

February 21, 2018
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Amerigo Announces Annual 2017 and Q4-2017 Financial Results

- **Cash of \$26.4 million generated from operations**
 - **Net income of \$8.0 million**
- **Phase Two Cauquenes expansion on schedule**

VANCOUVER, BRITISH COLUMBIA – February 21, 2018/Amerigo Resources Ltd. (TSX: ARG) (“Amerigo” or the “Company”) announced today financial results for the year 2017. Stronger copper prices and increased copper production resulted in a 47% increase in revenue in the year. The Company posted revenue of \$134.0 million and net income of \$8.0 million. Cash of \$26.4 million was generated from operations before working capital changes. Debt proceeds for the second phase of the Cauquenes expansion (“Phase Two”) were \$10.7 million, and debt repayments on existing loans were \$18.7 million. At December 31, 2017, cash balance was \$27.5 million.

In Q4-2017 the Company posted revenue of \$37.0 million and net income of \$3.1 million. Operating cash flow before working capital changes was \$6.6 million.

Rob Henderson, Amerigo’s President and CEO, stated “I believe the foundations for future growth are now well established. In 2018, we are focused on safely increasing production to 85.0 to 90.0 million pounds of copper per year and are well positioned to benefit from increases in the copper price while continuing to work hard to reduce costs.”

Annual Financial Results

- Revenue was \$134.0 million (2016: \$91.4 million), including copper tolling revenue of \$119.5 million (2016: \$83.0 million) and molybdenum and other revenue of \$14.5 million (2016: \$8.4 million).
- Copper tolling revenue is calculated from MVC’s gross value of copper produced of \$179.8 million (2016: \$124.4 million) less notional items including DET royalties of \$36.4 million (2016: \$20.6 million), smelting and refining of \$21.7 million (2016: \$19.2 million) and transportation of \$2.2 million (2016: \$1.6 million).
- In 2017, MVC’s copper price was \$2.83/lb (2016: \$2.25/lb). MVC’s copper price is the market price for copper produced, before smelting and refining, DET copper royalties, transportation costs and settlement adjustments to prior period sales.
- Tolling and production costs were \$108.0 million (2016: \$92.0 million), driven by higher power and lime costs. Unit tolling and production costs were \$1.72/lb (2016: \$1.64/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 \$1.64/lb (2016: \$1.73/lb) due to higher 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 \$0.62/lb and depreciation of \$0.24/lb.) increased to \$2.50/lb (2016: \$2.36/lb), due to higher DET notional royalties.
- Gross profit was \$26.0 million (2016: gross loss of \$0.6 million). Net income was \$8.0 million (2016: net loss of \$7.5 million), as a result of stronger metal prices and higher production.
- In 2017, the Group generated operating cash before changes in non-cash working capital of \$26.4 million (2016: \$9.6 million).

Production

- 2017 production was 62.5 million pounds of copper, within the Company's guidance of 60.0 to 65.0 million pounds, and 10% higher than the 56.8 million pounds produced in 2016.
- 2017 copper production includes 39.3 million pounds from Cauquenes, 21.8 million pounds from fresh tailings and 1.5 million from Maricunga.
- Molybdenum production was 1.6 million pounds (2016: 0.5 million pounds).
- At December 31, 2017, the Cauquenes Phase Two expansion project was on time, on budget and 34% complete.

Cash and Working Capital

- At December 31, 2017, the Group's cash balance was \$27.5 million (2016: \$15.9 million), including \$20.2 million in operating accounts and \$7.3 million in a debt service reserve account.
- At December 31, 2017, the Group had a working capital deficiency of \$4.5 million (2016: working capital of \$0.6 million), caused by the Group's current estimated DET Price Support Facility repayment schedule (January to September 2018), which may change depending on MVC's actual cash flows. The Group does not consider its working capital deficiency constitutes a liquidity risk, as it is only required to repay the DET Price Support Facility by December 2019 and at a rate of \$1.0 million per month, and the Group anticipates generating sufficient operating cash flow to meet current liabilities as they come due. Working capital deficiencies are not uncommon in companies with short-term debt.
- At December 31, 2017, the Company had a \$13.0 million undrawn standby Line of Credit.

Outlook

- In 2018, the Company expects to produce 65.0 to 70.0 million pounds of copper at a cash cost of \$1.45 to \$1.60/lb. Annual molybdenum production is expected to be 1.5 million pounds. The Group expects to post stronger production and lower cash costs in H2-2018 when MVC accesses better quality material in Cauquenes and plant recoveries improve on completion of Phase Two of the Cauquenes expansion.
- Construction of Phase Two is underway and on track for completion in Q3-2018, with full production expected in Q4-2018. MVC expects to complete the project within budget of \$35.3 million including contingencies. Phase Two will improve flotation recovery efficiency, allowing MVC to increase production to 85.0 to 90.0 million pounds of copper per year, at an estimated cash cost of \$1.45 to \$1.60/lb.



- In 2018, MVC expects to incur up to \$23.5 million of the remaining Phase Two capital expenditures (“Capex”) and \$5.5 million in sustaining Capex. MVC is also planning to invest an additional \$1.5 million in various smaller Capex projects to improve safety and process efficiencies at MVC. In addition, MVC plans to undertake an expansion of its molybdenum plant at a Capex of \$7.9 million financed by way of a seven-year lease and operating contract.

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 Audited Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) for the years ended December 31, 2017 and 2016, which will be available at the Company’s website and at www.sedar.com.

Conference Call Participation

The Company will hold an investor conference call on Thursday February 22, 2018 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

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 relationship with Corporación Nacional del Cobre de Chile (“Codelco”), the world’s largest copper producer. Amerigo produces copper concentrate at its 100% owned Minera Valle Central (“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 Annual Overview**

	Years ended December 31,			
	2017	2016	Change	%
Copper produced (million pounds) ¹	62.5	56.8	5.7	10%
Copper delivered (million pounds)	62.9	56.3	6.6	12%
Percentage of production from historic tailings	63%	58%	5%	
Revenue (\$ thousands) ²	134,027	91,388	42,639	47%
DET notional copper royalties (\$ thousands)	36,388	20,646	15,742	76%
Tolling and production costs (\$ thousands)	107,986	92,011	15,975	17%
Gross profit (loss) (\$ thousands)	26,041	(623)	26,664	-
Net income (loss) (\$ thousands)	7,989	(7,531)	15,520	-
Operating cash flow (\$ thousands) ³	26,387	9,555	16,832	176%
Cash flow paid for purchase of plant and equipment (\$ thousands)	(14,693)	(8,339)	6,354	76%
Cash and cash equivalents (\$ thousands) ⁴	27,524	15,921	11,603	73%
Borrowings (\$ thousands) ⁵	63,067	69,847	(6,780)	(10%)
MVC's copper price (\$/lb)	2.83	2.25	0.58	26%

¹ Copper production is conducted under tolling agreements with DET and in 2016 and H1-2017, Maricunga.

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

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

⁴ Includes \$20.2 million held in operating cash accounts and \$7.3 million held in a debt service reserve account.

⁵ Includes short and long-term portions of \$20.8 and \$42.3 million respectively.

⁶ Copper price before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.



Summary Consolidated Statements of Financial Position		
	December 31, 2017	December 31, 2016
	\$	\$
Cash and cash equivalents	27,524	15,921
Property plant and equipment	176,011	174,222
Other assets	27,014	31,543
Total assets	230,549	221,686
Total liabilities	132,373	133,809
Shareholders' equity	98,176	87,877
Total liabilities and shareholders' equity	230,549	221,686
Summary Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)		
	Year ended December 31,	
	2017	2016
	\$	\$
Revenue	134,027	91,388
Tolling and production costs	(107,986)	(92,011)
Other expenses	(8,089)	(2,626)
Finance expense	(5,112)	(4,955)
Income tax (expense) recovery	(4,851)	673
Net income (loss)	7,989	(7,531)
Other comprehensive income	1,055	245
Comprehensive income (loss)	9,044	(7,286)
Earnings (loss) per share - basic	0.05	(0.04)
Earnings (loss) per share - diluted	0.04	(0.04)
Summary Consolidated Statements of Cash Flows		
	Year ended December 31,	
	2017	2016
	\$	\$
Cash flows from operating activities	26,387	9,555
Changes in non-cash working capital	6,357	9,851
Net cash from operating activities	32,744	19,406
Net cash used in investing activities	(14,693)	(8,339)
Net cash used in financing activities	(7,565)	(4,659)
Net increase in cash	10,486	6,408
Effect of foreign exchange rates on cash	1,117	481
Cash and cash equivalents, beginning of year	15,921	9,032
Cash and cash equivalents, end of year	27,524	15,921



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;
- the expected improvement of flotation recovery efficiency from the Phase Two expansion;
- 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 Codelco's Division El Teniente'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 bank facilities and lines of credit, 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 bank facilities and lines of credit;
- 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.