

February 27, 2013  
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## Amerigo Announces 2012 Financial Results

- **Record annual copper and molybdenum production**
  - **Operating cash flow of \$12.3 million**
  - **Dividends of \$6.8 million paid in 2012**

**VANCOUVER, BRITISH COLUMBIA – February 27, 2013/Amerigo Resources Ltd. (TSX:ARG)** (“Amerigo” or the “Company”) reported today results for the year ended December 31, 2012.

Amerigo's President and CEO, Dr. Klaus Zeitler, stated "In 2012 the Company set annual copper and molybdenum production records, generated record revenues and \$12.3 million in operating cash flow and paid \$6.8 million in dividends. Despite these positive results, however, the Company incurred a net loss of \$8.2 million for the year, mainly due to lower metal prices and high power costs. Results were also adversely affected by the one-time payment of \$4.6 million in bonuses on the signing of a new 4 year union agreement and higher extraction costs and lower metal recoveries in the Colihues tailings pond due to extremely difficult mining conditions during the latter part of the year."

Dr. Zeitler continued, "Amerigo continues to be in a strong financial position, with cash and investments totaling in excess of \$13 million. Although challenging mining conditions in Colihues are expected to continue for the first few months this year, we believe that operating cash flow will increase significantly in 2013 because of the change in the Company's power contract from a variable to much lower fixed cost for the next five years (January 2013 power costs/kWh were one-half of those in January 2012), and a reduction in budgeted capital expenditures by approximately \$13.5 million from 2012 levels. I also remain confident that MVC will reach an agreement for the processing of tailings from the Cauquenes tailings pond during 2013, which will allow the Company to substantially increase copper and molybdenum production."

**Comparative Annual Overview**

	Years ended December 31,			
	2012	2011	Change \$	%
Copper produced, million pounds	51.7	43.7	8.01	18%
Copper sold, million pounds	51.6	43.4	8.2	19%
Molybdenum produced, pounds	1,057,717	785,068	272,649	35%
Molybdenum sold, pounds	1,170,703	693,410	477,293	69%
Percentage of copper production from old tailings	47%	45%		2%
Revenue (\$)	181,760,724	166,073,816	15,686,908	9%
Cost of sales <sup>1</sup> (\$)	182,850,919	156,296,713	26,554,206	17%
El Teniente royalty costs (\$)	43,873,612	41,544,730	2,328,882	6%
Gross (loss) profit (\$)	(1,090,195)	9,777,103	(10,867,298)	(111%)
Net (loss) profit (\$)	(8,192,396)	8,700,518	(16,892,914)	(194%)
Operating cash flow (\$)	12,283,566	20,046,088	(7,762,522)	(39%)
Cash flow paid for plant expansion (\$)	(23,707,654)	(21,346,199)	(2,361,455)	11%
Cash and cash equivalents (\$)	9,249,540	20,819,467	(11,569,927)	(56%)
Bank debt (\$)	1,482,624	4,619,149	(3,136,525)	(68%)
Average realized copper price per pound	3.58	3.86	(0.28)	(7%)
Cash cost per pound	2.48	2.40	0.08	3%
Total cost per pound	3.64	3.69	(0.05)	(1%)

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

**Financial results**

- Revenue was \$181,760,724 compared to \$166,073,816 in 2011. Revenues increased due to stronger copper and molybdenum production, despite lower average metal prices.
- Cost of sales was \$182,850,919, compared to \$156,296,713 in 2011, an increase of 17% driven by higher production levels and \$4,559,327 for bonus payments on the signing of a four-year union agreement with MVC workers.
- Gross loss was \$1,090,195, compared to gross profit of \$9,777,103 in 2011. The decrease in gross profit was driven by higher production costs and lower metal prices.
- Net loss was \$8,192,396 compared to a net profit of \$8,700,518 in 2011.

**Production**

- The Company produced 51.7 million pounds of copper, 18% higher than the 43.7 million pounds produced in 2011.
- Molybdenum production was 1,057,717 pounds, 35% higher than the 785,068 pounds produced in 2011.

**Revenue**

- Revenue increased to \$181,760,724 compared to \$166,073,816 in 2011, due to higher production levels despite lower metal prices. The Company's copper selling price before smelting, refining and other charges was \$3.58/lb compared to \$3.86/lb in 2011, and the Company's molybdenum selling price was \$12.64/lb compared to \$16.16/lb in 2011. Copper and molybdenum sales volume increased 18% and 69% respectively in 2012.



## **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 \$2.48/lb, compared to \$2.40/lb in 2011. Cash costs increased in 2012 mostly as a result of higher labour and Colihues processing costs.
- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$3.64/lb compared to \$3.69/lb in 2011. The decrease in total cost was driven by lower El Teniente royalty unit costs.
- Power costs in 2012 were \$50,677,232 (\$0.1895/kwh) compared to \$45,365,873 (\$0.1903/kwh) in 2011.
- Total El Teniente royalties were \$43,873,612 in 2012, compared to \$41,544,730 in 2011, due to higher production.
- In 2012 the Company recorded a \$4,559,327 (\$0.09/lb) expense for bonuses payable on the signing of a four-year union labour agreement with MVC workers. 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 was \$9,249,540 at December 31, 2012 compared to \$20,819,467 at December 31, 2011.

## **Dividends**

- The Company declared two semi-annual dividends of Cdn\$0.02 per share in 2012, for total dividend payments of \$6,844,750, representing an annual yield of 7.02%.

## **Investments**

- Cash payments for capital expenditures ("Capex") were \$23,707,654 compared to \$21,346,199 in 2011. Capex payments have been funded from operating cash flow and cash at hand.
- Capex incurred in 2012 included totaled \$22,162,429 (2011: \$26,226,646) and included project investments in anticipation of the Company obtaining the rights to process tailings from Cauquenes.
- 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 \$4,149,388 at December 31, 2012 (December 31, 2011: \$8,722,744)



## **Outlook**

- In 2013 production is expected to be between 45 and 50 million pounds of copper and one million pounds of molybdenum.
- Cash cost is projected to be reduced to between \$1.95/lb and \$2.15/lb in 2013, mainly as a result of the change in the remaining five years of the Company's power contract from a variable to a lower fixed rate.
- Excluding the Cauquenes project, 2013 Capex at MVC is estimated to be approximately \$7 million. Capex for Cauquenes engineering and permitting in 2013 is estimated to be up to \$1.9 million. The Company is in the process of finalizing an agreement with El Teniente for reimbursement of this amount in case the parties are unable to reach an agreement for the processing of the Cauquenes tailings.

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, 2012 and 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).

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Amerigo Resources Ltd. produces copper and molybdenum under a long term partnership with the world's largest copper producer, Codelco, by means of processing fresh and old tailings from the world's largest underground copper mine, El Teniente near Santiago, Chile. Tel: (604) 681-2802; Fax: (604) 682-2802; Web: [www.amerigoresources.com](http://www.amerigoresources.com); Listing: ARG:TSX

### ***For further information, please contact:***

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*Certain of the information and statements contained herein that are not historical facts, constitute "forward-looking information" within the meaning of the Securities Act (British Columbia), Securities Act (Ontario) and the Securities Act (Alberta) ("Forward-Looking Information"). Forward-Looking Information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend"; statements that an event or result is "due" on or "may", "will", "should", "could", or might occur or be achieved; and, other similar expressions. More specifically, Forward-Looking Information contained herein includes, without limitation, information concerning future tailings production volumes and the Company's copper and molybdenum production, all of which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such Forward-Looking Information; including, without limitation, material factors and assumptions relating to, and risks and uncertainties associated with, the supply of tailings from El Teniente and extraction of tailings from the Colihues tailings impoundment, the achievement and maintenance of planned production rates, the evolving legal and political policies of Chile, the volatility in the Chilean economy, military unrest or terrorist actions, metal price fluctuations, favourable governmental relations, the availability of financing for activities when required and on acceptable terms, the estimation of mineral resources and reserves, current and future environmental and regulatory requirements, the availability and timely receipt of permits, approvals and licenses, industrial or environmental accidents, equipment breakdowns, availability of and competition for future mineral acquisition opportunities, availability and cost of insurance, labour disputes, land claims, the inherent uncertainty of production and cost estimates, currency fluctuations, expectations and beliefs of management and other risks and uncertainties, including those described under Risk Factors in the Company's Annual Information Form and in Management's Discussion and Analysis in the Company's financial statements. Such Forward-Looking Information is based upon the Company's assumptions regarding global and Chilean economic, political and market conditions and the price of metals, including copper and molybdenum, and future tailings production volumes and the Company's copper and molybdenum production. Among the factors that have a direct bearing on the Company's future results of operations and financial conditions are changes in project parameters as plans continue to be refined, interruptions in the supply of fresh tailings from El Teniente, further delays in the extraction of tailings from the Colihues tailings impoundment, a change in government policies, competition, currency fluctuations and restrictions and technological changes, among other things. Should one or more of any of the aforementioned risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any conclusions, forecasts or projections described in the Forward-Looking Information. Accordingly, readers are advised not to place undue reliance on Forward-Looking Information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise Forward-Looking Information, whether as a result of new information, future events or otherwise.*



**AMERIGO RESOURCES LTD.**  
**SELECTED FINANCIAL INFORMATION**

YEARS ENDED DECEMBER 31, 2012 AND 2011  
All figures expressed in US Dollars and presented under IFRS

**Consolidated Statements of Financial Position**

	December 31, 2012 \$	December 31, 2011 \$
Cash and cash equivalents	9,249,540	20,819,467
Property, plant and equipment	157,073,232	138,638,900
Other assets	38,093,547	45,871,252
<b>Total assets</b>	<b>204,416,319</b>	<b>205,329,619</b>
<b>Total liabilities</b>	<b>72,217,963</b>	<b>66,348,005</b>
<b>Shareholders' equity</b>	<b>132,198,356</b>	<b>138,981,614</b>
<b>Total liabilities and shareholders' equity</b>	<b>204,416,319</b>	<b>205,329,619</b>

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

	Year ended December 31, 2012 \$	Year ended December 31, 2011 \$
Total revenue, net of smelter and refinery charges	181,760,724	166,073,816
Cost of sales	(182,850,919)	(156,296,713)
Other expenses	(3,750,961)	(6,891,870)
Non operating (loss) gain	(1,056,030)	8,443,698
Income tax expense	(2,295,210)	(2,628,413)
<b>(Loss) profit for the year</b>	<b>(8,192,396)</b>	<b>8,700,518</b>
Other comprehensive income (loss)	7,105,211	(26,905,645)
<b>Comprehensive (loss) income</b>	<b>(1,087,185)</b>	<b>(18,205,127)</b>
(LPS) EPS- Basic and Diluted	(0.05)	0.05

**Consolidated Statements of Cash Flows**

	December 31, 2012 \$	December 31, 2011 \$
Net cash provided by operating activities	22,724,841	14,050,484
Net cash used in investing activities	(23,707,654)	(10,919,263)
Net cash (used in)/provided by financing activities	(10,192,664)	(16,342,933)
<b>Net cash (outflow) inflow during the period</b>	<b>(11,175,477)</b>	<b>(13,211,712)</b>