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Graham Farrell - Founder & President of North Star Investor Relations

Operator: Thank you for standing by, and welcome to the Amerigo Resources Third Quarter Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during that time, simply press star, then the number one on your telephone keypad.

I would now like to turn the call over to Graham Farrell from Investor Relations. Sir, please go ahead.

Graham Farrell: Thank you, operator. Good afternoon, everyone, and welcome to Amerigo's conference call to discuss the company's financial and operating results for the third quarter, September 30th, 2026. We appreciate you joining us.

Today's call will be led by Amerigo's President & Chief Executive Officer, Aurora Davidson, and Chief Financial Officer, Carmen Amezquita. Following the prepared remarks, we will open the call for questions.

Before we begin, I would like to remind listeners that certain statements made during this call may constitute forward-looking statements. These statements involve risks and uncertainties, and actual results may differ materially from those expressed or implied. Further information concerning these risks and uncertainties is available in the company's filings on SEDAR+.

I will now turn the call over to Aurora. Please go ahead.

Aurora Davidson: Thank you, Graham, and thank you, everyone, for joining us today. Q3 was another strong operational and financial quarter for Amerigo. It continued what we have seen throughout 2026: reliable operating performance at MVC, disciplined cost management, strong cash generation, and significant capital returns to shareholders. And some of that sounds familiar to those of you who listen to us every quarter, I will take it as good news.

So let me start with the operation. MVC produced 17 million pounds of copper at a cash cost of $1.55 per pound. Plant availability was 98.1%, and we ended the quarter with 48.2 million pounds of year-to-date copper production, representing 76% of our annual guidance. What I particularly like about the quarter is that we delivered these results despite heavy rainfall, which reduced the number of days available to process historic tailings. Nevertheless, our production is ahead of our internal year-to-date target. That matters because reliability is not simply about operating well when everything goes as planned. In recent years, MVC has invested in redundancy, water management, and process stability, making the operation more resilient, as evidenced in Q3. Cost performance was equally strong. Our Q3 cash cost was $1.55 per pound. Year-to-date normalized cash cost was $1.66 per pound, below our annual guidance of $1.98 per pound. Strong molybdenum prices contributed significantly through the byproduct credit, with MVC's Q3 average molybdenum price at $32 per pound.

So nine months into the year, the operating picture is straightforward. Production is worthy. Costs are performing better than guidance, and MVC continues to operate reliably. For a copper producer, that kind of stability can sound uneventful, but it is not. Making an operation like MVC look uneventful takes quite a bit of work. But there is more to MVC than quarterly production and cost metrics. The culture of the MVC operation is one of its distinguishing features. Last January, MVC completed four years without a lost-time accident among its employees. That is an exceptional record for an industrial operation, and it belongs to the people at MVC. It reflects thousands of individual decisions made correctly each day. MVC also continues to innovate. This year, it was recognized for the second consecutive year at Chile's Circular Awards, taking first place in the Water Challenge for a project that positioned MVC to achieve a 78% processed water recycling rate in 2025. Last year, MVC was recognized for another project focused on energy efficiency and emissions reductions. These achievements don't appear in our quarterly operating metrics, but they are part of MVC's DNA. Safety, resource efficiency, innovation, and operational discipline aren't separate from good financial performance. Over time, they help produce it.

In a moment, Carmen will walk you through the financial results. I will just give the headlines. Q3 reported net income of $22.7 million, EBITDA of $48 million, and free cash flow of $28.1 million. These results benefited from a strong copper market. MVC's average recognized copper price was $6.55 per pound, up from $4.54 in Q3 2025. But copper prices alone do not explain Amerigo. Copper prices create an opportunity. MVC's job is to convert that opportunity into cash. Amerigo does not have a large construction pipeline competing for capital, and our current sustaining capital requirements are relatively low. Given that, our job at Amerigo is to decide with discipline how much of that cash the business needs, and how much should go to shareholders. Here, another important factor is at play: institutional continuity. I have been with Amerigo for 22 years, including seven years as CEO, and Carmen has served as our CFO for six years. At MVC, Christian Cáceres has been with the operation for 32 years, including 11 years as MVC's General Manager, and a management team with similarly deep experience supports him. That continuity gives us considerable institutional knowledge.

Not every public company has that continuity at the senior management level. It means today's decision-makers know the history behind those decisions, have worked together across different copper markets, and understand the business' strengths and the rationale for financial discipline. I believe this continuity will make a difference going forward. We will continue to assess the capital required to preserve reliability and pursue future opportunities while maintaining the same discipline in capital investment and in returning capital to shareholders. As a result of all these factors, when MVC operates effectively and copper prices are supportive, cash moves efficiently through the business. That brings me to the capital return strategy.

Q3 offers a particularly good example of the CRS functioning as intended. During the quarter, Amerigo paid $27.8 million to shareholders. Of this amount, $20.4 million was paid as performance dividends, $4.5 million as quarterly dividends, and $2.9 million through share repurchases. For the first nine months of 2026, the total reached $69.5 million. Including the CAD $0.21 performance dividend paid on October 14th, our largest to date, Amerigo has returned $93.9 million to shareholders in 2026. That tells investors a great deal about Amerigo's cash-generating capacity in the current copper environment and demonstrates what the CRS was designed to do. The Board has now declared another CAD $0.04 quarterly dividend payable in December. The quarterly dividend serves as a dependable base for the CRS. The performance dividend is a different CRS tool. It provides shareholders with an immediate capital return when the business generates cash beyond its operating and strategic requirements. Share repurchases give us a third tool. We use them when buying shares is an attractive use of shareholder capital and when it is appropriate to offset dilution.

Investors, therefore, need to consider all three components together. At Amerigo, focusing solely on the quarterly dividend yield provides an incomplete picture of shareholder returns. At our September 30th share price of CAD $8.74, the quarterly dividend represented a stated annualized yield of 1.83%. However, if we include the performance dividend declared in 2026, the dividend yield rises to 8.12%, not accounting for the additional benefit of share repurchases. This massive difference is why we have increasingly focused our investor communications on total yield. Total yield is not a new capital allocation policy. It is a more comprehensive way to measure the value to shareholders of the policy we have executed for several years. Without going back through the mechanics of the CRS yet again, I think $93.9 million returned to shareholders so far this year explains the concept and its success better than I can.

Another aspect of 2026 is worth noting. Amerigo's share price rose from CAD $4.54 on December 31st, 2025, to CAD $8.74 on September 30th, 2026, an increase of about 93%. We are pleased with that performance, obviously, but higher copper prices and a higher share price do not change how we run the business. If anything, this is when discipline matters most. We do not control the copper price. We control how reliably MVC operates. We can carefully deploy our capital while maintaining the strength of our debt-free balance sheet, and we can return excess capital to investors as quickly as possible through the CRS.

I would add to that list of can-do's the business culture we have built: safety first, operational discipline, environmental responsibility, and management continuity.

And that brings me briefly to the copper market. I don't think investors need another lengthy explanation of the copper's issues from us. Anyone who has listened to our calls over the years has certainly heard it. And I am reasonably confident that copper hasn't been waiting for Amerigo to explain the strength of the copper market yet again. The point for Amerigo is straightforward. Q3 once again demonstrated our positive exposure to strong copper prices. The highest quarterly average LME copper price on record, combined with reliable production and disciplined costs, flowed quickly into our earnings, free cash flow, and shareholder distributions. At the same time, the CRS does not require us to assume that today's copper price will exist indefinitely. Our business objective is not to build Amerigo around today's copper price, but rather to ensure the operation and balance sheet remain resilient at materially lower copper prices throughout. With that as our goal, you can see the important advantage of the performance dividend component of the CRS over a permanent increase in the quarterly dividend resulting from a period of strong copper prices. Performance dividends allow an immediate return of additional capital to shareholders in stronger markets without forcing the company to build its cost structure or permanent distribution commitments around a particular point in the copper cycle. The true test of a successful capital allocation strategy is not what it returns at high copper prices, but whether it is also designed to leave the business properly positioned when prices change. That is why balance sheet strength remains integral to the CRS. When cash is earned and the business is not needed, we can return it. When conditions change, we retain flexibility. I think that's a very important feature of Amerigo.

As previously disclosed, discussions with El Teniente regarding the royalty structure at copper prices above $4.80 and $5.5 per pound are ongoing. We will not comment on the substance of those discussions while they are underway. We will update shareholders when there is something important to report.

When I step back from Q3, I see more than just another set of strong quarterly numbers. I see an operation with an exceptional safety culture, a team that has received external recognition for environmental and resource efficiency initiatives, and experienced management committed to ongoing improvement and to financial discipline. Those qualities are difficult to capture in a spreadsheet, but I believe they explain why our results have become somewhat repetitive. By the way, we're quite comfortable with that repetition. Strong copper prices have created a significant opportunity. Market volatility, while sometimes uncomfortable, also presents opportunities for investors. Amerigo does not rely on the equity markets for capital to grow, and the equity markets do not affect the operational excellence at MVC. However, they do, from time to time, provide the opportunity to participate in Amerigo at a reduced price. While the market works through its latest bout of uncertainty, nothing at Amerigo remains uncertain. Our ongoing task is to protect this model's durability, continue investing where returns justify it, retain the financial discipline that has served us well, and strengthen the operating foundations required to support the business over the long term.

With that, I'll turn the call to Carmen Amezquita, who will take you through the quarter's financial results in detail. Thank you.

Carmen Amezquita: Thanks, Aurora. The third quarter was another excellent quarter for Amerigo. I will discuss Amerigo's key drivers of profitability, our cash cost metrics, quarterly cash flow, and capital returns, and our outlook for the balance of 2026.

In terms of profitability, the key drivers were strong copper production, record copper prices, low cash costs, and disciplined operating execution at MVC. Copper production increased to $17 million pounds, up 16% from $14.6 million pounds in the third quarter of 2025, which had lower-than-normal production due to the DET accident in the prior year. MVC's recognized copper price averaged $6.55 per pound compared with $4.54 per pound in Q3 2025. Revenue increased 61% year-over-year to $84.6 million. This reflected higher production, stronger copper prices, and $6.9 million in positive adjustments to the fair value of settlement receivables. As investors know, our tolling model means that the gross value of copper produced is not the same as the revenue ultimately recognized by Amerigo, as with higher copper prices come with increased DET royalties. However, even with the increased DET royalties resulting in an increased total cost, the gross value of copper still drives materially stronger profitability and cash generation for Amerigo.

Operationally, MVC delivered strong execution with 98.1% plant availability and no reportable safety incidents during the quarter. Heavy rain reduced the number of days available to process historic tailings, but prior investments in plant redundancy and process optimization supported strong overall performance. Fresh tailings accounted for 71% of quarterly copper production compared with 47% in Q3 2025. Cash cost was $1.55 per pound, down $0.25 per pound from $1.80 in Q3 2025. Year-to-date cash cost was $1.70 per pound, and normalized cash cost was $1.65 per pound, 17% below annual guidance of $1.98 per pound. The outperformance reflects higher copper production and stronger molybdenum byproduct credits, with the average molybdenum price increasing to $32.38 per pound from $24.11 per pound in Q3 2025. Total cost was $4.34 per pound compared with $3.71 per pound in Q3 2025. The increase was primarily due to higher DET notional royalties resulting from stronger copper prices, partly offset by the lower cash costs and lower depreciation and amortization per pound. All-in sustaining cost was $4.53 per pound, compared with $3.85 per pound in Q3 2025, mostly as a result of $0.63 per pound increase in total cost. Below the gross profit line, net income increased to $22.7 million or $0.14 per basic and diluted share, compared with $6.7 million or $0.04 per share in Q3 2025. The year-over-year improvement was driven by higher copper tolling revenue and positive settlement adjustments, partly offset by the higher DET notional copper royalties, tolling and production costs, other losses and income tax expense.

Turning to cash flow, Q3 was another strong demonstration of Amerigo's ability to convert operating performance into shareholder returns. Operating cash flow before changes in non-cash working capital was $30.5 million compared with $12.4 million in Q3 2025.

Free cash flow was $28.1 million compared with $11.1 million in the comparative quarter. During Q3, Amerigo returned $27.8 million to shareholders, comprised of $20.4 million in performance dividends, $4.5 million in quarterly dividends, and $2.9 million through share buybacks. Year-to-date, payments to shareholders totaled $69.5 million, including $45 million in performance dividends, $14 million in quarterly dividends, and $10.5 million through share buybacks. Amerigo ended the quarter with $50.1 million in cash and cash equivalents compared with $40.3 million at December 31, 2025. This balance reflects strong cash generation while funding the operation and delivering substantial returns to shareholders.

From a capital allocation perspective, this is exactly how the capital return strategy is intended to function. Strong operating performance and low sustaining capital requirements generate cash. Cash first supports the operation and protects our debt-free balance sheet, and excess cash is returned to shareholders through quarterly dividends, performance dividends, and share buybacks. Since implementing the strategy in October 2021, Amerigo has returned $168 million to shareholders and reduced the shares outstanding by 15.4%. This combination of cash generation, capital discipline, and per share returns is the basis of Amerigo's total yield model.

Looking ahead, MVC remains on track to achieve the annual production guidance of 63.8 million pounds of copper and 1.5 million pounds of molybdenum. Through September 30, 2026, MVC produced 48.2 million pounds of copper, ahead of our internal target and representing 76% of annual guidance, while molybdenum production of 1.15 million pounds was also ahead of the pace required to achieve the annual guidance. From a cost perspective, the third quarter cash cost of $1.55 per pound reinforces the underlying efficiency of MVC's operations and supports our confidence in the full-year outlook. Year-to-date capital expenditures totaled $12.8 million. We continue to invest selectively in sustaining and optimization initiatives while maintaining significant capacity for shareholder returns.

Finally, Amerigo continues to maintain meaningful leverage to copper prices. At September 30, the provisional copper price used by MVC was $6.55 per pound. A 10% movement from that level would positively or negatively affect Q3 2026 revenue by approximately $11.2 million relative to Q3 production. That sensitivity highlights both the opportunity and the leverage embedded in the business as copper market fundamentals remain constructive.

We want to thank you for your continued interest in Amerigo. We will now take questions from call participants.

Operator: At this time, if you would like to ask a question, press star, then the number one on your telephone keypad. To withdraw your question, simply press star one again. We will pause for just a moment to compile the Q&A roster.

And our first question comes from the line of Ben Pirie with Atrium Research. Your line is now open.

Ben Pirie: Hi, Aurora, Graham, and Carmen. Ben from Atrium here. I do sound like a broken record, but congrats on another great quarter. Just diving into a couple more unique questions, I think. Fresh tailings, grades, and throughput seemed solid through the quarter. Could you comment on the current status and outlook for El Teniente's fresh tailings delivery? I know there was a recent incident on site, so just wanted to see if you've seen any impact on greater volume coming to your plants.

Aurora Davidson: Ben, that's a good question. If you look at our production news release for the third quarter, you can see that we have received very consistent throughput from El Teniente regarding fresh tailings, both in Q2 and in Q3. It's around 105,000 tons per day. So give or take a few rounding numbers there, it's very, very consistent between the two quarters. And we are seeing the same in October with our daily production reports. That is a higher volume than what we were seeing in prior quarters. And just for comparison, the Q3 of 2025, we had throughput of around 93,000 tons per day compared to 105,000 tons per day this quarter. So that's good news. It speaks well about El Teniente's own operations in terms of how they're churning the mine and what they're sending down to MVC.

Regarding grade, we've also seen slightly higher grades. The grade in Q3 was 0.20% and we had a grade of 0.18% in Q3 of 2025. That's something we don't control, so we just have to work with the grade that we receive. Where you can see a significant upward trend, and that is something that we control, and that is exactly what we were referring to during the earnings call, is in copper recovery. MVC had a copper recovery on fresh tailings of 28.5% in Q3 compared to 22.2% is a number to remember in Q3 2025. So when you see a 6.3% change and an increase of strengthening of copper recoveries year-on-year, there's a reason behind that. And the reason behind that is the fine-tuning and the optimization that MVC has been doing with the help of our technical advisors for seven years now. And it's incremental, and it's compounding. So we're not just compounding in terms of financial returns; I think we're compounding in terms of operational efficiency. This is, we've mentioned that before, nothing dramatic, nothing to issue a news release on, but it's just focusing on the different sectors of the plant. Focusing on reducing losses throughout the different processes. So when you do that consistently, day after day, month after month, year after year, you start to build up these efficiencies that we're seeing now. And we're very proud of them because it reflects just operational sustenance from the MVC perspective in not being comfortable with where they are, but I'm continuing to execute on those little points that may not be… I mean, 6.3% copper recovery. It's fantastic. But when you top that with the volume that we get, you start seeing the impact on the whole operation because we're not working with low volumes. We're working with huge volumes, as I said, 105,000 tons per day. And then on top of that, incremental recovery increases. That's exactly what we're seeing driving the very stable and strong production results that we're seeing then. I hope that answers the question.

Ben Pirie: Yes, thank you, and thank you for the additional context. Certainly adds up over time all the incremental changes. Moving to the historic tailings, you spoke a little bit about the rainfall impacting the processing of historic tailings.

Can you just elaborate on how rainfall would affect that? And then looking ahead, is this something that investors should look out for from a seasonality perspective in terms of rainier seasons or quarters?

Aurora Davidson: Yes, the single most significant factor that is correlated with days of heavy rain is safety. The historic tailings deposit is adjacent to MVC, but you have to drive half an hour to get there. It is not just a small piece of land that you can just oversee. It is a significantly vast operation, and we have to ensure that it is operated safely at all times. When you have the amount of rain that Chile has been having this year- this is perhaps the wettest year in recent Chilean history as a result of the El Niño weather phenomenon- you have to be very careful in operating in conditions that are sludgy, in conditions that represent significant deaths of operations and where there is a remoteness of aspect involved. So we are extremely careful with ensuring that if there is very heavy rain today, we just don't operate in Cauquenes. That's the best way of avoiding any surprise, safety-wise. There is no comparison between having an accident and losing a day or two of production.

Having said that, what has happened over the years is that, knowing that these weather events have the tendency of becoming more common just because of climatic conditions, we have invested in different projects to ensure, first of all, that the infrastructure is as protected as it can be. We've spoken before about the setup that we've done to ensure that all our pipes are floating in case of heavy rains. We've also invested in having substantial pumping capacity dedicated at the Cauquenes sumps to ensure that as conditions of rain subside, we can remove that water as fast and as quickly as possible. So the investments to reduce any operational downtime have been made and are in place, but in reality, we're not going to be taking any safety risks in terms of operating when there's heavy rain involved. We factor a number of days within our production budget, so we're not going in blindly any year and expecting that there will not be any days or that we will have zero days of rain in Cauquenes. So there is a quantification. associated with our own weather forecast going into the annual budget. But this year we've had more production days lost because of heavy rain conditions without any impact to production. If there were to be any impact on production, we would communicate that quickly to the market, as we've done in several instances before when we knew that weather was impacting our planned guidance. But in this case, this year hasn't presented a production challenge. We continue to see rain in October. We may continue to see rain for the rest of the year, but we're tracking ahead of internal targets, as Carmen mentioned, as I mentioned. So right now there's nothing to report weather-wise to the market.

Ben Pirie: Great. Thank you. Good additional context. And then just lastly, hopefully I'm not taking too much time here, but just on the cash costs coming in well below guidance, a big piece of that being the higher molybdenum prices. I know you mentioned you didn't want to get into the copper pricing sort of forecast, but do you have any commentary on the molybdenum prices, as now it's becoming sort of a larger piece of the… or at least having a larger impact on the financials for Amerigo?

Aurora Davidson: Yes, no comments there. We have seen consistently strong molybdenum prices for most of the year. What we have to control is that we produce as much moly as we can at the plant, that we're not falling behind so that we can capture what the market presents to us. But one, I have no forward view on moly prices in the same way that we have a strong view on copper prices. We don't have that same granularity of understanding the moly market to provide any valid comment. We're not seeing any weakening of moly prices so far this year. Moly is produced on a secondary basis, mostly as a byproduct, and as several mines face production challenges under copper stream, they will also face some production challenges under moly stream. So moly price benefits in a way from disruptions in the copper production cycle worldwide. But for us, what remains important is to ensure that our moly operation is working smoothly and that we are on track with our production targets to capture the benefit both of the stronger moly price and also of higher copper production. Because one of the benefits of a cash cost performance is coming as well from a very stable copper production for us.

Ben Pirie: Amazing. No, that's good. Thank you. Okay, that's all I have today. Thanks for the time and congrats again on another strong quarter.

Aurora Davidson: Thank you, Ben.

Operator: That concludes our question-and-answer session. I will now turn the call back to Aurora Davidson for closing remarks.

Aurora Davidson: Thank you for passing on the call to me. I'm surprised that we don't have any further questions, but I'll take that as Carmen having done a very good job in presenting all the financial information, and hopefully I'm not boring you more than usual today. So thank you, everyone, for joining us. Q3 continued what has been a strong year for Amerigo. The operating and financial results speak for themselves, and we remain focused on maintaining that discipline that produced them. So we appreciate your continued interest in Amerigo and look forward to speaking with you again next year.

Operator: Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect.