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Amerigo Announces 2016 and Q4-2016 Financial Results

- **Q4-2016: $7.0 million in operating cash flow, net earnings of $3.0 million**
- **Annual 2016: $9.6 million in operating cash flow, net loss of $7.5 million**
- **Record annual copper production**

VANCOUVER, BRITISH COLUMBIA – February 22, 2017/Amerigo Resources Ltd. (TSX: ARG) ("Amerigo" or the "Company") reported today financial results for the year ended December 31, 2016. The Company posted revenue of $91.4 million, operating cash flow before working capital changes of $9.6 million and a net loss of $7.5 million. In Q4-2016 the Company posted revenue of $29.5 million, operating cash flow before working capital changes of $7.0 million and net earnings of $3.0 million. Cash balance was $15.9 million at December 31, 2016.

Rob Henderson, Amerigo's President and CEO, stated "The increase in copper price and the good production from the high-grade historic Cauquenes deposit are starting to translate into positive earnings performance. In 2017, we plan to invest $30.0 million at MVC to substantially increase copper production and reduce cash costs. We remain focused on reducing costs, improving liquidity and delivering against our targets to build value."

Annual Financial Results

- Gross tolling revenue was $124.4 million (2015: $73.8 million), mainly due to a 52% increase in copper production. The Group's recorded copper tolling price was $2.25/lb (2015: $2.47/lb). Molybdenum production was restarted in H2-2016. Revenue after notional items was $91.4 million (2015: $52.6 million). In 2015, pre-operating revenue of $5.1 million from Cauquenes was excluded from revenue.

- Tolling and production costs were $92.0 million (2015: $65.7 million), an increase of 40% driven by a 52% increase in copper production. Pre-operating costs of $5.9 million from Cauquenes were excluded from 2015 tolling and production costs. Unit tolling and production costs were $1.64/lb (2015: $1.76/lb).

- 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 decreased to $1.73/lb (2015: $2.18/lb) due to higher production.

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $0.38/lb and depreciation of $0.25/lb) decreased to $2.36/lb (2015: $2.85/lb), due to lower cash cost.

- Gross loss was $0.6 million (2015: $13.0 million) and net loss was $7.5 million (2015: $16.9 million).

- In 2016, the Group generated operating cash before changes in non-cash working capital of $9.6 million (2015: used cash flow in operations before changes in non-cash working capital of $5.0 million).

Production

- 2016 production was 56.8 million pounds of copper, 52% higher than the 37.3 million pounds produced in 2015.

- 2016 copper production includes 32.7 million pounds from Cauquenes, 21.1 million pounds from fresh tailings and 3.0 million pounds from Maricunga.

- The ramp-up in production from Cauquenes in 2016 progressed in line with expectations. Average tonnes per day of 61,615 exceeded design rates of 60,000 tpd and plant recovery averaged 31.1% in the year. In Q4-2016 MVC achieved the project completion criteria set by the lenders who financed phase one of the Cauquenes expansion.

- Molybdenum production restarted in August 2016, with an annual production of 0.5 million pounds. The operation of the molybdenum plant has been outsourced to a subcontractor who refurbished the plant with a $1.0 million Capex investment which is being paid by MVC over the course of three years.

Cash and Working Capital

- The Group’s cash balance was $15.9 million at December 31, 2016 (December 31, 2015: $9.0 million), with working capital of $0.6 million (December 31, 2015: working capital deficiency of $6.0 million).

- The Group’s cash balance at December 31, 2016 includes $9.2 million in operating accounts and $6.7 million in a debt service reserve account “(DSRA”), required under the terms and provisions of MVC’s finance agreement with the lenders who financed the first phase of the Cauquenes expansion. Funds in the DSRA must be used to: /i/ pay the principal and interest of the bank loan and the amounts owing under a related interest rate swap if MVC has insufficient funds to make these payments and /ii/ fund MVC’s operating expenses. If it becomes necessary to fund MVC’s operations with funds from the DSRA, MVC must replenish into the DSRA at each month end the funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the bank loan and the interest rate swap that are payable in respect of the following six months.

Outlook

- MVC estimates 2017 production of 60.0 to 65.0 million pounds of copper at an annual cash cost of $1.60 to $1.75/lb.

- MVC expects to produce 1.5 million pounds of molybdenum.

- Amerigo is advancing debt financing discussions to complete the construction of phase two of the Cauquenes expansion project in the second half of 2018. The project has an estimated cost of $30.0 million and is planned to increase production to 87.0 million pounds of copper per year, at an estimated cash cost of $1.40/lb.

The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Audited Consolidated Financial Statements and Management's Discussion and Analysis for the years ended December 31, 2016 and 2015, which will be available at the Company's website at www.amerigoresources.com and at www.sedar.com.

About the Company:

Amerigo Resources Ltd. is an innovative copper producer with a long-term relationship with 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.

For further information, please contact:

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Comparative Annual Overview:

	Years ended December 31,			
	2016	2015	Change	%
Copper produced[1,2], million pounds	56.8	37.3	19.5	52%
Copper delivered [1,2], million pounds	56.3	37.2	19.1	51%
Percentage of production from historic tailings	58%	29%	29%	100%
Revenue ($ thousands) [3]	91,388	52,623	38,765	74%
DET notional copper royalties ($ thousands)	20,646	13,674	6,972	51%
Tolling and production costs ($ thousands)	92,011	65,656	26,355	40%
Gross loss ($ thousands)[5]	(623)	(13,033)	(12,410)	(95%)
Net loss ($ thousands)	(7,531)	(16,933)	(9,402)	(56%)
Operating cash flow ($ thousands) [4]	9,555	(4,998)	14,553	291%
Cash flow paid for plant expansion ($ thousands)	(8,339)	(52,391)	(44,052)	(84%)
Cash and cash equivalents ($ thousands)	15,921	9,032	6,889	76%
Borrowings ($ thousands)	69,847	72,645	(2,798)	(4%)
Gross copper tolling price ($/lb)	2.25	2.47	(0.22)	(9%)

1 Copper production is conducted under tolling agreements with DET and Maricunga.
2 Includes 4.3 million pounds produced from Cauquenes in 2015. For accounting purposes revenue of $5.1 million and costs of $5.9 million associated with the Cauquenes production were excluded from operating results, cash cost and total cost calculations and accounted for as a $0.8 million pre-operating charge to capital expenditures.
3 Revenue is reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).
4 Operating cash flow before changes in non-cash working capital.
5 Total borrowings at December 31, 2016 include short and long term portions of $10.7 and $59.1 million respectively.

Summary Consolidated Statements of Financial Position		
	December 31,	
	2016	2015
	$	$
Cash and cash equivalents	15,921	9,032
Property plant and equipment	174,222	181,494
Other assets	31,543	29,684
Total assets	221,686	220,210
Total liabilities	133,809	125,316
Shareholders' equity	87,877	94,894
Total liabilities and shareholders' equity	221,686	220,210

Summary Consolidated Statements of Comprehensive Loss		
	Year ended December 31,	
	2016	2015
	$	$
Revenue	91,388	52,623
Tolling and production costs	(92,011)	(65,656)
Other expenses	(2,626)	(4,836)
Finance expense	(4,955)	(1,023)
Income tax recovery	673	1,959
Net loss	**(7,531)**	**(16,933)**
Other comprehensive income	245	133
Comprehensive loss	(7,286)	(16,800)
Loss per share - Basic and Diluted	(0.04)	(0.10)

Summary Consolidated Statements of Cash Flows		
	Year ended December 31,	
	2016	2015
	$	$
Net cash provided by (used in) operations	19,406	(26,464)
Net cash used in investing acitivities	(8,339)	(54,082)
Net cash (used in) provided by financing acitivites	(4,659)	72,904
Net cash flow	6,408	(7,642)

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 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;
- the 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.