

## CEO Script Q2-2025

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 MVC 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, scheduled for October 2025. 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 \$0.7 million 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 3 cents Canadian 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 CDN\$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 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 quite close to our estimate of 940 pesos.

Following the close of the second quarter, our operational results for July have remained 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 of copper market fundamentals, here are a few essential points. Global mine copper production is now expected to grow by just 3% in 2025. 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 market tightness and impacting 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 45 cents per pound. This price divergence led to a massive redirection of copper inventories from Europe and Asia to the US, driven by both speculative and structural factors. US buyers scrambled to secure physical copper before August 1.

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 1 official start date of the US tariff on copper, additional information was finally released by the U.S. 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 4 cents 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'll discuss next.

Amerigo continues to return capital to shareholders at a rapid pace. In the second quarter alone, Amerigo bought and cancelled 3.1 million shares under the Normal Course Issuer Bid and paid its fifteenth consecutive quarterly dividend. In the first half of the year, the Company's free cash flow to equity was \$11.3 million, and \$12.1 million was returned to shareholders.

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 Cdn\$1.91 to Cdn\$2.12. And today, the share price is Cdn\$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.

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 dividend. 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 from strong copper prices, and share buybacks manage dilution and capitalize on undervaluation.

Our ultimate goal is to generate maximum value for shareholders and to utilize all three tools in the CRS to achieve this.

I am 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 \$0.05, or \$0.06 Canadian, 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 deduct notional items, including DET royalties of \$19.9 million, smelting and refining of \$3.6 million, and transportation of \$0.4 million, and then add positive fair value adjustments to settlement receivables of \$0.7 million, which as I mentioned was 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 was the same provisional price we had for the first quarter of 2025 sales.

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 the July average price, which was \$4.44 per pound.

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 \$1.0 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 the \$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 cost, 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 held 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.

The 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 monthly tax installments. 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 is shown as \$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 payments 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 the 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 tax liabilities 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 \$0.03 Canadian 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 \$4.0 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 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 3-year collective labour agreement with MVC's operators' union 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. YTD-2025, Capex additions were \$6.0 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.