FINAL TRANSCRIPT

Amerigo Resources Ltd.

Q1 2025 Earnings Conference Call

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CORPORATE PARTICIPANTS

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Nicholas Cortellucci
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PRESENTATION

Operator

Good afternoon. My name is Joanna and I will be your conference operator today. At this time, I would like to welcome everyone to the Amerigo Resources Q1 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the formal remarks, there'll be a question-and-answer session. If you would like to ask a question during this time, simply press the star then the number one on your telephone keypad. If you would like to withdraw your question, please press star followed by the two. Thank you.

Mr. Graham Farrell of North Star Investor Relations, you may begin your conference.

Graham Farrell — Founder & President, North Star Investor Relations

Thank you, operator. Good afternoon and welcome, everyone, to Amerigo's quarterly conference call to discuss the Company's financial results for the first quarter of 2025. Thank you for joining us today. This call will cover Amerigo's financial and operating results for the first quarter ended March 31, 2025. 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 President and 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 a call over to Aurora Davidson. Please go ahead, Aurora.

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

Thank you, Graham. Welcome to Amerigo's earnings call for the first quarter of 2025.

We are pleased to report a strong financial performance during our annual maintenance shutdown quarter. As noted in our April 9 news release, MVC completed the maintenance shutdown in Q1 this year compared to Q2 in 2024. This affects our year-over-year quarterly analysis and also impacts quarterly production and cash cost, which is reported on a per-pound basis. For those of you who have been long-term Amerigo shareholders, you know the maintenance shutdown is part of our normal operations and we quantify its impact when preparing the annual budget and market guidance. In other words, for those new to our story, please don't simply multiply Q1 production times four and assume we are behind guidance. Our guidance of 62.9 million pounds of copper remains on track.

Regarding financial performance, Q1 results included net income of $3.3 million and earnings per share of $0.02. Cash generated from operations, which is a far more substantial number for you to follow on and because it's the lifeblood of Amerigo, was substantial at $11.6 million. Free cash flow to equity was $4.8 million and $4.6 million was returned to shareholders in the quarter through our capital return strategy, Amerigo CRS. During the quarter this return of capital included $3.5 million in the quarterly dividend and $1.5 million in share buybacks. Since its inception in October 2021, the CRS has returned $83 million to shareholders, 68% as total dividends and 32% through buybacks.

Turning to our operational performance, MVC continues to rock. During the quarter we had no lost-time accidents with our employees or subcontractors. MVC now has a record of three years and three months without lost-time accidents. This record continues to grow with every passing day. We also operated with no environmental incidents and had a plant availability of 97.6%.

I briefly mentioned the maintenance shutdown before, but I want to give you some additional numbers. During the shutdown, MVC brought in an extra 960 subcontractors. All told, 770 work orders were executed on 649 pieces of equipment in 10 days of maintenance. This is incredible planning and execution and it mirrors the high standards MVC sets for its day-to-day operations. With the operational work done, strong first quarter financial results now in the books, and solid macro factors put in place during the first quarter, we are in excellent shape moving forward. Amerigo is well positioned vis-à-vis our annual production target, cash cost guidance, and other yearly goals. And as you know, a significant goal is to make our final debt payments of $10.5 million this year and be debt free by year end.

Now let's look at some market data. Copper prices in the first quarter responded positively to the structural challenges of growing demand and constrained supply. The average monthly spot price per pound on the London Metal Exchange, or LME, increased from $4.05 in December to $4.41 in March. The average LME copper price in the first quarter was $4.24. The LME is the benchmark market for copper producers, where most of the world's long-term copper supply contracts are traded, including ours. When constructing our 2025 budget, we took a conservative approach, as we always do, and we assumed an average LME copper price of $4.15 for this year, so the average price in Q1 already outperformed our budget, which is good news. However, within that better than expected Q1 average price, there was considerable volatility. For example, the monthly averages during the first quarter were in January $4.07, $4.23 in February, and $4.41 in March. And during the quarter daily prices were even more volatile, ranging from a low of $3.94 to a high of $4.53.

Along with the noisy short-term volatility in copper prices, the underlying copper supply challenges we have previously discussed many times persisted in Q1. This was evidenced, to give you some examples, by a 30% quarter-on-quarter drop in Glencore's copper production and a 17% drop in Freeport's copper production. Production shortfalls are one of the fundamental underpinnings of our expectation for rising long-term copper prices.

On the demand side, everyone wants copper. This year copper inventories have been substantially redirected from Europe and Asia to the US. This is due to the impact of proposed tariffs and is one of the factors driving the significant arbitrage between the COMEX and LME copper prices this year. Chinese demand is also strong, as shown by the recent drawdown of physical stocks and high imported cathode premiums, which were at their highest levels in November 2022.

In addition to the copper supply and demand dynamics, we think that if global trade patterns continue to shift towards more protectionism, this will likely pull the copper price further up, not push it down. Not only is it difficult to produce copper, but most nations either don't produce any or don't produce enough copper for their own use. These countries will need to continue to import copper, and this includes the United States. On the other hand, if the trade war de-escalates, this would energize global markets and support higher copper prices.

Here is a recent commentary from Jonathan Price, CEO of Teck. He presents a well-constructed view that, despite the threat of a global economic downturn, copper is, quote, essential for global manufacturing, industrial policy, and national security, electrification infrastructure, as well as the growth of the digital economy, end of quote. In his recent Teck first quarter earnings call he also mentioned that, quote, economies are looking to shore up their industrial sectors amid the turbulence. For example, defence spending may be significantly broadened to include areas central to economic resilience, such as upgrades to and expansion of electricity grids, which remain central to copper demand. Teck sees this providing a medium-term boost to metals demand as the world enters into a state-backed, more capital-intensive phase of growth, end of his quote. So Teck's comments strongly support our fundamental outlook for copper. So far this year, structural supply challenges persist and demand is not decelerating. We think we will continue to see copper price volatility; however, we believe that the annual average price will be stronger than $4.15, which was the average LME price in 2024, and as I have said before, the price that we used to construct this year's budget.

Moving on to comments on Amerigo CRS, our capital return strategy. I hope you have seen Amerigo's new investor presentation on our website. The deck shows how well the CRS has performed for shareholders. For example, we have included a graph showing Amerigo's compound annual growth rate of total returns since the CRS was deployed all the way to April 30th. Compared to copper ETFs, mid-tier copper producers, and copper sales, Amerigo leached the pack with an 83% total return. The SPDR Standard and Poor Metals ETF followed us in a distant second place with a 37% return over the same period. This data confirms what we have been saying for several years: Owning shares of Amerigo represents the best way for investors to capitalize on rising copper prices.

The deck also shows Amerigo's returns, dividends, and buybacks for each quarter and how this has occurred with continued debt reduction. We also show how our 2025 debt elimination goal will unlock even more return of capital. This positive pattern of total returns to shareholders continued to be strong during the first quarter. Amerigo's share price rose 20% from CAD$1.59 to CAD$1.91 and we returned, as I said before, $3.5 million in dividends and $1.5 million via share buybacks. Our baseline commitment is to annually buy back the number of shares required to ensure no shareholder dilution. For 2025 that commitment has already been met, but we will most likely still buy back more shares this year. And as I have said before, doing buybacks does not mean there will be no performance dividend. Both can occur under strong copper prices.

As a quick update on our shareholder representation, we believe that a significant position of around 12.5 million shares held by a former Amerigo director has now been sold. This was done gradually and was absorbed into the public float in an orderly way, so we have new shareholders in the Company and I know we also have long-term shareholders with bigger positions.

I will close my remarks by stating that we will continue to benefit from our unique company strengths in 2025. We have a long-term business at MVC that produces additional copper for Chile. Operationally, we will stay focused on safety, controlling costs, and meeting our production guidance of 62.9 million pounds of copper. Our capital return strategy is active and effective. We promptly return to shareholders essentially all the free cash flow generated by the Company during the quarter. And under current conditions we remain on track to eliminate our remaining minimal debt by the end of this year.

Amerigo CFO, Carmen Amezquita, [inaudible] the Company's financial results. Carmen, please go ahead.

Carmen Amezquita — Chief Financial Officer, Amerigo Resources Ltd.

Thanks Aurora. I will now present the financial report for the first quarter of 2025 from Amerigo and its MVC operation in Chile.

During the three months ended March 31, 2025, the Company posted a net income of $3.3 million; earnings per share of $0.02, or CAD$0.03; and EBITDA of $15.2 million. This positive result occurred due to the stronger copper prices despite lower production in the quarter due to the timing of MVC's annual maintenance shutdown, which has taken place in the second quarter for the last several years but in 2025 occurred during the first quarter.

Revenue in Q1 2025 was $44.2 million compared to $44.9 million in the prior year quarter. This included copper tolling revenue of $40.6 million and molybdenum revenue of $3.6 million. In Q1 2025 the gross value of copper tolled on behalf of DET was $55 million. From this gross revenue, we deduct notional items, including DET royalties of $16.1 million, melting and refining of $2.9 million, and transportation of $0.3 million, and then add positive fair value adjustments to settlement receivables of $4.9 million.

Tolling and production costs decreased 7% from $37.1 million in Q1 2024 to $34.5 million in Q1 2025, which can mostly be attributed to the decrease in production as a result of the annual maintenance shutdown occurring during Q1. The gross profit after revenue and production costs was $9.7 million compared to $7.8 million in Q1 2024. And then other losses, including general and administrative expenses, derivative to related parties, and other gains and losses, were fairly consistent at $1.4 million compared to $1.3 million in Q1 2024. This left us with a total operating profit of $8.3 million in Q1 2025 compared to $6.5 million in Q1 2024.

Finance expense was $0.4 million compared to $0.5 million as a result of lower carrying debt and an income tax expense of $4.6 million was recognized, with a current income tax expense of $2.7 million and a deferred tax expense of $1.9 million, resulting in a net income for the quarter of $3.3 million.

Moving on to the balance sheet, on March 31, 2025 the Company held cash and cash equivalents of $27.7 million and restricted cash of $3.1 million. We had a working capital deficiency of $4.6 million, down from a working capital deficiency of $6.5 million on December 31, 2024.

Trade and accounts payable decreased by $6.3 million in the quarter from $24.6 million to $18.3 million. This was due to the Company having higher than normal accounts payable at the end of December as a result of administrative delays in payments normally made at the end of the month, which were caused by the year-end holidays. There was also a reduction of $5.4 million in royalties due to DET during the quarter due to decreased royalties in Q1 2025 compared to Q4 2024.

Another important short-term liability on the March 31st balance sheet was $9.6 million due in connection with MVC income tax. Note that, in line with Chilean tax requirements, MVC pays monthly tax installments based on a percentage of revenue that may or may not be close to the final corporate tax for a given year. Then, in April of the following year, when a tax declaration is filed for the previous year, any difference in the amount owing versus the installment payments made is paid at that time. Subsequent to period end in April 2025, MVC paid $8 million in income tax related to the 2024 year.

Regarding cash flows during the quarter, Amerigo generated cash flow from operations of $11.6 million. The net cash flow generated after changes in non-cash working capital was $1.9 million. As I mentioned before, when reviewing the balance sheet, during the quarter we had substantial reductions in accounts payable and DET royalties. The decreases in accounts payable and royalties payable result in an outlay of cash, thereby decreasing the cash flow from operations net of these non-cash working capital items.

In terms of uses of cash, $6.8 million was used in investing activities, in other words for CapEx payments, and $3.3 million was used in financing activities. During Q1 2025 Amerigo returned $4.6 million to shareholders, including $3.5 million returned to shareholders through Amerigo's regular quarterly dividend of CAD$0.03 per share and $1.1 million from the purchase and cancellation of 0.8 million common shares through a normal course issuer bid. This was then offset by changes to restricted cash of $1.3 million.

As a final comment, we reported a provisional copper price of $4.42 per pound on our Q1 2025 sales. The final settlement prices for January, February, and March 2025 sales will be the average LME prices for April, May, and June 2025, respectively. Each 10% increase or decrease from the $4.42 per pound provisional price used on March 31, 2025 would result in a $5.7 million change in revenue in Q2

2025 regarding Q1 2025 production. The average price for April 2025 is now known and was $4.17 per pound.

We will report Amerigo's Q2 2025 financial results on July 30, 2025 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, we will now begin the question-and-answer session. Should you have a question, please press the star followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press the star followed by the two. And if you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

The first question comes from Nicholas Cortellucci at Atrium. Please go ahead.

Nicholas Cortellucci — Analyst, Atrium Research

Hey there, Aurora and Carmen. Congrats on another strong quarter here.

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

Thanks. Go ahead.

Nicholas Cortellucci — Analyst, Atrium Research

The first question here, given the maintenance shutdown in Q1, how should we expect the cadence of revenue for the remainder of the year so you guys can get back to the 62.9 million pound guidance?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

The only effect on production, and therefore on revenue generation, was felt in Q1. We actually had the maintenance shutdown done, most of it in January this year, but due to the requirements set by El Teniente there was also a second phase of the maintenance shutdown in March. Everything was completed prior to month end. We had a full 10 days or so of normal operations already in March and we've had already our production report for April coming in strong, so we are essentially back to normal in terms of what you would expect to see in Q2 is a fully regular production and revenue generation quarter.

Nicholas Cortellucci — Analyst, Atrium Research

Got it. Okay, perfect. And then just on the grade from the fresh tailings, I saw it dropped a little bit in Q1. Was there a reason for that? Or what should we expect going forward?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

That's a good observation. It's usually the lowest grade quarter of the year. It is associated with the amount of ice that is coming down from the mountains in Chile. It's just weather conditions. Water accumulation in the different mine sectors affects the areas in which they work. We've observed that phenomenon for a number of years. So it just happened to be that, for the first time in four years, even five years now, we had the first quarter lower grade coming in on the fresh and the maintenance shutdown occurring concurrently. We've had the maintenance shutdown happening in Q2 or even in Q3 in prior years, so this kind of double effect that has an impact on production was not concentrated in a single quarter. We knew going into our budget that the Q1 grade [inaudible] was embedded within the work program that El Teniente has and shares with us and from which we build the budget for the fresh tailings. And we also knew we're going to be having shutdown in Q1. So the results for Q1 were not a surprise for us and that's why I'm insisting, especially for the benefit of new shareholders, that this is not a quarter that can just be extrapolated for the rest of the year. It's the one ugly duckling quarter of the year. We always have one and it's part of our normal operations.

Nicholas Cortellucci — Analyst, Atrium Research

Understood. Okay. And then just on the CapEx, I know it was a bit elevated in Q1 versus the last couple of quarters. What should we expect for the rest of the year? Is it back to that $2 million to $3 million range?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

Look, on the CapEx, our CapEx numbers for 2025 were included in our annual guidance and we mentioned $8.8 million of CapEx proper for projects and $4.2 million on sustaining CapEx associated with the annual maintenance shutdown and strategic spares. So there's also a timing, a front loading of the CapEx to the Q1 because a significant portion of the CapEx is incurred on the sustaining work that is capitalized and occurs during the planned shutdown. So the total budget for the year is $13 million. It was front loaded into Q1. If you look at our, I think in our MD&A we mentioned that the CapEx addition that we had in the quarter were $4.7 million. So it's, again, you shouldn't just take what we incurred in CapEx in Q1 and multiply it by four. That wouldn't be correct.

And another factor that occurred associated with CapEx in Q1 was that we had high CapEx payments. We paid $6.8 million, which included accounts payable for CapEx that we had for 2024 for work that was done in November/December of 2024. But most of the work that we incurred CapEx-wise in Q1 has already been paid for. So again, it's a front-loading of CapEx. Our guidance for full-year CapEx of $13 million remains in place.

Nicholas Cortellucci — Analyst, Atrium Research

Understood. And then maybe just on the buyback, should we expect for you guys to have a declining shares outstanding year over year, maybe by the end of the year, or is it just kind of keeping up with the stock-based compensation?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

The minimum commitment is for no dilution. We have surpassed that minimum commitment in Q1 and we are going back into the market tomorrow with buyback activity once we come out of our blackout period. We see that there is an opportunity to continue buying back our shares at good prices. I consider our price today to be a price at which we want to buy back shares and we will continue to do so this year. Last year we didn't do a lot of buybacks because we were replenishing cash after 2023. We also thought that doing a first performance dividend in 2024 was quite important and we did so. But this year we are seeing, with the performance compared to our plan, we're ahead of the game and we're doing buybacks. And as I've said before, doing buybacks doesn't mean that there will not be a preferred dividend or a performance dividend under the right copper price conditions.

Nicholas Cortellucci — Analyst, Atrium Research

Got it. Okay. Those were all the questions for me. That's very helpful. I'll jump back in the queue. Thanks for the time.

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

Thank you.

Operator

Thank you. Ladies and gentlemen, as a reminder, should you have any questions, please press star one.

Next question comes from John Polcari, an investor. Please go ahead.

John Polcari — Private Investor

Thank you. Relatively brief questions. First, in addition to the regular dividend, possible performance dividends, possible stock repurchases, in light of the fact that there'll be no debt obligations by the end of the year, is the board possibly considering an increase in the permanent dividend at some point or would that not be something that would be entertained?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

John, I have to give you credit for persistence. I think you asked in the same direction last quarter. I think it's an important point for all shareholders, and yes, I mean at the end of the day, when debt is eliminated, what do we have? We have anywhere from $7 million to $9 million that have been allocated annually to repaying the principal and the associated financial charges being freed up. They will be freed up for the benefit of shareholders and one of the logical mechanisms moving forward would be to revisit the quantum of the quarterly dividend.

John Polcari — Private Investor

Okay. I commend you on your memory. The royalties, I believe, are structured up to a level of approximately $5 a pound of copper, I would assume because when it was originally structured, copper prices were not anticipated to have reached such an elevated level. Is there any progress regarding new royalty payments if copper were to be $5.50, higher, you know, a more dramatic price for the actual copper price?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

The existence of higher or lower copper prices is captured within the agreement in the sense that if we come out of the range of prices that we currently have, we have to meet with El Teniente. There's a process outlined in the contract that says after two months of continued copper prices or moly prices outside of the ranges, we have to meet with them and establish a continuation of the royalty scales with the spirit of continuing to allocate the benefits of the business in an equitable way to both parties. So we never assumed in the quarter, in doing a long-term contract that currently runs to 2037, that copper prices wouldn't go beyond a certain number. We knew that would happen and there's a mechanism which hasn't been triggered because we haven't been there. So there's no progress to report because there is not yet a condition triggering that discussion with El Teniente.

John Polcari — Private Investor

Okay. Thank you. And my last question, and maybe this is for Carmen, can you just review for me some of the mechanics of revenue recognition after you have reprocessed the tailings, I assume they're trucks to the smelter, and is that when the provisional price is set, upon delivery?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

I'll answer that quickly, because it's a very simple question. We produce copper concentrate on a daily basis. Our copper concentrate is shipped out of MVC by El Teniente on a weekly basis. So there's constant hauling of the copper concentrate out of the plant into El Teniente's facilities. Whether El Teniente determines to do domestic smelting or to put it in a container ship and send it overseas, that's their decision. We don't do that. Our revenue recognition is essentially at the time the copper is produced and trucked, which is almost instantaneously, we get to recognize, and that's when we trigger our revenue recognition. The revenue recognition is at, on a provisional basis, at the price for the month, the average price of the month, and we settle it on an M+3 basis once we have that final pricing.

John Polcari — Private Investor

And just a quick follow up on that. That provisional price upon delivery, is that Chilean pesos? When is it converted?

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

It's US dollar. It's US dollars.

John Polcari — Private Investor

Okay. That was it. Thank you.

Operator

Thank you. We have no further questions. I will turn the call back over to Aurora Davidson for closing comments.

Aurora Davidson — President & Chief Executive Officer, Amerigo Resources Ltd.

Perfect. Well, thank you so much for joining us for the conference call for the first quarter. We will be reporting our second quarter results on July 31st, I think, or having our conference call then. In the meantime, you can always reach out to us, to Carmen, to Graham, to myself, and we'll be happy to keep you informed of what's going on with Amerigo. Thank you so much.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and we ask that you please disconnect your lines.