



# Amerigo Reports Record Q3-2018 Production Results

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## Amerigo Reports Record Q3-2018 Production Results

Vancouver, British Columbia – October 15, 2018/CNW/ - Amerigo Resources Ltd. ("Amerigo" or the "Company") (TSX: ARG) announced today production results for Q3-2018 from Minera Valle Central ("MVC"), the Company's 100% owned operation located near Rancagua, Chile.

### MVC set new production records in Q3-2018

In Q3-2018 Amerigo produced 17.6 million pounds of copper at a cash cost of \$1.38 per pound. Molybdenum production was 0.6 million pounds.

Rob Henderson, Amerigo's President and CEO, stated "The team at MVC has done well to safely deliver the Phase Two expansion project on schedule and copper recovery is increasing. In Q3-2018, MVC achieved record copper and molybdenum production and more importantly, cash cost is now at the lowest level since 2006."

### Q3-2018 Q2-2018 Q1-2018

#### Q4-2017 Q3-2017

#### Fresh tailings

Tonnes processed 1,125,346 1,114,743 1,052,210 1,290,794 1,152,930

Copper grade 0.121% 0.118% 0.119% 0.123% 0.117%

Copper recovery 9.1% 9.1% 9.3% 9.7% 9.8%

Copper produced (millions of pounds) 6.52 6.52 6.30 6.03 6.70

#### Cauquenes tailings

Tonnes processed 651,098 642,687 632,898 650,522 671,654

Copper grade 0.259% 0.238% 0.246% 0.247% 0.240%

Copper recovery 6.8% 6.7% 6.8% 6.1% 6.2%

Copper produced (millions of pounds) 1.90 1.32 1.90 1.59 1.78

Total copper produced (millions of pounds) 7.55 6.58 6.21 6.62 6.48

Total copper delivered (millions of pounds) 7.59 6.21 6.52 6.97 6.25

Cash cost (\$/pound copper) 1.38 1.71 1.77 1.66 1.69

MVC's Phase Two expansion project was essentially complete in Q3-2018 and production ramp up is ongoing

At September 30, 2018, the Phase Two expansion project was 97% complete. The new rougher flotation cells started to produce concentrates on August 20 and the new cleaner flotation circuit came on-line on October 12.

The 60-day production test required under the Cauquenes expansion finance loan is scheduled

to commence on October 17, 2018. The project's \$1.5 million concentrate regrind mill has been removed from the Phase Two completion timeline and is expected to be installed in Q1-2019. The completion of the project in Q4-2018 will substantially strengthen Amerigo's cash generation capacity.

The Phase Two capital expenditure ("Capex") is estimated at \$37.4 million, compared to budget of \$35.3 million, primarily due to a 9.3% appreciation of the Chilean peso during the construction period compared to budget.

2018 copper production and cash guidance are maintained

The Company continues to expect 2018 production of 65 to 70 million pounds of copper at a cash cost of \$1.45 to \$1.60/lb and has increased molybdenum production guidance to 1.8 million pounds.

In 2018, MVC expects to incur \$26 million in Phase Two 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.

The Phase Two project has improved flotation recovery efficiency, allowing MVC to increase production to an estimated 85 to 90 million pounds of copper per year.

Release of Q3-2018 financial results on November 5, 2018

The Company will release Q3-2018 financial results at market open on Monday November 5, 2018.

Investor conference call on November 6, 2018

Amerigo's quarterly investor conference call will take place on Tuesday November 6, 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](http://www.amerigoresources.com); Listing: ARG:TSX.

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#### 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;
- 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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