

May 8, 2019  
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## Amerigo Reports Q1-2019 Financial Results

- **Cash of \$5.2 million generated from operations**
  - **Net loss of \$1.4 million (\$0.01 LPS)**

**VANCOUVER, BRITISH COLUMBIA – May 8, 2019/Amerigo Resources Ltd. (TSX: ARG)** (“Amerigo” or the “Company”) announced financial results for Q1- 2019, which were affected by lower than forecast production as a result of low plant recoveries, as announced in the Company’s news release of April 15, 2019.

Amerigo posted a net loss of \$1.4 million or \$0.01 per share. Cash generated from operations before changes in working capital was \$5.2 million. Including changes in working capital, the Company used \$1.5 million in operations in the quarter.

Rob Henderson, Amerigo’s President and CEO, stated “Financial results were below expectations due to low production in the quarter. Operating cash flow of \$5.2 million in Q1-2019 is expected to be maintained in Q2-2019 and should then increase in the second half of the year as the planned new extraction sump will enable more operational flexibility and result in higher plant recovery.”

Amounts in this news release are reported in U.S. dollars except where indicated otherwise.

### **Amerigo reported a net loss of \$1.4 million and cash flow from operations of \$5.2 million**

- Net loss was \$1.4 million (Q1-2018: net income of \$1.2 million), due to lower production and lower metal prices.
- Loss per share was \$0.01 basic and diluted (Q1-2018: earnings per share of \$0.01 basic and diluted).
- Cash flow generated from operations before changes in non-cash working capital was \$5.2 million (Q1-2018: \$5.9 million).

### **MVC’s Q1-2019 production was lower than expected, negatively affecting financial performance including cash cost**

- Q1-2019 production was 13.0 million pounds of copper (Q1-2018: 14.2 million pounds), as a result of low plant recoveries. Cauquenes material was extracted from a low-grade zone and had higher than expected fines content and significant iron and clay contamination. MVC also lost 7 operation days in Q1-2019 as a result of a DET tailings system maintenance shutdown.
- Copper production is comprised of 8.4 million pounds from Cauquenes (Q1-2018: 8.9 million pounds) and 4.6 million pounds from fresh tailings (Q1-2018: 5.3 million pounds).
- Molybdenum production was 0.2 million pounds (Q1-2018: 0.4 million pounds).



- 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) increased to \$2.03/lb (Q1-2018: \$1.77/lb).
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of \$0.66/lb and depreciation of \$0.33/lb) increased to \$3.02/lb (Q1-2018: \$2.83/lb), due to higher cash cost and depreciation, mitigated by lower DET notional royalties from lower metal prices.

### **Production ramp up from MVC's Phase Two expansion is ongoing. Annual production and cost guidance have been revised**

- Production in Q2-2019 is expected to be 14.0 million pounds as MVC's mine plan will continue to be constrained by the ability to access better quality material until the new sump is operational in July. In Q3 and Q4-2019, MVC will be operating from a new and deeper Cauquenes sump and the new concentrate regrind mill will be in operation. The mill has been delivered to MVC and is being installed and commissioned in Q2-2019. As a result, quarterly production is expected to improve to 22.0 million pounds.
- As a result of the projected production for H1-2019, MVC has revised its 2019 annual production guidance to 70 – 75 million pounds of copper and 2 million pounds of molybdenum at a cash cost of \$1.45 to \$1.60/lb, compared to original guidance of 80 - 85 million pounds of copper and 2.5 million pounds of molybdenum at a cash cost of \$1.30 to \$1.45/lb. Amerigo's financial performance in 2019 will be highly dependent on MVC meeting these production goals.
- In 2019, MVC continues to expect to incur \$5.8 million in sustaining Capex, in addition to \$3.1 million in Capex payments in connection with the Phase Two expansion.

### **MVC's average copper price in 2019 was \$2.92/lb**

- MVC's copper price was \$2.92 per pound ("lb") (Q1-2018: \$3.09/lb) and MVC's molybdenum price was \$11.11/lb (Q1-2018: \$12.12/lb).
- Revenue was \$27.7 million (Q1-2018: \$33.9 million), including copper tolling revenue of \$25.5 million (Q1-2018: \$29.5 million) and molybdenum revenue of \$2.2 million (Q1-2018: \$4.4 million).
- Copper tolling revenue is calculated from MVC's gross value of copper produced of \$36.4 million (Q1-2018: \$46.0 million) and fair value adjustments to settlement receivables of \$2.1 million (Q1-2018: (\$0.2 million), less notional items including DET royalties of \$8.1 million (Q1-2018: \$10.8 million), smelting and refining of \$4.5 million (Q1-2018: \$5.0 million) and transportation of \$0.4 million (Q1-2018: \$0.6 million).
- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q1-2019 provisional copper price was \$2.91/lb, and final prices will be the average London Metal Exchange prices for April, May and June 2019. A 10% increase or decrease from the \$2.91/lb provisional price used at March 31, 2019 would result in a \$3.9 million change in revenue in Q2-2019 in respect of Q1-2019 production.
- Amerigo remains fully leveraged to the price of copper.



### **Cash balance at quarter end was \$16.6 million**

- At March 31, 2019 the Company's cash balance was \$16.6 million.
- The Company had a \$14.9 million working capital deficiency, caused by \$22.5 million in scheduled bank debt repayments in the following twelve months.
- Amerigo does not consider that its working capital deficiency constitutes a significant liquidity risk, as it anticipates generating operating cash flow to meet current liabilities as they come due, assuming copper prices remain at levels above \$2.75/lb.

### **Investor Conference Call on May 9, 2019**

Amerigo's quarterly investor conference call will take place on Thursday May 9, 2019 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

To join the call, please dial 1-800-273-9672 (Toll-Free North America) and let the operator know you wish to participate in the Amerigo Resources conference call.

The analyst and investment community are welcome to ask questions to management. Media can attend on a listen-only basis.

### **About Amerigo and MVC**

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 the 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](http://www.amerigoresources.com); Listing: ARG:TSX.

The information and data contained in this news release should be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements (Unaudited) and Management's Discussion and Analysis ("MD&A) for the three months ended March 31, 2019 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2018, available at the Company's website [www.amerigoresources.com](http://www.amerigoresources.com) and at [www.sedar.com](http://www.sedar.com).

**Key performance metrics for the current and comparative quarter**

|   | Q1-2019 | Q1-2018 | Change   |       |
|---|---------|---------|----------|-------|
|   |         |         | \$       | %     |
| Copper produced (million pounds) <sup>1</sup>                     | 13.0    | 14.2    | (1.2)    | (8%)  |
| Copper delivered (million pounds) <sup>1</sup>                    | 12.9    | 14.5    | (1.6)    | (11%) |
| Percentage of production from historic tailings                   | 65%     | 63%     | -        | -     |
| Revenue (\$ thousands) <sup>2</sup>                               | 27,736  | 33,881  | (6,145)  | (18%) |
| DET notional copper royalties (\$ thousands)                      | 8,136   | 10,797  | (2,661)  | (25%) |
| Tolling and production costs (\$ thousands)                       | 25,764  | 28,717  | (2,953)  | (10%) |
| Gross profit (\$ thousands)                                       | 1,972   | 5,164   | (3,192)  | (62%) |
| Net (loss) income (\$ thousands)                                  | (1,399) | 1,217   | (2,616)  | -     |
| (Loss) earnings per share - basic & diluted                       | (0.01)  | 0.01    | (0.02)   | -     |
| Operating cash flow (\$ thousands) <sup>3</sup>                   | 5,170   | 5,944   | (774)    | (13%) |
| Cash flow paid for purchase of plant and equipment (\$ thousands) | 3,596   | 10,274  | (6,678)  | (65%) |
| Cash and cash equivalents (\$ thousands) <sup>4</sup>             | 16,597  | 29,869  | (13,272) | (44%) |
| Borrowings (\$ thousands) <sup>5</sup>                            | 66,700  | 66,047  | 653      | 1%    |
| MVC's copper price (\$/lb) <sup>6</sup>                           | 2.92    | 3.09    | (0.17)   | (6%)  |
| MVC's molybdenum price (\$/lb) <sup>7</sup>                       | 11.11   | 12.12   | (1.01)   | (8%)  |

<sup>1</sup> Copper production conducted under a tolling agreement with DET.

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

<sup>3</sup> Operating cash flow before changes in non-cash working capital.

<sup>4</sup> At March 31, 2019, comprised of \$3.2 million in operating cash accounts and a \$13.4 million debt service reserve account.

<sup>5</sup> At March 31, 2019, comprised of short and long-term portions of \$23.8 and \$42.9 million respectively.

<sup>6</sup> MVC's copper price is the average notional copper price for the period, before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.

<sup>7</sup> MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales



| <b>Summary Consolidated Statements of Financial Position</b>                            |                           |                              |
|---|---------------------------|------------------------------|
|   | <b>March 31,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|   | <b>\$</b>                 | <b>\$</b>                    |
| Cash and cash equivalents   | 16,597                    | 21,338                       |
| Property plant and equipment  | 206,729                   | 208,729                      |
| Other assets  | 32,428                    | 27,546                       |
| <b>Total assets</b>   | <b>255,754</b>            | <b>257,613</b>               |
| Total liabilities   | 147,113                   | 148,403                      |
| Shareholders' equity  | 108,641                   | 109,210                      |
| <b>Total liabilities and shareholders' equity</b>                                       | <b>255,754</b>            | <b>257,613</b>               |
| <b>Summary Consolidated Statements of Loss (Income) and Comprehensive (Loss) Income</b> |                           |                              |
|   | <b>Q1-2019</b>            | <b>Q1-2018</b>               |
|   | <b>\$</b>                 | <b>\$</b>                    |
| Revenue   | 27,736                    | 33,881                       |
| Tolling and production costs  | (25,764)                  | (28,717)                     |
| Other expenses  | (1,705)                   | (1,706)                      |
| Finance expense   | (1,530)                   | (985)                        |
| Income tax  | 131                       | (1,256)                      |
| <b>Net (loss) income</b>  | <b>(1,399)</b>            | <b>1,217</b>                 |
| Other comprehensive (loss) income   | 208                       | (335)                        |
| <b>Comprehensive (loss) income</b>  | <b>(1,191)</b>            | <b>882</b>                   |
| (Loss) Earnings per share - basic   | (0.01)                    | 0.01                         |
| (Loss) Earnings per share - diluted   | (0.01)                    | 0.01                         |
| <b>Summary Consolidated Statements of Cash Flows</b>                                    |                           |                              |
|   | <b>Q1-2019</b>            | <b>Q1-2018</b>               |
|   | <b>\$</b>                 | <b>\$</b>                    |
| Cash flows from operating activities  | 5,170                     | 5,944                        |
| Changes in non-cash working capital   | (6,618)                   | 3,493                        |
| <b>Net cash (used in) from operating activities</b>                                     | <b>(1,448)</b>            | <b>9,437</b>                 |
| Net cash used in investing activities   | (3,596)                   | (10,274)                     |
| Net cash received from financing activities   | 131                       | 2,882                        |
| <b>Net (decrease) increase in cash</b>  | <b>(4,913)</b>            | <b>2,045</b>                 |
| Effect of foreign exchange rates on cash  | 172                       | 300                          |
| Cash and cash equivalents, beginning of period  | 21,338                    | 27,524                       |
| <b>Cash and cash equivalents, end of period</b>   | <b>16,597</b>             | <b>29,869</b>                |



## **Cautionary Statement on 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 Amerigo'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 Amerigo 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 Amerigo's control, Amerigo 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 speak only as of the date of this news release. 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, quantity and grade of tailings (including, but not limited to, the estimated higher grades from the Cauquenes deposit), 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 tolling/production;
- our ability to procure or have access to financing and to comply with loan covenants;
- the probability of DET exercising any of its early exit options under the Master Agreement;
- 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 Capex (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 DET's current production and historic tailings from tailings deposit; the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions; 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 MD&A. 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;
- 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.