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Amerigo Announces Q3-2009 Financial Results

VANCOUVER, BRITISH COLUMBIA – November 2/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended September 30, 2009.

Mr. Steven Dean, Amerigo’s Chairman, stated, “Amerigo returned to positive earnings in the quarter as MVC’s operating profits continued to improve due to strong production and copper prices. We believe that increased processing of old tailings will continue to positively impact copper and molybdenum production levels. As well, we remain bullish on the long-term price of copper. These combined factors should result in even stronger financial results in the fourth quarter.”

Key achievements

In Q3-2009 the Company was able to continue to increase copper production and post net earnings for the first time since the economic downturn of Q3-2008. Management was able to achieve the following:

- Generated net earnings of \$3,238,116 compared to a net loss of \$10,407,427 in Q3-2008.
- Continued to strengthen operating profitability; operating profit excluding amortization and accretion costs, which are non-cash items, was \$5,346,947 in Q3-2009, compared to \$2,689,940 in Q3-2008.
- Reduced operating costs by \$7,682,285 compared to Q3-2008, at essentially the same copper production levels in the two quarters.
- Increased copper production by 5% compared to the preceding quarter, reaching production of 4,589 tonnes of copper, essentially comparable to Q3-2008’s record production of 4,634 tonnes of copper.
- Structured a \$5,768,576 bank loan in Chile into a two-year loan effective October 2009 and renewed again a second bank loan at its review date.
- Made debt repayments totaling \$1,871,036.



Financial results

- At an average copper sales price of \$2.43/lb, in Q3-2009 the Company had an operating profit of \$3,451,404 and net earnings of \$3,238,116, compared to operating profit of \$1,152,222 and a net loss of \$10,407,427 in Q3-2008 (which included a write-down of investments of \$12,237,741).
- Revenue in Q3-2009 was \$24,532,499 compared to \$29,915,602 in Q3-2008, a decrease of 18% due to lower copper and molybdenum prices. Cost of sales in Q3-2009 was \$21,081,095, a decrease of 27% from Q3-2008 cost of sales of \$28,763,380.
- Cash flow used in operations totaled \$558,286 or nil¢ per share in Q3-2009 compared to cash flow provided by operations of \$7,638,590 or 9¢ per share in Q3-2008, and was affected by an increase of \$3,443,260 in accounts receivable from stronger sales and metal prices and a reduction of \$2,355,246 in accounts payable as the Company returned to normalized payment terms with suppliers.

Production

- Production in Q3-2009 was 10.12 million pounds of copper and 151,310 pounds of molybdenum, compared to 10.22 million pounds of copper and 261,234 pounds of molybdenum in Q3-2008. The Company successfully continued to reprocess old tailings under the processing method introduced in April 2009, although production was approximately 14% lower than expected in September due to torrential rainfall which temporarily flooded the old tailings pond.
- Copper production increased 5% in Q3-2009 compared to the preceding quarter. Molybdenum production was 52% higher in Q3-2009 than in the preceding quarter as a result of improved grades and increased processing of old tailings.

Revenue

- Revenue decreased to \$24,532,499 compared to \$29,915,602 in Q3-2008 due to lower copper and molybdenum prices. The Company's copper selling price before smelter, refinery and other charges was \$2.43/lb in Q3-2009 compared to \$2.81/lb in Q3-2008, and the Company's molybdenum selling price was \$14.47/lb in Q3-2009 compared to \$33.76/lb in Q3-2008. Copper sales volume in Q3-2009 was practically the same as in Q3-2008 but molybdenum sales volume was 43% lower due to lower molybdenum production.
- Most of Q3-2009 copper sales are final pricing based on MVC's pricing terms and quota delivery schedule with Enami. The London Metal Exchange ("LME") average copper prices per pound in Q3-2009 increased from \$2.3657 in July to \$2.7965 in August and \$2.8107 in September.
- As of September 30, 2009 MVC had delivered more than half of September's quota to Enami. It is expected that this half-month lag will be reduced in Q4-2009. Accordingly, the pricing term for the remaining months of 2009 will in effect be the pricing of the month of delivery ("M") or M+1 for quotas that correspond to the month of delivery. These pricing terms significantly reduce the Company's exposure to copper pricing adjustments.



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 was \$1.51/lb in Q3-2009, compared to \$1.60/lb in Q3-2008. Cash costs decreased in Q3-2009 as a result of lower overall production costs, principally power costs.
- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) in Q3-2009 was \$2.16/lb compared to \$2.40/lb in Q3-2008. The decrease in total cost was driven by lower cash cost and lower El Teniente royalty due to lower copper and molybdenum prices between the comparative periods.
- Power costs in Q3-2009 were \$5,411,515 (\$0.0989/kwh) compared to \$8,723,416 (\$0.1703/kwh) in Q3-2008. Electricity costs in Chile are expected to continue at Q3-2009 levels during Q4-2009.
- Operating costs such as power, steel and reagents have decreased from their high 2008 levels. Unit costs continue to be positively impacted by strong copper production. If production continues to increase as expected and other factors remain unchanged, unit costs will continue to trend downwards in Q4-2009.

Cash and Financing Activities

- Cash balance was \$2,881,832 at September 30, 2009 compared to cash of \$3,187,084 at December 31, 2008 and cash of \$6,304,152 at June 30, 2009, following payments made in the quarter to suppliers to normalize credit terms.
- Subsequent to September 30, 2009, a Chilean bank loan of \$5,768,576 was structured into a 2 year loan.

Investments

- Payments for capital expenditures were \$2,039,630 in Q3-2009 compared to \$5,985,103 in Q3-2008. Capital expenditures incurred in the quarter were \$3,632,516 (Q3-2008: \$7,653,565) of which \$850,533 were for MVC's power plant.
- The Company's investments in Candente Resource Corp. ("Candente") and Los Andes Copper Ltd. ("Los Andes") had a fair value of \$4,869,172 and \$627,522 respectively at September 30, 2009. (December 31, 2008: \$1,412,488 and \$360,727, respectively). The \$1,617,075 fair value increase in these investments in Q3-2009 does not affect net earnings but is included as other comprehensive income for the quarter. In Q3-2008 a write-down of these investments in the amount of \$12,237,741 was recorded in earnings as management determined that the decline in their fair value at that time was other than temporary.



The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Unaudited Consolidated Financial Statements and Management Discussion and Analysis for quarter and the nine months ended September 30, 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 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, 2009 and 2008

All figures expressed in US Dollars

Consolidated Balance Sheets

	September 30, 2009 \$	December 31, 2008 \$
Cash and cash equivalents	2,881,832	3,187,084
Mineral property, plant and equipment	119,527,875	116,243,844
Other assets	38,431,222	24,827,949
Total assets	160,840,929	144,258,877
Total liabilities	58,195,788	50,223,162
Shareholders' equity	102,645,141	94,035,715
Total liabilities and shareholders' equity	160,840,929	144,258,877

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Quarter ended September 30, 2009 \$	Quarter ended September 30, 2008 \$
Total revenue, net of smelter and refinery charges	24,532,499	29,915,602
Cost of sales	(21,081,095)	(28,763,380)
Other expenses	(1,154,561)	(862,203)
Non-operating income (loss), net	1,451,718	(11,308,554)
Income tax recovery (expense)	(346,422)	802,082
Non-controlling interests	(164,023)	(190,974)
Net earnings (loss)	3,238,116	(10,407,427)
Other comprehensive income	1,617,075	985,314
Comprehensive income (loss)	4,855,191	(9,422,113)
EPS (LPS) – Basic and Diluted	0.02	(0.11)

Consolidated Statements of Cash Flows

	Quarter ended September 30, 2009 \$	Quarter ended September 30, 2008 \$
Net cash (used in) provided by operating activities	(558,286)	7,638,590
Net cash used in investing activities	(2,039,630)	(7,868,703)
Net cash used in financing activities	(824,404)	(6,704,282)
Net cash inflow during the period	(3,422,320)	(6,934,395)



AMERIGO RESOURCES LTD. SELECTED TRAILING DATA

All figures expressed in US Dollars

	Q3-2009	Q2-2009	Q1-2009	Q4-2008	Q3-2008
Copper production (tonnes)	4,589	4,358	3,228	4,323	4,634
Copper sales (tonnes)	4,622	4,304	3,228	4,336	4,626
Molybdenum production (lbs)	151,310	99,683	97,184	211,729	261,234
Molybdenum sales (lbs)	147,894	92,065	101,661	219,215	258,499
Company's recorded copper price (\$/lb)	2.43	2.06	1.82	1.31	2.81
<i>*Before smelter and refinery costs and settlement adjustments to prior quarters' sales</i>					
Revenue	\$ 24,532,499	\$ 18,067,033	\$ 13,021,611	\$ 614,179	\$ 29,915,602
Power costs	5,411,515	6,096,922	5,842,586	6,316,698	8,723,416
El Teniente royalty	4,686,346	3,634,597	1,387,644	2,615,100	6,631,296
All other cost of sales	10,983,234	8,585,823	8,392,567	10,639,015	13,408,668
Operating profit (loss)	3,451,404	(250,309)	(2,601,186)	(18,956,634)	1,152,222
Write-down of investments	-	-	-	6,617,602	12,237,741
All other expenses (gains), including taxes	213,288	2,074,750	2,177,888	(4,393,362)	(678,092)
Net earnings (loss)	\$ 3,238,116	\$ (2,325,059)	\$ (4,779,074)	\$(21,180,874)	\$(10,407,427)
Earnings (loss) per share (basic)	0.02	(0.02)	(0.04)	(0.23)	(0.11)
Cash cost (\$/lb)	1.49	1.56	1.94	1.99	1.60
Total cost (\$/lb)	2.14	2.14	2.42	2.43	2.40
Cash flow from (used in) operations	\$ (558,286)	\$ 7,420,230	\$ (8,639,787)	\$ (7,363,121)	\$ 7,638,590
Cash flow used in plant expansion	\$ 2,039,630	\$ 3,244,767	\$ 2,965,313	\$ 4,605,232	\$ 5,985,103
Cash flow from (used in) financing	\$ (824,404)	\$ (1,333,961)	\$ 11,880,666	\$ 10,896,837	\$ (6,704,282)
Closing cash position	\$ 2,881,832	\$ 6,304,152	\$ 3,462,650	\$ 3,187,084	\$ 4,258,600
Working capital	(7,468,463)	(10,318,380)	(8,094,959)	(14,116,136)	(1,088,106)