capital <sup>1</sup> (\$ millions)			13.2	20.6
FCFE <sup>1</sup> (\$ millions)			8.6	17.9
Cash (\$ millions)	43.9	37.8		
Restricted cash (\$ millions)	6.4	4.2		
Borrowings (\$ millions)	24.3	23.7		
Share outstanding at end of period (millions)	165.5	166.0		

### Highlights and Significant Items

- Lower copper market prices in Q1-2023 affected Amerigo's financial performance compared to Q1-2022. The Company's Q1-2023 average copper price was \$4.02 per pound ("lb") compared to \$4.64/lb in Q1-2022, resulting in lower copper revenue before notional charges of \$9.2 million.
- Net income during Q1-2023 was \$9.1 million, a reduction of \$6.4 million compared to the net income in Q1-2022 of \$15.5 million due to lower copper revenue and higher production costs.
- EPS during Q1-2023 was \$0.05 (Cdn\$0.07) (Q1-2022: \$0.09 (Cdn\$0.11)).
- Q1-2023 copper production was 16.5 million pounds ("M lbs") (Q1-2022: 16.5 M lbs), including 10.1 M lbs from fresh tailings (Q1-2022: 9.6 M lbs) and 6.4 M lbs from Cauquenes historical tailings (Q1-2022: 6.9 M lbs).
- Molybdenum production during Q1-2023 was 0.3 million pounds (Q1-2022: 0.2 million pounds). MVC's molybdenum price increased to \$31.73/lb (Q1-2022: \$18.33/lb), resulting in a Q1-2023 molybdenum revenue of \$8.0 million (Q1-2022: \$3.4 million).
- Copper tolling revenue is calculated from the gross value of copper produced in Q1-2023 of \$66.8 million (Q1-2022: \$73.8 million) and positive fair value adjustments to settlement receivables of \$3.4 million (Q1-2022: \$5.6 million), less notional items including DET royalties of \$18.4 million (Q1-2022: \$22.3 million), smelting and refining of \$6.7 million (Q1-2022: \$6.3 million) and transportation of \$0.5 million (Q1-2022: \$0.5 million).
- The Company generated operating cash flow before changes in non-cash working capital<sup>1</sup> of \$13.2 million in Q1-2023 (Q1-2022: \$20.6 million). Quarterly net operating cash flow was \$18.2 million (Q1-2022: \$23.5 million). Free cash flow to equity<sup>1</sup> was \$8.6 million (Q1-2022: \$17.9 million).
- Q1-2023 cash cost<sup>1</sup> was \$1.91/lb (Q1-2022: \$1.90/lb), unchanged from Q1-2022, impacted by an increase of \$0.19/lb in other direct costs and an increase in power costs of \$0.09/lb, mitigated by a \$0.28/lb increase in molybdenum by-product credits from stronger molybdenum production and prices.
- Amerigo's financial performance is sensitive to changes in copper prices. MVC's Q1-2023 provisional copper price was \$4.01/lb. The final prices for January, February, and March sales will be the average London Metal Exchange prices for April, May, and June, respectively. A 10% increase or decrease from the \$4.01/lb provisional price used on March 31, 2023, would result in a \$6.6 million change in revenue in Q2-2023 regarding Q1-2023 production.
- During Q1-2023, Amerigo returned \$5.5 million to shareholders (Q1-2022: \$7.6 million), including \$3.6 million through Amerigo's regular quarterly dividend of Cdn\$0.03 per share, and \$1.9 million used to purchase for cancellation 1.6 million common shares (Q1-2022: \$3.4 million used to repurchase 2.4 million common shares).
- On March 31, 2023, the Company held cash and cash equivalents of \$43.9 million (December 31, 2022: \$37.8 million), a restricted cash balance of \$6.4 million (December 31, 2022: \$4.2 million) and had working capital of \$12.6 million (December 31, 2022: \$10.0 million).

## Investor Conference Call on May 4, 2023

Amerigo's quarterly investor conference call will occur on Thursday, May 4, 2023, at 11:00 am Pacific Daylight Time/2:00 pm Eastern Daylight Time.

Participants can join by visiting <https://emportal.ink/3IS4o0U> 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 enter confirmation number 13362748.

## 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; Web: [www.amerigoresources.com](http://www.amerigoresources.com); ARG:TSX; OTCQX: ARREF

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<sup>1</sup> This is a non-IFRS measure. See "Non-IFRS Measures" for further information.

## Summary Consolidated Statements of Financial Position

	March 31, 2023	December 31, 2022
	\$ thousands	\$ thousands
Cash and cash equivalents	43,923	37,821
Restricted cash	6,360	4,215
Property plant and equipment	158,050	158,591
Other assets	23,729	30,552
Total assets	232,062	231,179
Total liabilities	109,550	112,476
Shareholders' equity	122,512	118,703
Total liabilities and shareholders' equity	232,062	231,179

## Summary Consolidated Statements of Income and Comprehensive Income

	Three months ended March 31,	
	2023	2022
	\$ thousands	\$ thousands
Revenue	52,648	53,765
Tolling and production costs	(39,170	) (32,339

Other expenses	(36	) (414	)
Finance (expense) gains	(827	) 114	
Income tax expense	(3,530	) (5,637	)
Net income	9,085	15,489	
Other comprehensive loss	(163	) (137	)
Comprehensive income	8,922	15,352	
Earnings per share - basic & diluted	0.05	0.09	

## Summary Consolidated Statements of Cash Flows

	Three months ended March 31,		
	2023	2022	
	\$ thousands	\$ thousands	
Cash flows from operating activities	13,192	20,609	
Changes in non-cash working capital	5,008	2,927	
Net cash from operating activities	18,200	23,536	
Net cash used in investing activities	(4,383	) (2,419	)
Net cash used in financing activities	(7,717	) (9,917	)
Net increase in cash	6,100	11,200	
Effect of foreign exchange rates on cash	2	103	
Cash and cash equivalents, beginning of period	37,821	59,792	
Cash and cash equivalents, end of period	43,923	71,095	

<sup>1</sup> Non-IFRS Measures

This news release includes five non-IFRS measures: (i) EBITDA, (ii) operating cash flow before changes in non-cash working capital, (iii) free cash flow to equity ("FCFE"), (iv) free cash flow ("FCF") and (v) cash cost.

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.

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

(Expressed in thousands)	Q1-2023	Q1-2022
	\$	\$
Gross Profit	13,478	21,426
Add		
Depreciation and amortization	4,986	4,924
EBITDA	18,464	26,350

(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)	Q1-2023	Q1-2022	
	\$	\$	
Net cash provided by operating activities	18,200	23,536	
Deduct:			
Changes in non-cash working capital	(5,008	) (2,927	)

Operating cash flow before non-cash working capital 13,192 20,609

(iii) Free cash flow to equity ("FCFE") refers to operating cash flow before changes in non-cash working capital, less capital expenditures plus new debt issued less debt and lease repayments. FCFE represents the amount of cash generated by the Company in a reporting period that can be used to pay for the following:

- a) potential distributions to the Company's shareholders, and
- b) any additional taxes triggered by the repatriation of funds from Chile to Canada to fund these distributions.

Free cash flow ("FCF") refers to FCFE plus repayments of borrowings and lease repayments.

(Expressed in thousands)	Q1-2023	Q1-2022
	\$	\$
Operating cash flow before changes in non-cash working capital	13,192	20,609
Deduct:		
Cash used to purchase plant and equipment	(4,383 )	(2,419 )
Lease repayments	(188 )	(283 )
Free cash flow to equity	8,621	17,907
Add:		
Lease repayments	188	283
Free cash flow	8,809	18,190

(iv) 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 by the number of pounds of copper produced.

(Expressed in thousands)	Q1-2023	Q1-2022
	\$	\$
Tolling and production costs	39,170	32,339
Add (deduct):		
Smelting and refining charges	6,661	6,274
Transportation costs	464	466
Inventory adjustments	166	1,183
By-product credits	(8,039 )	(3,386 )
Depreciation and amortization	(4,986 )	(4,924 )
DET royalties - molybdenum	(1,806 )	(678 )
Cash cost	31,630	31,274
Pounds of copper tolled (fresh and Cauquenes)	16.52	16.47
Cash cost (\$/lb)	1.91	1.90

## <sup>2</sup> Dividend yield

The disclosed annual yield of 7.36% is based on four quarterly dividends of Cdn\$0.03 per share each, divided over Amerigo's March 31, 2023, closing share price of Cdn\$1.63.

## <sup>3</sup> Dividend dates

A dividend of Cdn\$0.03 per share will be paid on June 20, 2023, to shareholders of record as of May 30, 2023. Accordingly, the ex-dividend date will be May 29, 2023. Shareholders purchasing Amerigo shares on the ex-dividend date or after will not receive this dividend, as it will be paid to selling shareholders. Shareholders purchasing Amerigo shares before the ex-dividend date will receive the dividend.

#### 4 MVC's copper price

MVC's copper price is the average notional copper price for the period before smelting and refining, DET notional copper royalties, transportation costs and excluding settlement adjustments to prior period sales.

MVC's pricing terms are based on the average LME copper price of the third month following the delivery of copper concentrates produced under the DET tolling agreement ("M+3"). This means that when final copper prices are not yet known, they are provisionally marked-to-market at the end of each month based on the progression of the LME-published average monthly M and M+3 prices. Provisional prices are adjusted monthly using this consistent methodology until they are settled.

Q4-2022 copper deliveries were marked-to-market on December 31, 2022, at \$3.80/lb and were settled in Q1-2023 as follows:

- October 2022 sales settled at the January 2023 LME average price of \$4.08/lb
- November 2022 sales settled at the February 2023 LME average price of \$4.06/lb
- December 2022 sales settled at the March 2023 LME average price of \$4.01/lb

Q1-2023 copper deliveries were marked-to-market on March 31, 2023, at \$4.01/lb and will be settled at the LME average prices for April (\$4.00/lb), May and June 2023.

#### Cautionary Note Regarding Forward-Looking Information

This news release contains certain forward-looking information and statements defined in applicable securities laws (collectively called "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 and operating costs;
- 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 a period of at least 18 months;
- prices and price volatility for copper, molybdenum and other commodities and 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 financial condition and our expected ability to redeploy other tools of our capital return 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;
- 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, including the potential deployment of performance dividends in 2023; 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, 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; 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 will likely differ materially from those expressed or implied by the forward-looking statements 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 significantly 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.

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, and expressed in 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 publicly or otherwise revise any forward-looking statements or the preceding list of factors, whether due to new information or future events.

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