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Amerigo Announces 2016 Fourth Quarter and Annual Production Results

Vancouver, British Columbia – January 26, 2017/CNW/ - Amerigo Resources Ltd. ("Amerigo" or the "Company") (TSX: ARG) announced today production results for the fourth quarter and full year 2016 from Minera Valle Central ("MVC"), the Company's operation located near Rancagua, Chile.

Operational Highlights for Q4 and Annual 2016:

MVC produced 56.8 million pounds of copper in 2016 at a cash cost of \$1.73 per pound, pursuant to a tolling agreement with Codelco's Division El Teniente and a toll processing agreement with Minera Maricunga. This record copper production was due to good performance from the historic Cauquenes deposit and was within the Company's original guidance.

In Q4-2016, MVC produced 13.6 million pounds of copper at a cash cost of \$1.87 per pound. The Q4-2016 copper production was affected by a labour strike in October 2016 which resulted in 10 days of lost production, and 6 days of lost production at the end of December 2016, due to an early annual planned maintenance shutdown at El Teniente. Lower production negatively affected unit cash cost.

In 2017, MVC expects to produce 60 to 65 million pounds of copper, at an annual cash cost of \$1.60 to \$1.75 per pound copper. MVC also expects to produce 1.5 million pounds of molybdenum.

Amerigo is advancing financing discussions to complete the construction of the second phase of the Cauquenes expansion project in the second half of 2018. This \$30 million project is planned to increase production to 87 million pounds of copper per year at an estimated cash cost of \$1.40 per pound.

Rob Henderson, Amerigo's President and CEO, stated "We are pleased with MVC's performance in 2016, which has provided a strong position to move forward with the next phase of expansion at Cauquenes."

Summary of 2016 Production Results:

	2016	Q4-2016	Q3-2016	Q2-2016	Q1-2016
Fresh tailings					
Tonnes processed	42,031,933	9,782,870	11,373,542	10,620,849	10,617,420
Copper grade	0.116%	0.116%	0.113%	0.117%	0.117%
Copper recovery	19.6%	18.4%	19.7%	21.3%	19.2%
Copper produced (millions of pounds)	21.089	4.608	5.571	5.640	5.270
Historic tailings					
Tonnes processed	20,639,169	4,935,260	5,435,474	5,149,732	5,087,765
Copper grade	0.232%	0.239%	0.236%	0.224%	0.228%
Copper recovery	31.1%	31.1%	34.4%	32.2%	26.4%
Copper produced (millions of pounds)	32.746	8.065	9.756	8.191	6.734
Maricunga toll processing					
Copper produced (millions of pounds)	2.993	0.918	0.700	0.524	0.851
Total copper produced (millions of pounds)	56.828	13.591	16.027	14.355	12.855
Total copper delivered (millions of pounds)	56.272	13.417	15.599	14.509	12.746
Cash cost (\$/pound copper)	1.73	1.87	1.60	1.65	1.81

Release of 2016 Annual Financial Results:

The Company will release 2016 annual financial results at market open on Wednesday February 22, 2017, followed by an investor conference call on Thursday February 23, 2017 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

Conference Call Participation:

To participate in the call, please dial 1-866-225-0198 (Toll-Free North America) and let the operator know you wish to participate in the Amerigo Resources conference call. Media are invited to attend on a listen-only basis. Following management's discussion of the quarterly results, the analyst and investment community will be invited to ask questions.

About the Company:

Amerigo Resources Ltd. is an innovative copper producer with a long-term partnership 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:

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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 our 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 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 forward-looking statements. These statements speak only as of the date of this news release. These forward-looking statements include but are not limited to, statements concerning:

- forecast production and operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- the extension of El Teniente's useful life and the extent of its remaining ore reserves;
- 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;
- 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, 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 (including the full funding for Phase one of the Cauquenes project) 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 after phase one of Cauquenes is complete) and estimates of asset retirement, royalty, severance and other obligations;
- 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;
- our capital expenditures, including the timing and cost of completion of capital projects;
- disruptions to the information technology systems of the Company and its subsidiaries (collectively, the “Group”), including those related to cyber-security;
- 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 associated with the availability and pricing of materials used in our operations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of tailings and 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. All of these risks and uncertainties apply not only the Group and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Group processes and its resulting production and therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Group.

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;
- levels of and 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 of the products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- MVC's ability to profitably extract and process material from the Colihues and Cauquenes tailings deposits;
- the timing of the receipt and ongoing retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate financing for expansions and acquisitions, including the Cauquenes expansion;
- our tolling/production costs and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms, including financing for the Group's expansions and acquisitions;
- 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 mine plan estimates (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, 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 in a timely manner;
- our ability to meet production and cost budgets and plans; 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.

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. You should also carefully consider the matters discussed under “Risk Factors” in our Annual Information Form. 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.