Amerigo Announces 2023 Results & Quarterly Dividend

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2023 net income of $3.4 million

Annual EBITDA[1] of $34.6 million - $17.2 million returned to shareholders[2] in 2023

Quarterly dividend of Cdn$0.03 per share declared, representing an 8.6% yield[3]

VANCOUVER, British Columbia, Feb. 21, 2024 -- Amerigo Resources Ltd. (TSX: ARG; OTCQX: ARREF) ("Amerigo" or the "Company") is pleased to announce financial results for the year and three months ("Q4-2023") ended December 31, 2023. Dollar amounts in this news release are in U.S. dollars unless indicated otherwise.

Amerigo's annual financial results included net income of $3.4 million, earnings per share ("EPS") of $0.02 and EBITDA[1] of $34.6 million. In 2023, Amerigo returned $17.2 million to shareholders despite lower copper production levels due to historically significant Chilean weather events and a higher-than-normal capital expenditure ("Capex") year.

"We are pleased to report our return to normal operations in the fourth quarter, generating a strong operational and financial quarterly close for 2023. With copper prices in the neighbourhood of $3.80 per pound during the fourth quarter, we generated strong quarterly free cash flow to equity[1] of $6.5 million, our ultimate financial performance measure," said Aurora Davidson, Amerigo's President and CEO.

"We have turned the page on the impact of 2023's historically significant weather events and a year of scheduled, higher-than-normal capital expenditures. Amerigo is again building cash that will be returned to shareholders, and we anticipate the further tightening of copper supply and demand fundamentals to result in stronger copper prices in 2024. Amerigo's Board of Directors declared another quarterly dividend of Cdn$0.03 per share, illustrating the continued prioritization of our strong capital return policy and reliability of our quarterly payout," she added.

Q4-2023 marked the return to normal operations and strong financial results for Amerigo. In the fourth quarter, the Company posted net income of $3.9 million (EPS of $0.02), erasing the cumulative losses posted in the first nine months of 2023. In Q4-2023, EBITDA[1] was $11.2 million, and free cash flow to equity [1] was $6.5 million.

On February 20, 2024, Amerigo's Board of Directors declared its tenth consecutive quarterly dividend. The dividend will be in the amount of Cdn$0.03 per share, payable on March 20, 2024, to shareholders of record as of March 6, 2024[4]. 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 December 29, 2023 share closing price of Cdn$1.39, this represents an annual dividend yield of 8.6%[3].

This news release should be read with Amerigo's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the years ended December 31, 2023 and 2022, available on the Company's website at www.amerigoresources.com and www.sedarplus.ca.

	2023	2022	Q4-2023	Q4-2022
MVC's copper price ($/lb)[5]	3.86	4.01	3.82	3.80
Revenue ($ millions)	157.5	168.1	42.4	49.8

Net income (loss) ($ millions)	3.4	4.4	3.9	(1.6	)
EPS (LPS) ($)	0.02	0.03	0.02	(0.01	)
EPS (LPS) (Cdn)	0.03	0.03	0.03	(0.01	)
EBITDA[1] ($ millions)	34.6	48.7	11.2	14.1	
Operating cash flow before changes in non-cash working capital[1] ($ millions)	22.3	34.9	8.8	15.6	
FCFE[1] ($ millions)	-	17.1	6.5	9.2	
At December 31,	2023	2022			
Cash ($ millions)	16.2	37.8			
Restricted cash ($ millions)	6.3	4.2			
Borrowings ($ millions)	20.7	23.7			
Shares outstanding at end of period (millions)	164.8	166.0			

Highlights and Significant Items

- In 2023, Amerigo's operations and financial performance were affected by heavy rains and flooding in Chile, negatively impacting copper production. Amerigo's 2023 copper production of 57.6 million pounds ("M lbs") was 10% lower than the 2022 production of 64.0 M lbs. The Company's average copper price in 2023 was also lower at $3.86 per pound ("/lb") compared to $4.01/lb in 2022.
- Notwithstanding the negative production impact, the Company posted 2023 net income of $3.4 million (2022: $4.4 million) and annual EPS of $0.02 (Cdn$0.03) (2022: $0.03 (Cdn$0.03)).
- The Company's revenue in 2023 was $157.5 million (2022: $168.1 million). Revenue was comprised of lower gross value of copper tolled on behalf of DET of $220.7 million (2022: $255.4 million) from lower copper production and copper prices, less notional items including DET royalties of $58.8 million (2022: $70.5 million), smelting and refining of $23.3 million (2022: $24.0 million) and transportation of $1.6 million (2022: $1.7 million), and positive fair value adjustments to settlement receivables of $1.1 million (2022: negative adjustments of $6.2 million). Revenue also included increased molybdenum revenue of $19.4 million (2022: $15.1 million) due to stronger molybdenum production and prices in 2023.
- 2023 copper production was 57.6 million pounds ("M lbs") (2022: 64.0 M lbs), including 35.8 M lbs from fresh tailings (2022: 37.7 M lbs) and 21.8 M lbs from the Cauquenes historical tailings (2022: 26.3 M lbs).
- 2023 molybdenum production was 1.2 M lbs (2022: 1.0 M lbs).
- In 2023, the Company generated annual operating cash flow before changes in non-cash working capital[1] of $22.3 million (2022: $34.9 million). Annual net operating cash flow in 2023 was $20.3 million (2022: $23.6 million). Free cash flow to equity[1] in 2023 was $nil (2022: $17.1 million).
- 2023 cash cost[1] was $2.17/lb (2022: $1.98/lb). The main driver of the increase in cash cost was lower copper production, which increased other direct costs ($0.17/lb) and power costs ($0.07/lb). Higher industry-wide smelting and refining charges in 2023 impacted these costs by $0.04/lb. Strong molybdenum production and prices in 2023 offset these increases with stronger by-product credits of $0.10/lb.
- The Company's financial performance is sensitive to changes in copper prices. MVC's year-end provisional copper price was $3.83/lb, and final prices for October, November, and December 2023 sales will be the average London Metal Exchange ("LME") prices for January, February, and March 2024, respectively. A 10% change from the $3.83/lb provisional price used on December 31, 2023, would result in a $6.2 million change in revenue in Q1-2024 regarding Q4-2023 production.
- In 2023, Amerigo returned $17.2 million to shareholders; $14.6 million was paid through Amerigo's quarterly dividend of Cdn$0.03 per share, and $2.6 million was returned through the purchase of 2.3 million common shares for cancellation through a Normal Course Issuer Bid. The Normal Course Issuer Bid was renewed on December 2, 2023, and allows Amerigo to purchase for cancellation up to 10.9 million common shares through December 1, 2024[2].
- In 2023, net debt repayments were $5.3 million (2022: $7.0 million), and MVC drew $2.0 million from its working capital line of credit (2022: $nil). The Company's outstanding bank debt on December 31, 2023, was $20.7 million (December 31, 2022: $23.7 million). In 2023, the Company repaid all outstanding leases with payments of $1.9 million (2022: $1.0 million).
- 2023 was an unusually intensive Capex year for the Company, with Capex payments of $16.9 million (2022: $9.8 million). Capex included building a new Cauquenes sump with an expected life of 3.5 years, investing in risk-mitigation projects and carrying out other sustaining Capex projects.
- On December 31, 2023, the Company held cash and cash equivalents of $16.2 million (December 31, 2022: $37.8 million), a restricted cash balance of $6.3 million (December 31, 2022: $4.2 million) and had a working capital deficiency of $12.3 million (December 31, 2022: working capital of $10.0 million).

Investor Conference Call on February 22, 2024

Amerigo's quarterly investor conference call will occur on Thursday, February 22, 2024, at 11:00 a.m. Pacific Standard Time/2:00 p.m. Eastern Standard Time.

Participants can join by visiting https://emportal.ink/48Ie9Zs 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 Q4-2023 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.

[1] This is a non-IFRS measure. See "Non-IFRS Measures" for further information.

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Summary Consolidated Statements of Financial Position

	December 31, 2023	December 31, 2022
	$ thousands	$ thousands
Cash and cash equivalents	16,248	37,821
Restricted cash	6,282	4,215
Property plant and equipment	156,002	158,591
Other assets	21,027	30,552
Total assets	199,559	231,179
Total liabilities	94,706	112,476
Shareholders' equity	104,853	118,703
Total liabilities and shareholders' equity	199,559	231,179

Summary Consolidated Statements of Income and Comprehensive Income

	Years Ended December 31,	
	2023	2022
	$ thousands	$ thousands
Revenue	157,460	168,052
Tolling and production costs	(143,305)	(139,729)
Other expenses	(4,526)	(14,936)
Finance expense	(2,893)	(957)
Income tax expense	(3,354)	(8,056)
Net income	3,382	4,374

Other comprehensive (loss) income	(1,233)	2,370
Comprehensive income	2,149	6,744
Earnings per share - basic & diluted	0.02	0.03

Summary Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2023	2022
	$ thousands	$ thousands
Cash flow from operating activities	22,321	34,906
Changes in non-cash working capital	(2,040)	(11,275)
Net cash used generated from operating activities	20,281	23,631
Net cash used in investing activities	(16,888)	(9,807)
Net cash used in financing activities	(24,913)	(35,892)
Net decrease in cash and cash equivalents	(21,520)	(22,068)
Effect of foreign exchange rates on cash	(53)	97
Cash and cash equivalents, beginning of year	37,821	59,792
Cash and cash equivalents, end of year	16,248	37,821

[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 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)	2023	2022	Q4-2023	Q4-2022
	$	$	$	$
Gross profit	14,155	28,323	6,006	8,837
Add:				
Depreciation and amortization	20,444	20,370	5,238	5,262
EBITDA	34,599	48,693	11,244	14,099

(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)	2023	2022	Q4-2023	Q4-2022
	$	$	$	$
Net cash provided by operating activities	20,281	23,631	9,032	3,711
Add:				
Changes in non-cash working capital	2,040	11,275	(217)	11,921
Operating cash flow before non-cash working capital	22,321	34,906	8,815	15,632

(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)	2023	2022	Q4-2023	Q4-2022
	$	$	$	$
Operating cash flow before changes in non-cash working capital	22,321	34,906	8,815	15,632
(Deduct) add:				
Cash used to purchase plant and equipment	(16,888)	(9,807)	(2,511)	(2,564)
Repayment of borrowings, net of new debt issued	(3,839)	(7,000)	234	(3,500)
Lease repayments	(1,862)	(1,041)	-	(345)
Free cash flow to equity	(268)	17,058	6,538	9,223
Add (deduct):				
Repayment of borrowings, net of new debt issued	3,839	7,000	(234)	3,500
Lease repayments	1,862	1,041	-	345
Free cash flow	5,433	25,099	6,304	13,068

(iv) Cash cost is a performance measure commonly used in the mining industry that is not defined under IFRS Accounting Standards. 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)	2023	2022
	$	$
Tolling and production costs	143,305	139,729
Add (deduct):		
Smelting and refining	23,263	23,965
Transportation costs	1,591	1,702
Inventory adjustments	1,118	(74)
By-product credits	(19,352)	(15,060)
DET royalties - molybdenum	(4,694)	(2,874)
Depreciation and amortization	(20,444)	(20,370)
Cash cost	124,787	127,018
Pounds of copper tolled (fresh and old tailings)	57.64	64.0M
Cash cost ($/lb)	2.17	1.98

[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	8.9	2.8	11.7
2022	12.3	15.7	28.0
2023	2.6	14.6	17.2
	23.8	33.1	56.9

[3] Dividend yield

The disclosed annual yield of 8.6% is based on four quarterly dividends of Cdn$0.03 per share each, divided over Amerigo's December 29, 2023, closing share price of Cdn$1.39.

[4] Dividend dates

A dividend of Cdn$0.03 per share will be paid on March 20, 2024, to shareholders of record as of March 6, 2024. Accordingly, the ex-dividend date will be March 5, 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.

Q3-2023 copper deliveries were marked-to-market on September 30, 2023 at $3.75/lb and were settled in Q4-2023 as follows:

- July 2023 sales settled at the October 2023 LME average price of $3.60/lb
- August 2023 sales settled at the November 2023 LME average price of $3.71/lb
- September 2023 sales settled at the December 2023 LME average price of $3.81/lb

Q4-2023 copper deliveries were marked to market on December 31, 2023 at $3.83/lb and will be settled at the LME average prices for January ($3.78/lb), February and March 2024.

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;
- the maintenance of the Company's return of capital strategy;
- 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 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 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, 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 revise any forward-looking statements or the preceding list of factors, whether due publicly or otherwise, to new information or future events.