



## Amerigo Resources Ltd. (ARREF)

**Raise 4Q:21 EPS Estimate On Stronger Production; Trim 2022 EPS On Higher Costs; Maintain \$2 Price Target; Highlight Share Buyback And Dividends Funded By Healthy Cash Flow**

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	(\$0.02)	\$0.06A		\$0.04	\$0.05	\$0.04		
June	(0.02)	0.06A		0.05	0.03	0.05		
Sep.	0.03	0.05A		0.05	0.04	0.05		
Dec.	0.04	0.05	0.06	0.03	0.02	0.04		
<b>EPS</b>	<b>\$0.03</b>	<b>\$0.22</b>	<b>\$0.23</b>	<b>\$0.18</b>	<b>\$0.15</b>	<b>\$0.18</b>		
<b>P/E</b>					<b>8.5x</b>	<b>7.1x</b>		
<b>FCF per share</b>	<b>\$0.09</b>	<b>\$0.36</b>	<b>\$0.38</b>	<b>\$0.25</b>	<b>\$0.20</b>	<b>\$0.23</b>		
<b>P / FCF</b>					<b>6.4x</b>	<b>5.5x</b>		

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in share count. Amerigo's shares trade on the Toronto Stock Exchange under the ticker "ARG" and also trade in the United States on the OTCQX. Results are reported in US dollars.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$119.6	\$52.6	\$91.4	\$134.0	\$136.8	\$119.8	\$126.4	\$200.5	\$178.0	\$180.7
GAAP EPS	(\$0.06)	(\$0.10)	(\$0.04)	\$0.04	\$0.06	(\$0.05)	\$0.03	\$0.23	\$0.15	\$0.18

**Description:** Amerigo Resources Ltd. (amerigoresources.com), through its 100% ownership of Miera Valle Central (MVC) operation, provides exclusive processing at fresh and historic copper tailings at state-owned Codelco's El Teniente mine in Chile, based on a long-term royalty agreement running through 2037.

Release Date	Conference Call	Time (Eastern)	Contact	Co. Guidance	Consensus
February 24	February 28	2:00 PM	888-664-6392 confirmation # 49146972	N/A	\$0.06

- We lift our 4Q:21 EPS estimate to **\$0.06** (from **\$0.05**), as Amerigo reported 4Q production of 16.9 million pounds (compared to our 15.5 million projection) yesterday.
- Amerigo increased fresh tailings processing to more than 147,000 tonnes per day in 4Q:21 (compared to less than 130,000 tonnes in 1H:2021), benefiting from plant modifications and increased El Teniente throughput.
- However, we trim our 2022 EPS to **\$0.15** (from **\$0.18**) as management guided for higher cash costs, due in part to higher steel prices and refinery charges. Our 2023 EPS forecast of **\$0.18** is unchanged
- Amerigo is returning profits to shareholders, buying back 8.7 million shares in 4Q:21, with 9.2 million shares remaining to repurchase under its normal course issuer bid.
- The company also recently re-introduced a dividend, paying a C \$0.02 (US \$0.016) quarterly dividend in 4Q:21 (for a 5% current yield).
- Even after returning nearly \$12 million in cash to shareholders in 4Q:21, Amerigo still had net cash of around \$32 million at year end.
- Our Moderately Risky rating is supported by Amerigo's net cash position and the company's stable long-term tolling agreement with state-owned Codelco to process tailings at the El Teniente copper mine in Chile through 2037.
- We maintain our \$2 price target, which is based on an unchanged 11x our revised 2022 EPS estimate of **\$0.15** (previously **\$0.18**), in line with a comparable group of metal smelters, recyclers and processors.
- The price target implies only a 10x multiple to our 2022 free cash flow per share estimate of **\$0.20** and 6x our EBITDA estimate of **\$52 million**.

**NR**

Price Target: \$2

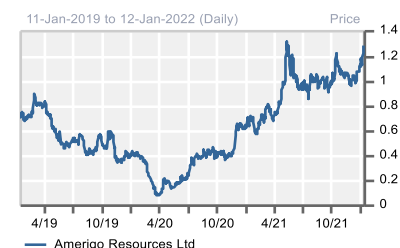
Price: \$1.27

Risk Rating: M

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### Key Statistics

Analysts Covering	1
Market Cap (Mil)	\$230
Enterprise Value	\$214
52-Week Range (US OTC)	1-1
5-Year EPS CAGR	25%
Avg. Daily Trading Volume	141,000
Shares Out (Mil)	181.961
Float Shares (Mil)	149.933
Insider Ownership	17%
Institutional Holdings	38%
Annualized Dividend	\$0.06
Dividend Yield	5.0%
FCF Per Share (2023E)	\$0.23
FCF Yield (2023E)	18.1%
Net Cash Per Share (2023E)	\$0.45
Price to Book Value	1.7x
Return on Equity (2023E)	18.6%
Total Debt to Capital	22%
Interest Coverage Ratio	32.9x
Short Interest %	0.3%
Short Interest Days To Cover	1.3
Russell 2000	2,159
Russell 2000 – Last 12 Months	2.3%
ARREF – Last 12 Months	98.2%



**We lift our 4Q:21 EPS estimate on stronger production.** Yesterday Amerigo reported 4Q:21 production of 16.9 million pounds, well ahead of our 15.5-million-pound projection. The quarterly production number marked the high point for the year as Amerigo benefited from increased fresh tailings processing. Amerigo has completed modifications of its “copper factory” to increase production of fresh tailings at El Teniente. Not only are costs lower to process fresh tailings but historical tailings depletion is reduced. Fresh tailings accounted for 55% of production in 4Q:21 compared to only 45% in 1Q. While cash costs per pound rose modestly sequentially to \$1.68 per pound (from \$1.61 in 3Q), costs per pound were still lower than in 1H:21, due in part to higher production. Given higher production, only modest cost increases and still healthy copper prices of around \$4.39 per pound in 4Q, we raise our 4Q:21 EPS estimate to \$0.06 (from \$0.05).

**However, we trim our 2022 EPS projection on higher costs.** Management guided for 61.9 million pounds of production in 2022, modestly below 2021 production of 63.4 million pounds, but essentially in-line with our estimate. We model copper prices of \$4.25 per pound in 1Q:22 and \$4 for the remainder of the year. The company does expect higher costs in 2022 with cash costs increasing to \$1.90 per pound (from \$1.75 per pound in 2021), reflecting higher treatment and refinery charges, increased grinding costs (due to higher steel prices) and reduced molybdenum by-product credits (as less moly is recovered from fresh tailings). Given the cost pressures, we reduce our 2022 EPS estimate to \$0.15 (from \$0.18). We note higher costs will be partially offset by a reduced share count (given the ongoing share repurchase program) and lower interest expense, resulting from semi-annual debt repayments of \$3.5 million and the 2021 refinancing.

**Amerigo is returning profits to shareholders, supported by a healthy balance sheet and long-term tolling agreement with Codelco.** The company repurchased 8.7 million shares in 4Q:21 and has the opportunity to buy back an additional 9.2 million shares through its normal course issuer bid. Amerigo also reinstated its dividend in 4Q:21, paying a quarterly dividend of C\$0.02 (US\$0.016) in the quarter. Even after returning \$11.8 million to shareholders in the quarter, Amerigo still had about \$32 million in net cash at the end of the year (compared to about \$35 million at the end of the previous quarter). We project free cash flow per share of \$0.20 (previously \$0.25) in 2022 and \$0.23 in 2023. Amerigo only requires about \$6 million in annual maintenance capex (about 3% of our projected 2021 revenue). Management also expects to spend about \$4.7 million in 2022, in part to upgrade the aerial tailings channel to meet increased fresh tailings processing, as well as reinforcing slurry and water lines.

**We project 12% year over year revenue growth in 4Q:21 on higher copper prices and increased production.** We model nearly 25% improvement in copper prices and almost 3% production growth. We anticipate operating margin expansion of 570 basis points and rising copper prices more than offset increased cash costs. Similarly we assume modest copper price growth and increased production, as well as a positive fair value adjustment due to higher prices, resulting in estimated 10% sequential revenue improvement.

	<b>4Q:21 Estimate</b>	<b>3Q:21 Actual</b>	<b>QoQ Change</b>	<b>% Change</b>	<b>4Q:20 Actual</b>	<b>YoY Change</b>	<b>% Change</b>
<b>Revenue (thou.)</b>	<b>\$52,923</b>	<b>\$48,132</b>	<b>\$4,791</b>	<b>10.0%</b>	<b>\$47,188</b>	<b>\$5,735</b>	<b>12.2%</b>
Operating income	16,406	12,646	3,760	29.7%	11,925	4,481	37.6%
<i>Margin</i>	<i>31.0%</i>	<i>26.3%</i>			<i>25.3%</i>		
<b>Adjusted EPS</b>	<b>\$0.06</b>	<b>\$0.05</b>	<b>\$0.02</b>	<b>41.2%</b>	<b>\$0.04</b>	<b>\$0.02</b>	<b>60.3%</b>
<b>Production (millions of lbs.)</b>	<b>16.90</b>	<b>15.99</b>	<b>0.91</b>	<b>5.7%</b>	<b>16.45</b>	<b>0.45</b>	<b>2.7%</b>
Copper price (\$/lb.)	\$4.39	\$4.23	0.16	3.8%	\$3.52	0.87	24.7%
Cash cost (per lb.)	1.68	1.61	0.07	4.3%	1.65	0.03	1.8%

Sources: Company reports and Sidoti & Company, LLC estimates

<b>Valuation</b>	<b>We maintain our \$2 price target, which is based on an unchanged 11x to our revised 2022 EPS estimate of \$0.15.</b> The target implies 10x our 2022 free cash flow estimate of \$0.20, less than 9x our 2023 free cash flow projection of \$0.23 and 6x our 2022 EBITDA estimate of \$52 million. We note cash flow easily supports the current C \$0.08 or US \$0.064 annual dividend and additional share repurchases. Our Moderately Risky rating is supported by the \$32 million net cash position as of year-end 2021 and its long-term agreement with Codelco, the world’s largest copper mining company.		
<b>Key Risks</b>	Copper prices	Droughts	Chilean government policies

AMERIGO RESOURCES LTD.

Exhibit 1: Amerigo Resources Ltd. Income Statement

(\$ in thousands, except per share data)	Mar	Jun	Sep	Dec	2020A	MarA	JunA	SepA	Dec	2021E	Mar	Jun	Sep	Dec	2022E	2023E
<b>Revenue</b>	<b>\$15,638</b>	<b>\$26,046</b>	<b>\$37,555</b>	<b>\$47,188</b>	<b>\$126,427</b>	<b>\$48,907</b>	<b>\$50,503</b>	<b>\$48,132</b>	<b>\$52,923</b>	<b>\$200,465</b>	<b>\$49,225</b>	<b>\$41,788</b>	<b>\$43,483</b>	<b>\$43,483</b>	<b>\$177,979</b>	<b>\$180,706</b>
Tolling and production costs	(24,569)	(26,441)	(28,572)	(31,459)	(111,041)	(30,029)	(31,376)	(33,940)	(35,263)	(130,608)	(34,447)	(32,200)	(33,467)	(36,467)	(136,582)	(132,161)
<b>Gross Profit</b>	<b>(8,931)</b>	<b>(395)</b>	<b>8,983</b>	<b>15,729</b>	<b>15,386</b>	<b>18,878</b>	<b>19,127</b>	<b>14,192</b>	<b>17,660</b>	<b>69,857</b>	<b>14,778</b>	<b>9,588</b>	<b>10,016</b>	<b>7,016</b>	<b>41,397</b>	<b>48,545</b>
General and administrative	3,041	(2,534)	(907)	(2,440)	(2,840)	(1,625)	(914)	(1,007)	(1,254)	(4,800)	(1,349)	(1,174)	(1,084)	(1,434)	(5,041)	(5,130)
Other income (expenses)	995	(382)	(15)	(1,364)	(766)	(1,212)	(146)	(454)		(1,812)						
<b>Operating income</b>	<b>(4,895)</b>	<b>(3,311)</b>	<b>8,061</b>	<b>11,925</b>	<b>11,780</b>	<b>16,041</b>	<b>18,067</b>	<b>12,646</b>	<b>16,406</b>	<b>63,160</b>	<b>13,429</b>	<b>8,414</b>	<b>8,932</b>	<b>5,582</b>	<b>36,357</b>	<b>43,415</b>
Finance expense	(2,833)	(904)	(784)	(719)	(5,240)	(856)	(2,136)	(1,102)	(472)	(4,566)	(472)	(424)	(424)	(376)	(1,697)	(1,312)
Pre-tax income	(7,728)	(4,215)	7,277	11,206	6,540	15,185	15,931	11,544	15,934	58,594	12,957	7,990	8,508	5,206	34,660	42,103
Income tax expense	3,699	613	(1,889)	(2,899)	(476)	(4,260)	(4,345)	(3,124)	(4,302)	(16,031)	(3,498)	(2,157)	(2,297)	(1,406)	(9,358)	(11,368)
<b>Net income</b>	<b>(4,029)</b>	<b>(3,602)</b>	<b>5,388</b>	<b>8,307</b>	<b>6,064</b>	<b>10,925</b>	<b>11,586</b>	<b>8,420</b>	<b>11,632</b>	<b>42,563</b>	<b>9,458</b>	<b>5,833</b>	<b>6,211</b>	<b>3,800</b>	<b>25,302</b>	<b>30,735</b>
<b>EPS</b>																
Basic	(0.02)	(0.02)	0.03	0.05	0.03	0.06	0.06	0.05	0.07	0.23	0.06	0.03	0.04	0.02	0.15	0.18
<b>Diluted</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>0.03</b>	<b>0.04</b>	<b>0.03</b>	<b>0.06</b>	<b>0.06</b>	<b>0.05</b>	<b>0.06</b>	<b>0.23</b>	<b>0.05</b>	<b>0.03</b>	<b>0.04</b>	<b>0.02</b>	<b>0.15</b>	<b>0.18</b>
Weighted average shares (in millions)																
Basic	180.7	180.8	180.8	180.8	180.8	181.2	181.8	181.8	177.8	180.6	170.8	167.3	167.8	168.3	168.5	167.5
Diluted	180.7	180.8	182.3	183.0	181.7	183.1	185.4	185.4	181.4	183.9	174.4	166.9	167.4	167.9	169.2	167.2
<b>Margins</b>																
Gross margin	57.1%	1.5%	-23.9%	33.3%	12.2%	38.6%	37.9%	29.5%	33.4%	34.8%	30.0%	22.9%	23.0%	16.1%	23.3%	26.9%
Operating margin	-31.3%	-12.7%	21.5%	25.3%	9.3%	32.8%	35.8%	26.3%	31.0%	31.5%	27.3%	20.1%	20.5%	12.8%	20.4%	24.0%
EBITDA margin	-1.0%	3.9%	32.8%	34.5%	23.3%	41.7%	44.3%	35.3%	39.2%	40.2%	36.1%	30.5%	30.5%	22.8%	30.1%	33.6%
Pre-tax margin	-49.4%	-16.2%	19.4%	23.7%	5.2%	31.0%	31.5%	24.0%	30.1%	29.2%	26.3%	19.1%	19.6%	12.0%	19.5%	23.3%
Net margin	-25.8%	-13.8%	14.3%	17.6%	4.8%	22.3%	22.9%	17.5%	22.0%	21.2%	19.2%	14.0%	14.3%	8.7%	14.2%	17.0%
Tax rate	47.9%	14.5%	26.0%	25.9%	7.3%	28.1%	27.3%	27.1%	27.0%	27.4%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
<b>Annual Change</b>																
Revenue	-43.6%	14.8%	10.8%	33.0%	5.5%	212.7%	93.9%	28.2%	12.2%	58.6%	0.7%	-17.3%	-9.7%	-17.8%	-11.2%	1.5%
Gross profit	-552.9%	-93.5%	790.3%	346.3%	NM	NM	NM	58.0%	12.3%	NM	-21.7%	-49.9%	-29.4%	-60.3%	-40.7%	17.3%
Operating income	-1933.3%	-54.7%	806.7%	847.9%	NM	NM	NM	56.9%	37.6%	NM	-16.3%	-53.4%	-29.4%	-66.0%	-42.4%	19.4%
Net income	188.0%	-45.1%	-358.7%	1212.3%	-164.4%	NM	NM	56.3%	40.0%	NM	-13.4%	-49.7%	-26.2%	-67.3%	-40.6%	21.5%
Diluted EPS	100.0%	-50.0%	-400.0%	300.0%	-160.0%	NM	NM	51.3%	60.3%	NM	-9.6%	-41.8%	-18.3%	-64.7%	-35.1%	23.5%

Source: Sidoti & Company, LLC and company reports.

AMERIGO RESOURCES LTD.

Exhibit 2: Amerigo Resources Ltd. Statement of Cash Flows

(\$ in thousands, except per share data)	Mar	Jun	Sep	Dec	2020A	MarA	JunA	SepA	Dec	2021E	Mar	Jun	Sep	Dec	2022E	2023E
<b>Net income</b>	<b>(\$4,029)</b>	<b>(\$3,602)</b>	<b>\$5,388</b>	<b>\$8,307</b>	<b>\$6,064</b>	<b>\$10,925</b>	<b>\$11,586</b>	<b>\$8,420</b>	<b>\$11,632</b>	<b>\$42,563</b>	<b>\$9,458</b>	<b>\$5,833</b>	<b>\$6,211</b>	<b>\$3,800</b>	<b>\$25,302</b>	<b>\$30,735</b>
Gain on investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	4,736	4,338	4,271	4,349	17,694	4,376	4,321	4,325	4,325	17,347	4,325	4,325	4,325	4,325	17,300	17,300
Bad debt recovery / expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss from change in estimates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment charges	2,303	0	0	2,554	4,857	749	86	9	-	844	-	-	-	-	-	-
Deferred income tax expense / recovery	(3,785)	(614)	1,886	2,897	384	4,254	1,400	(465)	-	5,189	-	-	-	-	-	-
Changes in fair value of royalties to related parties	(3,945)	1,826	43	1,090	(986)	377	(8)	(178)	-	191	-	-	-	-	-	-
Other	-	-	-	-	-	(43)	(3)	15	-	(31)	-	-	-	-	-	-
Unrealized foreign exchange expense / gain	(493)	114	(213)	(102)	(694)	(233)	64	688	-	519	-	-	-	-	-	-
Share-based payments	10	29	32	43	114	89	188	188	-	465	-	-	-	-	-	-
Finance expense / gains	1,088	684	(820)	567	1,519	(454)	(567)	1,065	-	44	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	(4,200)	(2,241)	-	(6,441)	-	-	-	-	-	-
Trade, other receivables and taxes receivable	7,491	(4,087)	(428)	(10,173)	(7,197)	5,896	3,486	7,298	(11,710)	4,970	(367)	5,797	(2,598)	870	3,702	(514)
Inventories	(2,312)	1,871	143	887	589	(1,862)	(252)	1,791	(2,426)	(2,749)	666	1,339	(305)	435	2,134	(312)
Trade and other payables	(1,754)	2,633	1,250	(8,149)	(6,020)	279	1,492	3,604	(1,667)	3,708	2,389	(2,157)	(371)	1,045	907	(1,566)
Other	(671)	(2,070)	3,681	2,787	3,727	3,783	4,309	863	2,043	10,998	(2,519)	(3,598)	798	0	(5,319)	128
Payment of severance	-	-	-	-	(470)	-	-	-	-	-	-	-	-	-	-	-
Payment of long-term employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided from operating activities</b>	<b>(1,378)</b>	<b>1,132</b>	<b>15,384</b>	<b>4,639</b>	<b>19,777</b>	<b>28,136</b>	<b>21,902</b>	<b>25,382</b>	<b>2,197</b>	<b>77,617</b>	<b>13,951</b>	<b>11,539</b>	<b>8,060</b>	<b>10,475</b>	<b>44,025</b>	<b>45,771</b>
Purchase of plant and equipment and evaluation assets	(468)	(810)	(540)	(976)	(2,794)	(563)	(839)	(6,022)	(600)	(8,024)	(1,200)	(6,500)	(1,500)	(1,500)	(10,700)	(7,300)
Capitalized interest on borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of capitalized interest	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of investments	75	0	0	(1)	74	3,852	0	-	-	3,852	-	-	-	-	-	-
<b>Net cash from investing activities</b>	<b>(393)</b>	<b>(810)</b>	<b>(540)</b>	<b>(977)</b>	<b>(2,720)</b>	<b>3,289</b>	<b>(839)</b>	<b>(6,022)</b>	<b>(600)</b>	<b>(4,172)</b>	<b>(1,200)</b>	<b>(6,500)</b>	<b>(1,500)</b>	<b>(1,500)</b>	<b>(10,700)</b>	<b>(7,300)</b>
Dividends	-	-	-	-	-	-	-	-	(2,903)	-	(2,791)	(2,671)	(2,679)	(2,687)	(10,828)	(10,700)
Repayment of borrowings and transaction costs	(4,686)	0	(4,685)	0	(9,371)	(6,547)	(10,233)	(1,861)	(1,700)	(20,341)	-	(3,500)	-	(3,500)	(7,000)	(7,000)
Proceeds from borrowings, net of transaction costs	-	-	-	-	-	-	(43)	-	-	(43)	-	-	-	-	-	-
Lease repayments	(209)	(403)	(345)	(446)	(1,403)	(345)	(341)	(252)	-	(938)	-	-	-	-	-	-
Issuance of shares	116	0	0	0	116	0	0	-	(9.0)	(9)	(9,000)	-	-	-	(9,000)	-
<b>Net cash from financing activities</b>	<b>(4,779)</b>	<b>(403)</b>	<b>(5,030)</b>	<b>(446)</b>	<b>(10,658)</b>	<b>(6,892)</b>	<b>(10,574)</b>	<b>(2,156)</b>	<b>(4,612)</b>	<b>(24,234)</b>	<b>(11,791)</b>	<b>(6,171)</b>	<b>(2,679)</b>	<b>(6,187)</b>	<b>(26,828)</b>	<b>(17,700)</b>
Effect of exchange rate changes	(42)	(2)	168	398	522	25	(223)	(1,168)	-	(1,366)	-	-	-	-	-	-
<b>Changes in cash and cash equivalents</b>	<b>(6,592)</b>	<b>(83)</b>	<b>9,982</b>	<b>3,614</b>	<b>6,921</b>	<b>24,558</b>	<b>10,266</b>	<b>16,036</b>	<b>(3,015)</b>	<b>47,845</b>	<b>960</b>	<b>(1,132)</b>	<b>3,881</b>	<b>2,788</b>	<b>6,497</b>	<b>20,770</b>
<b>Cash and equivalents at beginning of period</b>	<b>7,164</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,164</b>	<b>14,085</b>	<b>38,643</b>	<b>48,909</b>	<b>64,945</b>	<b>14,085</b>	<b>61,930</b>	<b>62,890</b>	<b>61,758</b>	<b>65,639</b>	<b>61,930</b>	<b>68,427</b>
<b>Cash and equivalents at end of period</b>	<b>572</b>	<b>(83)</b>	<b>9,982</b>	<b>3,614</b>	<b>14,085</b>	<b>38,643</b>	<b>48,909</b>	<b>64,945</b>	<b>61,930</b>	<b>61,930</b>	<b>62,890</b>	<b>61,758</b>	<b>65,639</b>	<b>68,427</b>	<b>68,427</b>	<b>89,197</b>
<b>Free cash flow</b>	<b>(1,846)</b>	<b>322</b>	<b>14,844</b>	<b>3,663</b>	<b>16,983</b>	<b>27,573</b>	<b>21,063</b>	<b>19,360</b>	<b>1,597</b>	<b>69,593</b>	<b>12,751</b>	<b>5,039</b>	<b>6,560</b>	<b>8,975</b>	<b>33,325</b>	<b>38,471</b>
<b>Free cash flow per share</b>	<b>(\$0.01)</b>	<b>\$0.00</b>	<b>\$0.08</b>	<b>\$0.02</b>	<b>\$0.09</b>	<b>\$0.15</b>	<b>\$0.11</b>	<b>\$0.10</b>	<b>\$0.01</b>	<b>\$0.38</b>	<b>\$0.07</b>	<b>\$0.03</b>	<b>\$0.04</b>	<b>\$0.05</b>	<b>\$0.20</b>	<b>\$0.23</b>

Source: Sidoti & Company, LLC and company reports.

AMERIGO RESOURCES LTD.

Exhibit 3: Amerigo Resources Ltd Balance Sheet

(\$ in thousands, except per share data)	Mar	Jun	Sep	2020A	MarA	JunA	SepA	2021E	2022E	2023E
<b>Cash and cash equivalents</b>	<b>\$572</b>	<b>\$489</b>	<b>\$10,471</b>	<b>\$14,085</b>	<b>\$38,643</b>	<b>\$48,909</b>	<b>\$64,945</b>	<b>\$61,930</b>	<b>\$68,427</b>	<b>\$89,197</b>
Restricted cash						700	2,941	2,941	2,941	2,941
Trade and other receivables	2,052	6,011	13,779	21,387	16,308	12,601	4,167	15,877	12,175	12,689
Prepaid expenses	640	771	670	869	50	270	473	473	473	473
Inventories	10,269	8,414	8,303	7,271	8,693	8,941	7,100	9,526	7,392	7,704
Other assets	0	0	0	0	0	0	923	923	923	923
<b>Total current assets</b>	<b>13,533</b>	<b>15,685</b>	<b>33,223</b>	<b>43,612</b>	<b>63,694</b>	<b>71,421</b>	<b>80,549</b>	<b>91,670</b>	<b>92,331</b>	<b>113,928</b>
Restricted cash						3,500	3,500	3,500	3,500	3,500
Property, plant and equipment	194,492	190,919	187,262	184,805	181,090	178,473	182,030	178,305	171,705	161,705
Investments	1,356	2,119	2,681	4,401						
Intangible assets	3,966	3,910	3,854	3,798	3,742	3,686	3,631	3,631	3,631	3,631
Other non-current assets	825	829	814	806	797	791	776	776	776	776
Deferred income tax asset	4	7	8	153	161	188	177	177	177	177
<b>Total assets</b>	<b>214,176</b>	<b>213,469</b>	<b>227,842</b>	<b>237,575</b>	<b>249,484</b>	<b>258,059</b>	<b>270,663</b>	<b>278,059</b>	<b>272,120</b>	<b>283,717</b>
Current portion of borrowings	9,399	9,898	14,215	17,059	14,894	10,685	9,214	9,214	9,214	9,214
Trade and other payables	17,953	20,363	21,544	14,579	15,912	15,642	17,535	15,868	16,775	15,209
DET royalties	8,612	6,543	10,223	13,010	16,794	21,103	21,966	24,009	18,690	18,818
Interest rate swap	2,390	2,502	2,110	2,171	1,949	632	1,246	1,246	1,246	1,246
Current portion of leases	1,430	1,470	1,522	1,643	1,559	1,495	1,288	1,288	1,288	1,288
Current portion of related party derivative liability	1,230	1,598	1,777	1,196	1,086	1,137	1,226	1,226	1,226	1,226
Current income tax liabilities	137	30	6	97	12	2,921	6,509	6,509	6,509	6,509
<b>Total current liabilities</b>	<b>41,151</b>	<b>42,404</b>	<b>51,397</b>	<b>49,755</b>	<b>52,206</b>	<b>53,615</b>	<b>58,984</b>	<b>59,360</b>	<b>54,948</b>	<b>53,510</b>
Borrowings	41,176	41,249	39,046	36,709	32,095	26,821	26,839	25,139	18,139	11,139
Deferred income tax liability	21,278	20,667	22,553	25,590	29,855	31,283	30,828	30,828	30,828	30,828
Royalty derivative to related parties	7,125	8,857	8,832	10,099	10,151	9,838	9,566	9,566	9,566	9,566
Asset retirement obligation	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Leases	4,439	4,243	4,040	4,091	3,672	3,291	2,639	2,639	2,639	2,639
Severance provisions	901	972	1,033	649	685	686	623	623	623	623
Interest rate swap	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>116,070</b>	<b>118,392</b>	<b>126,901</b>	<b>126,893</b>	<b>128,664</b>	<b>125,534</b>	<b>129,479</b>	<b>128,155</b>	<b>116,743</b>	<b>108,305</b>
<b>Total equity</b>	<b>98,106</b>	<b>95,077</b>	<b>100,941</b>	<b>110,682</b>	<b>120,820</b>	<b>132,525</b>	<b>141,184</b>	<b>149,904</b>	<b>155,377</b>	<b>175,412</b>
<b>Total equity and liabilities</b>	<b>214,176</b>	<b>213,469</b>	<b>227,842</b>	<b>237,575</b>	<b>249,484</b>	<b>258,059</b>	<b>270,663</b>	<b>278,059</b>	<b>272,120</b>	<b>283,717</b>
<b>Ratios</b>										
Net cash (debt)	(\$50,003)	(\$50,658)	(\$42,790)	(\$39,683)	(\$8,346)	\$15,603	\$35,333	\$34,018	\$47,515	\$75,285
Net cash (debt) per share	(\$0.28)	(\$0.28)	(\$0.23)	(\$0.22)	(\$0.05)	\$0.08	\$0.19	\$0.19	\$0.28	\$0.45
Net leverage	6.4x	4.3x	2.3x	1.3x	0.2x	-0.2x	-0.5x	-0.4x	-0.9x	-1.2x
Book value per share	0.54	0.53	0.55	0.61	0.66	0.71	0.76	0.82	0.92	1.05
Tangible book per share	0.52	0.50	0.53	0.59	0.64	0.69	0.74	0.80	0.90	1.03
Return on Assets (ROA)	-7.2%	-6.7%	9.8%	2.6%	17.9%	18.3%	12.7%	16.5%	9.2%	11.1%
Return on Equity (ROE)	-16.1%	-14.9%	22.0%	5.7%	37.8%	36.6%	24.6%	32.7%	16.6%	18.6%

Source: Sidoti & Company, LLC and company reports.

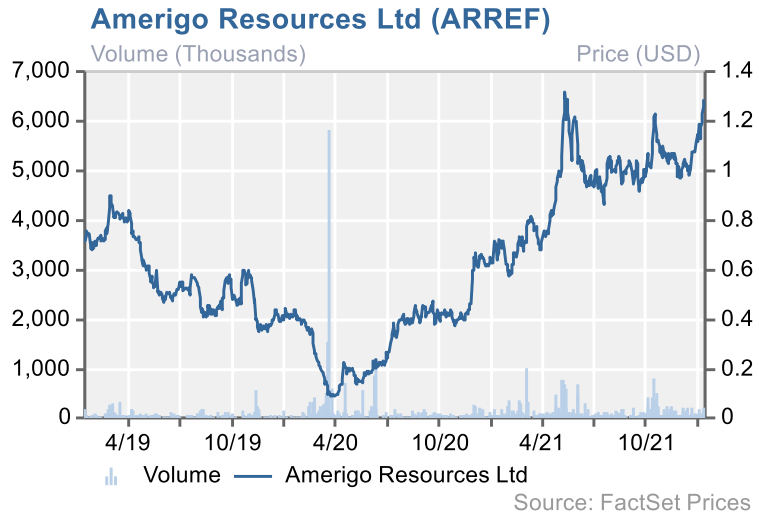
**Appendix**  
Required Disclosures

**Required Disclosures**

**Amerigo Resources Ltd. (ARREF-\$1.27) NR Price Target: \$2 Risk Rating: M**

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	11/22/21	1	NR	2	M



<b>Valuation</b>	We maintain our \$2 price target, which is based on an unchanged 11x to our revised 2022 EPS estimate of \$0.15. The target implies 10x our 2022 free cash flow estimate of \$0.20, less than 9x our 2023 free cash flow projection of \$0.23 and 6x our 2022 EBITDA estimate of \$52 million. We note cash flow easily supports the current C \$0.08 or US \$0.064 annual dividend and additional share repurchases. Our Moderately Risky rating is supported by the \$32 million net cash position as of year-end 2021 and its long-term agreement with Codelco, the world's largest copper mining company.		
<b>Key Risks</b>	Copper prices	Droughts	Chilean government policies

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