

May 7, 2012
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Amerigo Announces Q1- 2012 Financial Results

- **Semi-annual dividend of Cdn\$0.02 per share declared**
- **New quarterly copper and Q1 molybdenum production records**
 - **Operating cash flow of \$7.1 million**
 - **Net earnings of \$2.3 million**

VANCOUVER, BRITISH COLUMBIA – May 7, 2012/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended March 31, 2012.

Amerigo's President and CEO, Dr. Klaus Zeitler, stated "We are pleased to report that the Company set first quarter production records for both copper and molybdenum, with copper production being the highest for any quarter in the Company's history. Despite persistently high power costs due to drought conditions in Chile for the past two years, our results included operating cash flow of \$7.1 million and net earnings of \$2.3 million. The Company remains in a strong financial position, with close to \$20 million in cash after more than \$8.6 million in capital expenditures during the quarter which were mainly targeted toward expansion projects that set the stage for future production increases."

Dr. Zeitler continued, "With this excellent start to the year we remain confident that Amerigo will meet or exceed our 2012 targets of 50 million pounds of copper and close to one million pounds of molybdenum. We also look forward to January 2013 when our power contract changes from a variable to a fixed rate, which will substantially reduce power costs and improve the Company's profitability over the remaining five years of the contract."

In Q1-2012 the Company reached a new quarterly copper production record, producing 6,294 tonnes of copper. Molybdenum production was the highest in any first quarter in Amerigo's history. Despite these significant production achievements, financial results were adversely affected by lower metal prices compared to Q1-2011. In Q1-2012 the Company:

- Produced 6,294 tonnes of copper (Q1-2011: 5,051), and 216,292 pounds of molybdenum (Q1-2011: 212,125). Total copper production from the processing of old tailings increased to 3,278 tonnes (52% of Q1- 2012 copper production) from 2,005 tonnes (41% of Q1-2011 copper production).
- Posted revenue of \$50,499,504 and net profit of \$2,310,274, compared to revenue of \$45,515,500 and net profit of \$11,654,286 in Q1-2011. Net profit in Q1-2011 included a \$9,750,931 gain on sale of investments.
- Incurred cost of sales of \$47,367,311 (21% higher than \$39,393,427 in Q1-2011), primarily as a result of increases of 30% and 64% in copper and molybdenum sales respectively.
- Generated gross profit of \$3,132,193, compared to \$6,122,073 in Q1-2011 as a result of lower metal prices in the quarter.



- Generated operating cash flow of \$7,141,265, compared to \$8,484,095 in Q1-2011. Including changes in non-cash working capital accounts, operating cash flow was \$7,584,034, compared to (\$191,808) in Q1-2011.
- Made debt repayments of \$353,382, net of proceeds received from borrowings. Bank debt was reduced to \$4,393,649 on March 31, 2012.
- Cash and cash equivalents were \$19,175,705, compared to \$20,819,467 on December 31, 2011.

Financial results

- Revenue was \$50,499,504 compared to \$45,515,500 in Q1-2011, an increase of 11% as a result of higher copper (30%) and molybdenum (64%) sales.
- Cost of sales was \$47,367,311, compared to \$39,393,427 in Q1-2011, a 21% increase associated primarily with higher sales volume. Other factors affecting cost of sales were continuing high power costs, higher total royalties to El Teniente due to higher sales volume, higher maintenance costs, higher cost of processing of old tailings and higher molybdenum production costs.
- Gross profit was \$3,132,193, compared to \$6,122,073 in Q1-2011.
- Net profit was \$2,310,274, compared to \$11,654,286 in Q1-2011.

Production

- The Company produced 13.88 million pounds of copper, 25% higher than the 11.13 million pounds produced in Q1-2011.
- Molybdenum production was 216,292 pounds, 2% higher than the 212,125 pounds produced in Q1-2011.

Revenue

- Revenue increased to \$50,499,504 compared to \$45,515,500 in Q1-2011, due to higher sales volume, despite lower metal prices. The Company's copper selling price before smelting, refining and other charges was \$3.55/lb compared to \$4.23/lb in Q1-2011, and the Company's molybdenum selling price was \$14.10/lb compared to \$17.21/lb in Q1-2011. Copper and molybdenum sales volume increased 30% and 64% respectively in Q1-2012 and recorded copper and molybdenum prices decreased 16% and 18% respectively in the quarter.

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 \$2.35/lb, compared to \$2.33/lb in Q1-2011.



- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was \$3.48/lb compared to \$3.58/lb in Q1-2011. The decrease in total cost resulted from lower El Teniente royalty cost per lb of copper caused by lower metal prices.
- Power costs in Q1-2012 were \$13,345,274 (\$0.2151/kwh) compared to \$11,632,211 (\$0.1982/kwh). Chilean electricity costs continue to be impacted by a 2-year drought that has severely affected electricity supply in Chile. In addition, the Company's power generators required significant repairs and were only operational part of the quarter.
- Total El Teniente royalties were \$11,684,379 compared to \$10,551,802 in Q1-2011 due to higher sales volume.

Cash and Financing Activities

- Cash balance was \$19,175,705 at March 31, 2012 compared to \$20,819,467 at December 31, 2011.

Investments

- Payments for capital expenditures were \$8,601,037 compared to \$3,357,557 in Q1-2011. Capital additions totalled \$7,410,484 (Q1-2011: \$5,148,616). The main capital additions in Q1-2012 included those for a pilot plant for the production of copper concentrates from 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.

Outlook

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

Dividend Declared

- On May 3, 2012, Amerigo declared a semi-annual dividend of Cdn\$0.02 per share, payable on May 25, 2012 to shareholders of record as of May 16, 2012.



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 March 31, 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

For further information, please contact:

Dr. Klaus Zeitler, President and CEO

(604) 218-7013

Amerigo Resources Ltd.

(604) 697-6201

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 MARCH 31, 2012 AND 2011
All figures expressed in US Dollars and presented under IFRS

Consolidated Statements of Financial Position

	March 31, 2012 \$	December 31, 2011 \$
Cash and cash equivalents	19,175,705	20,819,467
Property, plant and equipment	150,655,600	138,638,900
Other assets	52,625,366	45,871,252
Total assets	222,456,671	205,329,619
Total liabilities	72,253,975	66,348,005
Shareholders' equity	150,202,696	138,981,614
Total liabilities and shareholders' equity	222,456,671	205,329,619

Consolidated Statements of Comprehensive Income

	Quarter ended March 31, 2012 \$	Quarter ended March 31, 2011 \$
Total revenue, net of smelter and refinery charges	50,499,504	45,515,500
Cost of sales	(47,367,311)	(39,393,427)
Other expenses	(356,596)	(875,033)
Non-operating gains	115,163	9,562,413
Income tax expense	(580,486)	(3,155,167)
Profit for the period	2,310,274	11,654,286
Other comprehensive income (loss)	8,566,634	(11,697,684)
Comprehensive income (loss)	10,876,908	(43,398)
EPS– Basic and Diluted	0.01	0.07

Consolidated Statements of Cash Flows

	Quarter ended March 31, 2012 \$	Quarter ended March 31, 2011 \$
Net cash provided by (used in) operating activities	7,584,034	(191,808)
Net cash (used in) provided by investing activities	(8,601,037)	7,069,379
Net cash used in financing activities	(353,382)	(3,803,043)
Net cash (outflow) inflow during the period	(1,370,385)	3,074,528