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Amerigo Announces Q3-2012 Financial Results

- **Q3-2012 Revenues of \$44.2 million**
- **Operating Cash Flow of \$2.7 million**
 - **Dividend of \$0.02 per share**

VANCOUVER, BRITISH COLUMBIA – November 8, 2012/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended September 30, 2012 (“Q3-2012”).

Dr. Klaus Zeitler, Amerigo’s President and CEO, stated: "Production results were strong in Q3-2012, with copper and molybdenum production 15% and 73% higher, respectively, than the comparable quarter in 2011. For the full year we expect to meet or exceed forecast production of 50 million pounds of copper and 1 million pounds of molybdenum. Although Q3-2012 financial results were adversely affected by one-time charges for a \$4.6 million bonus payment to our Chilean workers on the signing of a new four year union agreement and a \$2.3 million deferred (future) income tax non-cash accounting charge following an increase in Chile’s corporate tax rate to 20%, cash flow remained positive at \$2.7 million and we ended the quarter with an improved cash balance."

Dr. Zeitler added: "The price of energy from the grid remains high, but as previously announced the Company's contract with its power provider changes on January 1, 2013 from a variable to a much lower fixed rate. This change will result in savings over current levels of more than \$20 million annually for the next five years significantly improving MVC’s operating cash flow. Accordingly, the board has declared a dividend of \$0.02 per share, payable on November 29, 2012 to shareholders of record as of November 19, 2012."

**Comparative Quarterly Overview**

	Quarters ended September 30,			%
	2012	2011	Change	
Copper produced, million pounds	12.70	11.01	1.69	15%
Copper sold, million pounds	13.02	10.80	2.22	21%
Molybdenum produced, pounds	321,788	186,297	135,491	73%
Molybdenum sold, pounds	337,818	148,940	188,878	127%
Percentage of copper production from old tailings	47%	45%		2%
Revenue (\$)	44,230,998	41,958,747	2,272,251	5%
Cost of sales ¹ (\$)	46,284,812	38,815,312	7,469,500	19%
El Teniente royalty costs (\$)	10,178,780	10,817,627	(638,847)	(6%)
Gross (loss) profit (\$)	(2,053,814)	3,143,435	(5,197,249)	(165%)
Net (loss) profit (\$)	(4,188,947)	(1,194,499)	(2,994,448)	251%
Operating cash flow (\$)	2,707,456	4,563,713	(1,856,257)	(41%)
Cash flow paid for plant expansion (\$)	(4,605,712)	(4,503,714)	(101,998)	2%
Cash and cash equivalents (\$)	35,648,835	34,260,808	1,388,027	4%
Bank debt (\$)	2,500,590	6,469,421	(3,968,831)	(61%)
Average realized copper price per pound	3.52	3.93	(0.41)	(10%)
Cash cost per pound	2.64	2.39	0.25	10%
Total cost per pound	3.76	3.69	0.07	2%

¹ Includes El Teniente royalty costs

Financial results

- Revenue was \$44,230,998 compared to \$41,958,747 in Q3-2011, an increase of 5% as a result of higher copper (3%) and molybdenum (60%) revenue.
- Cost of sales was \$46,284,812, 19% higher than Q3-2011. Bonuses totaling \$4,559,327 payable to MVC workers on the signing of a four-year union agreement constituted more than 60% of this increase.
- Gross loss was \$2,053,814, compared to gross profit of \$3,143,435 in Q3-2011. Excluding the signing bonuses, normalized gross profit was \$2,505,513 in Q3-2012.
- Net loss was \$4,188,947, compared to a loss of \$1,194,499 in Q3-2011. In addition to the impact of the signing bonuses, financial results were affected by a \$2,577,526 deferred (future) income tax expense, following an increase in Chile's corporate tax rate to 20%. Excluding these items, normalized net profit was \$2,947,906 in Q3-2012.

Production

- The Company produced 12.70 million pounds of copper, 15% higher than the 11.01 million pounds produced in Q3-2011.
- Molybdenum production was 321,788 pounds, 73% higher than the 186,297 pounds produced in Q3-2011.



Revenue

- Revenue increased to \$44,230,998 compared to \$41,958,747 in Q3-2011. Copper and molybdenum sales volume increased 21% and 127% respectively over Q3-2011, but the Company's copper selling price of \$3.52/lb and molybdenum selling price of \$11.64/lb were 10% and 26% lower, respectively, than in Q3-2011.

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 \$2.64/lb, compared to \$2.39/lb in Q3-2011. Normalized Q3-2012 cash cost excluding the labour signing bonuses was \$2.28/lb.
- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was \$3.76/lb compared to \$3.69/lb in Q3-2011. Normalized Q3-2012 total cost excluding signing bonuses was \$3.40/lb.
- Power costs in Q3-2012 were \$11,456,788 (\$0.1659/kwh) compared to \$10,594,425 (\$0.1790/kwh) in Q3-2011.
- Total El Teniente royalties were \$10,178,780, compared to \$10,817,627 in Q3-2011.
- The Company recorded a \$4,559,327 (\$0.36/lb) expense for bonuses payable on the signing of a four-year union labour agreement. Signing bonuses are customary in Chile and in recent years the mining industry has paid historically high bonuses due to a shortage of skilled workers. Most of the cost of the signing bonuses was allocated to direct labour costs, with a smaller amount allocated to administration costs.

Cash and Financing Activities

- Cash balance at \$35,648,835 on September 30, 2012 (December 31, 2011: \$20,819,467) was higher than expected due to increased royalties outstanding to El Teniente, deferral of accounts payable due to month-end timing and the deferral of payment of a portion of the signing bonuses to October in order to optimize associated employee payroll taxes.

Investments

- Cash payments for capital expenditures ("Capex") were \$4,605,712, compared to \$4,503,714 in Q3-2011 and year to date cash payments for Capex were \$20,870,233 (YTD-2011: \$13,096,219). Capex payments have been funded from operating cash flow.



- Year to date Capex totalled \$19,225,722 (YTD-2011: \$13,267,825) and included process plant investments in anticipation of the Company obtaining the rights to process tailings from an additional tailings pond. Q3-2012 Capex totalled \$3,427,625 (Q3-2011: \$4,227,408).
- 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 \$5,900,708 at September 30, 2012 (December 31, 2011: \$8,722,744).

Dividend Declared

- On November 5, 2012, Amerigo declared a semi-annual dividend of Cdn\$0.02 per share, payable on November 29, 2012 to shareholders of record as of November 19, 2012.

Outlook

- Management expects 2012 production to meet or exceed fifty million pounds of copper and 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 has been incurred to September 30, 2012 and it is estimated that Capex incurred in the remainder of the year will be approximately \$1,900,000.

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 September 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 and at 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; 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 SEPTEMBER 30, 2012 AND 2011
All figures expressed in US Dollars and presented under IFRS

Consolidated Statements of Financial Position

	September 30, 2012 \$	December 31, 2011 \$
Cash and cash equivalents	35,648,835	20,819,467
Property, plant and equipment	159,368,328	138,638,900
Other assets	41,768,510	45,871,252
Total assets	236,785,673	205,329,619
Total liabilities	93,248,493	66,348,005
Shareholders' equity	143,537,180	138,981,614
Total liabilities and shareholders' equity	236,785,673	205,329,619

Consolidated Statements of Comprehensive (Loss) Income

	Quarter ended September 30, 2012 \$	Quarter ended September 30, 2011 \$
Total revenue, net of smelter and refinery charges	44,230,998	41,958,747
Cost of sales	(46,284,812)	(38,815,312)
Other expenses	405,915	(3,982,223)
Non operating gain (loss)	(125,794)	(184,535)
Income tax recovery (expense)	(2,415,254)	(171,176)
(Loss) profit for the period	(4,188,947)	(1,194,499)
Other comprehensive (loss) income	7,377,299	(16,408,204)
Comprehensive (loss) income	3,188,352	(17,602,703)
(LPS) EPS- Basic and Diluted	(0.02)	(0.01)

Consolidated Statements of Cash Flows

	Quarter ended September 30, 2012 \$	Quarter ended September 30, 2011 \$
Net cash provided by operating activities	33,350,184	7,316,946
Net cash used in investing activities	(4,605,712)	(4,503,714)
Net cash used in financing activities	(1,150,647)	(2,023,795)
Net cash outflow during the period	27,593,825	789,437