

May 3, 2017
N.R. 2017- 07

Amerigo Announces Q1-2017 Financial Results

- **\$4.3 million generated from operations, cash balance of \$23.1 million**
 - **Phase two financing due diligence nears completion**

VANCOUVER, BRITISH COLUMBIA – May 3, 2017/Amerigo Resources Ltd. (TSX: ARG) (“Amerigo” or the “Company”) reported today financial results for the three months ended March 31, 2017. The Company posted revenue of \$29.7 million and a net loss of \$1.3 million. Cash of \$4.3 million was generated from operations before working capital changes (\$7.4 million operating cash flow after working capital changes). At March 31, 2017, cash balance was \$23.1 million. The detailed engineering for MVC’s Cauquenes phase two expansion project has started and the due diligence process for project debt financing nears completion.

Rob Henderson, Amerigo’s President and CEO, stated “As MVC continues to generate positive cash flow, Amerigo is preparing to invest in the second phase of the Cauquenes expansion in order to benefit from future higher copper prices.”

Financial Results

- Gross tolling revenue was \$38.7 million (Q1-2016: \$27.0 million), due to a 17% increase in copper production and stronger copper prices. The Group’s recorded copper tolling price was \$2.65/lb (Q1-2016: \$2.24/lb).
- Revenue from molybdenum and the Maricunga tolling contract was \$4.4 million (Q1-2016: \$1.6 million) due to the sale of 0.3 million pounds of molybdenum (Q1-2016: nil) and higher copper prices, respectively.
- Revenue after notional items was \$29.7 million (Q1-2016: \$19.3 million).
- Tolling and production costs were \$27.8 million (Q1-2016: \$21.7 million), a 28% increase driven by higher copper production and an increase of \$1.9 million in molybdenum production costs and Maricunga tolling costs (offset by stronger revenue). Unit tolling and production costs were \$1.83/lb (Q1-2016: \$1.70/lb).
- Cash cost (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits) before DET notional copper royalties and DET molybdenum royalties decreased to \$1.71/lb (Q1-2016: \$1.81/lb) due to higher production and stronger by-product credits.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of \$0.55/lb and depreciation of \$0.25/lb) increased to \$2.52/lb (Q1-2016: \$2.45/lb), due to higher DET notional royalties/royalties from higher metal prices.
- Gross profit was \$2.0 million (Q1-2016: gross loss of \$2.4 million) and net loss was \$1.3 million (Q1-2016: \$4.4 million).



- In Q1-2017 the Group generated cash flow from operations before changes in non-cash working capital of \$4.3 million (Q1-2016: \$1.4 million).

Production

- Q1-2017 production was 15.1 million pounds of copper, 17% higher than the 12.9 million pounds produced in Q1-2016.
- Q1-2017 copper production includes 9.6 million pounds from Cauquenes, 4.7 million pounds from fresh tailings and 0.9 million pounds from Minera Maricunga.
- Molybdenum production was 0.3 million pounds. There was no molybdenum production in Q1-2016.

Cash and Working Capital

- The Group's cash balance was \$23.1 million (December 31, 2016: \$15.9 million), with working capital of \$4.2 million (December 31, 2016: \$0.6 million).
- Cash at March 31, 2017 includes \$16.4 million in operating accounts and \$6.7 million in a debt service reserve account "(DSRA)", required under the terms and provisions of MVC's finance agreement with the lenders who financed the first phase of the Cauquenes expansion. Funds in the DSRA must be used to: /i/ pay the principal and interest of the bank loan and the amounts owing under a related interest rate swap if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish into the DSRA at each month end the funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the bank loan and the interest rate swap that are payable in respect of the following six months.

Outlook

- MVC maintains its 2017 production guidance of 60.0 to 65.0 million pounds of copper at an annual cash cost of \$1.60 to \$1.75/lb.
- MVC also maintains its guidance in respect of production of 1.5 million pounds of molybdenum.
- Amerigo is advancing debt financing discussions to complete the construction of phase two of the Cauquenes expansion in the second half of 2018. The project has an estimated cost of \$30.0 million and is planned to increase production to 85.0 to 90.0 million pounds of copper per year, at an estimated cash cost of \$1.40 to \$1.60/lb.



Amounts in this news release are reported in U.S. dollars except where indicated otherwise. The information and data contained in this news release should be read in conjunction with the Company's Condensed Consolidated Interim Financial Statements (Unaudited) and Management's Discussion and Analysis ("MD&A") for the period ended March 31, 2017 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2016, available at the Company's website at www.amerigoresources.com and at www.sedar.com.

About the Company:

Amerigo Resources Ltd. is an innovative copper producer with a long-term relationship with Codelco, the world's largest copper producer. Amerigo produces copper concentrate at the MVC operation in Chile by processing fresh and historic tailings from Codelco's El Teniente mine, the world's largest underground copper mine. Tel: (604) 681-2802; Fax: (604) 682-2802; Web: www.amerigoresources.com; Listing: ARG:TSX.

For further information, please contact:

Rob Henderson, President and CEO (604) 697-6203
Aurora Davidson, Executive Vice-President and CFO (604) 697-6207

Comparative Overview:

| | Q1-2017 | Q1-2016 | Change | |
|---|---------|---------|---------|-------|
| | | | \$ | % |
| Copper produced ¹ million pounds | 15.1 | 12.9 | 2.2 | 17% |
| Copper delivered ¹ million pounds | 15.2 | 12.7 | 2.5 | 20% |
| Percentage of production from historic tailings | 63% | 53% | | 19% |
| Revenue (\$ thousands) ² | 29,744 | 19,255 | 10,489 | 54% |
| DET notional copper royalties (\$ thousands) | 7,715 | 4,435 | 3,280 | 74% |
| Tolling and production costs (\$ thousands) | 27,761 | 21,657 | 6,104 | 28% |
| Gross profit (loss) (\$ thousands) | 1,983 | (2,402) | 4,385 | 183% |
| Net loss (\$ thousands) | (1,310) | (4,357) | 3,047 | (70%) |
| Operating cash flow (\$ thousands) ³ | 4,255 | 1,443 | 2,812 | 195% |
| Cash flow paid for plant expansion (\$ thousands) | 451 | 3,714 | (3,263) | (88%) |
| Cash and cash equivalents (\$ thousands) | 23,097 | 11,757 | 11,340 | 96% |
| Borrowings (\$ thousands) ⁴ | 70,942 | 78,327 | (7,385) | (9%) |
| Gross copper tolling price (\$/lb) | 2.65 | 2.24 | 0.41 | 18% |

¹ Copper production is conducted under tolling agreements with DET and Maricunga.

² Revenue is reported net of notional items (smelting and refining charges, DET royalties and transportation costs).

³ Operating cash flow before changes in non-cash working capital.

⁴ Total borrowings at March 31, 2017 include short and long-term portions of \$11.4 and \$59.6 million, respectively.



| Summary Consolidated Statements of Financial Position | | |
|--|---------------------------|------------------------------|
| | March 31, 2017 | December 31, 2016 |
| | \$ | \$ |
| Cash and cash equivalents | 23,097 | 15,921 |
| Property plant and equipment | 171,304 | 174,222 |
| Other assets | 30,381 | 31,543 |
| Total assets | 224,782 | 221,686 |
| Total liabilities | 137,483 | 133,809 |
| Shareholders' equity | 87,299 | 87,877 |
| Total liabilities and shareholders' equity | 224,782 | 221,686 |
| Summary Consolidated Statements of Comprehensive Loss | | |
| | Q1-2017 | Q1-2016 |
| | \$ | \$ |
| Revenue | 29,744 | 19,255 |
| Tolling and production costs | (27,761) | (21,657) |
| Other expenses | (2,013) | (1,170) |
| Finance expense | (1,353) | (1,488) |
| Income tax recovery | 73 | 703 |
| Net loss | (1,310) | (4,357) |
| Other comprehensive income (loss) | 238 | (112) |
| Comprehensive loss | (1,072) | (4,469) |
| Loss per share - Basic and Diluted | (0.01) | (0.03) |
| Summary Consolidated Statements of Cash Flows | | |
| | Q1-2017 | Q1-2016 |
| | \$ | \$ |
| Net cash provided by operations | 7,438 | 1,513 |
| Net cash used in investing activities | (451) | (3,714) |
| Net cash provided by financing activities | 57 | 4,380 |
| Net cash inflow | 7,044 | 2,179 |



Cautionary Note Regarding Forward-Looking Information

This news release contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. These forward-looking statements include but are not limited to, statements concerning:

- a forecasted increase in production and a reduction in operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- the timing and costs of construction and tolling/production of, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp-up to full production from Cauquenes;
- our ability to procure or have access to financing and to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- our planned capital expenditures (including our plan to upgrade our existing plant and operations) including the timing and cost of completion of our capital projects;
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from DET's current production and historic tailings from tailings deposit; risks with respect to completion of all phases of the Cauquenes expansion, the ability of the Company to draw down funds from the Bank Facility and the Standby LOC, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:



- general business and economic conditions;
- interest rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion;
- the ability of the Company to draw down funds from the Bank Facility and the Standby LOC;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production levels.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.