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Amerigo Reports Q2-2018 Financial Results

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• Cash of $6.4 million generated from operations
• Net income of $2.7 million
• Phase Two expansion commencing production in Q3-2018

Vancouver, British Columbia – July 31, 2018/CNW/ - Amerigo Resources Ltd. ("Amerigo" or the "Company") (TSX: ARG) announced today financial results for Q2-2018.

Rob Henderson, Amerigo's President and CEO, stated "The strong financial performance achieved this quarter will bolster our efforts in executing the MVC expansion project. Commissioning of the new plant has started and MVC is on track for delivering a Q4-2018 production rate of 85 - 90 million pounds of copper per year at a cash cost of $1.45/lb."

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

Amerigo's financial performance was strong in Q2-2018

• Net income was $2.7 million (Q2-2017: net loss of $1.7 million).

• Earnings per share were $0.02 (Q2-2017: loss per share of $0.01).

• Cash flow generated from operations before changes in non-cash working capital was $6.4 million (Q2-2017: $4.5 million).

MVC's average copper price in Q2-2018 was $3.16/lb

• MVC's copper price was $3.16 per pound ("/lb") (Q2-2017: $2.59/lb) and MVC's molybdenum price was $11.51/lb (Q2-2017: $8.00/lb).

• Revenue was $33.0 million (Q2-2017: $29.9 million), including copper revenue of $29.2 million (Q2-2017: $25.5 million) and molybdenum and other revenue of $3.8 million (Q2-2017: $4.4 million).

• Copper revenue is calculated from MVC's gross value of copper produced of $45.0 million (Q2-2017: $39.3 million) less notional items including DET royalties of $10.6 million (Q2-2017: $7.9 million), smelting and refining of $4.7 million (Q2-2017: $5.4 million) and transportation of $0.5 million (Q2-2017: $0.5 million).

• Amerigo remains fully leveraged to the price of copper.

• The provisional copper price used by MVC for Q2-2018 production was $3.16/lb. Final prices will be the average London Metal Exchange prices for July, August and September 2018 respectively. Financial performance is very sensitive to changes in copper prices. A 10% increase or decrease from the $3.16/lb price would result in a $4.9 million change in revenue in Q3-2018 in respect of Q2-2018 production.

Production and cash cost for Q2-2018 continued to be in line with guidance

• Q2-2018 production was 14.7 million pounds of copper (Q2-2017: 16.3 million pounds) and included 9.2 million pounds from Cauquenes (Q2-2017: 10.3 million pounds) and 5.5 million pounds from fresh tailings (Q2-2017: 5.4 million pounds).

• Molybdenum production was 0.4 million pounds, the same as in Q2-2017.

• 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 DET notional copper royalties and DET molybdenum royalties increased to $1.71/lb (Q2-2017: $1.53/lb) due to higher tolling and production costs.

• Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $0.79/lb and depreciation of $0.25/lb) increased to $2.74/lb (Q2-2017: $2.28/lb), due to higher DET notional royalties from higher metal prices.

Amerigo expects strong production in the second half of the year once Phase Two is operational

• At June 30, 2018, the Cauquenes Phase Two expansion project was on time and on budget. Phase Two will improve flotation recovery efficiency, allowing MVC to increase production to 85 - 90 million pounds of copper per year, compared to 62.5 million pounds produced in 2017.

• MVC anticipates production of the first concentrates from the Phase Two expansion in Q3-2018 and expects full production to commence in Q4-2018.

• The Group continues to expect 2018 production of 65 - 70 million pounds of copper at a cash cost of $1.45 to $1.60/lb. In 2018, the Group also expects to produce 1.5 million pounds of molybdenum.

• In 2018, MVC expects to incur $23.5 million in Phase Two capital expenditures (“Capex”), $5.5 million in sustaining Capex, an additional $1.5 million in Capex projects to improve safety and process efficiencies and a $8.4 million expansion of its molybdenum plant, financed by way of a seven-year lease and operating contract.

Cash balance at quarter end was $ 21.4 million after $11.4 million in debt repayments YTD-2018

• At June 30, 2018, the Group’s cash balance was $21.4 million.

• Borrowings were $65.6 million after Phase Two loan draws of $8.8 million and repayments of $8.4 million in the quarter.

• The Group had a working capital deficiency of $9.7 million, caused by scheduled bank debt repayments in the following twelve months ($15.2 million) and the expected repayment of the balance of the DET Price Support Facility in Q3-2018 ($3.2 million).

• The Group does not consider its working capital deficiency constitutes a liquidity risk, as it anticipates generating sufficient operating cash flow to meet current liabilities as they come due, including if copper prices were to remain in the short-term at current levels ($2.75/lb). Working capital deficiencies are not uncommon in companies with short-term debt.

- In H2-2018, MVC expects to draw the remaining $8.7 million available from the Phase Two expansion loan and make debt repayments of $8.4 million. Total borrowings at year end are expected to be $67.5 million.

- At June 30, 2018, the Group had $21.7 million of undrawn, committed credit facilities, $13.0 million from a standby line of credit and $8.7 million from the Phase Two expansion loan.

Investor conference call on August 1, 2018

Amerigo's quarterly investor conference call will take place on Wednesday August 1, 2018 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

To join the call, please dial 1-800-377-0758 (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 partnership 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; 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 and six months ended June 30, 2018 and the Audited Consolidated Financial Statements and MD&A for the year ended December 31, 2017, available at the Company's website at www.amerigoresources.com and at www.sedar.com.

For further information, please contact:

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- Aurora Davidson, Executive Vice-President and CFO (604) 697-6207

Key performance metrics for Q2-2018 and Q2-2017

1 Copper production conducted under tolling agreements with DET and in Q2-2017, Maricunga.
2 Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).
3 Operating cash flow before changes in non-cash working capital.
4 At June 30, 2018, 2018, $14.0 million in operating cash accounts and a $7.4 million debt service reserve account.
5 At June 30, 2018, short and long-term portions of $18.9 and $46.7 million respectively.
6 Copper price before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.

Cautionary Note Regarding 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 the Company’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 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 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 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 and quantity of tailings, 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 construction and tolling/production of, 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 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) 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 Codelco's Division El Teniente's current production and historic tailings from tailings deposit; risks with respect to completion of all phases of the Cauquenes expansion, the ability of the Company to draw down funds from bank facilities and lines of credit, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion; 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 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;
- 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, Including all phases of the Cauquenes expansion;
- the ability of the Company to draw down funds from bank facilities and lines of credit;
- 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.

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