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Amerigo Announces Q1-2015 Financial Results

- Revenues of \$17.7 million¹
- \$1.2 million cash flow from operations, \$4.1 million net loss
 - Cauquenes expansion on schedule and on budget

VANCOUVER, BRITISH COLUMBIA – May 6, 2015/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the three months ended March 31, 2015. The Company posted revenues of \$17.7 million¹ and generated \$1.2 million in cash flow from operations before changes in non-cash working capital.

Rob Henderson, Amerigo's President and COO, stated “MVC generated positive cash flow in Q1 despite being adversely affected by reduced fresh tailings tonnage and recovery. El Teniente has completed the repairs and fresh tailings tonnage has been restored to higher than budget levels”.

Amerigo's Chairman and CEO, Dr. Klaus Zeitler, added “The closing of the bank facility with BBVA and Export Development Canada in March marks a significant milestone for the Company, particularly as it allows phase 1 of the Cauquenes expansion to be financed without dilution to Amerigo shareholders. Phase 1 of the project is 47% complete as of the end of April and remains on schedule and on budget. Amerigo plans to commence processing of the higher grade Cauquenes tailings in Q4 of this year, which is anticipated to increase MVC’s copper production² to an average annual rate of 70 million pounds”.

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 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, Q1-2014 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 Q1-2014 public disclosure documents, to the pro-forma presentation is as follows:

	Q1-2014	
	As reported	Pro-forma
Revenue		
Copper net revenue	33,363	33,363
Smelter, refinery and other charges	(3,672)	(3,672)
El Teniente royalties	-	(6,421)
Transportation	-	(355)
	29,691	22,915
Molybdenum and other tolling revenue	2,679	2,679
	32,370	25,594
Tolling and production costs		
Production costs	19,001	19,001
El Teniente royalties	6,421	-
Depreciation and amortization	4,738	4,738
Transportation costs	355	-
Administration	1,191	1,191
	31,706	24,930
Gross profit	664	664

² Copper production includes production under a tolling agreement with El Teniente.

**Comparative Overview**

	Three months ended March 31,			
	2015	2014	Change \$	%
Copper produced, million pounds ¹	8.9	10.2	(1.30)	(13%)
Molybdenum produced, million pounds	0.1	0.1	0	0%
Percentage of production from old tailings	39%	45%		(6%)
Revenue (\$ thousands) ²	17,656	25,594	(7,938)	(31%)
El Teniente royalties (\$ thousands) ³	4,202	6,421	(2,219)	(35%)
Tolling and production costs (\$ thousands)	18,970	24,930	(5,960)	(24%)
Gross (loss) profit (\$ thousands)	(1,314)	664	(1,978)	(298%)
Net loss (\$ thousands)	(4,063)	(389)	(3,674)	944%
Operating cash flow (\$ thousands) ⁴	1,186	4,503	(3,317)	(74%)
Cash flow paid for plant expansion (\$ thousands)	(8,713)	(3,402)	(5,311)	156%
Cash and cash equivalents (\$ thousands)	14,177	8,142	6,035	74%
Bank debt (\$ thousands)	23,594	-	23,594	-
Gross copper tolling fee/selling price (\$/lb)	2.68	3.36	(0.68)	(20%)
Cash cost per pound ⁵	2.33	2.22	0.11	5%
Total cost per pound ⁵	3.06	3.38	(0.32)	(9%)

¹ Copper production includes production under a tolling agreement with El Teniente

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

³ El Teniente royalties are deducted from revenue.

⁴ Operating cash flow before changes in non-cash working capital.

⁵ Cash and total costs are non-GAAP measures.

Financial results

- Revenue was \$17.7 million compared to \$25.6 million in the pro-forma Q1-2014. Revenues decreased 31% due to lower copper tolling fees and molybdenum sales, resulting from lower production and metal prices.
- Tolling and production costs were \$19.0 million, compared to \$24.9 million in the pro-forma Q1-2014 results, a decrease of 24% driven by lower production and cost reduction initiatives at MVC.
- Gross loss was \$1.3 million, compared to gross profit of \$0.7 million in Q1-2014. Gross profit was unaffected by the 2014 pro-forma adjustments.
- Net loss was \$4.1 million compared to \$0.4 million in Q1-2014, as a result of lower production, lower metal prices and non-cash expenses of \$1.1 million resulting from changes in the fair value of derivatives. Net loss was unaffected by the 2014 pro-forma adjustments.
- In Q1-2015 the Group generated cash flow from operations before changes in non-cash working capital of \$1.2 million, compared to \$4.5 million in Q1-2014.

Production

- Q1-2015 production was 8.9 million pounds of copper, 13% lower than the 10.2 million pounds produced in Q1-2014.
- Molybdenum production was 0.1 million pounds in Q1-2015 and Q1-2014.



- Production in Q1-2015 was lower than anticipated due to a fire in El Teniente's lower Colon crushing plant which resulted in low tonnage and low recovery of fresh tailings. Repairs were completed in April, and tonnage is expected to increase to levels exceeding budget for the remainder of 2015. As a result, MVC's annual guidance has not changed.

Revenue

- Revenue (reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs) decreased to \$17.7 million, compared to \$25.6 million in the pro-forma Q1-2014, due to lower production and lower metal prices. The Group's gross copper tolling fee was \$2.68/lb (Q1-2014: \$3.36/lb) and the Group's gross molybdenum selling price was \$8.41/lb (Q1-2014: \$9.93/lb).
- Total El Teniente royalties (deducted from tolling fees) were \$4.2 million in Q1-2015, compared to \$6.4 million in Q1-2014, 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 increased to \$2.33/lb (Q1-2014: \$2.22/lb), mostly as a result of lower production in Q1-2015, as a result of the impact of fixed costs in this calculation.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalties and depreciation) decreased to \$3.06/lb (Q1-2014: \$3.38/lb), due to lower depreciation costs and lower El Teniente royalties driven by lower production and lower metal prices.
- Power costs in Q1-2015 were \$5.2 million (\$0.0862/kwh) compared to \$5.3 million (\$0.0900/kwh) in Q1-2014.

Cash and Financing Activities

- The Group closed a bank syndicate financing of up to \$64.4 million to be used for construction of phase 1 of MVC's Cauquenes expansion. Initial funding of \$23.6 million was received in Q1-2015.
- The Group's cash balance was \$14.2 million at March 31, 2015 compared to \$18.3 million at December 31, 2014.

Capital Expenditures

- Cash payments for capital expenditures ("Capex") were \$8.7 million compared to \$3.4 million in Q1-2014. Capex payments in Q1-2015 were funded from bank loan proceeds.
- Capex incurred in Q1-2015 totaled \$10.9 million (Q1-2014: \$2.9 million) and included Cauquenes Capex of \$10.5 million (Q1-2014: \$0.9 million) and sustaining Capex projects of \$334,000 (Q1-2014: \$2.0 million).



Outlook

- MVC confirms its 2015 production estimate of 50 to 55 million pounds of copper at an annual cash cost of \$1.80 to \$2.00/lb, including a significant increase in production and decrease in cash cost in the fourth quarter, once Cauquenes is operational. Copper production is expected to ramp up from 8.9 million pounds in Q1 to approximately 19 million pounds in Q4, and cash cost is projected to decrease from Q1's \$2.33/lb to approximately \$1.60/lb to \$1.75/lb in Q4.

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 months ended March 31, 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 and at www.sedar.com.

Amerigo Resources Ltd. 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

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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 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 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 MARCH 31, 2015 AND 2014

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

Consolidated Statements of Financial Position

	March 31, 2015 \$	December 31, 2014 \$
Cash and cash equivalents	14,177	18,308
Property, plant and equipment	142,567	133,359
Other assets	33,771	28,488
Total assets	190,515	180,155
Total liabilities	82,956	68,662
Shareholders' equity	107,559	111,493
Total liabilities and shareholders' equity	190,515	180,155

Consolidated Statements of Comprehensive Loss

	Quarter ended March 31, 2015 \$	Quarter ended March 31, 2014 pro-forma \$
Revenue	17,656	32,370
Tolling and production costs	(18,970)	(31,706)
Other expenses	(2,617)	(725)
Finance expense	(430)	(149)
Income tax recovery (expense)	298	(179)
Net loss	(4,063)	(389)
Other comprehensive income (loss)	76	(122)
Comprehensive loss	(3,987)	(511)

Consolidated Statements of Cash Flows

	March 31, 2015 \$	March 31, 2014 \$
Net cash used in operating activities	(17,117)	(1,702)
Net cash used in investing activities	(8,713)	(3,402)
Net cash provided by financing activities	22,113	98
Net cash outflow during the period	(3,717)	(5,006)