



Amerigo Reports Strong Net Income & Operating Cash Flow in Q2-2021

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Amerigo Reports Strong Net Income & Operating Cash Flow in Q2-2021 (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 quarter ended June 30, 2021 ("Q2-2021").

Amerigo posted net income of \$11.6 million, earnings per share ("EPS") of \$0.06 (Cdn\$0.08), EBITDA1 of \$23.4 million and quarterly operating cash flow before changes in working capital of \$17.1 million.

"Amerigo has again met operational objectives and posted another quarter of strong financial results. The Company generated \$17.1 million in operating cash flow, improved its ending cash position to \$53.1 million and reduced bank debt to \$33.8 million", 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 interim consolidated financial statements and Management's Discussion and Analysis ("MD&A) for the three and six months ended June 30, 2021, available at the Company's website at www.amerigoresources.com and at www.sedar.com. □

30-Jun-21 31-Dec-20 Q2-2021 Q2-2020

Revenue (\$ millions) 60.5 66.0

Net income (loss) (\$ millions) 11.6 (3.6)

EPS (LPS) (\$) 0.06 (0.02)

EPS (LPS) (Cdn\$) 0.08 (0.03)

EBITDA1 (\$ millions) 23.4 18.9

Operating cash flow before changes in working capital (\$ millions) 17.1 12.8

Cash (\$ millions) 48.9 44.1 □

Restricted cash (\$ millions) 4.2 □

Bank debt (\$ millions) 33.8 46.5 □

Highlights and Significant Items

- Q2-2021 net income was \$11.6 million (Q2-2020: net loss of \$3.6 million), due to higher production, higher metal prices and \$4.8 million in positive quarterly fair value adjustments.

- Q2-2021 EPS was \$0.06 (Cdn\$ 0.08) (Q2-2020: loss per share (“LPS”) of \$0.02 (Cdn\$0.03)).

- The Company generated operating cash flow before changes in non-cash working capital of \$17.1 million in Q2-2021 (Q2-2020: \$2.8 million). Quarterly net operating cash flow was \$21.9 million (Q2-2020: \$1.1 million).

1 This is a non-GAAP financial measure. Refer to “Alternative Performance Measures” at the end of this press release.

- Q2-2021 production from Amerigo’s Minera Valle Central (“MVC”) tailings processing facility in Chile was 15.0 million pounds of copper (Q2-2020: 13.0 million pounds) including 7.6 million pounds from Cauquenes (Q2-2020: 6.3 million pounds) and 7.4 million pounds from fresh tailings (Q2-2020: 6.7 million pounds). Actual average grades and recoveries from Cauquenes tailings have consistently been lower than the average grade and recoveries originally anticipated from Cauquenes tailings as set out in the Technical Report entitled “Minera Valle Central Operation – Rancagua, Region VI, Chile” dated March 29, 2019 with an effective date of December 31, 2018 (the “Technical Report”) prepared by Robert D. Henderson P.Eng. Accordingly, the Company is no longer relying on the Technical Report’s projections and assumptions, including, but not limited to, the 2021 production guidance and the inferred mineral resource estimates contained therein. Therefore, the Technical Report, and the production guidance and mineral resource estimates contained therein, should no longer be considered current or relied upon.

- Molybdenum production in Q2-2021 was 0.3 million pounds (Q2-2020: 0.4 million pounds).

- Q2-2021 cash cost² (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) increased 5% to \$1.81 per pound (“/lb”) (Q2-2020: \$1.72/lb).

- In Q2-2021, MVC’s average quarterly copper price was \$4.44/lb, 70% higher than the Q2-2020 average copper price of \$2.61/lb. MVC’s average quarterly molybdenum price was \$13.33/lb, 69% higher than the Q2-2020 average quarterly price of \$7.88/lb.

- Revenue during Q2-2021 was \$50.5 million (Q2-2020: \$26.0 million), including copper tolling revenue of \$45.7 million (Q2-2020: \$23.9 million) and molybdenum revenue of \$4.8 million (Q2-2020: \$2.1 million).

□ Copper tolling revenue is calculated from MVC's gross value of copper produced during Q2-2021 of \$66.6 million (Q2-2020: \$33.3 million) and positive fair value adjustments to settlement receivables of \$4.8 million (Q2-2020: \$1.4 million), less notional items including DET royalties of \$20.2 million (Q2-2020: \$6.1 million), smelting and refining of \$5.0 million (Q2-2020: \$4.3 million) and transportation of \$0.5 million (Q2-2020: \$0.4 million). The Q2-2021 settlement adjustments included \$5.3 million in positive fair value adjustments in respect of Q1-2021 production, which are final adjustments.

□ MVC's financial performance is very sensitive to changes in copper prices. MVC's Q2-2021 provisional copper price was \$4.37/lb, and final prices for April, May, and June sales will be the average London Metal Exchange prices for July, August, and September, respectively. A 10% increase or decrease from the \$4.37/lb provisional price used on June 30, 2021 would result in a \$6.6 million change in revenue in Q3-2021 in respect of Q2-2021 production.

□ On June 30, 2021, the Company held cash and cash equivalents of \$48.9 million (December 31, 2020: \$14.1 million), restricted cash of \$4.2 million (December 31, 2020: \$nil) and had working capital of \$17.8 million (December 31, 2020: working capital deficiency of \$6.1 million).

□ On June 30, 2021, MVC completed a restructuring of its debt facilities. MVC's bank debt net of transaction costs at quarter end was \$33.8 million (December 31, 2020: \$46.5 million)
 2 This is a non-GAAP financial measure. Refer to "Alternative Performance Measures" at the end of this press release.

Summary Consolidated Statements of Financial Position□

June 30, December 31,
 2021 2020

\$ thousands □ thousands

Cash and cash equivalents 48,909 □ 14,085

Restricted cash 4,200 □

Property plant and equipment 78,473 □ 84,805

Other assets 6,477 □ 8,685

Total assets 258,059 □ 237,575

Total liabilities 25,534 □ 26,893

Shareholders' equity 32,525 □ 10,682

Total liabilities and shareholders' equity 258,059 □ 237,575

Summary Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)□

Q2-2021 Q2-2020

\$ thousands\$ thousands

Revenue\$50,503 \$26,046

Tolling and production costs\$(31,376)\$(26,441)

Other expenses\$(1,060)\$(2,916)

Finance expense\$(2,136)\$(904)

Income tax (expense) recovery \$(4,345)\$613

Net income (loss)\$1,586 \$(3,602)

Other comprehensive (loss) income \$(69)\$544

Comprehensive income (loss)\$1,517 \$(3,058)

Earnings (loss) per share - basic & diluted\$0.06 \$(0.02)

Summary Consolidated Statements of Cash Flows

Q2-2021Q2-2020

\$ thousands\$ thousands

Cash flows from operating activities\$7,067 \$2,785

Changes in non-cash working capital \$4,835 \$(1,653)

Net cash from operating activities\$21,902 \$1,132

Net cash received used in investing activities\$(839)\$(810)

Net cash used in financing activities\$(10,574)\$(403)

Net increase (decrease) in cash\$10,489 \$(81)

Effect of foreign exchange rates on cash\$(223)\$(2)

Cash and cash equivalents, beginning of period\$38,643 \$572

Cash and cash equivalents, end of period\$48,909 \$489

Earnings Call on August 12, 2021

Amerigo's quarterly earnings call will take place on Thursday, August 12, 2021, at 11:00 am Pacific Time/2:00 pm Eastern Time.

To join the call, please dial 1-888-664-6392 (Toll-Free North America) and enter confirmation number 17812350 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.

121 Mining Investment Online Americas

Amerigo will be participating in the upcoming 121 Mining Investment Online Americas conference from October 13 to 15, 2021. CEO Aurora Davidson will be available for one-on-one meetings with investors for the duration of the event. The 121 Mining Investment conference

connects senior investors from institutional funds, private equity groups, family offices and sector analysts that are based in Canada and USA, through one-on-one investor meetings hosted virtually.

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.

The information and data contained in this news release should be read in conjunction with Amerigo’s Condensed Interim Consolidated Financial Statements (unaudited) and MD&A for the three and six months ended June 30, 2021 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2020, available at the Company’s website at www.amerigoresources.com and at www.sedar.com.

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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.

Refer to Forward Looking Information on this news release on the Company’s SEDAR filing of this document.

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