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## Amerigo Announces 2011 Financial Results

- **Net earnings of \$8.7 million**
- **Operating cash flow of \$20 million**
- **Dividends of \$6.8 million paid in 2011**

**VANCOUVER, BRITISH COLUMBIA – March 5, 2012/Amerigo Resources Ltd. (TSX:ARG)** (“Amerigo” or the “Company”) reported today results for the year ended December 31, 2011.

Amerigo's President and CEO, Dr. Klaus Zeitler, stated "2011 proved to be a challenging year for Amerigo. Although revenues increased by close to 10% to \$166 million and the Company generated more than \$20 million in operating cash flow, financial results were adversely affected by several onetime events. The Company's subsidiary, MVC, lost more than 2,500 tonnes or close to 10% of its annual copper production as a result of a strike by El Teniente subcontractors in June and July. The Company was also required to make provision for a bad debt expense of more than \$1.5 million due to the bankruptcy of a Chilean customer of MVC's power generating subsidiary. MVC's power costs, already at high levels, continued to rise and were more than \$5.5 million higher than in 2010 in spite of lower power consumption levels during the year."

Dr. Zeitler continued, "Despite these challenges Amerigo continues to be in a strong financial position, with cash and investments totaling approximately \$30 million. The Company reinstated its semi-annual dividend, paying \$6.85 million in dividends during the year, and also paid down close to \$10 million in debt. Management expects production to improve substantially in 2012, and to meet or exceed 50 million pounds of copper and close to one million pounds of molybdenum. Although power costs remain high at least in the short term, the Company's power situation will change dramatically for the better starting January 1, 2013 when the new fixed rate will result in savings of more than \$20 million for each of the five years then remaining on the Company's power contract."

Financial results in 2011 were adversely affected by a number of factors including the loss of approximately 2,500 tonnes of copper production due to the interruption of the flow of fresh tailings to MVC caused by a strike by workers of El Teniente subcontractors in the months of June and July, an increase of \$5,529,707 in power costs and a provision for bad debt expense of \$1,548,751 in Minera Valle Central Generacion, S.A. ("MVC-Generacion"). In 2011 the Company:

- Produced 19,810 tonnes of copper, a decrease of 6% from 2010 (including 5,482 tonnes in Q4-2011, a decrease of 7% from Q4-2010), and 785,068 pounds of molybdenum, an increase of 1% from 2010 (including 195,729 pounds in Q4-2011, a decrease of 20% from Q4-2010). Total copper production from the processing of old tailings decreased slightly from 8,910 tonnes (43% of 2010 copper production) to 8,881 tonnes (45% of 2011 copper production) in the year.



- Posted revenue of \$166,073,816 and net profit of \$8,700,518, compared to revenue of \$152,120,143 and net profit of \$13,104,660 in 2010. In Q4-2011 revenue was \$40,304,934 (Q4-2010: \$50,725,991) and the Company had a net loss of \$3,645,151 (Q4-2010: net profit of \$9,569,599).
- Generated gross profit of \$9,777,103, compared to \$23,200,491 in 2010.
- Generated operating cash flow of \$20,046,088, compared to \$27,572,226 in 2010. Including changes in non-cash working capital accounts, operating cash flow was \$14,050,484, compared to \$31,969,142 in 2010.
- Made debt repayments of \$9,757,661. Bank debt was reduced to \$4,619,149 on December 31, 2011.
- Made dividend payments of \$6,850,264 (2010: \$nil)
- Closed 2011 with cash and cash equivalents of \$20,819,467, compared to \$35,044,797 on December 31, 2010.

### **Financial results**

- Revenue was \$166,073,816 compared to \$152,120,143 in 2010. Despite lower production in 2011, revenues increased due to higher average copper prices. Cost of sales was \$156,296,713, compared to \$128,919,652 in 2010, an increase driven by higher power costs resulting from ongoing drought conditions in Chile, higher royalties to El Teniente due to stronger average copper prices, higher maintenance, higher cost of processing of old tailings, higher molybdenum production costs and the effect of the exchange rate of the Chilean peso, which was on average 6% stronger during the year.
- Gross profit was \$9,777,103 compared to \$23,200,491 in 2010. The decrease in gross profit was driven by higher production costs.
- Net profit was \$8,700,518, compared to \$13,104,660 in 2010.

### **Production**

- The Company produced 43.7 million pounds of copper, 6% lower than the 46.60 million pounds produced in 2010.
- Molybdenum production was 785,068 pounds, 1% higher than the 777,304 pounds produced in 2010.

### **Revenue**

- Revenue increased to \$166,073,816 compared to \$152,120,143 in 2010, due to higher average copper prices, despite lower production. The Company's copper selling price before smelting, refining and other charges was \$3.86/lb compared to \$3.25/lb in 2010, and the Company's molybdenum selling price was \$15.34/lb compared to \$15.60/lb in 2010. Copper and molybdenum sales volume decreased 6% and 7% respectively in 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 \$2.40/lb, compared to \$1.85/lb in 2010. Cash costs increased in 2011 mostly as a result of higher maintenance, old tailings processing and molybdenum production costs and the effect of a stronger Chilean peso against the U.S. dollar.
- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$3.69/lb compared to \$2.83/lb in 2010. The increase in total cost was driven by higher cash cost and higher El Teniente royalty due to higher copper prices.
- Power costs in 2011 were \$45,365,873 (\$0.1903/kwh) compared to \$39,836,166 (\$0.1560/kwh) in 2010. Chilean electricity costs in 2011 increased due to a 2-year drought that has severely affected electricity supply in Chile. The Company's power generators required significant repairs and were only operational part of the year. This situation and substantial generator repair costs did not fully mitigate MVC's exposure to high power grid costs.
- El Teniente royalties were \$7,709,647 higher in 2011 due to stronger metal prices, the mix of the production and the effect of foreign exchange rates.

## Cash and Financing Activities

- Cash balance was \$20,819,467 at December 31, 2011 compared to \$35,044,797 at December 31, 2010.

## Dividends

- The Company declared two semi-annual dividends of Cdn\$0.02 per share in 2011, for total dividend payments of \$6,850,264.

## Investments

- Payments for capital expenditures were \$21,346,199 compared to \$11,302,271 in 2010. Capital additions incurred in 2011 totaled \$26,226,646 (2010: \$10,728,233). The main capital additions incurred in 2011 included those for a pilot plant for the production of copper concentrates from highly oxidized tailings, the construction of a third thickener, old tailings extraction expansion works, improvements to electrical installations and projects related to filtration and emission controls.
- 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 \$8,722,744 at December 31, 2011 (December 31, 2010: \$25,583,511) after the sale of 5,000,000 Candente Copper shares in the year for proceeds of \$10,405,571.

## Outlook

- In 2012 copper production is expected to meet or exceed 50 million pounds of copper and close to one million pounds of molybdenum.



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 Discussion and Analysis for the years ended December 31, 2011 and 2010, 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).

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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 DECEMBER 31, 2011 AND 2010  
All figures expressed in US Dollars and presented under IFRS

**Consolidated Statements of Financial Position**

	December 31, 2011 \$	December 31, 2010 \$
Cash and cash equivalents	20,819,467	35,044,797
Mineral property, plant and equipment	138,638,900	140,673,643
Other assets	45,871,252	58,654,614
<b>Total assets</b>	<b>205,329,619</b>	<b>234,673,054</b>
<b>Total liabilities</b>	<b>66,348,005</b>	<b>72,664,206</b>
Shareholders' equity	138,981,614	162,008,848
<b>Total liabilities and shareholders' equity</b>	<b>205,329,619</b>	<b>234,673,054</b>

**Consolidated Statements of Comprehensive Income**

	Year ended December 31, 2011 \$	Year ended December 31, 2010 \$
Total revenue, net of smelter and refinery charges	166,073,816	152,120,143
Cost of sales	(156,296,713)	(128,919,652)
Other expenses	(7,185,832)	(4,036,522)
Non-operating gains(losses)	8,737,660	(1,460,983)
Income tax expense	(2,628,413)	(4,598,326)
<b>Profit for the period</b>	<b>8,700,518</b>	<b>13,104,660</b>
Other comprehensive (loss) income	(26,905,645)	25,697,747
Comprehensive (loss) income	(18,205,127)	38,802,407

EPS– Basic and Diluted

**Consolidated Statements of Cash Flows**

	Year ended December 31, 2011 \$	Year ended December 31, 2010 \$
Net cash provided by operating activities	14,050,484	31,969,142
Net cash used in investing activities	(10,919,263)	(11,302,271)
Net cash (used in)/provided by financing activities	(16,342,933)	4,246,922
Net cash (outflow) inflow during the period	(12,147,954)	24,913,793