



August 7, 2014  
N.R. 2014-10

## Amerigo Announces Q2-2014 Financial Results

- **Revenues of \$27.3 million**
- **\$1.5 million Cash Flow from Operations**
- **Major Cauquenes Expansion Milestones**

**VANCOUVER, BRITISH COLUMBIA – August 7, 2014/Amerigo Resources Ltd. (TSX:ARG)** (“Amerigo” or the “Company”) reported today results for the three months ended June 30, 2014 (“Q2-2014”). The Company posted revenues of \$27.3 million, generated \$1.5 million in cash flow from operations before changes in non-cash working capital and posted a loss of \$8.3 million, which included a \$6.2 million negative impact on earnings from changes in estimates<sup>1</sup> resulting from the recent extension of the Company’s tailings processing contract from 2021 to 2037.

Rob Henderson, Amerigo’s President and COO, commented “We experienced low copper and molybdenum production in the quarter due to low sulphide grades in both fresh and old tailings, together with wet conditions in the Colihues deposit which limited access to higher grade tailings located in deeper zones. Although we believe grades and production rates will improve during the second half of the year, we have revised our production guidance for 2014 to 40 million pounds of copper and 500,000 pounds of molybdenum. We generated \$1.5 million in cash flow from operations in Q2-2014, and have implemented further cost reduction initiatives as of July 1<sup>st</sup>. As a result, 2014 cash cost guidance is being maintained at \$2.15 to \$2.25/lb Cu.”

Amerigo's Chairman and CEO, Dr. Klaus Zeitler, added “We are extremely pleased to have now accomplished two of the three major milestones necessary for the Cauquenes expansion. The signing of the master agreement granting the Company the rights to the Cauquenes deposit and extending tailings processing rights to 2037, together with receipt of the environmental approvals from COREMA, Chile’s Regional Environmental Commission, put the Company on track to begin construction of the expansion during the last quarter of this year. The final major milestone, completion of the expansion financing, is in its final stages with bank due diligence complete and negotiations currently taking place for the finalization of the terms of the loan agreement. Once completed, the expansion is projected to have a very significant and positive effect on the Company’s financial results, with annual production projected to more than double to close to 90 million pounds of copper and cash costs expected to fall well below \$2.00/lb.”

<sup>1</sup> Changes in Estimates of \$6.2 million include a gain of \$2.4 million included as a component of cost of sales, a loss of \$8.1 million included as a component of other expenses and a \$0.5 million tax expense. Changes in Estimates are further explained in Note 4 of the Company’s Q2-2014 financial statements and on page 12 of the Q2-2014 MD&A.

**Comparative Financial Overview**

	Three months ended June 30,			
	2014	2013	Change \$	%
Copper produced, million pounds	9.34	9.55	(0.21)	(2%)
Copper sold, million pounds	9.32	9.44	(0.12)	(1%)
Molybdenum produced, pounds	152,340	176,155	(23,815)	(14%)
Molybdenum sold, pounds	153,970	177,845	(23,875)	(13%)
Percentage of copper production from old tailings	38%	37%	-	1%
Revenue (\$ thousands)	27,325	31,446	(4,121)	(13%)
Cost of sales <sup>1</sup> (\$ thousands)	26,127	31,203	(5,076)	(16%)
EI Teniente royalty costs (\$ thousands)	6,250	7,317	(1,067)	(15%)
Gross profit (\$ thousands)	1,198	243	955	393%
Net loss <sup>2</sup> (\$ thousands)	(8,290)	(837)	(7,453)	890%
Operating cash flow (\$ thousands) <sup>3</sup>	1,473	4,142	(2,669)	(64%)
Cash flow paid for plant expansion (\$ thousands)	(2,723)	(3,676)	953	(26%)
Cash and cash equivalents (\$ thousands)	7,265	3,881	3,384	87%
Bank debt (\$ thousands)	-	-	-	-
Average realized copper price per pound	3.16	3.40	(0.24)	(7%)
Cash cost per pound	2.22	2.24	(0.02)	(1%)
Total cost per pound	3.23	3.48	(0.25)	(7%)

<sup>1</sup> Includes EI Teniente royalty costs

<sup>2</sup> Includes \$6.2 million in Changes in Estimates.

<sup>3</sup> Excluding working capital changes

**Financial results**

- Revenue was \$27.3 million, compared to \$31.4 million in Q2-2013. Revenues decreased 13% due to lower copper and molybdenum sales volume and lower average copper prices.
- Cost of sales was \$26.1 million compared to \$31.2 million in Q2-2013, a decrease of 16% driven by lower production levels and a \$2.4 million gain from Changes in Estimates.
- Gross profit was \$1.2 million, compared to \$243,000 in Q2-2013.
- Net loss was \$8.3 million, compared to \$837,000 in Q2-2013 and included Changes in Estimates of \$6.2 million.
- In Q2-2014, the Company generated cash flow from operations before changes in non-cash working capital of \$1.5 million, compared to \$4.1 million in Q2-2013.

**Production**

- The Company produced 9.3 million pounds of copper, 2% lower than the 9.6 million pounds produced in Q2-2013.
- Molybdenum production was 152,340 pounds, 14% lower than the 176,155 pounds produced in Q2-2013.



- Copper production in Q2-2014 was below target due to low grades for both fresh and old tailings. Sulphide content in the fresh tailings was also low and negatively impacted recovery. Low grades have persisted in Colihues for longer than originally anticipated, as wet conditions in the extraction zone have limited access to better grades located in deeper layers.

### **Revenue**

- Revenue decreased to \$27.3 million, compared to \$31.4 million in Q2-2013, due to lower production levels and lower copper prices. The Company's copper selling price before smelting, refining and other charges was \$3.16/lb compared to \$3.40/lb in Q2-2013, and the Company's molybdenum selling price was \$13.33/lb compared to \$11.00/lb in Q2-2013.

### **Costs**

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, production costs net of inventory adjustments and molybdenum and tolling-related net benefits, administration and transportation costs), before El Teniente royalty was \$2.22/lb, compared to \$2.24/lb in Q2-2013.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$3.23/lb compared to \$3.48/lb in Q2-2013, mainly as a result of lower depreciation charges.
- Power costs in Q2-2014 were \$5.4 million (\$0.0896/kwh) compared to \$5.1 million (\$0.0858/kwh) in Q2-2013. Similar power cost levels are expected to December 31, 2017, the end of the term of MVC's current power contract.
- Total El Teniente royalties were \$6.3 million in Q2-2014, compared to \$7.3 million in Q2-2013, due to lower production and metal prices.

### **Cash and Financing Activities**

- Cash balance was \$7.3 million at June 30, 2014 compared to \$13.1 million at December 31, 2013.

### **Investments**

- Cash payments for capital expenditures ("Capex") were \$2.7 million, compared to \$3.7 million in Q2-2013, and were funded from operating cash flow and cash on hand. YTD cash payments for Capex were \$6.1 million, compared to \$7.3 million in 2013.
- Capex incurred in Q2-2014 totaled \$2 million (Q2-2013: \$3 million) and included project investments in connection with Cauquenes engineering and permitting and sustaining Capex projects. YTD-2014 incurred Capex totaled \$4.8 million (YTD-2013: \$5 million).
- The Company's investments in Candente Copper Corp. and Los Andes Copper Ltd. had an aggregate fair value of \$3.5 million at June 30, 2014 (December 31, 2013: \$3.2 million).



## Outlook

- Production YTD-2014 has been lower than anticipated, mostly due to low grades. Although the grades of tailings are expected to improve in the second half of the year, MVC's 2014 production guidance has been revised from 45 to 40 million pounds of copper and from 800,000 to 500,000 pounds of molybdenum.
- Cash cost continues to be projected to be between \$2.15/lb and \$2.25/lb in 2014.
- 2014 sustaining Capex at MVC is estimated to be approximately \$3.8 million. Capex for the Cauquenes expansion project is estimated to be approximately \$140 million excluding escalation, contingencies and finance costs, of which \$8.7 million has been incurred to June 30, 2014.

The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements and MD&A for the three and six months ended June 30, 2014 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2013, which will be available at the Company's website at [www.amerigoresources.com](http://www.amerigoresources.com) and at [www.sedar.com](http://www.sedar.com).

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Amerigo Resources Ltd. produces copper and molybdenum under a long term partnership with the world's largest copper producer, Codelco, by means of processing fresh and old tailings from the world's largest underground copper mine, El Teniente near Santiago, Chile. Tel: (604) 681-2802; Fax: (604) 682-2802; Web: [www.amerigoresources.com](http://www.amerigoresources.com); Listing: ARG:TSX

### **For further information, please contact:**

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*Certain of the information and statements contained herein that are not historical facts, constitute "forward-looking information" within the meaning of the Securities Act (British Columbia), Securities Act (Ontario) and the Securities Act (Alberta) ("Forward-Looking Information"). Forward-Looking Information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend"; statements that an event or result is "due" on or "may", "will", "should", "could", or "might" occur or be achieved; and, other similar expressions. More specifically, Forward-Looking Information contained herein includes, without limitation, information concerning future tailings production volumes and the Company's copper and molybdenum production, all of which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such Forward-Looking Information; including, without limitation, material factors and assumptions relating to, and risks and uncertainties associated with, the supply of tailings from El Teniente and extraction of tailings from the Colihues tailings impoundment, the achievement and maintenance of planned production rates, the evolving legal and political policies of Chile, the volatility in the Chilean economy, military unrest or terrorist actions, metal price fluctuations, governmental relations, the availability of financing for activities when required and on acceptable terms, the estimation of mineral resources and reserves, current and future environmental and regulatory requirements, the availability and timely receipt of permits, approvals and licenses, industrial or environmental accidents, equipment breakdowns, availability of and competition for future mineral acquisition opportunities, availability and cost of insurance, labour disputes, land claims, the inherent uncertainty of production and cost estimates, currency fluctuations, expectations and beliefs of management and other risks and uncertainties, including those described under Risk Factors in the Company's Annual Information Form and in Management's Discussion and Analysis in the Company's financial statements. Such Forward-Looking Information is based upon the Company's assumptions regarding global and Chilean economic, political and market conditions and the price of metals, including copper and molybdenum, and future tailings production volumes and the Company's copper and molybdenum production. Among the factors that have a direct bearing on the Company's future results of operations and financial conditions are changes in project parameters as plans continue to be refined, interruptions in the supply of fresh tailings from El Teniente, further delays in the extraction of tailings from the Colihues tailings impoundment, a change in government policies, competition, currency fluctuations and restrictions and technological changes, among other things. Should one or more of the aforementioned risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any conclusions, forecasts or projections described in the Forward-Looking Information. Accordingly, readers are advised not to place undue reliance on Forward-Looking Information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise Forward-Looking Information, whether as a result of new information, future events or otherwise.*



**AMERIGO RESOURCES LTD.  
SELECTED FINANCIAL INFORMATION**

QUARTERS ENDED JUNE 30, 2014 AND 2013  
All figures expressed in US Dollars and presented under IFRS

**Consolidated Statements of Financial Position**

	June 30, 2014 \$	December 31, 2013 \$
Cash and cash equivalents	7,265	13,148
Property, plant and equipment	128,109	116,601
Other assets	32,106	56,360
<b>Total assets</b>	<b>167,480</b>	<b>186,109</b>
Total liabilities	53,373	64,370
Shareholders' equity	114,107	121,739
Total liabilities and shareholders' equity	167,480	186,109

**Consolidated Statements of Comprehensive Loss**

	Quarter ended June 30, 2014 \$	Quarter ended June 30, 2013 \$
Revenue	27,325	31,446
Cost of sales	(26,127)	(31,203)
Other expenses	(955)	(1,176)
Change in estimates	(8,066)	-
Finance expense	(95)	(114)
Income tax expense	(372)	210
<b>Loss for the period</b>	<b>(8,290)</b>	<b>(837)</b>
Other comprehensive income (loss)	325	(10,610)
Comprehensive loss	(7,965)	(11,447)

**Consolidated Statements of Cash Flows**

	Quarter ended June 30, 2014 \$	Quarter ended June 30, 2013 \$
Net cash provided by (used in) operating activities	1,609	(4,764)
Net cash used in investing activities	(2,617)	(3,676)
Net cash provided by (used in) financing activities	157	(993)
Net cash inflow outflow during the period	(851)	(9,433)