

Amerigo Resources Ltd.

Q2 2025 Earnings Conference Call

July 31, 2025 — 11:00 a.m. P.T.

Length: 57 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

Graham Farrell

North Star Investor Relations — Founder & President

Aurora Davidson

Amerigo Resources Ltd. — President & Chief Executive Officer

Carmen Amezcuita

Amerigo Resources Ltd. — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Terry Fisher

CIBC World Markets — Analyst

Ben Pirie

Atrium Research — Analyst

John Polcari

Mutual of America Capital Management — Analyst

William Gower

Private Investor

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 Q2 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 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 second quarter of 2025. We appreciate you joining us today. This call will cover Amerigo's financial and operating results for the second quarter ended June 30, 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 Amezcuita.

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 second quarter of 2025.

We are pleased to report positive operational and financial results. Amerigo has again demonstrated its operational excellence and capital allocation agility. We achieved strong copper production, managed costs effectively and reinforced our commitment to shareholder returns.

Our Chilean operation, MVC, continued to operate consistently in the second quarter, with no lost-time accidents among our employees and no environmental incidents. In both these operational performance categories, MVC continues to extend its multi-year company records.

Copper production was 15.5 million pounds and molybdenum production was also robust. Copper production in the first half of the year accounted for 46% of Amerigo's annual guidance of 62.9 million pounds. Our yearly guidance takes into account our lower production in Q1, which was associated with the annual maintenance shutdown; therefore, our production guidance remains in place.

We also maintained strict cost controls and our cash cost per pound declined to \$1.82 in the second quarter. Our annual cash cost guidance of \$1.93 per pound is also expected to be met. This guided cash cost target excludes the impact of MVC's collective bargaining cost, which scheduled for October of this year. Collective bargaining occurs separately every three years at MVC for our two collective agreements.

Amerigo's financial performance in the second quarter included revenue of \$50.9 million at an average MVC copper price of \$4.42 per pound. This price excludes positive price-driven settlement adjustments of \$700,000 on the first quarter sales. Net income for the quarter was \$7.5 million with earnings per share of \$0.05. The Company generated operating cash flow of \$11.9 million and free cash flow to equity of \$6.5 million, after making debt repayments of \$4 million. The quarter end cash position was \$23.3 million. Debt has been reduced to \$7.5 million and we anticipate paying down the remaining debt by the end of the year.

In line with Amerigo's Capital Return Strategy, or CRS, a quarterly dividend of C\$0.03 per share was paid, representing \$3.5 million. Additionally, 3.1 million common shares were purchased and cancelled during the quarter at a weighted average price of C\$1.78 per share, representing \$4 million.

Year to date, copper prices have been stronger than we budgeted, with MVC receiving a copper price of \$4.42 per pound compared to our conservative estimate of \$4.15 per pound for 2025. This is good news and I will discuss copper prices further shortly. The molybdenum price year to date for us has been \$20.3 per pound and is trending very close to our annual estimate of \$21 per pound. The average

exchange rate of the Chilean peso to the US dollar in the first half of the year was 955 pesos, also very close to our estimate of 940 pesos.

Following the close of the second quarter, our operational results for July have been very positive, with no disruptions due to rain events at MVC. The average LME copper price has also remained strong in July at \$4.44 per pound. If these conditions persist during August and September, we anticipate strong results for the third quarter.

Moving on to a review of the copper landscape, I would like to provide a quick summary. The copper market is tight by nearly every metric, including pricing, inventory levels, trade flows and production outlook. Reviewing our standard checklist for copper market fundamentals, here are a few essential points. Global mine copper production is now expected to grow by just 3% this year. This growth target is 60% lower than the 2025 forecast made in mid-2023. Factors such as mine age, increasing capital requirements, resource depletion, political uncertainty and declining head grades continue to act as headwinds against industry growth.

Another indication of copper production tightness can be found in the refined copper market. We continue to see record low spot treatment and refinery charges, also known as TCRCs. This reflects the difficulty refiners face in securing copper concentrates from miners. To remain profitable, smelters must operate with minimal interruption and the low TCRCs they now charge copper miners indicate the desperation to secure an adequate supply. It is estimated that 70% of global smelter operations are currently unprofitable. This could lead to smelter shutdowns and cause a sharp decrease in the growth of refined copper output. In 2023, refined copper supply grew by 4.2% and is now estimated to grow by

only 1.3% in 2025. Refined product inventories in the LME and Shanghai have also fallen sharply this year.

Concurrent with this sobering supply scenario in the concentrate and refined copper markets, demand dynamics have remained strong. This demand has been driven by electrification, the growth of AI data centers, grid modernization and traditional demand. We have discussed these sources of copper demand on previous calls. By putting together these supply and demand outlooks, a market deficit is expected by year end and the International Energy Agency projects a 30% global copper supply shortfall by 2035. This all points to a long-term, supply-constrained market, paired with resilient demand. This is bullish for copper prices and Amerigo. In addition, tariff-induced market distortions are amplifying or have amplified market tightness and have impacted short-term copper prices.

During our last earnings call I discussed the high arbitrage seen this year between the copper prices at the LME market and the Comex. This trend continued and reached historical highs a few weeks ago, based on an anticipated US tariff on copper. Amerigo does not receive a Comex price for its copper; however, the higher Comex prices had a positive impact on LME prices, which in turn had a positive effect on Amerigo.

As traders began pricing in the expected tariff, they caused the Comex prices to surge relative to LME prices, with the arbitrage reaching over \$0.45 per pound. This price divergence led to a massive redirection of copper inventories from Europe and Asia to the US, driven both by speculative and structural factors. US buyers scrambled to secure physical copper before August 1st. The LME on-warrant stocks fell sharply, making it more expensive to source copper for immediate delivery on the LME and

increasing the arbitrage on future prices. Under these conditions, the LME market shifted from its usual contango to an extreme backwardation. Backwardation in the futures markets signals an extreme tightness of near-term supply, and yesterday, two days before the August 1st official start date of the US tariff on copper, additional information was finally released by the US government indicating the tariff will only apply to copper products such as wires, pipes, and sheets, but will not apply to copper concentrates or refined copper. This announcement caused a 20% decline in the Comex copper price yesterday, the most significant single daily adjustment for copper in that market. By comparison, the LME copper spot price moved down 1%, or \$0.04, from \$4.40 to \$4.36 per pound today. This is a trading adjustment and not a strategic one. The longer-term bull case for copper remains intact. Short-term volatility does not represent structural changes and we continue to believe that Amerigo is uniquely positioned to capture copper price spikes of very short duration and convert them into tangible gains for our shareholders. We achieve this through our Capital Return Strategy, which I will discuss next.

Amerigo continues to return capital to shareholders at a rapid pace. In the second quarter alone, Amerigo—

Graham Farrell — Founder & President, North Star Investor Relations

Operator, it seems like Aurora has connection issues.

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

Am I not being correctly heard?

Graham Farrell — Founder & President, North Star Investor Relations

We can hear you now, but you've been cutting in and out, Aurora.

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

Oh. I'm sorry about that. Well, I'll continue. The script will be on the website and we can go over any questions. Sorry about that.

Cumulatively, the CRS has returned \$90.2 million since its inception, with 66% of the amount returned via dividends and 34% through buybacks. In addition to these returns of capital, there is also the benefit of share price appreciation. During the second quarter, Amerigo's share price increased from C\$1.91 to C\$2.12 and today the share price is C\$2.17, representing a 36% year-to-date increase.

I am often asked whether Amerigo's board of directors prioritizes dividends over share buybacks. The answer is that the CRS is flexible and multifaceted. There is no absolute preference for one over the other. Instead, we use these tools strategically to maximize shareholder value under varying market conditions. The CRS provides us with the flexibility to adapt to the inherent volatility of the copper sector without being locked into a single method. The quarterly dividends are the foundation of the CRS. They provide a stable and predictable return to shareholders.

Performance dividends are a flexible tool. We use these dividends to distribute excess cash when copper prices are strong and the Company's cash balance exceeds \$25 million. Performance dividends enable us to quickly share the benefits of spikes in copper prices with our shareholders and share buybacks are used opportunistically to take advantage of periods of share price weakness and to reduce

dilution. We have stated the board's intention to buy back enough shares to eliminate annual shareholder dilution at a minimum, but we have been doing more. And to be clear, being active in share buybacks does not mean there will be no performance dividends. Both can occur under strong copper prices. So, our preference is for a balanced and opportunistic approach to capital return. The consistent quarterly dividend provides stability; performance dividends capture upside and share buybacks manage dilution and capitalize on undervaluation. Our ultimate goal is to generate maximum value for shareholders and to utilize all the tools of the CRS to achieve this.

Amerigo's CFO, Carmen Amezcuita, will now discuss the Company's financial results. Carmen, please go ahead.

Carmen Amezcuita — Chief Financial Officer, Amerigo Resources Ltd.

Thanks, Aurora. I'm pleased to present the financial report for the second quarter of 2025 from Amerigo and its MVC operation in Chile.

During the three months ended June 30, 2025, the Company posted a net income of \$7.5 million, earnings per share of US\$0.05, or C\$0.06, and EBITDA of \$17.8 million.

Net income was \$2.2 million lower than in Q2 2024, primarily because during the second quarter of 2024, Amerigo booked \$6.9 million in positive fair value adjustments to copper revenue receivables, resulting from a sharp quarter-on-quarter increase in copper prices. For comparison, during Q2 2025, the total positive fair value adjustments amounted to \$0.7 million.

Revenue in Q2 2025 was \$50.8 million compared to \$51.6 million in Q2 2024. This included copper tolling revenue of \$43.8 million and molybdenum revenue of \$7 million. In Q2 2025, the gross value of copper tolled on behalf of DET was \$66.9 million. From this gross revenue, we deducted notional items, including DET royalties of \$19.9 million, smelting and refining of \$3.6 million and transportation of \$0.4 million and then added positive fair value adjustments to settlement receivables of \$0.7 million, which, as I mentioned, were significantly lower than the positive fair value adjustments in the second quarter of 2024. Revenue also included molybdenum revenue of \$7 million.

We reported a provisional copper price of \$4.42 per pound on our Q2 2025 sales, which coincidentally were the same provisional price we had for the first quarter of 2025. The final settlement prices for April, May, and June 2025 sales will be based on the average London Metal Exchange prices for July, August, and September 2025, respectively. We now know July's average provisional price, or average price, which is \$4.44. A 10% increase or decrease from the \$4.42 per pound provisional price used on June 30, 2025 would result in a \$6.9 million change in revenue in Q3 2025 regarding Q2 2025 production.

Tolling and production costs increased 10% from \$35.1 million in Q2 2024 to \$38.7 million in Q2 2025, which can be mainly attributed to an 11% increase in production between both quarters due to the timing differences of MVC's annual maintenance shutdown, which in 2024 took place in the second quarter but this year took place during the first quarter. The most significant cost variances between the two quarters were consumption driven. They included higher power costs of \$1.2 million, lime costs of \$0.6 million, and other direct tolling costs, such as copper reagents, of \$0.8 million. Moly production

costs increased by \$0.3 million due to higher production associated with more processing of historic tailings in Q2 2025.

The gross profit after revenue and production costs was \$12.1 million compared to \$16.5 million in Q2 2024.

General and administration expenses were \$1 million compared to \$1.1 million in Q2 2024. These expenses included salaries, management, and professional fees of \$0.6 million; office and general expenses of \$0.2 million; and share-based payments of \$0.2 million. Other gains were \$0.1 million compared to \$0.6 million in the second quarter of 2024, driven mainly by foreign exchange gains in both periods. Finance expense was \$0.4 million, consistent with Q2 2024, and consisted entirely of interest on loans and bank charges.

Income tax expense was \$2.6 million compared to \$5.6 million in Q2 2024. Beginning this quarter, we have included a breakdown of the Company's tax expense in the P&L, separating current taxes from deferred income taxes. The current tax represents both actual income tax for MVC and repatriation taxes to bring funds from Chile to Canada. Deferred income tax is an accounting figure used to reconcile timing differences, in Amerigo's case, primarily arising from the differences in the timing of financial and tax depreciation. Current tax expense in Q2 2025 was \$4.4 million compared to \$6.3 million in Q2 2024.

Before moving on to the statement of financial position, I will mention some non-IFRS measures used by the Company: cash cost, total cost, and all-in sustaining cost. Amerigo's cash cost in Q2 2025 was \$1.82 per pound, decreasing from \$1.96 per pound in Q2 2024. The \$0.14 per pound reduction in

cash cost was primarily due to a \$0.19 per pound decrease in smelting and refining charges, in response to the current annual benchmark, offset by increases of \$0.03 per pound in lime costs and other direct costs. Total cost decreased to \$3.55 per pound, a decrease of \$0.23 per pound from Q2 2024's \$3.78 per pound. This was the result of a \$0.14 reduction in cash cost, a \$0.04 decrease in DET royalties, and a \$0.05 decrease in depreciation. All-in sustaining costs, which include total costs, sustaining CapEx, and corporate G&A, were \$3.69 per pound in Q2 2025, compared to \$4.20 in Q2 2024. This is the result of per pound decreases of \$0.23 in total cost, \$0.27 in sustaining CapEx, and \$0.01 in corporate G&A expenses.

Moving on to the statement of financial position, on June 30, 2025, the Company had cash and cash equivalents of \$23.3 million, restricted cash of \$0.9 million, and had a working capital deficiency of \$5.4 million, down from a working capital deficiency of \$6.5 million on December 31, 2024. Trade and accounts payable decreased from \$24.6 million as of December 31, 2024 to \$19.7 million at the end of June 2025.

Current income tax liabilities also decreased from \$8.5 million on December 31, 2024 to \$0.1 million. Most of the tax balance due at the end of 2024 related to income tax owing by MVC in respect of 2024 earnings, which exceeded the monthly tax installments made. This tax was paid in April 2025 when MVC's annual tax declaration was filed in Chile. Note that, in line with Chilean tax requirements, MVC pays monthly tax installments based on a percentage of revenue, which may or may not be close to the final corporate tax for a given year. Then, in April of the following year, when the tax declaration is filed for the previous year, any difference in the amount owing exceeding the monthly tax installments is paid.

You will notice that the Company's debt, which has shown a \$7 million net of transaction fees, is now shown fully as current debt. As guided to the market, we intend to make the remaining scheduled payment of \$4 million in the second half of the year and prepay the remaining \$3.5 million, which is formally due on June 30, 2026. In this way, Amerigo will be in a zero-debt position by the end of 2025.

Regarding cash flows during the quarter, Amerigo generated \$11.9 million in cash flow from operations. Net operating cash flow, which includes changes in non-cash working capital, was \$6.3 million. Included in the changes in non-cash working capital are payments related to current income taxes, income tax liabilities rather, of \$9.5 million, which includes the 2024 income tax payment we previously discussed. These decreases in accounts payable and income tax result in an outlay of cash, thereby decreasing the cash flow from operations net of these non-cash working capital changes.

In terms of uses of cash during the quarter, \$1.4 million was used for investing activities, in other words, for CapEx payments, and \$9.4 million was used in financing activities. These financing activities included Amerigo returning \$7.6 million to shareholders, \$3.5 million through Amerigo's regular quarterly dividend of C\$0.03 per share and \$4 million from the purchase and cancellation of 3.1 million common shares through a normal course issuer bid. The Company also paid \$4 million on borrowings, including \$2.3 million paid with restricted cash.

Briefly touching on the results for the first half of the year compared to guidance, our cash cost for the six months ended June 30, 2025 was \$2 per pound and our forecast indicates that we are on track to meet the Company's 2025 guidance of an annual normalized cash cost of \$1.93 per pound. Our

normalized cash cost guidance excludes any signing bonus associated with a three-year collective labour agreement with MVC's operators' union that will occur later this year.

In 2025, MVC is expected to incur CapEx of \$13 million, of which \$4.4 million is optimization CapEx, \$4.4 million is sustaining CapEx, and \$4.2 million is CapEx associated with the annual plant maintenance shutdown and strategic spares. Year to date 2025, CapEx additions were \$6 million and CapEx payments were \$8.2 million. We remain on track with our annual CapEx guidance.

We will report Amerigo's Q3 2025 financial results in October 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. If you wish to decline from the polling process, please press the star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys.

The first question comes from Terry Fisher at CIBC World Markets. Please go ahead.

Terry Fisher — Analyst, CIBC World Markets

Yes. Good afternoon, everybody. I believe it's already been flagged that there was really a lot of problems with the connection while Aurora was speaking, particularly about the outlook for copper and copper markets, but I think you said the text of the speech will be available on the website, so I don't expect you to repeat it here. I did want to ask, though, about the likelihood, because I think you mentioned it but I didn't get it because the phone broke up, of a positive fair value adjustment in the third quarter given where copper prices are and have been. Is that a reasonable expectation?

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

Terry, first of all, sorry about that. We did a sound check before we had the call and we didn't have any problems, so it's unfortunate that I didn't come through. But yes, the text of the earnings call will be available on the website as soon as we get it from the supplier.

I did speak about the fact that July has been a good month, both in terms of production, and we also saw, because now we have the average prices for the month of July, \$4.44 per pound. We mark to market on average at \$4.42 at the end of June 30th, as Carmen was mentioning, so right now, as we speak, there is a small positive adjustment on a pricing basis for the first month that has settled, which is essentially we have settled now April at the July average prices.

The outlook remains positive from our perspective. I did speak about, and hopefully, that wasn't broken, about what happened yesterday with the clarification of what the US tariff is going to be looking like, essentially exempting copper concentrates and copper, unrefined copper from the tariffs, and that

caused a sharp correction of that arbitrage that we have been seeing between Comex and the LME markets for most of the year. So if you look at copper Comex's price today and the LME, there's a \$0.03 difference, which is, ah, life is back to normal in terms of what you normally have in those markets. Does that answer your question?

Terry Fisher — Analyst, CIBC World Markets

Yes, that's fine and I'll read the text. My second question is sort out in left field, but I'm wondering if you've heard of a company called Still Bright.

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

No, I haven't heard about them.

Terry Fisher — Analyst, CIBC World Markets

Okay. Well, I'll leave that with you to research. Still Bright. I just saw an interview today on television. I'd never heard of it before. It's a start-up, kind of a technology company that has received some seed financing, but what they have is a new process for essentially smelting copper but it's through flotation cells and they use vanadium as a catalyst and they're able to recover the copper without producing the waste products that many smelters to lead and arsenic and they can do it at a much lower cost and quicker start-up to build these things. From what the person said, I think it's unlikely that it would be targeted towards processing tailings, I think it's more an alternative to shipping ore to China to be smelted and doing it domestically in the US and other countries, but anyway, worth researching, so I'll leave that with you.

The only other question I had actually is a Carmen question. It'd be exciting for Carmen. It's a two-part question. One is that, with all the depreciation we're taking at over \$22 million a year, which I know helps with cash conservation by deferring taxes because there's tax depreciation, I don't know what CCA is versus depreciation rates in Chile, but in any event, it seems to me that the fixed assets now are being considerably undervalued in the balance sheet. And related to that balance sheet, we also have \$24 million of other assets and I forget what those are. So the question is, are the assets undervalued in the balance sheet and what are the \$24 million of other assets?

Carmen Amezcua — Chief Financial Officer, Amerigo Resources Ltd.

I think you have to remember, when you look at depreciation, tax depreciation and accounting depreciation are different. So what we're taking on the P&L, that's just our standard depreciation rate over the life of the asset, whereas the tax depreciation is completely different. We don't do it in a way to save taxes on the accounting side.

Terry Fisher — Analyst, CIBC World Markets

Okay. Sorry, I phrased the question improperly. Forget about the tax depreciation. It just seems to me that, even with the depreciation rates the Company uses relative to the age and the value of the assets, that the assets in the balance sheet are probably understated, which is a good thing for us, but I guess it doesn't matter a lot given that there's no fixed debt on the balance sheet as well, so there's no leverage to that, but still, book value matters to some people.

Carmen Amezcuita — Chief Financial Officer, Amerigo Resources Ltd.

Yeah, I wouldn't say the assets are understated.

Terry Fisher — Analyst, CIBC World Markets

Okay. Can you answer the other question? What are the other assets, \$24 million?

Carmen Amezcuita — Chief Financial Officer, Amerigo Resources Ltd.

Sure. So that relates to all of the plant and equipment that's on site. Mostly the plant.

Terry Fisher — Analyst, CIBC World Markets

Other assets are plant, not fixed assets?

Carmen Amezcuita — Chief Financial Officer, Amerigo Resources Ltd.

Yeah. So machinery and equipment would relate to all of the other assets that are not—

Terry Fisher — Analyst, CIBC World Markets

Oh. All right. Okay. So that's part of the whole plant and equipment. Okay. That's a good thing.

Carmen Amezcuita — Chief Financial Officer, Amerigo Resources Ltd.

Exactly. Yeah, that's the majority of what we have in fixed assets on the balance sheet and then there's also the machinery and equipment that we use as well.

Terry Fisher — Analyst, CIBC World Markets

Okay. If I could have just one final question for Aurora, it seems to me that, in the quarter we've had with, obviously, the US copper price up because of the Trump tariffs and that's now gone away, still I would have thought there would have been a greater arbitrage effect on the LME price than we actually saw. Can you explain why that didn't happen?

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

Terry, what we basically do is we mark to market, as we always disclose, based on the progression of the copper prices at month end and then we settle those prices at the actual average price for the LME of the month in question.

So, for example, when you're looking at the average prices that we had for the second quarter, I'll tell you what they were, although this is available online, the average LME copper price for April was \$4.17. That was a significant decline from \$4.42 to \$4.17 in April. So final price for January sales was the April LME price, \$4.17. The final settlement price for the February sales, which was the May price, was \$4.32, and the final settlement price for the March sales was the June average price of \$4.46. So, if you're looking at what happened there that I didn't see that huge pickup, April was at a defining moment or a defining month of negative adjustments from \$4.42 to \$4.17. And then May was also settled at a lower price of \$4.32 compared to the \$4.42 that we have marked to market. So the only month in the second quarter where there were positive settlement adjustments compared to our mark to market at March 31st was the month of June [inaudible].

I'm sorry this all sounds so confusing. We try to simplify all of that information in the notes to our actual news release, so all of that information is there, but there certainly was a negative final settlement when you looked at the April realized prices of \$4.17.

Terry Fisher — Analyst, CIBC World Markets

Right. I get that and I actually do understand it because I've been following the Company a long time. I didn't phrase the question very well, I guess. I was just thinking about the LME price versus the spot price and the US copper price and why there wasn't a greater pull on the LME price. Nothing to do with Amerigo. Maybe it's a question that can't be answered, but it just surprised me that there wouldn't have been a greater effect on the LME.

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

A greater positive or a greater negative effect?

Terry Fisher — Analyst, CIBC World Markets

Well, if the price of copper is higher in the US because Americans are buying it to front run the tariffs, you would expect that would increase demand for copper even globally, which would reflect on the LME settlement price.

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

And I think it did and I mentioned that. Sorry, that was one of the things that I mentioned on the script. The run-up that we saw on Comex prices during the quarter and basically during the first

semester of the year had a positive effect on the LME. I think it did pull it up. And now, if you look at the prices today, \$4.39 Comex, LME spot price \$4.36, were back to normal, but I think that that trading run opened up a lot of eyes into what's going on with the copper fundamental structure, not just a trading story, which is a benefit for the industry in general, for all of us. For sure.

Terry Fisher — Analyst, CIBC World Markets

Right. Okay. That's great. I'll read your comments. I don't want to take up more time now, but thanks for everything. That's great.

Operator

Thank you. The next question comes from Ben Pirie at Atrium Research. Please go ahead.

Ben Pirie — Analyst, Atrium Research

Hi, Aurora, Graham, and Carmen. It's Ben from Atrium again. Firstly, congrats on a strong quarter and it's good to see that shareholders are rewarding you guys for all the hard work. Just a couple of questions here, and I think Terry covered a couple of them around the LME prices there, but in terms of CapEx, obviously you had the maintenance shutdown in Q1, so it was elevated, Q2 is quite low; what can we expect in Q3 and Q4 from a CapEx perspective?

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

You shouldn't expect any changes from your original guidance, which was \$13 million. I think Carmen spoke about that. What is in those \$13 million, we have essentially five process optimization

projects, which have a price tag of \$4.4 million. This includes finalizing some projects that we initiated in 2024 basically to expand and optimize the control of flotation cells and improve water evacuation in Cauquenes. We also have a project to optimize flotation in the cascades and we have the addition of the second thickener for the mixed concentrate. So what has transpired in terms of Q1, Q2, we had a front loading of a lot of the CapEx associated with two things: the timing of the plant maintenance shutdown and the workload of those optimization projects. But we're on track to not have more than that \$13 million of total CapEx for the year. I did mention \$4.4 million for optimization. The other categories are \$4.7 million, sorry, \$4.2 million for a planned shutdown and \$4 million just for sustaining CapEx, boring sustaining CapEx.

Ben Pirie — Analyst, Atrium Research

Okay. Understood. Thank you. And then, yeah, in terms of share buybacks, and we did hear you were cutting in and out a little bit, but on the buybacks in particular in Q2, there was obviously quite a jump from Q1, I think it was a 4x or 5x in terms of shares bought back. Why such a big change? And then in terms of consistency going into Q3 and Q4, I know you mentioned you're sort of going to be opportunistic with the buybacks, but can you just touch on this jump from Q1 to Q2?

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

Yes. I think what was happening was basically a strong cash generation and the recognition that there was, especially in the second quarter, an opportunity of buying back those shares at a really good price. I did mention that our average buyback price in the quarter was \$1.78, so I think that was for the first [inaudible], so I think that we were just watching how much cash is coming in as free cash flow and

what is the best way of allocating that cash to ensure that we kept up with essentially that distribution commitment and share buybacks was an obvious opportunity for us in the second quarter.

Ben Pirie — Analyst, Atrium Research

Right. Okay. And then maybe you can touch on that sort of strategy in terms of how you're prioritizing shareholder returns, because it did cut out a little bit, but it sounds like, when the share price is higher, you'll probably scale back the buybacks, but if copper is high, performance dividends.

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

It's basically a more holistic answer. I wouldn't like to just provide a very linear response saying if copper price is here, we do this or we do that, or if the share prices here, we take this route. I think that the answer is that our CRS has to be flexible. We have no absolute preference other than ensuring that we live up to our word of returning that cash to shareholders. And we use the tools strategically. You know quite well that, for us, the foundation of the CRS is the quarterly dividend. We want to provide that very stable, very predictable return to shareholders under this copper price conditions where that C\$0.03 dividend is absolutely safe. Then the question becomes what do we do next, performance dividends or the share buybacks? The performance dividends are a great tool. For example, when we have a spike in copper prices. We saw that happening in the second quarter of 2024 and the obvious answer was we've realized the benefits of this strong settlement in the quarter for prior quarter sales and we have to return this. The best way of doing it quickly is through the performance dividend. But share buybacks, if we see a period of share price weakness, we act on that. If we want to reduce dilution, we act on that. We have stated at the very minimum we want to end each year with no

dilution. But we've done more than that this year. Certainly, you saw the activity that we had in the second quarter. And literally what was happening is we had the free cash flow, we were looking at our share price movement, and we thought this is a great opportunity to go out in the market and buy back those shares at a bargain price and we did that.

Ben Pirie — Analyst, Atrium Research

Understood. Yes. No, that makes sense. And then I guess just the last question would be, obviously you've been paying down the debt quite aggressively over the last year and a half, what are the plans to do with the excess cash flow once this debt is paid off at the end of the year? Is there a chance that the fixed dividend portion could increase?

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

That is certainly a possibility. Depending on where share price performance is, additional activity on the buyback is also a possibility or a heftier or more frequent performance dividend. So it's A, B or C. That's an easy answer, because that's basically, there's going to be a substantial catalyst in terms of additional free cash flow to equity, I think Carmen mentioned that. On average, if you look at our scheduled debt repayments for the debt were \$7 million, add to that \$2 million finance cost, so that's \$9 million that are becoming available as of 2026.

Ben Pirie — Analyst, Atrium Research

Yep. Understood. And I guess it's good to keep that flexibility and see how things go. Okay. Well, that's all I have for today. Again, congrats and thanks.

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

Thanks, Ben.

Operator

Thank you. The next question comes from John Polcari at Mutual of America. Please go ahead.

John Polcari — Mutual of America Capital Management

Thank you. Another well-managed quarter, thank you. Two questions, and I will not repeat or bother you with the question regarding dividends or increases, but in addition to eliminating dilution, is there a minimum number of shares that you think might be retained as far as reducing the float? There was an aggressive repurchase of shares in the second quarter. That obviously will vary from quarter to quarter, but again, is there a minimum amount in order to maintain liquidity that you think would be appropriate that you would not want to drop below in terms of number of shares outstanding?

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

No. The commitment is basically don't avoid dilution and I don't think that we have reached a situation where we think that buying back any more shares or buying back a big block of shares would represent a detrimental decision for the Company to take on.

John Polcari — Mutual of America Capital Management

Okay. So, as we speak, if there was an appropriate decision and there was adequate cash...

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

As we speak, share buybacks are absolutely on the table, as are performance dividends, and possibly in 2026 an increase to the quarterly dividend. So the three tools remain fully valid and executable on, depending on circumstances.

John Polcari — Mutual of America Capital Management

Thank you. And the other question I had was just, if you could take just a moment now to refresh me on, if you will, the chain of custody for copper delivery. After you've extracted the copper from the tailings, I assume it goes to port, and at what point do you turn over to, say, title to the copper? At what point do you receive payment?

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

It is easier than that. In terms of when is title transferred, our copper concentrate, it's a copper concentrate, so it's not, obviously, a cathode, it's not a finished product. It's a dark powder called copper concentrate. It is shipped out on a daily basis. As soon as it's put on the El Teniente trucks, it passes title. We bill for those deliveries on a weekly basis. We get a provisional price on a weekly basis and we settle that final provisional price three months later when the known price of the third month following delivery takes place.

John Polcari — Mutual of America Capital Management

Understand. And that provisional price—?

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

Yeah. That provisional price is always—go ahead.

John Polcari — Mutual of America Capital Management

Always based on the LME?

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

It's always LME. It's always LME. We actually look—the provisional weekly price is based on [inaudible], the provisional price that is used until things are settled three months later. Always LME.

John Polcari — Mutual of America Capital Management

All right. That's all I had and thank you again for managing us through another volatile quarter.

Operator

Thank you. The next question comes from William Gower, an investor. Please go ahead.

William Gower — Private Investor

All right. And I just want to echo the congratulations to everybody on the call, but also the teams in Chile doing the work. This is incredible operational performance and managerial performance. And just a quick follow up on the settlement. So it sounds like the fair value adjustment is made three months later and that, I mean we're marking the market, but when is the cash actually hitting our

account? And then kind of along the same lines, are we waiting to make decisions on cash flow such as buybacks or dividends until we know what the provisional adjustment is, so that way, essentially, there's going to be a quarterly delay in the effect of the cash flows and then the decisions we make based on the cash flows?

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

William, thank you for recognizing the team in Chile. They are the real people that make all of this happen. We just coordinate them.

There are two parts to your question regarding the mark to market, but I think that, you know, we mark to market every month. Carmen prepares consolidated financial statements on a monthly basis, not on a quarterly basis. We take the LME and the, sorry, the LME spot price and the LME M+3 price and we create a progression for the M+1, M+2 based on those two data points and we do the mark to market on a monthly basis.

But I think most important, or the most important part of your question is what happens with the cash and what happens with the decision-making around that cash. So the payment terms from Codelco to MVC can be summarized in three steps. We issue weekly invoices each Monday for 75% of the prior week's copper production, which is provisionally priced, as I was speaking in my prior question, at the week's average LME price. Once the month is completed, we issue one monthly invoice to true the amount up to set 90% of the month's production, which is provisionally priced at the monthly average price less the weekly interim payments. So basically, at each month end, we are caught up with 90% of the deliveries that were done during the prior month priced at the most recent LME price for

90% of those deliveries. And then when the final terms are known three months later, we issued one final either credit note or debit note at the final price, which is the M+3 price. So cash flow is coming in on a weekly basis at 75% of our production rate. It is trued up to 90% of our production rate a week after the end of the month and the final settlement, positive or negative, takes place three weeks before. So there's a continuum of cash flow coming in on a weekly basis.

We update all of this information in our model, so we basically are working with real-time data that allows us to know how much, for example, can be allocated to share buybacks on a weekly basis when we are active on the buyback program or, when copper prices are closer to down to lower prices, how safe is our CapEx payment or debt repayment, our quarterly dividend. So we are monitoring all of that information essentially, I would say daily we have that. We just plug in the copper price that we think is going to apply for each week and we have all the data right in front of us.

William Gower — Private Investor

Perfect. Thank you so much. I have another two follow ups, not to that specific area, but with regards to cost guidance, it's around \$2 per pound, and obviously it's been beaten in Q1 and Q2 and really—

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

In Q2. In Q2.

William Gower — Private Investor

In Q2. Okay. And largely because of smelting and refining charges being lower. Is that something, and I know you've maintained the cost—go ahead.

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

No, we guided. If you're interested in the guidance, I would say the best source of information and probably the news release you should keep close to you year-round is our guidance news release, which is usually our first news release of the year. We provide there not only what the past cost guidance is going to be but also [inaudible] in terms of what happens with copper prices moving up or down, moly prices moving up or down, and even foreign exchange.

When we provided our guidance for the year in terms of cash cost, we knew already what the spot prices, sorry, what the TCRCs, the treatment and refinery charges, were going to be for the year, so any variations that you've seen from guidance to actual are now driven by a lower smelter and refinery charges.

William Gower — Private Investor

And I guess, and I'm probably just ignorant and don't understand it and maybe you can better explain it, but are these decreases, at least the lower numbers than the cash cost guidance expected, from smelting and refining? And I guess what I'm getting at is, is this something that's going to be long term or is this kind of one off?

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

No, the variances that we're seeing right now are coming in from higher moly production. They're coming in from a lower, from a less strong Chilean peso compared to the US dollar. Those are where the significant variances are coming from. They're not coming by lower smelter and refinery charges.

In our case, as is also the case for most copper concentrate producers, we work not on the basis of spot treatment and refinery charges but on what's called an annual benchmark treatment and refinery charge that is known at the end of the prior year and then you work with those figures, with those charges, for the rest of the year irrespective of what happens with the spot TCRCs. So they're a long-term or annually set rate that doesn't change through the year.

William Gower — Private Investor

Okay. Thank you. And then the last subject, and I'll pre-empt this question by thanking you for doing the interviews that you do, the kind of long-form hour, hour-and-a-half long videos, those are incredibly helpful and answer a lot of my questions, and in part of that, when you're questioned about the overall DET contracts, both for historic and fresh tailings, obviously you provide guidance in the management discussion and analysis saying basically there's very little chance of DET canceling our contract in the short term, but with regards to the current extension contract deadlines, obviously it's been renewed and renewed, can you provide us any guidance on when we might hear about talks of an additional extension or just kind of when we should start thinking about hearing that or, I don't know, some sort of guidance on that?

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

We are 12 years away from the contract expiring. I can assure you one thing: if I'm still CEO in 12 years, you will not hear from it on year 11. You probably will hear from it around 6 years before. This is critical to us, it is the genesis of what the company is, so this is not a discussion or a negotiation that we're going to leave to the end of or closer to 2037. But we're still 12 years away from that.

William Gower — Private Investor

I know. And obviously it's very important. I think it's very important. That's why I figured I'd ask. So I appreciate it and your confidence is one of the main reasons I'm an investor. You are one of the main reasons I'm an investor in Amerigo. So I appreciate you and the entire team there. So thank you for all the work that you do.

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

You're very kind.

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.

Thank you very much. Again, my apologies for any communication disruptions through the call. We try to avoid them as much as we can. Thank you for attending today's call and thank you to Carmen and Graham for being on the call as well. The recording and the script will be available on Amerigo's website in the next few days. We will hold our next earnings call on Thursday, October the 30th to report our third quarter results. Please visit our website regularly for updates and feel free to contact us with any questions on your convenience. Thank you for your continued interest in Amerigo.

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.