FINAL TRANSCRIPT

Amerigo Resources Ltd.

Q3 2023 Earnings Conference Call

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PRESENTATION

Operator

Good afternoon. My name is Sylvie (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Amerigo Resources Q3 2023 Earnings Conference Call. Note that all lines have been placed on mute to prevent any background noise.

After the formal remarks, there will be a question-and-answer session. And if you would like to ask a question during this time, simply press *, then number 1 on your telephone keypad. And if you would like to withdraw your question, please press *, then number 2. Thank you.

Mr. Graham Farrell of Harbor Access, Investor Relations, you may begin your conference.

Graham Farrell — Investor Relations, Harbor Access LLC

Thank you, Operator. Good afternoon and welcome, everyone, to Amerigo's quarterly conference call to discuss the Company's financial results for the third quarter of 2023. We are delighted to have you join us today.

This call will cover Amerigo's financial and operating results for the third quarter ended September 30, 2023.

Following our prepared remarks, we will open the conference call to a question-and-answer session.

Our call today will be led by Amerigo's Chief Executive Officer, Aurora Davidson, along with the Company's Chief Financial Officer, Carmen Amezquita.

Before we begin our formal remarks, I would like to remind everyone that some of the statements on this conference call may be forward-looking statements. Forward-looking statements may include, but are not necessarily limited to financial projections or other statements of the Company's plans, objectives, expectations, or intentions.

These matters involve certain risks and uncertainties. The Company's actual results may differ significantly from those projected or suggested by any forward-looking statements, due to a variety of factors which are discussed in detail in our SEDAR filings.

I will now hand the call over to Aurora Davidson. Please go ahead, Aurora.

Aurora Davidson — Chief Executive Officer, Amerigo Resources Ltd.

Thank you, Graham, and welcome to Amerigo's earnings call for the third quarter of 2023.

Our press release announcing third quarter results stated this was a challenging operational quarter. Copper production was 31 percent lower than the comparative quarter in 2022, and this had a significant impact on earnings, cash flow, working capital, and ending cash.

I will talk briefly about our operational highlights, discuss financial results for the third quarter, give you my comments on the short-term outlook and our capital return policy, and end my remarks with our long-term view of copper.

Two heavy rain events impacted copper production from MVC in the second and third quarters. We have provided comprehensive disclosure on this subject, including videos and images that can better show you the magnitude of the impact at MVC than I can describe.

Despite the tremendous repair efforts led by our teams to get us back to normal operations, the two events resulted in a 6-million-pound loss of copper production over the two quarters. This is significant for us and represents 9.6 percent of our original 2023 production guidance, all of which have been previously reported.

MVC returned to normal operations on September the 21st, so there will be no further production impact from those historical rain events.

Our after-action analysis of these events has flagged many of our strengths, such as team alignment, swift response times, no accidents or damages to the environment. Importantly, our overall capital allocation strategy was proven correct, as our proactive risk mitigation projects significantly protected infrastructure from further damage. The benefit of a solid financial position to face this emergency was also evident.

We also identified areas that need further improvement, such as our ability to remove water from Cauquenes more quickly, should the same situation arise again. And we will continue to actively search for areas of potential investment that will help protect our operations from further risk.

We are having a strong fourth quarter, and we expect to beat our fourth quarter 2022 production, which was 16 million pounds of copper. The disruptions to production had no lasting effect on Amerigo's long-term business and did not affect the Company's overall capital return strategy. The strategy is flexible and adaptable to the inherent volatility of the copper sector.

This week, the Board of Directors of Amerigo declared another quarterly dividend of C$0.03 per share. This is our ninth consecutive dividend.

I will briefly comment on some specific points of our third quarter financial results. Carmen Amezquita, our CFO, will provide more detail in her update.

Concerning headline results, we posted a net loss of $5.8 million or $0.04 per share. This is a $0.05-per-share loss in Canadian.

The copper price was slightly lower than the preceding quarter, at $3.76 compared to $3.80, but it was still the lowest quarterly price in 2023.

Despite our lower copper production, net revenue of $30.3 million was similar to revenue of $30.9 million quarter on quarter, mainly because copper prices were higher than in Q3 2022, and we had fewer prior-quarter negative price settlement adjustments.

Overall, we posted a gross loss of $2 million, which was smaller by $1.6 million than the comparative quarter, also helped by production costs that were $2 million lower due to lower copper production levels.

On a net basis, the two items that led to an increase in our net loss were of an accounting nature. One was an increase of $1.4 million in unrealized foreign exchange expense, and the other was expensing a $1.1 million environmental compliance project that did not meet capitalization criteria. This project was officially completed this year, but most of it was developed and paid for as CapEx in 2022.

The impact of the production disruptions on third quarter EBITDA was $8.4 million, including the opportunity costs of foregone revenue and additional operating costs, the most significant being an alternative power supply in July, net of lower production costs.

We also spent $1.1 million in CapEx to replace a high-voltage power tower, moving some of them into safer areas to help prevent the same type of impact from another flooding event, should it ever occur.

During the quarter, our cash decreased by $18.4 million, even though we generated $2.6 million from operations, as we reduced trade payables and DET royalties by $10.4 million, which resulted in net cash used in operations of $7.4 million.

We had a CapEx-intensive quarter with payments of $5.2 million, and we also paid $3.6 million in dividends and transferred $2.1 million to the restricted cash account from which we make semiannual debt payments.

During the quarter, our employees at MVC had no accidents, we had no environmental incidents, and our plant availability was 69 percent, which resulted from the weather events.

Our current cash level of $13.1 million, excluding restricted cash, is below our target of $25 million due to the production loss of the last two quarters. We could have instantly fixed this issue by drawing down our $15 million working capital line of credit. However, we have chosen to leave the line of credit as intact as possible.

In October 2023, we drew $2 million from the line of credit and, at present copper prices, we expect to avoid making further draws from the line of credit this year.

Our bank debt on September the 30th was $21 million, which is $7 million less than a year ago.

This is how I see our free cash flow performance in the next 12 months. Amerigo's ability to generate cash flow depends on three drivers: our copper production, copper price, and our costs.

From a production perspective, we are back to normal and again outperforming our production targets. As I always say, a consistent operation leads to predictable cash flows, which is how Amerigo typically operates. Despite us having yet to issue official guidance for 2024, my confidence level in achieving copper production north of 62 million pounds next year is very high.

Copper price is one variable we do not control and because of that, we choose to err on the side of caution when selecting a short-term price for budgeting. This is not a new practice.

For example, in 2023, we used an annual price of $3.60 for our budget and guidance. The year-to-date actual price has been $3.86, which means copper prices have not taken us by surprise.

We are taking a similar approach as we prepare our next year's budget, and we acknowledge there is bearish short-term sentiment around copper prices that cannot be ignored in planning for the year ahead.

Throughout the year, general concerns have included the contraction in manufacturing in Europe, particularly in Germany, and the feeling that the United States could follow, as well as the slump in China’s property sector.

Additional drivers that have affected market sentiment, particularly in the last weeks, are concerns about rising LME inventories and a negative copper market balance forecast issued by the International Copper Study Group.

Inventories at the LME warehouses have risen recently and peaked at 192,000 tons on October the 20th. However, keep in mind that inventories are building from historic lows, and current levels remain lower than in recent years, except for 2022. For example, the high point of LME inventories in 2019 was 336,000 tons, 75 percent higher than this year’s highest point.

Concerning the International Copper Study Group market forecast, this was published on October the 4th and projected a refined copper market surplus of 467,000 tons in 2024.

Regarding the accuracy of their forecasts, it is instructive to look at how well ICSG did for their 2023 forecast. Initially, in 2022, the group predicted a 2023 surplus of 352,000 tons, and their most recent forecast is for a market deficit of 27,000 tons, or almost a 400,000-ton swing in our favour.

Forecasting copper industry dynamics is a challenging task. Still, copper demand is often understated and supply is often overstated in initial forecasts and must subsequently be revised to reflect the realities of copper supply and demand.

Although we will remain conservative with our copper price assumption for budgeting purposes, there is room for increasing demand and faltering supply trends to boost our realized prices next year.

About our costs, we will never stop working to control and reduce costs. Before the production disruptions, our 2023 cash cost was lower than our guidance. This was a significant outperformance versus most other copper producers.

Last month, Cochilco, the Chilean Copper Commission, reported that in the first half of 2023, the direct cost per pound of Chile's major copper producers had risen, on average, by 25 percent due to lower production and higher services and materials costs. My confidence level in our ability to control and reduce costs is high.

Moving on to uses of cash in 2024, let me start with CapEx.

In contrast with 2023, which was a high CapEx year for us as we built a new sump in Cauquenes that would last three to three-and-a-half years, and we incurred most of the CapEx of buying and installing a standby power transformer at MVC, 2024 will be a normal CapEx year of around $8 million.

At present, debt principal repayments in 2024 will be $8 million, of which $7 million is associated with our term loan and $1 million to repay 50 percent of the amount drawn on the line of credit. By the end of 2024, our term loan balance will be $14 million, continuing our trend of declining debt.

With the expected cash impacts of CapEx and financing costs covered, I hope this rounds out the picture of how we think about free cash flow generation for next year.

Now let's talk about our capital return strategy in 2024.

As you know, the cornerstone of our strategy is a quarterly dividend. Consistent dividends provide a big incentive for investors to buy and to hold our stock. The regularity and safety of these dividends, with a yield of 9.8 percent based on yesterday's closing price, are paramount to Amerigo.

Still, we have to acknowledge the dividends of the current amount can only continue in the future with higher copper prices. This, of course, aligns with our long-term solid outlook for copper.

Given the combination of recent operational impacts and current economic headwinds weighing on copper prices, the board is examining the temporary modification of our capital return strategy in respect of the quarterly and performance dividend components.

Our goal continues to be to deliver to shareholders as consistent and significant a return of capital as possible. But the flexibility of our capital return strategy allows us to remain committed to this goal using different tools at different times in response to the impacts of negative events and exogenous factors.

For example, should we be forced to reduce a quarterly dividend in response to market conditions, we could reestablish that return of capital quickly with a compensating performance dividend when circumstances improve.

As you know, in May of this year, in response to prevailing copper prices, we put a pause on buying back our shares in the market. This pause will continue until copper prices improve. However, we will renew our normal course issuer bid, which expires on December the 2nd, so we can continue to buy back shares when favourable conditions return.

I will conclude my comments confirming that our long-term outlook for copper remains strong. Any copper price weakness in the short term only helps the longer-term outlook for copper prices. Today's copper prices are not supportive of new investments, and the new, higher cost structures are creating stress in the world's biggest copper producers.

The information for the first eight months of 2023 shows that copper mine production is barely increasing at only 1.3 percent. Under the generalized conditions of falling ore grades, bringing new copper supplies in line is very challenging.

Inflation is also showing its ugly head. Just look at the latest example, which is QB2. This had an original CapEx estimated at $4.7 billion and after only a few years, it has almost doubled to $8.6 billion or $8.8 billion.

As the global mined copper supply slows, new demand sources are emerging. Refined copper production is estimated to have grown 2.5 percent in the first eight months of 2023, driven by a 5 percent increase in Chinese demand and a 3 percent fall in global demand outside of China.

Where is the Chinese demand increase coming from? It is coming from the extensive buildup of their solar power generation capacity and the manufacturing of electric vehicles. In another example of soaring demand, copper consumption from India has tripled compared to 2022.

We think global electrification demand will rise, and the Western world will come out of its economic funk. Copper supplies will remain limited because the higher incentive price is required to develop new projects. Therefore, higher prices will occur in response to the falling availability of copper.

Given that backdrop, my outlook for copper continues to be very optimistic. We are simply facing a timing challenge. The robust copper demand and supply outlook will persist and, at Amerigo, we have a unique long-term operation, ideally positioned to benefit from these favourable conditions. Amerigo continues to represent a tremendous value proposition for new and existing shareholders.

I will ask Carmen to discuss the Company’s third quarter financial results.

Carmen Amezquita — Chief Financial Officer, Amerigo Resources Ltd.

Thank you, Aurora. I will now present the Q3 2023 quarterly financial report from Amerigo and its MVC operation in Chile.

In the third quarter of 2023, Amerigo had net loss of $5.8 million, loss per share of $0.04, or C$0.05, EBITDA of $3.2 million, and operating cash flow before changes in non-cash working capital of $2.6 million.

Amerigo's Q3 2023 financial performance was adversely impacted by 31 percent lower copper production compared to Q3 2022, due to severe rain in central Chile, which affected MVC's operations. As we have disclosed, these disruptions were resolved prior to the end of the quarter.

As Aurora mentioned earlier, the impact on EBITDA in the third quarter from these disruptions is estimated at $8.4 million.

Revenue was $30.3 million, only 2 percent lower than the Q3 2022 revenue of $30.9 million, despite lower production due to a higher average copper price of $3.76 per pound; a reduction of $8.4 million in negative settlement adjustments to prior-quarter sales; a reduction of $1.6 million in lower notional items, including copper royalties to DET; and a $1.1 million increase in molybdenum revenue.

Copper tolling revenue in Q3 2023 was $25.7 million compared to $27.4 million in the comparative quarter, and moly revenue was $4.6 million compared to $3.5 million, due to stronger molybdenum prices.

Our tolling and production costs, including depreciation, were $32.4 million compared to $34.4 million in Q3 2022. Tolling and production costs in Q3 2023 were lower than in Q3 2022 due to 31 percent lower production as a result of the weather events during the quarter, offset by higher power costs incurred to secure an alternative power supply to MVC in July.

In Q3 2023, general and administrative expenses were consistent with Q3 2022 at $1 million, with $0.4 million in salaries, management, and professional fees; $0.3 million in share-based compensation; and $0.3 million in office and general expenses.

We reported other losses of $3.3 million in Q3 2023, compared to $0.8 million in the comparative quarter, which included a foreign exchange loss of $2.2 million.

Amerigo's foreign exchange gains or losses are mainly unrealized and come from mark-to-market foreign exchange rate adjustments for amounts held in MVC, denominated in Chilean pesos, as well as from the translation of intercompany accounts in companies with non-USD functional currencies.

Also included in other losses is a $1.1 million environmental compliance expense related to the construction of a road in the city of Rancagua. The project to build the road was undertaken and paid for almost its entirety in 2022 and originally classified as a fixed asset. Upon reviewing this further, we determined that the project did not meet the capitalization criteria, and it was therefore expensed this quarter.

The Company's finance expense in Q3 2023 was $1 million compared to $0.2 million in Q3 2022. $0.3 million of the increase in finance expense quarter on quarter was of a non-cash nature associated with the fair value changes on interest rate swaps. And during the quarter, we incurred $0.3 million in finance costs to defer payments to certain MVC suppliers following the production disruptions experienced in Q2 and Q3 2023.

In Q3 2023, the Company recognized an income tax recovery of $1.5 million, including $1.2 million in current tax recovery and $0.3 million in deferred income tax recovery.

Moving on to a brief review of cash costs. Amerigo's cash cost in Q3 was $2.44 per pound. This is higher than normal due to the lower production in the quarter from the effects of the floods in Chile.

We updated our annual cash cost guidance for 2023 in the MD&A filed yesterday. Cash cost this year is currently expected to be $2.20 per pound, down from our prior guidance of $2.27 per pound.

Moving on to the balance sheet.

On September 30, 2023, the Company had cash of $13.1 million, restricted cash of $6.3 million, and a working capital deficiency of $12.7 million.

In terms of cash flow, there was a net decrease in cash of $18.4 million in the quarter, with $7.5 million used in operating activities, $5.2 million used in investing activities, and $5.8 million used in financing activities.

The Company generated cash flow before changes in non-cash working capital of $2.6 million, but significantly reduced payables and royalties due to El Teniente during the quarter. And as a result, net operating cash after working capital changes was a use of cash of $7.5 million.

We made CapEx payments of $5.2 million in the quarter. As we have stated before, 2023 is a CapEx-intensive year at MVC due to the construction of a new sump in Cauquenes, which has been completed, and the purchase of the installation of a standby power transformer at MVC, most of which will be incurred in 2023.

Cash used in financing activities was $5.8 million, with $3.7 million returned to shareholders through Amerigo's C$0.03 per share quarterly dividend and $2.1 million in increases to the restricted cash account from which debt payments are made semiannually.

As a final comment, we reported a provisional price of $3.76 per pound for our Q3 sales. The final settlement prices will be the average London Metal Exchange prices for October, November, and December 2023.

A 10 percent increase or decrease from the $3.76 per pound provisional price would result in a $4.1 million change in revenue in Q4 2023 regarding Q3 2023 production. We now know the October price, which was $3.60 per pound.

We will report Amerigo's annual financial results in February 2024 and want to thank you for your continued interest in the Company.

We will now take questions from call participants.

Q&A

Operator

Thank you. Ladies and gentlemen, if you would like to ask a question at this time, please press *, followed by 1 on your touch-tone phone. You will then hear a three-tone prompt acknowledging your request. And if you would like to withdraw from the question queue, please press *, followed by 2. And lastly, if you're using a speakerphone, you will need to lift the handset before pressing any keys.

Please go ahead and press *, 1 now if you have any questions.

And your first question will be from Steve Ferazani at Sidoti. Please go ahead.

Steve Ferazani — Sidoti

Good afternoon, Aurora, Carmen. Appreciate all the detail and thoughts on the presentation this afternoon. I did want to start by asking about inflationary pressures and costs because you did lower your cash cost expectations for the year.

When we look at the quarter you just reported, despite the significant flood-impacted production, your cash cost, would have thought, would have been much higher. And even if I look at your notional items on a per-pound basis, were down sequentially. Can you give a little bit of colour around what you're seeing on costs and your expectations?

Aurora Davidson

Steve, there are two components to your question. One is inflation per se, and in our case, it's Chilean inflation. The ninth (sic) [nine-]month accumulated inflation for 2023 continues to go down. It was 3.3 percent. And we have a 12-month trailing inflation in Chile of 5.1 percent. This compares to a nine-month accumulated inflation of 10.8 percent last year. So we're almost a third down. And last year's 12-month trailing inflation was 13.7 percent, so the inflationary trend in Chile's definitely coming down.

And the other aspect is the Chilean peso, which has weakened against the Chilean—against the US dollar in the recent quarter. So both of those items have an effect on our cash cost, and that is why we lowered the guidance. Moly price didn't have an effect in that improvement—

Steve Ferazani

Right.

Aurora Davidson

—in our cash cost guidance.

Steve Ferazani

What's your—and any kind of expectations beyond? Are you seeing easing when you're actually purchasing? And the smelting and refining, that's set annually, isn't it?

Aurora Davidson

That is an annual term.

Steve Ferazani

When I think about your net cash position, you noted it was below your target. But it sounds like you don't think you're going to have to draw on the line of credit. Is there a minimum cash you can hold to operate? And at what level does that not become a choice?

Aurora Davidson

We normally talk about $25 million on a consolidated level. Of that, I would divide that between $15 million that we like to keep at all times at MVC and $10 million that we like to keep at all times at the corporate level. We are below that level at MVC, not at the corporate level, but it hasn't really been an issue.

The payment terms that we have from Codelco are basically weekly terms. We get 90 percent of our production paid the following week. So there's always a revolving cash—

Steve Ferazani

Yep.

Aurora Davidson

—cash flow coming in. So you cannot always be in life at your ideal condition. I think that is a true statement.

We're rebuilding that cash position at MVC. And depending on copper prices, we could be at a replenished position in the second quarter of 2024. We've been down to a low level of about $4 million or $5 million at MVC at different times following the events of June. But we have excellent credit relations with our term providers, with our suppliers. And we have extended some of our terms of payment on very friendly and very flexible ways to alleviate some of those bumps.

So in general terms, we gave that guidance on the MD&A, advising that we did draw $2 million from the line of credit. At present prices, there is no need to draw any further monies, at least during this year. And we will continue to monitor how things evolve once we have our budget for 2024 in front of us.

Right now, we're working with a continuation of assumptions for 2023. And we are seeing opportunities for cost reductions rather than cost escalations. And just to flag that, it is quite significant that we’re in a position to actually show an improving cost structure because this is not happening in other sectors of the industry.

Steve Ferazani

Right. Okay. That’s helpful. Thank you. For modelling purposes, has the annual maintenance shutdown at El Teniente been scheduled for next year yet?

Aurora Davidson

It is currently scheduled for April.

Steve Ferazani

April? Okay.

Aurora Davidson

Yeah. It could change.

Steve Ferazani

And—right.

Aurora Davidson

It is—it changes based on the operational requirements at El Teniente. But the preliminary information we have is that it will occur in April.

Steve Ferazani

And it sounds like you have minimal major projects on tap, given the expectations of—

Aurora Davidson

Yeah. We’re—we—

Steve Ferazani

—lower CapEx next year.

Aurora Davidson

Yeah. Basically, we're reassuming a sustaining CapEx mode for 2024.

Steve Ferazani

Perfect. Last one for me. This early in front of 2024, your confidence level on higher production next year or above the 62 million pounds—has anything changed in terms of the operations that get you that confidence level?

Aurora Davidson

No. If you look at our production results for 2022 and 2021, they are consistent with that. 2023 will be an out-of-range year because of the loss of 6 million pounds of copper. So—

Steve Ferazani

Right.

Aurora Davidson

—let's not compare to 2023.

Steve Ferazani

Right.

Aurora Davidson

You'll be better served doing your comparison against 2022.

Steve Ferazani

Fair enough. Thanks, Aurora.

Aurora Davidson

Thanks.

Operator

Once again, ladies and gentlemen, if you do wish to ask a question, you will need to please press *, 1 on your telephone keypad.

And your next question will be from Terry Fisher at CIBC. Please go ahead.

Terry Fisher — CIBC

Yes. Good day, Aurora. And a challenging year, but they're going to happen from time to time. I want to touch on a completely different topic than the results and the operations.

Just briefly, I had a conversation recently with a client who, along with me, has owned the shares for a long period of time. And the subject came around to how delighted we are with management these days under your direction.

But Amerigo's a relatively small company in the mining complex. And there are a lot of larger companies out there, I think, with a dire need for capable management. So my question is, can we be confident that nobody's going to hire away our CEO? That Southern Copper isn't going to try to entice you back to (unintelligible) Mexico?

What is it—and I haven't looked at the options that you have. I haven't dug into that. I should have, but I didn't have time. But what's the outlook? And if you were to leave, what's the succession plan?

Aurora Davidson

Terry, we can have this conversation—probably expand on this conversation after the call. I've been with Amerigo for 20 years. I am very committed to this team, to the Company. I enjoy what I do. I feel a tremendous amount of pride of what Amerigo has achieved. And I don't see myself leaving unless Klaus doesn't want me around anymore, but I don't think that is the case. I think we are a good team. And that's not a risk that you should be flagging directly on the top of your concerns.

Terry Fisher

All right. Well, that's sufficient for me. We don't need to talk later. Anyway, thanks very much. I'm going to turn it over to others because I've read the results thoroughly, and none of this is a surprise. And I think it's more important what happens in the future, particularly the copper price.

Aurora Davidson

Thanks, Terry.

Operator

Thank you. Next question will be from Dayle Miller, Investor. Please go ahead.

Dayle Miller — Private Investor

Aurora, I think you're to be congratulated for how well you've handled this last quarter under very challenging times. And I sincerely mean that.

Looking forward, I see an opportunity in the eligible dividends or the buyback shares. And right now, with the depressed levels, how do you feel about extending the buybacks? Maybe even at the loss of the dividends, the $0.03? I know that'd be desirable to maintain the $0.03. But at these prices of the stock, it seems you could be buying back considerable shares for your value.

Aurora Davidson

That's always an interesting question. And unfortunately, the correlation between a weak copper price, its effect on cash flow, and the value of the shares doesn't work that well. Right?

Suffice it to say, we have three components, the quarterly dividend, the performance dividend, and the share buybacks. The quarterly dividend is very important for us. We don't want to change that. We see share buybacks as an opportunistic way of using surplus cash and retired cash when it makes sense to do that. But we don't want to be prioritizing share buybacks over the dividends. And I think we've stated that before.

I get different feedback from different sets of investors. A lot of people like the share buyback component because it's not—it's giving them that additional value into the Company without any tax associated with it.

But we want to prioritize that dividend and remind you and other shareholders that up to the prior quarter, our ratio of distribution was essentially 48 percent share buybacks and 52 percent dividends. We've only had one full quarter, which was Q3, where we had a dividend without any share buyback activity. So we've been pretty consistent with both.

And in an ideal world, we want to balance both of them and not forget about share buybacks unless we're in a circumstance like where we are today, where our cash needs to be replenished. And even if there is a tremendous opportunity of buying back shares at this value, we cannot have our cake and eat it too. Right?

So we are prioritizing the dividend. We're building up our cash reserves as operations are back to normal now, and copper prices are behaving decently; $3.65 is not an indecent price of copper, despite perceptions. And we will probably be back in both modes, or probably with our three tools, when copper prices permit us to do that.

Dayle Miller

Thank you, Aurora, for that good explanation.

Aurora Davidson

Thanks.

Operator

Next question will be from John Polcari at Mutual of America. Please go ahead.

John Polcari — Mutual of America

Thank you. First, let me say remarkable results, delivering very acceptable results in a very challenging quarter. My question specifically is, as Codelco is pressed by the government and management to increase its production and expand operations, deliver increased copper production as prices are anticipated to escalate, I assume that growth in tailings will increase along with that production growth.

And I'm wondering, is there an opportunity going forward over the next several years to perhaps further expand your current operations of Amerigo to address the anticipated growth in tailings? Your comments would be appreciated. Thank you.

Aurora Davidson

John, are you talking about expanding our scope of contract with El Teniente? Or with the other mines that Codelco has?

John Polcari

Well, both, actually.

Aurora Davidson

With respect to El Teniente, our agreement basically provides us with receiving all of the tailings that come out of El Teniente. So to the extent that El Teniente increases their production and sends higher throughput of tailings down to MVC, we have the contractual rights to those tailings. So there's really nothing else to do with respect to El Teniente, other than expand our contract beyond 2037, which is something that we obviously would like to do.

With respect to the other mines, a decision would have to be made by Codelco whether they want to continue, or they want to start having an operation similar to what we have. And the discussion would be open, then, for us to participate in that. But it is a decision that has to come and that has to originate and be championed by Codelco. That is a clear genesis of where it would have to start. And we would be, obviously, very interested in having those discussions with them.

But with respect to El Teniente, which, as you know, is the single most significant of their operations, our contract provides us already with the rights to all of the tailings that they produce for processing at MVC.

John Polcari

So just a quick follow-up. As we speak, it sounds like there's no imminent indication that they might want to expand. Right? You're not getting any overtures that you would—

Aurora Davidson

No. No, not in respect of starting other tailings for processing operations at their other mines. There isn't anything on the table right now. In respect of their expansion of El Teniente, of course, they are.

John Polcari

Mm-hmm.

Aurora Davidson

They have significant projects in place, well advanced projects to continue developing their mine to ensure that they have production for the next 50 years. So that is in motion. And to the extent that they maintain or increase their throughput in the future, we have the rights to process all of their fresh tailings.

John Polcari

All right. Thank you. And again, well done on an extremely challenging quarter.

Aurora Davidson

Thanks, John.

Operator

Thank you. And at this time, we have no other questions registered. Please proceed with any additional comments.

Aurora Davidson

Thank you very much for attending the call, for following up on the Company. The recording and script will be available on our website in the next few days.

Our next earnings call will be on the third week of February 2024 to discuss annual financial results.

As usual, if you have further questions about Amerigo, Carmen, Graham, or myself are available any time. Thank you very much.

Operator

Thank you. Ladies and gentlemen, this does indeed conclude your conference call for today. Once again, thank you for attending. And at this time, we do ask that you please disconnect your lines.