

- Revenues of \$16.4 million(1), \$2.0 million net loss

- \$0.6 million in operating cash outflow

- Cauquenes expansion on schedule and on budget

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 12, 2015) - [Amerigo Resources Ltd.](#) (TSX:ARG) ("Amerigo" or the "Company") reported today results for the three months ended June 30, 2015. The Company posted revenues of \$16.4 million<sup>1</sup> and operating cash outflow before changes in non-cash working capital of \$0.6 million.

Rob Henderson, Amerigo's President and COO, stated, "MVC's operating results for the quarter were adversely affected by materially lower copper prices, low fresh tailings tonnage and poor quality material from the Colihues deposit. In order to preserve operating cash flow in the final stage of the Cauquenes Phase 1 expansion, operations at Colihues were shut down effective July 20, 2015. Colihues workers have been redeployed to the Cauquenes expansion to assist in repositioning extraction equipment and support the expansion subcontractors."

Amerigo's Chairman and CEO, Dr. Klaus Zeitler, added, "During these difficult times we continue to focus on reducing costs in MVC and completing the Cauquenes expansion. Economic performance is expected to improve when MVC begins to mine the higher grade Cauquenes tailings, and I am pleased to report that Phase 1 of the Cauquenes expansion project is now approximately 75% complete and remains on budget and on schedule for completion in Q4 of this year."

<sup>1</sup> Effective January 1, 2015, all copper concentrates produced by the Company's wholly-owned subsidiary Minera Valle Central S.A. ("MVC") are delivered to El Teniente under a tolling agreement. Revenue is recognized as a tolling fee and reported as a component of revenue, net of royalties to El Teniente and transportation costs. In prior years the nature of MVC's agreements required that royalties to El Teniente and transportation costs be reported as components of production costs. To facilitate comparative analysis, Q2-2014 revenue and production cost figures are presented in this news release on a pro-forma basis, such that they are adjusted to the results that would have been generated if the tolling agreement with El Teniente had been in place on January 1, 2014. The reconciliation of revenue and production costs, from amounts reported in Amerigo's Q2-2014 public disclosure documents, to the pro-forma presentation is as follows:

	Q2-2014	
	As reported	Pro-forma
Revenue		
Copper net revenue	27,474	27,474
Smelter, refinery and other charges	(3,380 )	(3,380 )
El Teniente royalties	-	(6,250 )
Transportation	-	(347 )
	24,094	17,497
Molybdenum and other tolling revenue	3,231	3,231
	27,325	20,728
Tolling and production costs		
Production costs	(15,565 )	(15,565 )
El Teniente royalties	(6,250 )	-
Depreciation and amortization	(2,668 )	(2,668 )
Transportation costs	(347 )	-
Administration	(1,297 )	(1,297 )
	(26,127 )	(19,530 )
Gross profit	1,198	1,198

#### Comparative Overview

	Q2	Q2	Change	
	2015	2014	\$	%
Copper produced <sup>1</sup> , million pounds	9.1	9.3	(0.24 )	(3 %)
Molybdenum produced, million pounds	-	0.15	(0 )	(100 %)
Percentage of production from old tailings	28	% 38	%	(10 %)
Revenue (\$ thousands) <sup>2, 6</sup>	16,388	20,728	(4,340 )	(21 %)
El Teniente royalties (\$ thousands) <sup>3</sup>	4,652	6,250	(1,598 )	(26 %)
Tolling and production costs (\$ thousands) <sup>6</sup>	18,136	19,530	(1,394 )	(7 %)

Gross (loss) profit (\$ thousands)	(1,748 )	1,198	(2,946 )	(246 %)
Net loss (\$ thousands)	(2,036 )	(8,290 )	6,254	(75 %)
Operating cash flow (\$ thousands) <sup>4</sup>	(619 )	1,473	(2,092 )	(142 %)
Cash flow paid for plant expansion (\$ thousands)	(17,186 )	(2,723 )	(14,463 )	531 %
Cash and cash equivalents (\$ thousands)	12,691	7,265	5,426	75 %
Borrowings (\$ thousands)	43,304	-	43,304	-
Gross copper tolling fee/selling price (\$/lb)	2.65	3.16	(0.51 )	(16 %)
Cash cost per pound <sup>5</sup>	2.15	2.22	(0.07 )	(3 %)
Total cost per pound <sup>5</sup>	2.86	3.23	(0.37 )	(11 %)

<sup>1</sup> Copper production includes production under a tolling agreement with El Teniente

<sup>2</sup> Revenue is reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs.

<sup>3</sup> El Teniente royalties are deducted from revenue.

<sup>4</sup> Operating cash flow before changes in non-cash working capital.

<sup>5</sup> Cash and total costs are non-GAAP measures.

<sup>6</sup> Q2-2014 amounts are reported on a pro-forma basis

## Financial results

- Revenue was \$16.4 million compared to \$20.7 million in the pro-forma Q2-2014, a 21% decrease due to lower copper tolling fees, resulting mostly from lower copper prices. There were no molybdenum sales in Q2-2015.
- Tolling and production costs were \$18.1 million, a decrease of 7% from \$19.5 million in the pro-forma Q2-2014 results, driven by lower production and cost reduction initiatives at MVC.
- Gross loss was \$1.7 million (Q2-2014: gross profit of \$1.2 million) and net loss was \$2.0 million (Q2-2014: \$8.3 million). Q2-2014 results include a \$5.7 million net loss from change in estimates as a result of MVC and DET entering into the Master Agreement.
- In Q2-2015 the Group had operating cash outflow before changes in non-cash working capital of \$0.6 million, compared to operating cash inflow of \$1.5 million in Q2-2014.

## Production

- Q2-2015 copper production was 9.1 million pounds, 3% lower than 9.3 million pounds in Q2-2014.
- There was no molybdenum production in Q2-2015 (Q2-2014: 0.2 million pounds).
- Production in Q2-2015 was higher than in Q1-2015 but fresh tailings tonnage remained low and Colihues production was adversely affected by poor quality material. Production from Colihues was suspended on July 20, 2015 due to ongoing low copper prices. As a result, MVC's annual guidance has been revised downwards, as indicated in Outlook below.

## Revenue

- Revenue (reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs) decreased to \$16.4 million from \$20.7 million in the pro-forma Q2-2014, due to lower copper prices and no molybdenum sales. The Group's gross copper tolling fee was \$2.65/lb (Q2-2014: \$2.22/lb).
- Total El Teniente royalties (deducted from tolling fees) were \$4.7 million in Q2-2015, compared to \$6.3 million in Q2-2014, due to lower production and lower metal prices.

## Costs

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, tolling/production costs net of inventory adjustments, administration and transportation costs, net of by-product credits) before El Teniente royalties decreased to \$2.15/lb (Q2-2014: \$2.22/lb), mostly as a result of lower direct production costs due to cost reduction initiatives at MVC.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalties and depreciation.) decreased to \$2.86/lb (Q2-2014: \$3.23/lb), due to lower cash cost, lower depreciation costs and lower El Teniente royalties.
- Power costs in Q2-2015 were \$5.5 million (\$0.0908/kwh) compared to \$5.4 million (\$0.0896/kwh) in Q2-2014.

## Cash and Financing Activities

- MVC has received cash net of transaction costs of \$42.9 million YTD-2015, including drawdowns of \$40.3 million from the \$64.4 million bank syndicate financing for construction of phase 1 of MVC's Cauquenes expansion.
- The Group's cash balance was \$12.7 million at June 30, 2015 compared to \$18.3 million at December 31, 2014.

## Capital Expenditures

- Cash payments for capital expenditures ("Capex") were \$17.2 million compared to \$2.7 million in Q2-2014. Capex payments in Q2-2015 were funded from bank loan proceeds. YTD cash payments for Capex were \$25.9 million, compared to \$6.1 million in 2014.
- Capex incurred in Q2-2015 totaled \$14.8 million (Q2-2014: \$2.0 million) and included Cauquenes Capex of \$14.3 million (Q2-2014: \$0.8 million) and sustaining Capex projects of \$0.5 million (Q2-2014: \$1.2 million). YTD-2015 incurred Capex totaled \$25.7 million (YTD- 2014: \$4.8 million).

## Outlook

- MVC has revised its 2015 production guidance to a range of 43.0 to 48.0 million pounds of copper (down from a range of 50.0 to 55.0 million pounds). Copper production is expected to ramp up from 9.1 million pounds in Q2 to approximately 19.0 million pounds in Q4 once Cauquenes is operational, and cash cost is projected to decrease from Q2's \$2.15/lb to approximately \$1.75/lb in Q4.
- The Cauquenes project is scheduled to be completed on time and on budget and to be fully funded from MVC's existing debt facilities, the expansion support agreement with DET and the standby line of credit provided by three Amerigo shareholders even if current low copper prices persist.

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, 2015 and the Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2014 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).

[Amerigo Resources Ltd.](http://www.amerigoresources.com) produces copper under a long term tolling agreement 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

*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 financing and construction of the Company's proposed expansion of its operations in Chile, including the first and subsequent phases of such expansion, 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, including estimated production increases and cost reductions expected to result from the planned expansion of the Company's Chilean operations. 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, financing and construction of, and estimated production increases and cost reductions expected to result from the planned expansion of, the Company's planned expansion of its Chilean operations, 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 any 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, 2015 AND 2014

All figures expressed in thousands of US Dollars and presented under IFRS

Consolidated Statements of Financial Position

	June 30, 2015	December 31, 2014
	\$	\$
Cash and cash equivalents	12,691	18,308
Property, plant and equipment	156,309	133,359
Other assets	33,835	28,488
Total assets	202,835	180,155
Total liabilities	97,239	68,662
Shareholders' equity	105,596	111,493
Total liabilities and shareholders' equity	202,835	180,155

Consolidated Statements of Comprehensive Loss

	Quarter ended June 30, 2015	Quarter ended June 30, 2014 pro-forma
	\$	\$
Revenue	16,388	27,325
Tolling and production costs	(18,136	) (26,127
Other gains (expenses)	166	) (9,021
Finance expense	(275	) (95
Income tax expense	(179	) (372
Net loss	(2,036	) (8,290
Other comprehensive (loss) income	(20	) 325
Comprehensive loss	(2,056	) (7,965

Consolidated Statements of Cash Flows

	Quarter ended June 30, 2015	Quarter ended June 30, 2014
	\$	\$
Net cash (used in) from operating activities	(4,359	) 1,609
Net cash used in investing activities	(17,655	) (2,617
Net cash provided by financing activities	20,760	157
Net cash outflow during the period	(1,254	) (851

Contact

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