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Amerigo Announces Q3-2010 Financial Results

- Operating cash flow up 65% to \$8.1M in Q3-2010
- Copper production up 33%

VANCOUVER, BRITISH COLUMBIA – November 3, 2010/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended September 30, 2010.

Mr. Steven Dean, Amerigo’s Chairman, stated, “Reflecting record copper production and higher copper prices, operating cash flow in Q3-2010 was up 65% to \$8,143,196, compared to Q2-2010. This was a strong result despite high power costs. Moly production of 233,266 lbs added to our by-product credits with an increase of 55% against Q3-2009”.

Mr. Dean continued by saying, “Q4-2010 is off to a promising start with higher copper prices in October 2010, which when combined with lower power costs augurs well for the final period financial results”.

Key achievements

In Q3-2010 the Company attained record quarterly copper production, reaching an annualized copper production level of 54 million pounds. Quarterly operating cash flow was \$8,143,196 (Q3-2009: \$4,961,070) despite higher than anticipated quarterly power costs of \$10,670,960 (\$5,259,445 higher than in Q3-2009). The Company:

- Reached record copper production of 6,074 tonnes of copper, 33% higher than the 4,589 tonnes produced in Q3-2009. This represents an annualized copper production of 54 million pounds. Copper production from the processing of old tailings increased from 1,160 tonnes in Q3-2009 to 2,687 tonnes in Q3-2010.
- Generated quarterly operating cash flow of \$8,143,196 compared to \$4,961,070 in Q3-2009. Including changes in working capital (mainly an increase in accounts receivable due to higher sales and metal prices), operating cash flow was \$5,934,831 in Q3-2010, compared to cash used in operations of \$558,286 in Q3-2009.
- Generated quarterly operating profit of \$6,354,040, compared to \$3,451,404 in Q3-2009.
- Posted quarterly revenue of \$39,303,405 and net earnings of \$2,282,098, compared to revenue of \$24,532,499 and net earnings of \$3,238,116 in Q3-2009. The major reconciling items between operating cash flow of \$8,143,196 and net earnings of \$2,282,098 are non cash expenses, mostly depreciation expense, of \$2,142,197, future income tax expense of \$2,066,133 mostly resulting from timing differences for the recognition of depreciation charges in the financial statements and for tax purposes and an unrealized foreign exchange loss of \$1,209,939.



- Net earnings in the quarter were adversely affected by a foreign exchange loss of \$1,423,114, mostly unrealized and booked in connection with the appreciation of the Chilean peso against the U.S. dollar, and by an increase of \$1,031,014 in power costs from the preceding quarter.
- Increased molybdenum production to 233,266 lbs, 55% higher than in Q3-2009.
- Reached an agreement with El Teniente for the treatment of tailings with high oxide content and started construction of a pilot plant to better determine the viability of this project. The pilot plant is expected to be completed in Q2-2011 at a cost to MVC of approximately \$3.5M.
- Held consolidated cash of \$17,796,388 and working capital of \$13,965,416 at September 30, 2010.
- Made quarterly principal repayments of \$3,242,938 on loans outstanding to Enami (\$1,887,159) and Chilean banks (\$1,355,779). Bank debt at September 30, 2010 was \$9,939,582.

Financial results

- Quarterly operating profit was \$6,354,050 and net earnings were \$2,282,098, compared to operating profit of \$3,451,404 and net earnings of \$3,238,116 in Q3-2009.
- Revenue was \$39,303,405 compared to \$24,532,499 in Q3-2009, due to higher production and stronger copper and molybdenum prices. Cost of sales was \$32,949,355, compared to \$21,081,095 in Q3-2009, an increase driven by higher power and royalty costs. Royalty costs are based on production levels and monthly average copper prices.

Production

- The Company produced 13.39 million pounds of copper, 33% higher than the 10.12 million pounds produced in Q3-2009.
- Molybdenum production was 233,266 pounds, 55% higher than the 151,310 pounds produced in Q3-2009, mainly as a result of increased processing of old tailings and improved recovery rates.

Revenue

- Revenue increased to \$39,303,405 compared to \$24,532,499 in Q3-2009 due to higher average copper and molybdenum prices and higher production. The Company's copper selling price before smelter, refinery and other charges was \$2.92/lb compared to \$2.43/lb in Q3-2009, and the Company's molybdenum selling price was \$14.68/lb compared to \$14.47/lb in Q3-2009. Copper sales volume increased 32% and molybdenum sales volume was 57% higher than in Q3-2009.

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 \$1.71/lb from \$1.49/lb in Q3-2009, mainly the result of high power grid costs due to continuing cold weather and reduced rainfall in Chile and limited operation of the Company's power generators in the period.



- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$2.53/lb compared to \$2.14/lb in Q3-2009. The increase in total cost resulted from higher cash costs and higher El Teniente royalty due to stronger copper and molybdenum prices.
- Power costs were \$10,670,960 (\$0.1590/kwh) compared to \$5,411,515 (\$0.0989/kwh) in Q3-2009. The increase in power costs in Q3-2010 was driven by an increase of 23% in energy consumption from higher production levels and higher power grid costs. Grid costs were higher as a result of sourcing from high-cost diesel operations due to limited hydro supply resulting from reduced rainfall and limited melting of the snowcap because of continuing cold weather in Chile. Although the Company's two power generators were accepted by the Chilean electricity commission in the quarter, the turbo compressor of one of the generators had a major mechanical failure, rendering the generator idle for most of the quarter. The Company's power costs in Q4-2010 are expected to decrease from Q3-2010 levels due to lower power grid costs and/or the operation of the Company's own power generators.
- Other unit operating costs, including steel, reagents and labour, decreased compared to Q3-2009 as a result of higher production levels.

Cash and Financing Activities

- Cash balance was \$17,796,388 at September 30, 2010 compared to \$7,191,093 at December 31, 2009.

Investments

- Payments for capital expenditures were \$1,871,851 compared to \$2,039,630 in Q3-2009. Capital expenditures incurred in Q3-2010 totaled \$2,021,795 (Q3-2009: \$3,632,516).
- The Company's investments in Candente Copper Corp. ("Candente Copper"), Candente Gold Corp. ("Candente Gold") and Los Andes Copper Ltd. ("Los Andes") had aggregate fair values of \$8,395,770 at September 30, 2010 (December 31, 2009: \$6,754,790). The \$1,640,980 before-tax fair value increase in these investments on a YTD basis (YTD-2009: increase of \$3,723,479) does not affect net earnings but is included as other comprehensive income on a net of tax basis of \$1,370,028 (YTD-2009: other comprehensive income of \$3,723,479).

Outlook

- Copper production in Q4-2010 is expected to be approximately 13 million pounds, and the Company expects molybdenum production will increase as the Company continues to implement recommendations from a technical study to improve molybdenum recoveries.

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 nine months ended September 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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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, 2010 AND 2009

All figures expressed in US Dollars

Consolidated Balance Sheets

	September 30, 2010 \$	December 31, 2009 \$
Cash and cash equivalents	17,796,388	7,191,093
Mineral property, plant and equipment	124,066,492	121,783,483
Other assets	41,482,340	37,220,851
Total assets	183,345,220	166,195,427
Total liabilities	54,418,964	58,999,428
Shareholders' equity	128,926,256	107,195,999
Total liabilities and shareholders' equity	183,345,220	166,195,427

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Quarter ended September 30, 2010 \$	Quarter ended September 30, 2009 \$
Total revenue, net of smelter and refinery charges	39,303,405	24,532,499
Cost of sales	(32,949,355)	(21,081,095)
Other expenses	(1,197,015)	(1,154,561)
Non-operating gains(losses), net	(1,575,778)	1,451,718
Income tax expense	(1,082,458)	(346,422)
Non-controlling interests	(216,701)	(164,023)
Net earnings	2,282,098	3,238,116
Other comprehensive income	1,933,333	1,617,075
Comprehensive income	4,215,431	4,855,191
EPS – Basic and Diluted	0.01	0.02

Consolidated Statements of Cash Flows

	Quarter ended September 30, 2010 \$	Quarter ended September 30, 2009 \$
Net cash provided by (used in) operating activities	5,934,831	(558,286)
Net cash used in investing activities	(2,287,851)	(2,039,630)
Net cash used in financing activities	(3,062,285)	(824,404)
Net cash inflow (outflow) during the period	584,695	(3,422,320)



AMERIGO RESOURCES LTD. **SELECTED TRAILING DATA**

All figures expressed in US Dollars

	Q3-2010	Q2-2010	Q1-2010	Q4-2009	Q3-2009
Copper production (tonnes)	6,074	5,220	3,896	5,498	4,589
Copper sales (tonnes)	6,071	5,149	3,855	5,713	4,622
Molybdenum production (lbs)	233,266	155,755	143,371	246,636	151,310
Molybdenum sales (lbs)	231,837	156,514	137,094	252,761	147,894
Company's recorded copper price (\$/lb) ¹	2.92	3.09	3.20	2.79	2.43
<i>*Before smelter and refinery costs and settlement adjustments to prior quarters' sales</i>					
Revenue	\$ 39,303,405	\$ 32,433,982	\$ 29,656,765	\$ 33,852,105	\$ 24,532,499
Power costs	10,670,960	9,639,946	8,040,576	5,985,090	5,411,515
El Teniente royalty	8,733,791	7,722,758	6,321,273	6,875,447	4,686,346
All other cost of sales	13,544,604	11,549,199	11,271,459	12,697,674	10,983,234
Operating profit	6,354,050	3,522,079	4,023,457	8,293,894	3,451,404
All other expenses, including taxes	4,071,952	1,489,069	447,293	4,382,128	213,288
Net earnings	\$ 2,282,098	\$ 2,033,010	\$ 3,576,164	\$ 3,911,766	\$ 3,238,116
Earnings per share (basic)	0.01	0.01	0.02	0.03	0.02
Cash cost (\$/lb)	1.71	1.81	1.92	1.58	1.49
Total cost (\$/lb)	2.53	2.66	2.86	2.21	2.14
Cash flow provided by (used in) operations	\$ 5,934,831	\$ 8,367,459	\$ 925,926	\$ 7,415,773	\$ (558,286)
Cash flow used in investing	\$ 2,287,851	\$ 2,987,409	\$ 2,953,714	\$ 3,307,744	\$ 2,039,630
Cash flow provided by (used in) financing	\$ (3,062,285)	\$ (2,894,225)	\$ 9,562,564	\$ 201,232	\$ (824,404)
Closing cash position	\$ 17,796,388	\$ 17,211,693	\$ 14,725,869	\$ 7,191,093	\$ 2,881,832
Working capital	13,965,416	9,511,805	10,246,413	(6,353,737)	(7,468,463)