

- First Production from Cauquenes

- \$2.5 million in operating cash outflow, net loss of \$6.2 million

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 4, 2015) - [Amerigo Resources Ltd.](#) (TSX:ARG) ("Amerigo" or the "Company") reported today results for the three months ended September 30, 2015. The Company posted revenues of \$10.8 million¹ and operating cash outflow before changes in non-cash working capital of \$2.5 million.

Rob Henderson, Amerigo's President and CEO, stated "In Q3-2015 a substantial milestone was achieved with the first production from the Cauquenes deposit. The team at MVC is completing the first phase of the Cauquenes expansion in time and below budget and we are focussing all efforts on the project's ramp up to increase copper production. Production has been negatively affected by the suspension of Colihues extraction and the molybdenum plant due to low metal prices and we will continue to optimize operations to reduce costs."

¹ Effective January 1, 2015, all copper concentrates produced by the Company's wholly-owned subsidiary Minera Valle Central S.A. ("MVC") are delivered to The El Teniente Division of Codelco ("El Teniente" or "DET") 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 Q3-2014 public disclosure documents, to the pro-forma presentation is as follows:

	Q3-2014	
	As reported	Pro-forma
Revenue		
Copper net revenue	29,617	29,617
Smelter, refinery and other charges	(3,616)	(3,616)
El Teniente royalties	-	(6,315)
Transportation	-	(344)
	26,001	19,342
Molybdenum and other tolling revenue	2,880	2,880
	28,881	22,222
Tolling and production costs		
Production costs	(17,471)	(17,471)
El Teniente royalties	(6,315)	-
Depreciation and amortization	(1,814)	(1,814)
Transportation costs	(344)	-
Administration	(1,083)	(1,083)
	(27,027)	(20,368)
Gross profit	1,854	1,854

Comparative Overview

	Q3-2015	Q3-2014	Change	
				%
Copper produced ^{1,2} , million pounds	8.5	10.2	(1.70)	(17 %)
Molybdenum produced, million pounds	-	0.14	(0.14)	(100 %)
Percentage of production from old tailings	9	% 32	%	(72 %)
Revenue (\$ thousands) ^{3,7}	10,770	22,222	(11,452)	(52 %)
El Teniente royalties (\$ thousands) ⁴	2,492	6,315	(3,823)	(61 %)
Tolling and production costs (\$ thousands) ⁷	15,290	20,368	(5,078)	(25 %)
Gross (loss) profit (\$ thousands)	(4,520)	1,854	(6,374)	(344 %)
Net loss (\$ thousands)	(6,161)	(3,725)	(2,436)	65 %
Operating cash flow (\$ thousands) ⁵	(2,460)	3,396	(5,856)	(172 %)
Cash flow paid for plant expansion (\$ thousands)	(15,498)	(1,969)	(13,529)	687 %
Cash and cash equivalents (\$ thousands)	9,925	10,203	(278)	(3 %)
Borrowings (\$ thousands)	63,084	-	63,084	-
Gross copper tolling fee/selling price (\$/lb)	2.36	3.06	(0.70)	(23 %)
Cash cost per pound ⁶	2.07	1.92	0.15	8 %

Total cost per pound ⁶ 2.62 2.75 (0.13) (5 %)

¹ Copper production includes production under a tolling agreement with DET.

² Includes 173,000 pounds produced from Cauquenes in Q3-2015. For accounting purposes revenue of \$260,000 and costs of \$181,000 associated with the Cauquenes production have been excluded from earnings, cash cost and total cost calculations and have been accounted for as a \$79,000 pre-operating credit to capital expenditures ("Capex").

³ Revenue is reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs.

⁴ El Teniente royalties are deducted from revenue.

⁵ Operating cash flow before changes in non-cash working capital.

⁶ Cash and total costs are non-GAAP measures.

⁷ Q3-2014 amounts are reported on a pro-forma basis

Financial results

- Revenue was \$10.8 million compared to \$22.2 million in Q3-2014, a 52% decrease due to lower copper tolling fees resulting from lower copper prices and low production, and negative revenue settlement adjustments. There were no molybdenum sales in Q3-2015.
- Tolling and production costs were \$15.3 million, a decrease of 25% from \$20.4 million in Q3- 2014 (pro-forma), driven by lower production, a weaker Chilean peso ("CLP") compared to the U.S. dollar, and cost reduction initiatives at MVC.
- Gross loss was \$4.5 million (Q3-2014: gross profit of \$1.9 million) and net loss was \$6.2 million (Q3-2014: \$3.7 million).
- In Q3-2015 the Company had operating cash outflow before changes in non-cash working capital of \$2.5 million, compared to operating cash inflow of \$3.4 million in Q3-2014.

Production

- Q3-2015 copper production was 8.5 million pounds, 17% lower than 10.2 million pounds in Q3- 2014.
- The Company is including 0.2 million pounds produced from Cauquenes in its Q3-2015 production results. Revenue and costs associated with the Cauquenes production are considered pre-operating income and are therefore excluded from earnings, cash cost and total cost computations and accounted for as a credit to the Cauquenes Capex.
- There was no molybdenum production in Q3-2015 (Q3-2014: 0.1 million pounds).
- Production in Q3-2015 was affected by MVC's decision to stop processing Colihues tailings on July 20, in response to low copper prices. Production from fresh tailings was positively impacted by high tonnage and above-average recoveries, particularly in August. MVC started processing Cauquenes tailings on September 19. Tonnage, recovery and grade from Cauquenes were low during the first weeks of operation. The ramp up to full production from Cauquenes is scheduled to take place over Q4-2015 and Q1-2016.

Revenue

- Revenue (reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs) decreased to \$10.8 million from \$22.2 million in Q3-2014 (pro-forma), due to lower copper prices and production, negative settlement adjustments to Q2-2015 sales and no molybdenum sales. The Company's gross copper tolling fee was \$2.36/lb (Q3-2014: \$3.06/lb).
- El Teniente royalties (deducted from tolling fees) were \$2.5 million in Q3-2015, compared to \$6.3 million in Q3-2014, due to lower production and copper 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 increased to \$2.07/lb (Q3-2014: \$1.92/lb), due to higher power cost and lower by-product credits.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalties and depreciation) decreased to \$2.62/lb (Q3-2014: \$2.75/lb), due to lower El Teniente royalties
- Power costs in Q3-2015 were \$5.3 million (\$0.1024/kwh) compared to \$5.6 million (\$0.0886/kwh) in Q3-2014.

Cash and Financing Activities

- At September 30, 2015, MVC had received cash net of transaction costs of \$63.1 million including drawdowns of \$53.6 million from the \$64.4 million bank syndicate financing, for construction of phase one of the Cauquenes expansion.
- The Company's cash balance was \$9.9 million at September 30, 2015 compared to \$18.3 million at December 31, 2014.

Capital Expenditures

- Cash payments in Q3-2015 for Capex were \$15.3 million compared to \$2.0 million in Q3-2014, funded from bank loan proceeds. YTD cash payments for Capex were \$41.2 million, compared to \$8.1 million in 2014.
- Capex incurred in Q3-2015 totaled \$17.5 million (Q3-2014: \$1.7 million) and included Cauquenes Capex of \$16.2 million, capitalized interest of \$0.9 million and sustaining Capex projects of \$0.4 million. YTD-2015 incurred Capex totaled \$43.7 million (YTD-2014: \$6.5 million).

Outlook

- MVC's revised 2015 production guidance is for 38 million pounds of copper at an annual cash cost of \$2.15/lb. Copper production is being affected by low copper prices and a slow ramp-up in Cauquenes.
- Phase one of the Cauquenes project is scheduled to be completed on time and below 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 nine months ended September 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 on the Company's website at www.amerigoresources.com and at 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; 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 SEPTEMBER 30, 2015 AND 2014

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

Consolidated Statements of Financial Position

	September 30, 2015	December 31, 2014
	\$	\$
Cash and cash equivalents	9,925	18,308
Property, plant and equipment	172,289	133,359
Other assets	31,932	28,488
Total assets	214,146	180,155
Total liabilities	114,950	68,662
Shareholders' equity	99,196	111,493
Total liabilities and shareholders' equity	214,146	180,155

Consolidated Statements of Comprehensive Loss

	Quarter ended September 30, 2015	Quarter ended September 30, 2014 pro-forma
	\$	\$
Revenue	10,770	22,222
Tolling and production costs	(15,290)	(20,368)
Other (expenses) gains	(2,216)	114
Finance (expense) gain	(235)	25
Income tax recovery (expense)	810	(5,718)
Net loss	(6,161)	(3,725)
Other comprehensive loss	(279)	(811)
Comprehensive loss	(6,440)	(4,536)

Consolidated Statements of Cash Flows

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	\$	\$
Net cash (used in) from operating activities	(6,814)	5,097
Net cash used in investing activities	(15,498)	(1,969)
Net cash provided by financing activities	20,248	-
Net cash (outflow) inflow during the period	(2,064)	3,128

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