



Amerigo Reports Q1-2020 Financial Results

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- Net loss of \$4.0 million (\$0.02 LPS) after \$5.3 million of negative copper settlement adjustments
- Net negative operating cash flow of \$1.4 million
- Working capital deficiency of \$27.7 million

VANCOUVER, BRITISH COLUMBIA – May 6, 2020/Amerigo Resources Ltd. (TSX: ARG) (“Amerigo” or the “Company”) announced financial results for the quarter ended March 31, 2020 (“Q1-2020”).

Quarterly financial performance was impacted by low copper prices as a result of the current global pandemic, which affected Q1-2020 copper revenue from MVC (Minera Valle Central, the Company’s 100% owned operation located near Rancagua, Chile) and resulted in negative copper settlement adjustments of \$5.3 million.

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

COVID-19 effect on financial results and ongoing uncertainty

- In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts from the pandemic on the global economy are anticipated to be far reaching. To date, there have been significant stock market declines, significant volatility in commodity and foreign exchange markets and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impact that it may have on the demand and on the market prices of copper and molybdenum, and on global financial markets.
- The Company’s financial results were substantially impacted during Q1-2020 as a result of lower copper prices. Commodity market fluctuations resulting from COVID-19 may continue to impact the Company’s financial results and liquidity for some time.
- MVC has not experienced production interruptions or significant disruption to its supply chain because of the COVID-19 global pandemic.

Amerigo reported quarterly net loss of \$4.0 million

- Net loss during Q1-2020 was \$4.0 million (Q1-2019: \$1.4 million), due to lower production and lower metal prices including the effect of negative fair value adjustments to copper receivables (\$5.3 million negative adjustments in Q1-2020 compared to \$2.1 million positive adjustments in Q1-2019).
- Copper price declined from an average price of \$2.75 per pound (“/lb”) in December 2019 to an

average price of \$2.35/lb in March 2020 in response to the current global pandemic.

- Negative settlement adjustments result from “M+3” pricing, a customary in the trade practice under which final pricing for copper produced by MVC is determined based on the average London Metal Exchange (“LME”) copper price of the third month following delivery of copper. Of the \$5.3 million in negative settlement adjustments recorded in Q1-2020, \$3.0 million were final settlements for October, November and December 2019 production and \$2.2 million were mark-to-market adjustments for Q1-2020 production to a copper price of \$2.35 per pound.

- Loss per share during Q1-2020 was \$0.02 (Q1-2019: \$0.01).

- The Company had negative operating cash flow before changes in non-cash working capital of \$4.1 million in Q1-2020 (Q1-2019: \$5.2 million). Quarterly net operating cash flow was negative \$1.4 million (Q1-2019: negative \$1.4 million).

MVC produced 11.8 million pounds of copper during Q1-2020 (Q1-2019: 12.9 million pounds) at a cash cost of \$1.94/lb (Q1-2019: \$2.03/lb).

- Q1-2020 production was 11.8 million pounds of copper (Q1-2019: 12.9 million pounds) including 5.7 million pounds from historic tailings (“Cauquenes”) (Q1-2019: 8.4 million pounds), 5.1 million pounds from fresh tailings (Q1-2019: 4.6 million pounds) and 1.2 million pounds from slag processing (nil in Q1-2019).

- As anticipated, Q1-2020 Cauquenes production was lower than in Q1-2019 due to reduced processing rates to preserve water supply in response to drought conditions in central Chile. MVC had forecasted processing rates of 125,000 tonnes per day (“TPD”) for fresh tailings and 40,000 TPD for Cauquenes during H1-2020. Q1-2020 actual processing rates averaged 120,868 TPD for fresh tailings and 44,427 TPD for Cauquenes.

- Operating days in Q1-2020 were 77 for fresh tailings and 67 for Cauquenes due to scheduled annual plant maintenance shutdowns at MVC and El Teniente and unexpected plant stoppages due to downtime of one or more of MVC’s water thickeners in connection with work carried out to improve water recovery and equipment adjustments to handle higher density tailings. There have been no plant stoppages since March 3, 2020.

- MVC continues to advance on its plant optimization program.

- 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,) during Q1-2020 decreased to \$1.94/lb (Q1-2019: \$2.03/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 \$0.44/lb) during Q1-2020 decreased to \$2.88/lb (Q1-2019: \$3.02/lb), due to lower cash cost and lower DET notional royalties from lower metal prices

MVC’s average copper price in Q1-2020 was \$2.35/lb

- During Q1-2020, MVC’s copper price was \$2.35/lb (Q1-2019: \$2.92/lb) and MVC’s molybdenum price was \$9.20/lb (Q1-2019: \$11.11/lb).

- Revenue during Q1-2020 was \$15.6 million (Q1-2019: \$27.7 million), including copper tolling

revenue of \$13.3 million (Q1-2019: \$25.5 million), molybdenum revenue of \$1.7 million (Q1-2019: \$2.2 million) and slag processing revenue of \$0.7 million (Q1-2019: \$nil).

- Copper tolling revenue is calculated from MVC's gross value of copper produced during Q1-2020 of \$27.2 million (Q1-2019: \$36.4 million) and fair value adjustments to settlement receivables of (\$5.3) million (Q1-2019: \$2.1 million), less notional items including DET royalties of \$5.2 million (Q1-2019: \$8.1 million), smelting and refining of \$3.0 million (Q1-2019: \$4.5 million) and transportation of \$0.3 million (Q1-2019: \$0.4 million).

- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q1-2020 provisional copper price was \$2.35/lb, and final prices will be the average LME prices for April, May and June 2020. A 10% increase or decrease from the \$2.35/lb provisional price used at March 31, 2020 would result in a \$2.5 million change in revenue in Q2-2020 in respect of Q1-2020 production.

At March 31, 2020, MVC had a working capital deficiency of \$27.7 million

- At March 31, 2020, the Company held cash of \$0.6 million (December 31, 2019: \$7.2 million), with a working capital deficiency of \$27.6 million (December 31, 2019: \$15.1 million).

- The Company's working capital position was severely affected by a sharp decline in copper prices during Q1-2020, which resulted in a reduction in cash receipts due to negative price settlement adjustments of \$3.0 million and a decrease in amounts receivable of \$2.3 million from mark-to-market adjustments. Also during Q1-2020, the Company made scheduled debt payments of \$4.7 million and \$1.6 million in interest payments, for a total of \$6.3 million in scheduled cash payments to MVC's lenders.

- The price of copper remains at levels where it is insufficient to cover the Company's production costs, royalty obligations to DET, financial commitments and ongoing working capital requirements. These adverse conditions give rise to material uncertainties that may cast significant doubt as to the ability of the Company's ability to meet its obligations as they come due and accordingly, the appropriateness of using accounting principles applicable to a going concern.

- In response to these circumstances, the Company has reduced operating costs, suspended most capital expenditures, structured deferred payment programs with key suppliers and is conducting discussions with the MVC lenders and with Codelco. There can be no assurance that these initiatives will be successful.

- The Company's ability to continue as a going concern is dependent upon copper prices stabilizing and/or MVC's ability to reduce operating costs and royalties, in order to generate positive cash flows from operations.

Investor Conference Call on May 7, 2020

Amerigo's quarterly investor conference call will take place on Thursday May 7, 2020 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard 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.

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 three months ended March 31, 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

1 □ Copper production conducted under a tolling agreement with DET, and in Q1-2020 a slag processing 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 March 31, 2020, comprised of short and long-term portions of \$9.4 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.

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. 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. 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. These forward-looking statements include but are

not limited to, statements concerning:

- forecasted production, reductions in operating costs and an increase in recoveries;
- water supply risk to MVC as a result of extreme drought conditions in Chile;
- 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;
- the timing of completion of MVC's projects to improve water recirculation;
- 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.

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 completion of all phases of the Cauquenes expansion, the ability of the Company to draw down

funds from bank facilities and lines of credit, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion; 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 a number of 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 returning to 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.

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.

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