



Amerigo Reports Strong 2020 and Q4-2020 Financial Results

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(Amounts in U.S. dollars except indicated otherwise)

Amerigo Resources Ltd. (TSX: ARG; ARREF:OTC) ("Amerigo" or the "Company") is pleased to announce financial results for the three months ("Q4-2020") and year ended December 31, 2020.

Amerigo posted annual net income of \$6.1 million, earnings per share ("EPS") of \$0.03, EBITDA of \$33.1 million and annual operating cash flow before changes in working capital of \$29.1 million.

In Q4-2020, the Company's net income was \$8.3 million, with EPS of \$0.05, EBITDA¹ of \$20.1 million and quarterly operating cash flow before changes in working capital of \$19.8 million.

"We are pleased to report a strong operational and financial close of the year. Financial results in Q4-2020 reversed the financial losses posted during a challenging first semester and represented 61% of annual EBITDA. Amerigo's liquidity and financial position were substantially improved, positioning us for a sound start in 2021. We are fully focused on delivering production and cost guidance, which under current strong copper prices should continue to re-establish shareholder value", said Aurora Davidson, Amerigo's President and CEO.

The information and data contained in this news release should be read in conjunction with Amerigo's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the years ended December 31, 2020 and 2019, available at the Company's website at www.amerigoresources.com and at www.sedar.com. □

Annual	Annual	□		
2020	2019	Q4-2020	Q4-2019	
Revenue (\$ millions)	26.4	19.8	7.2	5.5

Net income (loss) (\$ millions)	6.1	(9.4)	8.3	0.6
Earnings (loss) per share (\$)	0.03	(0.05)	0.05	0
EBITDA1 (\$ millions)	33.1	17.9	20.1	7.9
Operating cash flow before changes in working capital (\$ millions)	29.1	9.8	19.8	6.4
Cash and cash equivalents (\$ millions)	4.1	7.2		
Bank debt (\$ thousands)	6.5	5.9		

Highlights and Significant Items

- 2020 net income was \$6.1 million (2019: net loss of \$9.4 million) due to higher copper prices in the second half of the year, lower tolling and production costs and lower expenses.
- Annual EPS was \$0.03 (2019: loss per share (“LPS”) of \$0.05).
- The Company generated annual operating cash flow of \$29.1 million before changes in non-cash working capital (2019: \$9.8 million). Annual net operating cash flow was \$19.8 million (2019: \$9.7 million).
- 2020 production from Amerigo’s Minera Valle Central (“MVC”) tailings processing facility in Chile was 56.2 million pounds (“M lbs”) of copper (2019: 69.8 M lbs), including 29.3 M lbs from Cauquenes (2019: 38.9 M lbs), 25.6 M lbs from fresh tailings (2019: 19.3 M lbs) and 1.2 M lbs from slag processing (2019: 11.6 M lbs). Excluding slag processing, 2020 copper production was 55.0 M lbs (2019: 58.2 M lbs) mostly due to reduced Cauquenes processing rates in H1-2020 in response to drought conditions then present at MVC.
- Molybdenum production was 1.4 M lbs in 2020 and 2019.
- 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, decreased to \$1.76 per pound (“/lb”) (2019: \$1.82/lb). In the computation of cash cost, by-product credits include molybdenum and slag processing revenue.
- MVC’s copper price was \$2.94/lb (2019: \$2.73/lb) and MVC’s molybdenum price was \$8.19/lb (2019: \$10.64/lb). Amerigo remains fully leveraged to the price of copper.
- Revenue was \$126.4 million (2019: \$119.8 million), including copper tolling revenue of \$116.3 million (2019: \$103.6 million), molybdenum revenue of \$9.5 million (2019: \$10.6 million) and slag processing revenue of \$0.7 million (2019: \$5.5 million).
- Copper tolling revenue is calculated from MVC’s gross value of copper tolled of \$156.6 million (2019: \$158.7 million) and fair value adjustments to settlement receivables of \$11.6 million (2019: \$0.3 million), less notional items including DET royalties of \$33.5 million (2019: \$33.8 million), smelting and refining of \$16.7 million (2019: \$19.8 million) and transportation of \$1.8

million (2019: \$1.8 million).

•MVC's financial performance is very sensitive to changes in copper prices. At December 31, 2020, MVC's provisional copper price was \$3.53/lb and final prices for October, November, and December 2020 sales will be the average London Metal Exchange prices for January, February and March 2021 respectively. A 10% increase or decrease from the \$3.53/lb provisional price would result in a \$5.6 million change in copper revenue in 2021 in respect of 2020 production.

•At December 31, 2020, the Company's cash balance was \$14.1 million (December 31, 2019: \$7.2 million) and the Company's working capital deficiency was down to \$6.1 million from \$15.1 million at December 31, 2019.

•Although the Company's working capital deficiency continues to be a liquidity risk indicator, Amerigo expects to continue to meet obligations for at least the next 12 months from operating cash flows, assuming 2021 copper prices average at least \$2.85/lb and the Company's 2021 production and cost outlook is met.

•In 2020, MVC made debt repayments of \$9.4 million (2019: \$12.4 million) and obtained a \$7.3 million loan from Codelco's El Teniente to finance settlement adjustments. The Company's debt balance at year end was \$53.8 million (December 31, 2019: \$55.9 million).

Summary Consolidated Statements of Financial Position

December 31, 2020 / December 31, 2019

\$ thousands / \$ thousands

Cash and cash equivalents 4,085 / 7,164

Property plant and equipment 84,805 / 98,582

Other assets 8,685 / 7,916

Total assets 237,575 / 233,662

Total liabilities 26,893 / 31,030

Shareholders' equity 10,682 / 02,632

Total liabilities and shareholders' equity 237,575 / 233,662

Summary Consolidated Statements of Income and Comprehensive Income

Year ended December 31,

2020 / 2019

\$ thousands / \$ thousands

Revenue 26,427 / 19,803

Tolling and production costs (11,041) / (19,400)

Other expenses (3,606) / (5,303)

Finance expense(5,240)(7,846)
Income tax (expense) recovery (476)3,333
Net income (loss)6,064 (9,413)
Other comprehensive income 1,756 854
Comprehensive income (loss)7,820 (8,559)

Earnings (loss) per share - basic & diluted0.03 (0.05)

Summary Consolidated Statements of Cash Flows

Year ended December 31,

2020 2019

\$ thousands \$ thousands

Cash flows from operating activities29,148 9,845

Changes in non-cash working capital (9,371) (133)

Net cash from operating activities19,777 9,712

Net cash used in investing activities(2,720) (10,585)

Net cash (used in) from financing activities(10,658) (13,173)

Net increase (decrease) in cash6,399 (14,046)

Effect of foreign exchange rates on cash522 (128)

Cash and cash equivalents, beginning of year7,164 21,338

Cash and cash equivalents, end of year14,085 7,164

Amerigo's quarterly investor conference call will take place on Friday February 19, 2021 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

To join the call, please dial 1-800-806-5484 (Toll-Free North America) and enter passcode 1259759# 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 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; Fax: (604) 682-2802; Web: www.amerigoresources.com; Listing: ARG:TSX.

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Alternative Performance Measures

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this news release because they provide key performance measures used by management to monitor performance, assess corporate performance, and to plan and assess the overall effectiveness and efficiency of Amerigo's operations. These performance measures do not have any standardized meaning within IFRS and, therefore, amounts presented may not be comparable to similar measures presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

For Cautionary Note Regarding Forward-Looking Information, please refer to the news release dated February 18, 2021 on the Company website at

<http://www.amerigoresources.com/investors/news/>

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