- Record production of 14.4 million pounds of copper
- Scheduled debt repayments of $10.7 million made in the quarter

VANCOUVER, British Columbia, Aug. 10, 2016 (GLOBE NEWSWIRE) -- Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today financial results for the three months ended June 30, 2016 (“Q2-2016”). The Company posted revenue of $19.3 million and a net loss of $3.6 million. The Company had negative cash flow from operations of $0.6 million, and had a cash balance of $9.0 million at June 30, 2016, after making scheduled debt repayments of $10.7 million.

Rob Henderson, Amerigo’s President and CEO, stated “MVC’s successful development of the Cauquenes deposit has contributed to record high copper production and lower cash costs. The Company is well positioned to take advantage of future increases in the copper price.”

Financial results

- Revenue was $19.3 million (Q2-2015: $16.4 million), an 18% increase due to higher production offset by lower copper prices. The Group’s recorded copper tolling price was $2.10/lb (Q2-2015: $2.65/lb).
- Tolling costs were $22.4 million (Q2-2015: $18.1 million), an increase of 24% driven by a 58% increase in copper production.
- 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) before Codelco’s Division El Teniente (“DET”) notional royalties decreased to $1.65/lb (Q2-2015: $2.15/lb) due to higher production.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost of $1.65/lb, DET notional royalties of $0.36/lb and depreciation of $0.24/lb) decreased to $2.25/lb (Q2-2015: $2.86/lb), due to lower cash cost and lower DET notional royalties.
- Gross loss was $3.2 million (Q2-2015: $1.7 million) and net loss was $3.6 million (Q2-2015: $2.0 million).
- In Q2-2016 and Q2-2015, the Group had negative cash flow from operations before changes in non-cash working capital of $0.6 million.

Production

- Q2-2016 production was 14.4 million pounds of copper, 58% higher than the 9.1 million pounds produced in Q2-2015.

- Q2-2016 copper production includes 8.2 million pounds from Cauquenes, 5.6 million pounds from fresh tailings and 0.5 million pounds from Minera Maricunga.

- The ramp-up in production from Cauquenes has progressed in line with expectations, with tonnage at design rates of 60,000 tpd and plant recovery improving to 35% in June.

Cash and Financing Activities

- The Group’s cash balance was $9.0 million at June 30, 2016 and December 31, 2015, with a working capital deficiency of $3.9 million (December 31, 2015: working capital deficiency of $6.0 million).
- On June 30, 2016, MVC made the first $5.4 million semi-annual principal repayment on the $64.4 million Cauquenes Expansion Loan and a $5.3 million repayment to fully pay a Value Added Tax loan undertaken in 2015 for the Cauquenes phase one expansion.

Capital Expenditures

- Cash payments in Q2-2016 for capital expenditures (“Capex”) were $2.1million (Q2-2015: $17.2 million).

- MVC incurred sustaining Capex of $1.7 million in Q2-2016, in line with its Capex budget which is focused on building two additional extraction sumps in Cauquenes.

Outlook

- MVC maintains its 2016 production guidance of 55.0 to 60.0 million pounds of copper at an annual cash cost of $1.65 to $1.85/lb.

- Copper production is expected to improve in H2-2016, as higher grade Cauquenes material is extracted from deeper zones.
- MVC is conducting studies to assess the feasibility of starting up its molybdenum plant in Q4-2016.
- MVC’s sustaining Capex in 2016 continues to be estimated at $5.0 million, mostly in connection with extraction sumps at Cauquenes.

Amounts in this news release are reported in U.S. dollars except where indicated otherwise. The information in this news release and the tabular information contained in the following page should be read in conjunction with the Company’s Condensed Consolidated Interim Financial Statements (Unaudited) and Management’s Discussion and Analysis (“MD&A") for the three months ended June 30, 2016 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2015, 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 historic 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

Comparative Overview ($, thousands)

	Q2-2016 ($)	Q2-2015 ($)	Change ($)	Change (%)
Copper produced[1] million pounds	14.4	9.1	5.3	58 %
% of production from historic tailings	57 %	28 %	-	104 %
Gross copper tolling price ($/lb)	2.10	2.65	(0.55)	(21 %)
Cash cost per pound [2]	1.65	2.15	(0.50)	(23 %)
Total cost per pound [2]	2.25	2.86	(0.61)	(21 %)

[1] As of January 1, 2015 production of copper concentrates from El Teniente fresh and historic tailings is conducted under a tolling agreement with DET.

[2] Cash and total costs are non-GAAP measures.

Summary Consolidated Statements of Financial Position ($, thousands)

	June 30, 2016	December 31, 2015
Cash and cash equivalents	9,043	9,032
Property plant and equipment	177,554	181,494
Other assets	29,534	29,684
Total assets	216,131	220,210
Total liabilities	128,833	125,316
Shareholders' equity	87,298	94,894
Total liabilities and shareholders' equity	216,131	220,210

Summary Consolidated Statements of Comprehensive Loss ($, thousands)

	Q2-2016	Q2-2015
Revenue		
Gross tolling revenue	28,361	24,657
Notional items deducted from gross tolling revenue:		
Smelting and refining	(4,784)	(3,850)
DET royalties	(4,985)	(4,652)
Transporation	(401)	(330)
	18,191	15,825
Molybdenum and other revenue	1,085	563
	19,276	16,388
Tolling and production costs		
Tolling costs	(18,018)	(15,376)
Depreciation and amortization	(3,301)	(1,678)
Administration	(1,119)	(1,082)
	(22,438)	(18,136)
Gross loss	(3,162)	(1,748)
Other gains	344	166
Finance expense	(1,389)	(275)
Income tax recovery (expense)	594	(179)
Net loss	(3,613)	(2,036)
Other comprehensive income (loss)	256	(20)
Comprehensive loss	(3,357)	(2,056)
Loss per share - Basic and Diluted	(0.02)	(0.01)

Summary Consolidated Statements of Cash Flows ($, thousands)

	Q2-2016	Q2-2015
Net Cash provided by (used in) operations	7,139	(4,359)

Net cash used in investing acitivities	(2,138)	(17,655)
Net cash (used in) provided by financing acitivites	(7,673)	20,760
Net cash outflow	(2,672)	(1,254)

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 our 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 the Company 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 the Company’s control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements. These 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 forward-looking statements. These statements speak only as of the date of this news release. These forward-looking statements include but are not limited to, statements concerning:

- forecast production and operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- the extension of El Teniente’s useful life and the extent of its remaining ore reserves;
- 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;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- timing and costs of construction and tolling/production, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp up to full production from Cauquenes;
- our ability to procure or have access to financing (including funding of the remaining phases of the Cauquenes project) and to comply with our loan covenants;
- 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 capital expenditures (including our plan to upgrade our existing plant and operations after phase one of Cauquenes is complete) and estimates of asset retirement, royalty, severance and other obligations;
- 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 notional royalties/royalties;
- our capital expenditures, including the timing and cost of completion of capital projects;
- disruptions to the information technology systems of the Company and its subsidiaries (collectively, the “Group”), including those related to cyber-security;
- 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 associated with the availability and pricing of materials used in our operations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of tailings and 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. All of these risks and uncertainties apply not only the Group and its operations, but also to Codelco and its operations. Codelco’s ongoing mining operations provide a significant portion of the materials the Group processes and its resulting production and therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Group.

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 news release. 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;
- levels of and 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 of the products used in our operations;
- the ongoing supply of material for processing from Codelco’s current mining operations;
- MVC’s ability to profitably extract and process material from the Colihues and Cauquenes tailings deposits;
- the timing of the receipt and ongoing retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate financing for expansions and acquisitions, including the Cauquenes expansion;
- our tolling/production costs and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms, including financing for the Group’s expansions and acquisitions;
- 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 mine plan estimates (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, 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 in a timely manner;
- our ability to meet production and cost budgets and plans; 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.

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. You should also carefully consider the matters discussed under "Risk Factors" in our Annual Information Form. 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.

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