

Amerigo Announces Q2-2024 Results & Quarterly Dividend

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Q2-2024 Net Income of \$9.8 million

Quarterly EBITDA¹ of \$22.3 million - Free Cash Flow to Equity¹ of \$6.7 million

12th Quarterly Dividend of Cdn\$0.03 per share declared, representing a 10.3% yield³

Previously declared Cdn\$0.04 Performance Dividend triggered by Q2-2024 financial strength

VANCOUVER, British Columbia, July 31, 2024 -- [Amerigo Resources Ltd.](#) (TSX: ARG; OTCQX: ARREF) ("Amerigo" or the "Company") is pleased to announce financial results for the three months ended June 30, 2024 ("Q2-2024"). Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Amerigo's Q2-2024 financial results included net income of \$9.8 million, earnings per share ("EPS") of \$0.06, EBITDA¹ of \$22.3 million and free cash flow to equity¹ of \$6.7 million. In Q2-2024, Amerigo returned \$3.6 million to shareholders. Subsequent to quarter-end, on July 8, 2024, Amerigo declared its first performance dividend of Cdn\$0.04.

"We are pleased to report strong financial performance this quarter. A significant strengthening of copper prices and firm cost management contributed to strong earnings, EBITDA and free cash flow to equity," said Aurora Davidson, Amerigo's President and CEO. "With our annual maintenance shutdown now completed and the impact of the previously reported rain-induced production loss absorbed, our 2024 production guidance is intact."

"Amerigo's Capital Return Strategy² has been fully deployed with regular quarterly dividends, share buybacks, and performance dividends. At current copper prices, equivalent to those we received last quarter, we continue to generate significant amounts of capital to return to shareholders."

"The strength of Amerigo's business plan is now on full display. Shareholders have received the declaration of our initial performance dividend very well and are benefitting from the prompt transfer of copper price strength to their pockets. Our initial performance dividend will be paid in addition to our twelfth quarterly dividend of Cdn\$0.03, announced today. Despite the present short-term price correction, we anticipate continued strength in copper prices and look forward to returning capital as quickly as possible to shareholders," she added.

On July 29, 2024, Amerigo's Board of Directors declared its twelfth quarterly dividend. The dividend will be in the amount of Cdn\$0.03 per share, payable on September 20, 2024, to shareholders of record as of August 30, 2024⁴. 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 June 30, 2024, share closing price of Cdn\$1.55, the Cdn\$0.03 quarterly dividends, and the Performance Dividend of Cdn\$0.04 per share declared on July 8, 2024, represents an annual dividend yield of 10.3%³.

This news release should be read with Amerigo's interim consolidated financial statements and Management's Discussion and Analysis ("MD&A") for Q2-2024, available on the Company's website at www.amerigoresources.com and on the SEDAR+ website at www.sedarplus.ca.

Q2-2024 Q2-2023

MVC's copper price (\$/lb) ⁴	4.39	3.80
Revenue (\$ millions)	51.6	32.0
Net income (loss) (\$ millions)	9.8	(3.8)
EPS (LPS) (\$)	0.06	(0.02)
EPS (LPS) (Cdn)	0.08	(0.03)
EBITDA ¹ (\$ millions)	22.3	1.7
Operating cash flow before changes in non-cash working capital ¹ (\$ millions)	14.3	(2.3)
FCFE ¹ (\$ millions)	6.7	(12.8)
	June 30, 2024	Dec. 31, 2023
Cash (\$ millions)	28.7	16.2
Restricted cash (\$ millions)	4.2	6.3
Borrowings (\$ millions)	14.4	20.7
Shares outstanding at end of period (millions)	166.0	164.8

Highlights and Significant Items

- Q2-2024 showed a strong financial performance under an increased MVC average copper price of \$4.39 per pound ("lb") (Q2-2023: \$3.80/lb), which combined with a copper production of 14.0 million pounds ("M lbs") (Q2-2023: 13.6 M lbs) and lower tolling and production costs of \$35.1 million (Q2-2023: \$35.3 million), translated into net income of \$9.8 million (Q2-2023: net loss of \$3.8 million).
- EPS in Q2-2024 was \$0.06 (Cdn\$0.08), compared to a loss per share ("LPS") of \$0.02 (Cdn\$0.03) in Q2-2023.
- The Company generated operating cash flow before changes in non-cash working capital¹ of \$14.3 million in Q2-2024 (Q2-2023: operating cash used of \$2.3 million). Quarterly net operating cash flow was \$23.8 million (Q2-2023: \$0.5 million). Free cash flow to equity¹ was \$6.7 million in Q2-2024 (Q2-2023: negative free cash flow to equity¹ of \$12.8 million).
- Q2-2024 cash cost¹ was \$1.96/lb (Q2-2023: \$2.37/lb). The \$0.41/lb reduction in cash cost was caused predominantly by a \$0.25/lb increase in molybdenum by-product credits, a \$0.07/lb decrease in other direct costs and \$0.05/lb lower power costs.
- The Company's liquidity was substantially strengthened during the quarter. On June 30, 2024, the Company's cash and cash equivalents increased to \$28.7 million (December 31, 2023: \$16.2 million), the Company's working capital deficiency (current assets less current liabilities) was reduced to \$1.5 million (December 31, 2023: working capital deficiency of \$12.3 million) and borrowings were reduced to \$14.4 million (December 31, 2023: \$20.7 million). The Company also held a restricted cash balance of \$4.2 million (December 31, 2023: \$6.3 million).
- In Q2-2024, Amerigo returned \$3.6 million to shareholders through Amerigo's regular quarterly dividend of Cdn\$0.03 per share (Q2-2023: \$3.7 million). In Q2-2023, \$0.8 million was used to repurchase 0.7 million common shares through a Normal Course Issuer Bid.
- The Company's financial performance is sensitive to changes in copper prices. MVC's Q2-2024 provisional copper price was \$4.41/lb. The final prices for April, May and June 2024 sales will be the average London Metal Exchange ("LME") prices for July, August and September 2024, respectively. A 10% increase or decrease from the \$4.41/lb provisional price used on June 30, 2024, would result in a \$6.3 million change in revenue in Q3-2024 regarding Q2-2024 production.

Investor Conference Call on August 1, 2024

Amerigo's quarterly investor conference call will occur on Thursday, August 1, 2024, at 11:00 a.m. Pacific Daylight Time/2:00 p.m. Eastern Daylight Time.

Participants can join by visiting <https://emportal.ink/3VNPCys> 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 state they wish to participate in the Amerigo Resources Q2-2024 Earnings Call.

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; ARG:TSX; OTCQX: ARREF.

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Summary Consolidated Statements of Financial Position

	June 30, 2024	December 31, 2023
	\$ thousands	\$ thousands
Cash and cash equivalents	28,736	16,248
Restricted cash	4,198	6,282
Property plant and equipment	150,161	156,002
Other assets	22,093	21,027
Total assets	205,188	199,559
Total liabilities	93,071	94,706
Shareholders' equity	112,117	104,853
Total liabilities and shareholders' equity	205,188	199,559

Summary Consolidated Statements of Income and Comprehensive Income

	Three months ended June 30, 2024	2023
	\$ thousands	\$ thousands
Revenue	51,602	32,036
Tolling and production costs	(35,109)	(35,341)
Other (gains) expenses	(797)	32
Finance expense	(353)	(359)
Income tax expense	(5,576)	(161)
Net income (loss)	9,767	(3,793)
Other comprehensive income (loss)	42	(915)
Comprehensive income (loss)	9,809	(4,708)
Earnings (loss) per share - basic & diluted	0.06	(0.02)

Summary Consolidated Statements of Cash Flows

	Three months ended June 30, 2024	2023
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	\$ thousands	\$ thousands
Cash flow from (used in) operating activities	14,315	(2,303)
Changes in non-cash working capital	9,490	2,807
Net cash from operating activities	23,805	504
Net cash used in investing activities	(3,384)	(4,791)
Net cash used in financing activities	(6,001)	(8,041)
Net increase (decrease) in cash and cash equivalents	14,420	(12,328)
Effect of foreign exchange rates on cash	515	80
Cash and cash equivalents, beginning of period	13,801	43,923
Cash and cash equivalents, end of period	28,736	31,675

¹ 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 International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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 Accounting Standards.

(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)	Q2-2024	Q2-2023
	\$	\$
Gross profit (loss)	16,493	(3,305)
Add:		
Depreciation and amortization	5,821	5,028
EBITDA	22,314	1,723

(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)	Q2-2024	Q2-2023
	\$	\$
Net cash provided by operating activities	23,805	504
Deduct:		
Changes in non-cash working capital	(9,490)	(2,807)
Operating cash flow before non-cash working capital	14,315	(2,303)

(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)	Q2-2024	Q2-2023
	\$	\$
Operating cash flow before changes in non-cash working capital	14,315	(2,303)
Deduct:		
Cash used to purchase plant and equipment	(3,384)	(4,791)
Repayment of borrowings, net of new debt issue	(4,244)	(4,059)
Lease repayments	-	(1,674)
Free cash flow to equity	6,687	(12,827)
Add:		
Repayment of borrowings, net of new debt issued	4,244	4,059
Lease repayments	-	1,674
Free cash flow	10,931	(7,094)

(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)	Q2-2024	Q2-2023
	\$	\$
Tolling and production costs	35,109	35,341
Add (deduct):		
Smelting and refining charges	5,791	5,697
Transportation costs	374	417
Inventory adjustments	(548)	(307)
By-product credits	(6,399)	(2,859)
Depreciation and amortization	(5,821)	(5,028)
DET royalties - molybdenum	(1,056)	(1,007)
Cash cost	27,450	32,254
Copper tolled (M lbs)	13.98	13.63
Cash cost (\$/lb)	1.96	2.37

² Capital returned to shareholders

The table below summarizes the capital returned to shareholders since Amerigo's Capital Return Strategy was implemented in October 2021.

(Expressed in millions)		
	Shares repurchased	Dividends Paid Total
	\$	\$
2021	8.8	2.8
2022	12.3	15.8
2023	2.6	14.6
2024 -	7.3	7.3
	23.7	40.5
		64.2

³ Dividend yield

The disclosed annual yield of 10.3% is based on four quarterly dividends of Cdn\$0.03 per share each and the July 8, 2024, Performance Dividend of Cdn\$0.04, divided over Amerigo's June 30, 2024 closing share price of Cdn\$1.55.

⁴ Dividend dates

A dividend of Cdn\$0.03 per share will be paid on September 20, 2024, to shareholders of record as of August 30, 2024. Under the "T+1 settlement cycle", the Company's shares will commence trading on an

ex-dividend basis at the opening of trading on August 30, 2024. 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.

⁵ 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.

Q1-2024 copper deliveries were marked to market on March 31, 2024, at \$3.97/lb and were settled in Q2-2024 as follows:

- January 2024 sales settled at the April 2024 LME average price of \$4.30/lb
- February 2024 sales settled at the May 2024 LME average price of \$4.59/lb
- March 2024 sales settled at the June 2024 LME average price of \$4.37/lb

Q2-2024 copper deliveries were marked to market on June 30, 2024, at \$4.41/lb and will be settled at the LME average prices for July, August, and September 2024.

Cautionary Statement 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 historic tailings tonnage processing for 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;
- 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 security of the quarterly dividends and our Capital Return Strategy; 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 operation, 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 (including, but not limited, to heavy rains), 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; 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 ("DET") 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, as well as DET and its operations. DET'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 the Company's operations and have a material effect.

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 DET'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.

Climate change is a global issue that could pose challenges that could affect the Company's future operations. This could include more frequent and intense droughts followed by intense rainfall. In the last several years, Central Chile has had drought conditions and also rain episodes of significant magnitude. The Company's operations are sensitive to water availability and the reserves required to process projected historical tailings tonnage.

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

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