

August 3, 2012  
N.R. 2012- 8

## Amerigo Announces Q2-2012 Financial Results

- **Q2-2012 Revenues of \$40 million and Operating Cash Flow of \$3.82 million**
  - **Net Loss of \$1 million**
- **Semi-annual dividend of Cdn\$0.02/share paid during the quarter**

**VANCOUVER, BRITISH COLUMBIA – August 3, 2012/Amerigo Resources Ltd. (TSX:ARG)** (“Amerigo” or the “Company”) reported today results for the quarter ended June 30, 2012 (“Q2-2012”).

Dr. Klaus Zeitler, Amerigo’s President and CEO, stated: "MVC continues to show excellent production results. Both copper and molybdenum production in Q2-2012 set new Q2 production records, and the Company remains on course to meet or exceed 2012 production guidance of 50 million pounds of copper. Extremely difficult mining conditions in Colihues resulted in higher extraction costs and lower metal recoveries, both of which adversely affected financial results for the quarter. In addition, net profit was reduced by approximately \$1 million due to a non-cash, onetime accounting driven change in labour costs. During the second half of the year we expect mining conditions to improve and believe that power costs will be lower for the rest of the year and even lower in 2013, which will be positive for Amerigo’s bottom line."

Dr. Zeitler added: "In June 2012 we substantially completed a plant expansion that has represented cash outlays of \$29M in the most recent 12-month period and led to a sizable reduction in the Company’s cash balance at the end of the quarter. However, these expenditures include those made in preparation for a significant expansion of production in the next few years, which we believe will beneficially affect Amerigo’s growth path and financial results going forward. Our investment cash flow commitments in the remaining quarters of 2012 will be substantially lower than in the most recent quarter."

**Comparative Quarterly Overview**

	Quarter ended June 30,			
	2012	2011	Change	%
Copper produced, million pounds	11.57	9.45	2.12	22%
Copper sold, million pounds	10.76	9.32	1.44	15%
Molybdenum produced, pounds	228,932	190,917	38,015	20%
Molybdenum sold, pounds	243,263	195,006	48,257	25%
Percentage of copper production from old tailings	42%	48%		(6%)
Revenue (\$)	40,013,267	38,294,635	1,718,632	4%
Cost of sales <sup>1</sup> (\$)	40,091,974	34,824,206	5,267,768	15%
El Teniente royalty costs (\$)	9,589,069	10,440,175	(851,106)	(8%)
Gross (loss) profit (\$)	(78,707)	3,470,429	(3,549,136)	(102%)
Net (loss) profit (\$)	(1,002,254)	1,885,882	(2,888,136)	(153%)
Operating cash flow (\$)	3,642,768	6,588,985	(2,946,217)	(45%)
Cash flow paid for plant expansion (\$)	(7,663,484)	(5,234,948)	(2,428,536)	46.39%
Dividends paid (\$)	(3,385,160)	(3,559,174)	174,014	(5%)
Cash and cash equivalents (\$)	7,591,947	35,814,356	(28,222,409)	(79%)
Bank debt (\$)	3,365,917	8,902,118	(5,536,201)	(62%)
Average realized copper price per pound	3.74	3.97	(0.23)	(6%)
Cash cost per pound	2.37	2.26	0.11	5%
Total cost per pound	3.53	3.73	(0.20)	(5%)

<sup>1</sup> Includes El Teniente royalty costs

In Q2-2012 the Company:

**Financial results**

- Revenue was \$40,013,267 compared to \$38,294,635 in Q2-2011, an increase of 4% as a result of higher copper (15%) and molybdenum (25%) sales.
- Cost of sales was \$40,091,974, 16% higher than Q2-2011 due to a number of factors including higher production volume, continuing high power costs and higher costs for labour and maintenance.
- Gross loss was \$78,707, compared to gross profit of \$3,470,429 in Q2-2011.
- Net loss was \$1,002,254, compared to net profit of \$1,885,882 in Q2-2011.

**Production**

- The Company produced 11.57 million pounds of copper, 22% higher than the 9.45 million pounds produced in Q2-2011.
- Molybdenum production was 228,932 pounds, 20% higher than the 190,917 pounds produced in Q2-2011.



## **Revenue**

- Revenue increased to \$40,013,267 compared to \$38,294,635 in Q2-2011, due to higher sales volume and despite lower metal prices. Copper and molybdenum sales volume increased 15% and 25% respectively over Q2-2011, but the Company's copper selling price at \$3.74/lb was 6% lower and the Company's molybdenum selling price at \$14.02/lb was 18% lower than Q2-2011.

## **Costs**

- Cash cost (the aggregate of smelting, refining and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was \$2.37/lb, compared to \$2.26/lb in Q2-2011.
- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was \$3.53/lb compared to \$3.73/lb in Q2-2011.
- Power costs in Q2-2012 were \$12,658,784 (\$0.1947/kwh) compared to \$10,687,141 (\$0.2129/kwh Chilean), as electricity costs continue to be adversely affected by a drought in Chile that has lasted more than 2 years. Power costs were partially mitigated in Q2-2012 from the operation of the Company's power generators.
- Total El Teniente royalties were \$9,589,069, compared to \$10,440,175 in Q2-2011 due to lower metal prices and despite higher sales volume.

## **Cash and Financing Activities**

- Cash balance was \$7,591,947 at June 30, 2012 compared to \$20,819,467 at December 31, 2011.

## **Investments**

- Cash payments for capital expenditures ("Capex") were \$7,663,484, compared to \$5,234,948 in Q2-2011 and year to date cash payments for Capex were \$16,264,521 (YTD-2011: \$8,592,505).
- Year to date Capex were \$15,798,097 (YTD-2011: \$8,870,871), and included process plant investments in anticipation of the Company obtaining the rights to process the tailings from an additional tailings pond. Q2-2012 Capex totalled \$8,387,613 (Q2-2011: \$3,722,255).
- The Company's investments in Candente Copper Corp. ("Candente Copper"), Candente Gold Corp. ("Candente Gold"), Cobriza Metals Corp. ("Cobriza") and Los Andes Copper Ltd. ("Los Andes") had aggregate fair values of \$5,900,409 at June 30, 2012 (December 31, 2011: \$8,722,744).



## **Outlook**

- Production in 2012 continues to be expected to meet or exceed 50 million pounds of copper and achieve close to one million pounds of molybdenum. Negotiations are ongoing for the rights to process old tailings from an additional tailings pond owned by El Teniente which will enable the Company to significantly increase production from current levels. The majority of the Company's Capex budget was incurred in the first half of 2012 and it is estimated that Capex incurred in the remainder of the year will be approximately \$4,600,000.

The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the quarter ended June 30, 2012 and the Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2011, which will be available at the Company's website at [www.amerigoresources.com](http://www.amerigoresources.com) and at [www.sedar.com](http://www.sedar.com).

Amerigo Resources Ltd. is a Canadian junior company producing copper and molybdenum from its MVC operations near Santiago, Chile. Tel: (604) 681-2802; Fax: (604) 682-2802; Web: [www.amerigoresources.com](http://www.amerigoresources.com); Listing: ARG:TSX

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*The Toronto Stock Exchange has not reviewed nor accepted responsibility for the adequacy or accuracy of the contents of this news release, which has been prepared by management. Statements contained in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from estimated results. Such risks and uncertainties are detailed in the Company's filings with the TSX and on SEDAR. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change.*



**AMERIGO RESOURCES LTD.  
SELECTED FINANCIAL INFORMATION**

QUARTERS ENDED JUNE 30, 2012 AND 2011  
All figures expressed in US Dollars and presented under IFRS

**Consolidated Statements of Financial Position**

	June 30, 2012 \$	December 31, 2011 \$
Cash and cash equivalents	7,591,947	20,819,467
Property, plant and equipment	150,958,494	138,638,900
Other assets	48,563,103	45,871,252
<b>Total assets</b>	<b>207,113,544</b>	<b>205,329,619</b>
Total liabilities	66,978,501	66,348,005
Shareholders' equity	140,135,043	138,981,614
<b>Total liabilities and shareholders' equity</b>	<b>207,113,544</b>	<b>205,329,619</b>

**Consolidated Statements of Comprehensive (Loss) Income**

	Quarter ended June 30, 2012 \$	Quarter ended June 30, 2011 \$
Total revenue, net of smelter and refinery charges	40,013,267	38,294,635
Cost of sales	(40,091,974)	(34,824,206)
Other expenses	(1,412,870)	(1,032,424)
Non operating gain (loss)	41,474	(340,782)
Income tax recovery (expense)	447,849	(211,341)
<b>(Loss) profit for the period</b>	<b>(1,002,254)</b>	<b>1,885,882</b>
Other comprehensive (loss) income	(6,055,799)	535,297
Comprehensive (loss) income	(7,058,053)	2,421,179
(LPS) EPS- Basic and Diluted	(0.01)	0.01

**Consolidated Statements of Cash Flows**

	Quarter ended June 30, 2012 \$	Quarter ended June 30, 2011 \$
Net cash provided by operating activities	269,749	9,427,362
Net cash used in investing activities	(7,663,484)	(5,234,948)
Net cash used in financing activities	(4,226,248)	(5,338,119)
Net cash outflow during the period	(11,619,983)	(1,145,705)