



August 12, 2020
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Amerigo Reports Q2-2020 Financial Results

- **\$2.8 million cash generated from operations in the quarter**
 - **Quarterly net loss down to \$3.6 million (\$0.02 LPS)**
- **Lower tolling & production costs, cash cost and total cost**

VANCOUVER, BRITISH COLUMBIA – August 12, 2020/Amerigo Resources Ltd. (TSX: ARG) (“Amerigo” or the “Company”) announced financial results for the quarter ended June 30, 2020 (“Q2-2020”).

Net loss was \$3.6 million (Q2-2019: \$6.6 million) from higher revenue and lower tolling and production costs at MVC (Minera Valle Central, the Company’s 100% owned operation located near Rancagua, Chile). Loss per share during Q2-2020 was \$0.02 (Q2-2019: \$0.04). MVC’s average copper price in Q2-2020 was \$2.61 per pound (“/lb”) (Q2-2019: \$2.67/lb).

The Company generated \$2.8 million in operating cash flow before changes in non-cash working capital in Q2-2020 (Q2-2019: used cash of \$4.8 million in operations). Quarterly net operating cash flow was \$1.1 million (Q2-2019: \$3.0 million).

Amounts in this news release are reported in U.S. dollars except where indicated otherwise.

MVC produced 13.0 million pounds of copper during Q2-2020 (Q2-2019: 13.3 million pounds) at a cash cost of \$1.72/lb (Q2-2019: \$1.97/lb)

- Q2-2020 production of 13.0 million pounds of copper (Q2-2019: 13.3 million pounds) included 6.3 million pounds from historical tailings (“Cauquenes”) (Q2-2019: 8.2 million pounds) and 6.7 million pounds from fresh tailings (Q2-2019: 5.1 million pounds). Q2-2020 production results were in line with the Company’s guidance. Additional information on Q2-2020 production results is available on the Company’s news release of July 23, 2020
- Molybdenum production was 0.4 million pounds (Q2-2019: 0.2 million pounds).
- Cash cost (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits) was \$1.72/lb (Q2-2019: \$1.97/lb).
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, Codelco’s Division El Teniente (“DET”) notional copper royalties and DET molybdenum royalties of \$0.50/lb and depreciation of \$0.33/lb) decreased to \$2.55/lb (Q2-2019: \$2.95/lb), due to lower cash cost and lower DET notional royalties from lower metal prices.



MVC's average copper price in Q2-2020 was \$2.61/lb

- During Q2-2020, MVC's copper price was \$2.61/lb (Q2-2019: \$2.67/lb) and MVC's molybdenum price was \$7.88/lb (Q2-2019: \$11.84/lb).
- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q2-2020 final prices will be the average London Metal Exchange prices for July (\$2.88/lb), August and September 2020. A 10% increase or decrease from the \$2.61/lb provisional price used at June 30, 2020 would result in a \$3.6 million change in revenue in Q3-2020 in respect of Q2-2020 production.
- Revenue during Q2-2020 was \$26.0 million (Q2-2019: \$22.7 million), including copper tolling revenue of \$23.9 million (Q2-2019: \$20.5 million) and molybdenum revenue of \$2.1 million (Q2-2019: \$2.2 million).
- Copper tolling revenue is calculated from MVC's gross value of copper produced during Q2-2020 of \$33.3 million (Q2-2019: \$37.3 million) and positive fair value adjustments to settlement receivables of \$1.4 million (Q2-2019: negative adjustments of \$3.2 million), less notional items including DET royalties of \$6.1 million (Q2-2019: \$8.3 million), smelting and refining of \$4.3 million (Q2-2019: \$4.8 million) and transportation of \$0.4 million (Q2-2019: \$0.5 million).

At June 30, 2020, MVC had a working capital deficiency of \$26.7 million

- At June 30, 2020, the Company's cash balance was \$0.5 million (December 31, 2019: \$7.2 million) due to a delay in payment of \$4.6 million in receivables due to a Chilean holiday on June 29, 2020, which were paid on July 1, 2020. If payment had been received on time, cash balance at June 30, 2020 would have been \$5.1 million and amounts receivable would have been \$1.3 million, including a provision of \$7.3 million in negative settlement adjustments due by MVC to DET which subsequent to June 30, 2020, were restructured for payment in 2021.
- At June 30, 2020, the Company had a \$26.7 million working capital deficiency (December 31, 2019: \$15.1 million). Subsequent to June 30, 2020, the Company's working capital deficiency was reduced by \$3.7 million as settlement adjustments due to DET were restructured to be paid in 2021.
- The Company's working capital deficiency is a significant liquidity risk indicator, particularly given the volatility in copper prices experienced YTD-2020 in response to the uncertainty surrounding COVID-19 and its impact on the global economy.
- The Company expects to meet obligations for the next 12 months from operating cash flow, assuming copper prices average at least \$2.75/lb and actual production and cost results are consistent with the Company's outlook for H2-2020.

Investor Conference Call on August 13, 2020

Amerigo's quarterly investor conference call will take place on Thursday, August 13, 2020 at 11:00 am Pacific Daylight Time/2:00 pm Eastern Daylight Time.

To join the call, please dial 1-800-273-9672 (Toll-Free North America) and let the operator know you wish to participate in the Amerigo Resources conference call, if asked please give the confirmation number of 4327621. The analyst and investment community are welcome to ask questions to management. Media can attend on a listen-only basis.



About Amerigo and 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 at the MVC operation in Chile by processing fresh and historic tailings from Codelco’s El Teniente mine, the world’s largest underground copper mine. Tel: (604) 681-2802; Fax: (604) 682-2802; Web: www.amerigoresources.com; Listing: ARG:TSX.

The information and data contained in this news release should be read in conjunction with the Company’s Condensed Interim Consolidated Financial Statements (Unaudited) and Management’s Discussion and Analysis (“MD&A) for the six months ended June 30, 2020 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2019, available at the Company’s website at www.amerigoresources.com and at www.sedar.com.

For further information, please contact:

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Key performance metrics for the current and comparative quarter

	Q2-2020	Q2-2019	Change	
			\$	%
Copper produced (million pounds) ¹	13.0	13.3	(0.3)	(2%)
Copper delivered (million pounds) ¹	13.7	13.4	0.3	2%
Percentage of production from historic tailings	49%	62%		-
Revenue (\$ thousands) ²	26,046	22,692	3,354	15%
DET notional copper royalties (\$ thousands)	6,150	8,322	(2,172)	(26%)
Tolling and production costs (\$ thousands)	26,441	28,794	(2,353)	(8%)
Gross loss (\$ thousands)	(395)	(6,102)	5,707	(94%)
Net loss (\$ thousands)	(3,602)	(6,564)	2,962	(45%)
Loss per share	(0.02)	(0.04)	0.02	(50%)
Operating cash flow (\$ thousands) ³	2,785	(4,754)	7,539	(159%)
Cash flow paid for plant and equipment (\$ thousands)	(810)	(2,486)	1,676	(67%)
Cash and cash equivalents (\$ thousands)	489	8,415	(7,926)	(94%)
Borrowings (\$ thousands) ⁴	51,147	57,641	(6,494)	(11%)
MVC’s copper price (\$/lb) ⁵	2.61	2.67	(0.06)	(2%)
MVC’s molybdenum price (\$/lb) ⁶	7.88	11.84	(3.96)	(33%)

¹ Copper production conducted under a tolling agreement with DET.

² Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).

³ Operating cash flow before changes in non-cash working capital.

⁴ At June 30, 2020, comprised of short and long-term portions of \$9.9 and \$41.2 million respectively.

⁵ MVC’s copper price is the average notional copper price for the period, before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.

⁶ MVC’s molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales.



Summary Consolidated Statements of Financial Position		
	June 30, 2020 \$	December 31, 2019 \$
Cash and cash equivalents	489	7,164
Property plant and equipment	190,919	198,582
Other assets	22,061	27,916
Total assets	213,469	233,662
Total liabilities	118,392	131,030
Shareholders' equity	95,077	102,632
Total liabilities and shareholders' equity	213,469	233,662
Summary Consolidated Statements of Loss and Comprehensive Loss		
	Q2-2020 \$	Q2-2019 \$
Revenue	26,046	22,692
Tolling and production costs	(26,441)	(28,794)
Other expenses	(2,916)	(1,212)
Finance expense	(904)	(1,501)
Income tax recovery	613	2,251
Net loss	(3,602)	(6,564)
Other comprehensive income	544	434
Comprehensive loss	(3,058)	(6,130)
Loss per share	(0.02)	(0.04)
Summary Consolidated Statements of Cash Flows		
	Q2-2020 \$	Q2-2019 \$
Cash flows from (used in) operating activities	2,785	(4,754)
Changes in non-cash working capital	(1,653)	7,705
Net cash used in operating activities	1,132	2,951
Net cash used in investing activities	(810)	(2,486)
Net cash used in financing activities	(403)	(8,596)
Net decrease in cash	(81)	(8,131)
Effect of foreign exchange rates on cash	(2)	(51)
Cash and cash equivalents, beginning of period	572	16,597
Cash and cash equivalents, end of period	489	8,415



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, reductions in operating costs and an increase in recoveries;
- 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 2020 sustaining capital expenditures;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; risks related to the potential impact of global or national health concerns, including COVID-19, and the inability of employees to access sufficient healthcare; government or regulatory actions or inactions; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from Codelco's Division El Teniente's current production and historic tailings from tailings deposit; risks with respect to the ability of the Company to draw down funds from bank facilities and lines of credit and the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Notwithstanding the efforts of the Company and MVC, there can be no guarantee that the Company's or MVC's staff will not contract COVID-19 or that the Company's and MVC's measures to protect staff from COVID-19 will be effective. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.



Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Such statements are based on several assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest 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 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;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC continuing to trend towards normal levels;
- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production levels. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. 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.