



# Amerigo Reports Q1-2019 Production Results

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## Amerigo Reports Q1-2019 Production Results

Vancouver, British Columbia – April 15, 2019/CNW/ - Amerigo Resources Ltd. ("Amerigo" or the "Company") (TSX: ARG) announces production results for Q1-2019 from Minera Valle Central ("MVC"), the Company's 100% owned operation located near Rancagua, Chile.

### Q1-2019 production affected by low plant recoveries and maintenance shutdown

In Q1-2019, MVC produced 13.0 million pounds of copper at a cash cost of \$2.03/lb per pound, and 0.2 million pounds of molybdenum.

Production was lower than forecast as a result of low plant recoveries during the quarter. Cauquenes material was extracted from a known poor-quality zone as dictated by the mining plan sequence. However, in addition to lower grades, the material had a higher than expected fines content and significant iron and clay contamination, which negatively affected recoveries and the quality of the final copper and molybdenum concentrates.

In addition, MVC suspended operations for an unexpectedly long 7 days in March, in response to a shutdown of Codelco's División El Teniente ("DET")'s tailings system, as announced in the Company's news release of February 28, 2019. The shutdown was required to conduct maintenance work in various sections of the entire DET tailings concrete channel.

The ramp up and optimization of MVC's new flotation plant was affected by the shutdown, the high fines content and the contaminations, requiring frequent adjustments to plant operating conditions.

### Q1-2019 Q4-2018 Q3-2018 Q2-2018

#### Q1-2018

#### Fresh tailings □

Tonnes processed 9,956,069 10,642,607 11,125,346 11,114,743 10,521,210

Copper grade 0.110% 0.113% 0.121% 0.118%

0.119%

Copper recovery 19.0% 18.0% 19.1% 19.1% 19.3%

Copper produced (millions of pounds) 4.593 4.785 5.652 5.526 5.309

#### Cauquenes tailings □

Tonnes processed 4,941,816 5,567,424 5,651,098 5,642,687 5,328,898

Copper grade 0.237% 0.252% 0.259% 0.238% 0.246%

Copper recovery 32.6% 44.5% 36.8% 30.7% 30.8%

Copper produced (millions of pounds) 8.411 3.747 1.903 0.132 8.901

Total copper produced (millions of pounds) 13.005 8.531 7.555 4.658 14.210

Total copper delivered (millions of pounds) 12.920 7.593 7.595 4.219 14.520

Cash cost (\$/pound copper) 2.03 1.46 1.38 1.71 1.77

MVC provides updated production and cash cost guidance for 2019

The poor-quality fine material in Cauquenes appears to be constrained to a zone about 20 to 30 meters deep in the central area of the deposit. The material below this level, and to the periphery of the deposit, contains higher quantities of coarse material with better recoveries.

As part of its 2019 mining plan, MVC is currently building a new and deeper Cauquenes extraction sump at the 48-meter level which will be operational in Q3-2019. Quarterly copper production is expected to be 14 million pounds in Q2-2019, improving to 22 million pounds in Q3 and Q4.

Production in H2-2019 will be augmented by the new Cauquenes extraction sump and the new concentrate regrind mill. The mill has been delivered to MVC and will be put into operation in Q2-2019.

As a result of lower production in H1-2019, MVC's 2019 production guidance has been revised to 70 to 75 million pounds of copper and 2 million pounds of molybdenum at a cash cost of \$1.45 to \$1.60/lb, compared to the Company's original guidance of 80 to 85 million pounds of copper and 2.5 million pounds of molybdenum at a cash cost of \$1.30 to 1.45/lb Cu.

Rob Henderson, Amerigo's President and CEO, stated "Production results for the quarter were negatively affected by excessive fine material and a week long full plant shutdown. MVC is focusing on completing the new sump in Cauquenes to access better quality material and ramping up copper recovery in the new plant. Our assessment indicates that during the second half of the year MVC should achieve target recovery rates. Cost containment measures are in place to mitigate the impact of lower production in H1-2019."

Release of Q1-2019 results on May 8, 2019

The Company will release its Q1-2019 financial results at market open on Wednesday May 8, 2019.

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.

For further information, please contact: □

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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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