



Amerigo Reports Annual 2018 and Q4-2018 Financial Results

VANCOUVER, BRITISH COLUMBIA, CANADA, February 21, 2019 /EINPresswire.com/ -- February 21, 2019
N.R. 2019- 4

Amerigo Reports Annual 2018 and Q4-2018 Financial Results

- Cash of \$27.8 million generated from operations
- Net income of \$10.5 million (\$0.06 EPS)
- Record annual copper production of 65 million pounds copper
- Annual cash cost reduced to \$1.56 per pound

VANCOUVER, BRITISH COLUMBIA – February 21, 2019/Amerigo Resources Ltd. (TSX: ARG) (“Amerigo” or the “Company”) is pleased to announce financial results for the year 2018. The Company’s 100% owned operation, Minera Valle Central (“MVC”) located near Rancagua, Chile met annual copper production guidance of 65.0 million pounds at an annual cash cost of \$1.56 per pound (“/lb”). Molybdenum production of 1.9 million pounds was stronger than guidance.

Amerigo’s annual net income was \$10.5 million or \$0.06 earnings per share (“EPS”). Cash generated from operations was \$27.8 million and \$27.2 million before and after changes in working capital, respectively. The Company’s cash position at year end was \$21.3 million.

“MVC had an outstanding year. They reduced cash cost, increased profits and cash flows, and most importantly completed the installation of the new plant enabling significantly higher copper production. The fundamentals for the copper market remain strong with demand exceeding supply, and I believe that once trade tensions between the United States and China are resolved, the copper price will increase.”, said Rob Henderson, Amerigo’s President and CEO.

In Q4-2018, the Company produced 18.5 million pounds of copper and 0.6 million pounds of molybdenum, at a cash cost of \$1.45/lb. Net income in the quarter was \$5.1 million (\$0.03 EPS). Cash generated from operations was \$9.2 million and \$7.8 million before and after changes in working capital, respectively.

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

Amerigo reported stronger annual net income and cash flow

- Net income was \$10.5 million (2017: \$8.0 million).
- EPS were \$0.06 basic and diluted (2017: \$0.05 basic and \$0.04 diluted).
- Cash flow generated from operations before changes in non-cash working capital was \$27.8 million (2017: \$26.4 million).

MVC’s average copper price in 2018 was \$2.92/lb

- MVC's copper price was \$2.92/lb (2017: \$2.83/lb) and MVC's molybdenum price was \$11.84/lb (2017: \$8.20/lb).

- Revenue was \$136.8 million (2017: \$134.0 million), including copper tolling revenue of \$118.4 million (2017: \$119.5 million) and molybdenum and other revenue of \$18.4 million (2017: \$14.5 million).

- Copper tolling revenue is calculated from MVC's gross value of copper produced of \$188.6 million (2017: \$172.7 million) and fair value adjustments to settlement receivables of (\$5.3 million) (2017: \$7.1 million), less notional items including DET royalties of \$41.1 million (2017: \$36.4 million), smelting and refining of \$21.5 million (Q3-2017: \$21.7 million) and transportation of \$2.2 million (2017: \$2.2 million).

- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q4-2018 provisional copper price was \$2.77/lb, and final prices will be the average London Metal Exchange prices for January, February and March 2019. A 10% increase or decrease from the \$2.77/lb provisional price used at December 31, 2018 would result in a \$4.9 million change in revenue in 2019 in respect of 2018 production.

- Amerigo remains fully leveraged to the price of copper

MVC achieved record production at a cash cost of \$1.56/lb

- Annual copper production of 65 million pounds (2017: 62.5 million pounds) included 43.7 million pounds from Cauquenes (2017: 39.3 million pounds) and 21.3 million pounds from fresh tailings in 2018 (2017: 21.8 million pounds). In 2017, 1.5 million pounds of copper were also produced through a tolling agreement with Minera Maricunga that expired that year.

- Molybdenum production was 1.9 million pounds (2017: 1.6 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) decreased to \$1.56/lb (2017: \$1.64/lb).

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of \$0.68/lb and depreciation of \$0.23/lb) decreased to \$2.47/lb (2017: \$2.50/lb), due to lower cash cost.

MVC's Phase Two Project met the banks' completion test in December 2018

- MVC's new rougher flotation cells started to produce concentrates on August 20, 2018 and the new cleaner flotation circuit came on-line on October 12, 2018. Installation of a regrind mill, originally part of the Phase Two expansion, is estimated to be completed in June 2019.

- The 60-day production test required under the Cauquenes expansion finance loan was completed on December 21, 2018. MVC is now ramping up to full capacity and the project's \$1.5 million concentrate regrind mill is expected to be installed in June 2019.

- The Phase Two capital expenditure ("Capex") is estimated at \$39.9 million -including the regrind mill-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, and additional equipment installed during commissioning. Remaining Phase Two Capex payments of \$3.1 million will be made in 2019.

- MVC also expanded its molybdenum plant in order to process the additional molybdenum available from the Cauquenes expansion. The molybdenum plant expansion had a cost of approximately \$7.8 million and was financed through a 5-year capital lease agreement.

- In 2019, the Company expects to produce 80 to 85 million pounds of copper at a cash cost of \$1.30 to \$1.45/lb, and production of 2.5 million pounds of molybdenum. In Q1-2019, production will be lower than average and cash cost will be higher than average as MVC's mine plan extracts lower quality material from Cauquenes, further affected by a longer than expected annual maintenance shutdown.

- In 2019, MVC expects to incur \$5.8 million in sustaining Capex.

Cash balance at year end was \$21.3 million, debt repayments in 2018 were \$19.7 million

- At December 31, 2018, the Company's cash balance was \$21.3 million.

- The Company had a \$16.9 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 \$2.70/lb.

- Borrowings at year end were \$66.2 million. In 2018 MVC received debt proceeds of \$23.3 million which were used in the Cauquenes Phase Two Expansion. MVC also made debt repayments of \$19.7 million on the Phase One expansion loan and on a loan with Codelco's Division El Teniente which was fully repaid in the year.

Investor Conference Call on February 22, 2019

Amerigo's quarterly investor conference call will take place on Friday February 22, 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; Listing: ARG:TSX.

The information and data contained in this news release should be read in conjunction with the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A) for the years ended December 31, 2018 and 2017, available at the Company's website at www.amerigoresources.com and at www.sedar.com. □

2018 and 2017 Annual Key Performance Metrics

1 Copper production conducted under a tolling agreement with DET.

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 December 31, 2018 includes short and long-term portions of \$23.5 and \$42.7 million, respectively.

5 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.

6 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales

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.

Rob Henderson
 Amerigo Resources Ltd.
 604-697-6203
[email us here](#)

This press release can be viewed online at: <http://www.einpresswire.com>

Disclaimer: If you have any questions regarding information in this press release please contact the company listed in the press release. Please do not contact EIN Presswire. We will be unable to assist you with your inquiry. EIN Presswire disclaims any content contained in these releases.

