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Amerigo Announces Q3-2014 Financial Results

- Revenues of \$28.9 million
- \$3.4 million Cash Flow from Operations
 - Q3 Cash Cost Reduced to \$1.92/lb
 - Cauquenes Expansion Work Started

VANCOUVER, BRITISH COLUMBIA – November 6, 2014/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the three months ended September 30, 2014 (“Q3-2014”). The Company posted revenues of \$28.9 million, generated \$3.4 million in cash flow from operations before changes in non-cash working capital and posted a loss of \$3.7 million mostly due to a \$5.3 million non-cash charge for deferred income tax expense, resulting from a significant tax reform enacted in Chile in September 2014.

Rob Henderson, Amerigo’s President and COO, commented “Production for the quarter was adversely affected by low grades and low sulphide content in Colihues tailings. The improving production trend for each month during Q3 has continued into Q4, however, and October production is projected to be higher than that of September, Q3’s highest production month. We believe that MVC’s mine plan has now progressed beyond the zone of lower grade tailings deposited in Colihues during launder repairs in 2006-2007, and expect both copper and molybdenum production to continue to improve during the quarter. The cost reduction initiatives we have implemented are having a positive effect on MVC’s results, with cash cost decreasing to \$1.92/lb for the quarter.”

Amerigo's Chairman and CEO, Dr. Klaus Zeitler, added “MVC came to an agreement during the quarter for the deferral of copper royalties to the end of the year, and these additional funds are being used to advance works for the Cauquenes expansion. Negotiations in respect of the terms and conditions and requisite documentation for the expansion, including the US\$131 million financing and all other key agreements, are being finalized and credit approvals from bank syndicate members are in process, all of which are expected to be completed during Q4-2014.”



Comparative Financial Overview

	Three months ended September 30,			
	2014	2013	Change \$	%
Copper produced, million pounds	10.16	11.04	(0.88)	(8%)
Copper sold, million pounds	10.32	10.86	(0.54)	(5%)
Molybdenum produced, pounds	143,008	193,138	(50,130)	(26%)
Molybdenum sold, pounds	148,255	206,645	(58,390)	(28%)
Percentage of copper production from old tailings	38%	37%	-	1%
Revenue (\$ thousands)	28,881	31,950	(3,069)	(10%)
Cost of sales ¹ (\$ thousands)	27,027	30,202	(3,175)	(11%)
El Teniente royalty costs (\$ thousands)	6,315	7,257	(942)	(13%)
Gross profit (\$ thousands)	1,854	1,748	106	6%
Net loss (\$ thousands)	(3,725)	1,039	(4,764)	(459%)
Operating cash flow (\$ thousands) ²	3,396	4,872	(1,476)	(30%)
Cash flow paid for plant expansion (\$ thousands)	(1,969)	(2,533)	564	(22%)
Cash and cash equivalents (\$ thousands)	10,203	5,368	4,835	90%
Average realized copper price per pound	3.06	3.19	(0.13)	(4%)
Cash cost per pound ³	1.92	1.93	(0.01)	(1%)
Total cost per pound ³	2.75	2.96	(0.21)	(7%)

¹ Includes El Teniente royalty costs

² Excluding working capital changes

³ Cash and total costs are non-GAAP measures

Financial results

- Revenue was \$28.9 million, compared to \$32 million in Q3-2013. Revenues decreased 10% due to lower copper and molybdenum sales volume and lower average copper prices.
- Cost of sales was \$27 million compared to \$30.2 million in Q3-2013, a decrease of 11% driven by lower production levels, lower depreciation expense and cost reduction initiatives implemented at MVC.
- Gross profit was \$1.9 million, compared to \$1.7 million in Q3-2013.
- Net loss was \$3.7 million, compared to a net profit of \$1 million in Q3-2013, mainly due to a non-cash charge of approximately \$5.3 million for deferred income tax expense resulting from a significant tax reform enacted in Chile in September 2014.
- In Q3-2014, the Company generated cash flow from operations before changes in non-cash working capital of \$3.4 million, compared to \$4.9 million in Q3-2013.

Production

- The Company produced 10.16 million pounds of copper, 8% lower than the 11.04 million pounds produced in Q3-2013.
- Molybdenum production was 143,008 pounds, 26% lower than the 193,138 pounds produced in Q3-2013.



- Copper production in Q3-2014 continued to be affected by low grades and low sulphide content for the old tailings, Molybdenum production was affected by low grades. MVC's mine plan has now progressed beyond the zone of lower grade tailings deposited in Colihues during launder repairs in 2006-2007 and copper production has started to improve in Q4.

Revenue

- Revenue decreased to \$28.9 million, compared to \$32 million in Q3-2013, due to lower production levels and lower copper prices. The Company's copper selling price before smelting, refining and other charges was \$3.06/lb compared to \$3.19/lb in Q3-2013, and the Company's molybdenum selling price was \$12.63/lb compared to \$9.41/lb in Q3-2013.

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 \$1.92/lb, compared to \$1.93/lb in Q3-2013.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$2.75/lb compared to \$2.96/lb in Q3-2013, mainly as a result of lower depreciation charges, following the extension of MVC's rights to process DET tailings from 2021 to 2037.
- Power costs in Q3-2014 were \$5.6 million (\$0.0886/kwh) compared to \$5.1 million (\$0.0802/kwh) in Q3-2013. 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 Q3-2014, compared to \$7.3 million in Q3-2013, due to lower production and metal prices.

Cash and Financing Activities

- Cash balance was \$10.2 million at September 30, 2014 compared to \$13.1 million at December 31, 2013.

Investments

- Cash payments for capital expenditures ("Capex") were \$2 million, compared to \$2.5 million in Q3-2013, and were funded from operating cash flow and cash on hand. YTD cash payments for Capex were \$8.1 million, compared to \$9.9 million in 2013.
- Capex incurred in Q3-2014 totaled \$1.7 million (Q3-2013: \$2.2 million) and included project investments in connection with Cauquenes engineering and permitting and sustaining Capex projects. YTD-2014 incurred Capex totaled \$6.5 million (YTD-2013: \$7.2 million).



Outlook

- Production YTD-2014 has been adversely affected by low grades and low sulphide content for the old tailings. MVC maintains its previous guidance of 40 million pounds of copper and 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 \$4.5 million. Capex for the Cauquenes expansion project is estimated to be approximately \$140 million excluding escalation, contingencies and finance costs, of which \$9.6 million has been incurred to September 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 nine months ended September 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 and at www.sedar.com.

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; Listing: ARG:TSX

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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 SEPTEMBER, 2014 AND 2013
All figures expressed in US Dollars and presented under IFRS

Consolidated Statements of Financial Position

	September 30, 2014 \$	December 31, 2013 \$
Cash and cash equivalents	10,203	13,148
Property, plant and equipment	128,211	116,601
Other assets	28,670	56,360
Total assets	167,084	186,109
Total liabilities	57,358	64,370
Shareholders' equity	109,726	121,739
Total liabilities and shareholders' equity	167,084	186,109

Consolidated Statements of Comprehensive Loss

	Quarter ended September 30, 2014 \$	Quarter ended September 30, 2013 \$
Revenue	28,881	31,950
Cost of sales	(27,027)	(30,202)
Other gains (expenses)	114	(233)
Finance gain (expense)	25	(166)
Income tax expense	(5,718)	(310)
Loss for the period	(3,725)	1,039
Other comprehensive (loss) income	(811)	683
Comprehensive (loss) income	(4,536)	1,722

Consolidated Statements of Cash Flows

	Quarter ended September 30, 2014 \$	Quarter ended September 30, 2013 \$
Net cash provided by operating activities	5,097	4,164
Net cash used in investing activities	(1,969)	(2,533)
Net cash inflow during the period	3,128	1,631