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Amerigo Announces Q2-2010 Financial Results

- **Cash flow from operations of \$4,653,177**
 - **Net earnings of \$2,033,010**
- **Production up 34% from Q1-2010**

VANCOUVER, BRITISH COLUMBIA – August 12, 2010/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended June 30, 2010.

Mr. Steven Dean, Amerigo’s Chairman, stated, “We are pleased to report very positive production results for the quarter, with copper production up 34% from Q1. Net earnings were \$2 million, lower than expected due to continuing high power costs, \$1.4 million in negative price adjustments, principally related to the fall in copper price at the end of June to \$2.96/lb and a non-cash loss on an interest rate swap derivative instrument. Cash flow from operations without the accounting impacts was \$4.7 million based on an average copper price of \$3.09/lb for the quarter”.

Mr. Dean continued by saying, “Power costs continued to be high in Q2 due to a particularly cold winter, lack of the normal rainfall to replenish the hydro power network in the south of Chile and various power distribution bottlenecks related to damage incurred in the February earthquake. We maintain a positive production outlook for the second half of 2010 and expect power costs to be contained in the upcoming quarters due to the operation of MVC’s own power generators. If current copper prices of \$3.20/lb or better continue through the remainder of the year, the Company will benefit from positive price adjustments to 2,400 tonnes of copper booked at low June prices and earnings in Q3 and Q4-2010 are expected to increase”.

Key achievements

In Q2-2010 the Company continued to increase production of copper and molybdenum, particularly from old tailings, and reported positive operating and net financial results despite higher than anticipated power costs resulting from a harsh winter in Chile. The Company:

- Posted revenue of \$32,433,982 and net earnings of \$2,033,010 in Q2-2010, compared to revenue of \$18,067,033 and a net loss of \$2,325,059 in Q2-2009.
- Net earnings in the quarter of \$2,033,010 were adversely affected by the booking of \$1,406,156 in negative settlement adjustments due to lower metal prices in the quarter, an increase of \$1,599,370 in power costs from the preceding quarter and a \$288,829 non-cash charge on an interest rate swap.
- Generated an operating profit of \$3,522,079 in the quarter, compared to an operating loss of \$250,309 in Q2-2009.



- Generated cash flow from operations of \$4,653,177 compared to \$1,757,434 in Q2-2009. Including changes in working capital, cash flow provided by operating activities was \$8,367,459 in Q2-2010, compared to \$7,420,230 in Q2-2009.
- Held consolidated cash of \$17,211,693 and working capital of \$9,411,825 at June 30, 2010.
- Reached record Q2 copper production of 5,220 tonnes of copper, 20% higher than the 4,358 tonnes produced in Q2-2009. Copper production from the processing of old tailings increased from 321 tonnes in Q2-2009 to 2,441 tonnes in Q2-2010.
- Increased molybdenum production to 155,755 lbs, 56% higher than in Q2-2009.
- Made principal repayments of \$4,775,560 on loans outstanding to Enami (\$1,887,159), Chilean banks (\$1,007,066) and to El Teniente for all remaining deferred royalties (\$1,881,335).

Financial results

- At an average copper sales price of \$3.09/lb, the Company achieved operating profit of \$3,522,079 and net earnings of \$2,033,010, compared to an operating loss of \$250,309 and a net loss of \$2,325,059 in Q2-2009.
- Revenue was \$32,433,982 compared to \$18,067,033 in Q2-2009, due to higher production and stronger copper and molybdenum prices. Cost of sales was \$28,911,903, compared to \$18,317,342 in Q2-2009. Cost of sales increased due to higher production and royalty costs. Royalty costs are based on production levels and monthly average copper prices.

Production

- The Company produced 11.51 million pounds of copper, 20% higher than the 9.61 million pounds produced in Q2-2009.
- Molybdenum production was 155,755 pounds, 56% higher than the 99,683 pounds produced in Q2-2009, mainly as a result of increased processing of old tailings.

Revenue

- Revenue increased to \$32,433,982 compared to \$18,067,033 in Q2-2009 due to higher average copper and molybdenum prices and higher production. The Company's copper selling price before smelter, refinery and other charges was \$3.09/lb compared to \$2.06/lb in Q2-2009, and the Company's molybdenum selling price was \$16.29/lb compared to \$9.08/lb in Q2-2009. Copper sales volume increased 20% and molybdenum sales volume was 70% higher than in Q2-2009.

Costs

- Cash cost (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty increased to \$1.81/lb from \$1.56/lb in Q2-2009 mainly the result of high power costs due to a harsh winter in Chile.



- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$2.66/lb compared to \$2.14/lb in Q2-2009. The increase in total cost was driven by higher cash costs and higher El Teniente royalty resulting from stronger copper and molybdenum prices.
- Power costs were \$9,639,946 (\$0.1533/kwh) compared to \$6,096,922 (\$0.1247/kwh) in Q2-2009. The increase in total power costs in Q2-2010 was driven by an increase of 29% in energy consumption from higher production levels and higher power grid costs due to an unusually cold winter in Chile. The Company's power costs in H2-2010 are expected to decrease from Q2-2010 levels due to the operation of the Company's own power generators.
- Other operating costs such as steel and reagents increased from Q2-2009 levels due to higher production, high plant maintenance costs and costs for processing of old tailings which were basically nil in Q2-2009.

Cash and Financing Activities

- Cash balance was \$17,211,693 at June 30, 2010 compared to \$7,191,093 at December 31, 2009.

Investments

- Payments for capital expenditures were \$2,987,409 compared to \$3,244,767 in Q2-2009. Capital expenditures incurred in Q2-2010 totalled \$3,673,542 (Q2-2009: \$1,729,595).
- The Company's investments in Candente Copper Corp., Candente Gold Corp. and Los Andes Copper Ltd had aggregate fair values of \$5,982,485 at June 30, 2010 (December 31, 2009: \$6,754,790). The \$772,305 before-tax fair value decrease in these investments on a YTD basis (YTD-2009: increase of \$3,938,599) does not affect net earnings but is included as other comprehensive loss on a net of tax basis of \$563,305 (YTD-2009: other comprehensive income of \$3,938,599).

Outlook

- Copper production in Q3-2010 is expected to be in the 12 million pounds range. The Company has initiated a technical study to improve the recovery of molybdenum and expects molybdenum production to increase as of Q4-2010.

The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Consolidated Financial Statements and Management Discussion and Analysis for the quarter and six months ended June 30, 2010 and the Audited Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2009, 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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AMERIGO RESOURCES LTD.
SELECTED FINANCIAL INFORMATION

QUARTERS ENDED JUNE 30, 2010 AND 2009

All figures expressed in US Dollars

Consolidated Balance Sheets

	June 30, 2010 \$	December 31, 2009 \$
Cash and cash equivalents	17,211,693	7,191,093
Mineral property, plant and equipment	124,105,753	121,783,483
Other assets	32,694,802	37,220,851
Total assets	174,012,248	166,195,427
Total liabilities	49,775,088	58,999,428
Shareholders' equity	124,237,160	107,195,999
Total liabilities and shareholders' equity	174,012,248	166,195,427

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Quarter ended June 30, 2010 \$	Quarter ended June 30, 2009 \$
Total revenue, net of smelter and refinery charges	32,433,982	18,067,033
Cost of sales	(28,911,903)	(18,317,342)
Other expenses	(1,375,706)	(945,676)
Non-operating gains(losses), net	545,379	(759,056)
Income tax expense	(474,315)	(219,389)
Non-controlling interests	(184,427)	(150,629)
Net earnings (loss)	2,033,010	(2,325,059)
Other comprehensive (loss) income	(1,565,517)	2,066,456
Comprehensive income (loss)	467,493	(258,603)
EPS (LPS) – Basic and Diluted	0.01	(0.02)

Consolidated Statements of Cash Flows

	Quarter ended June 30, 2010 \$	Quarter ended June 30, 2009 \$
Net cash provided by operating activities	8,367,459	7,420,230
Net cash used in investing activities	(2,987,409)	(3,244,767)
Net cash used in financing activities	(2,894,225)	(1,333,961)
Net cash inflow during the period	2,485,824	2,841,502



**AMERIGO RESOURCES LTD.
SELECTED TRAILING DATA**

All figures expressed in US Dollars

	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009
Copper production (tonnes)	5,220	3,896	5,498	4,589	4,358
Copper sales (tonnes)	5,149	3,855	5,713	4,622	4,304
Molybdenum production (lbs)	155,755	143,371	246,636	151,310	99,683
Molybdenum sales (lbs)	156,514	137,094	252,761	147,894	92,065
Company's recorded copper price (\$/lb) ¹	3.09	3.20	2.79	2.43	2.06
<i>*Before smelter and refinery costs and settlement adjustments to prior quarters' sales</i>					
Revenue	\$ 32,433,982	\$ 29,656,765	\$ 33,852,105	\$ 24,532,499	\$ 18,067,033
Power costs	9,639,946	8,040,576	5,985,090	5,411,515	6,096,922
El Teniente royalty	7,722,758	6,321,273	6,875,447	4,686,346	3,634,597
All other cost of sales	11,549,199	11,271,459	12,697,674	10,983,234	8,585,823
Operating profit (loss)	3,522,079	4,023,457	8,293,894	3,451,404	(250,309)
All other expenses, including taxes	1,489,069	447,293	4,382,128	213,288	2,074,750
Net earnings (loss)	<u>\$ 2,033,010</u>	<u>\$ 3,576,164</u>	<u>\$ 3,911,766</u>	<u>\$ 3,238,116</u>	<u>\$ (2,325,059)</u>
Earnings (loss) per share (basic)	0.01	0.02	0.03	0.02	(0.02)
Cash cost (\$/lb)	1.81	1.92	1.58	1.49	1.56
Total cost (\$/lb)	2.66	2.86	2.21	2.14	2.14
Cash flow provided by (used in) operations	\$ 8,367,459	\$ 925,926	\$ 7,415,773	\$ (558,286)	\$ 7,420,230
Cash flow used in plant expansion	\$ 2,987,409	\$ 2,953,714	\$ 3,307,744	\$ 2,039,630	\$ 3,244,767
Cash flow provided by (used in) financing	\$ (2,894,225)	\$ 9,562,564	\$ 201,232	\$ (824,404)	\$ (1,333,961)
Closing cash position	\$ 17,211,693	\$ 14,725,869	\$ 7,191,093	\$ 2,881,832	\$ 6,304,152
Working capital	9,511,805	10,246,413	(6,353,737)	(7,468,463)	(10,318,380)