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Amerigo Announces 2010 Financial Results

- Earnings of \$15.4 million
- Operating cash flow of \$30 million

VANCOUVER, BRITISH COLUMBIA – February 28, 2011/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the year ended December 31, 2010.

Amerigo's President and CEO, Dr. Klaus Zeitler, stated "We are pleased to report that 2010 was an excellent year for Amerigo both in terms of production and financial results. Despite the effects of the devastating earthquake that struck Chile last February, the Company set annual production records for both copper and molybdenum. Revenues of \$152 million were more than 70% higher than 2009, with net earnings of \$15.4 million and operating cash flow of \$30 million. Earnings and cash flow in Q4-2010 were equivalent to the combined results for the first three quarters of 2010. Cash and cash equivalents increased from \$7.1 million to more than \$35 million during the year. With the Company on solid financial ground and record production levels for both copper and molybdenum expected once again in the coming year, we are optimistic about Amerigo's prospects for 2011."

Key achievements

The Company achieved substantial increases in copper production, which resulted in a significant improvement in financial performance and financial position compared to fiscal 2009. In fiscal 2010 the Company:

- Produced 21,137 tonnes of copper, an increase of 20% from 2009 (including 5,947 tonnes in Q4-2010), and 777,304 pounds of molybdenum, an increase of 31% from 2009 (including 244,912 pounds in Q4-2010). Copper production from the processing of old tailings increased from 3,761 to 8,910 tonnes in the year.
- Posted revenue of \$152,120,143 and net earnings of \$15,389,444, compared to revenue of \$89,473,248 and net earnings of \$45,749 in 2009. Q4-2010 revenue of \$50,725,991 and net earnings of \$7,498,172 were, respectively, 50% and 92% higher than Q4-2009.
- Generated an operating profit of \$26,338,090, compared to \$8,893,803 in 2009.
- Generated operating cash flow of \$30,116,433 in 2010, almost triple the \$11,554,482 generated in 2009 (\$12,170,194 in Q4-2010 compared to \$6,387,953 in Q4-2009). Including changes in non-cash working capital accounts, operating cash flow was \$34,909,053 in 2010, compared to \$5,637,930 in 2009 (\$20,237,029 in Q4-2010 compared to \$7,415,773 in Q4-2009).
- Increased cash and cash equivalents to \$35,044,797, compared to \$7,191,093 on December 31, 2009.



Financial results

- Revenue was \$152,120,143 compared to \$89,473,248 in 2009, due to higher production levels and higher average copper and molybdenum prices. Cost of sales was \$125,782,053, compared to \$80,579,445 in 2009, an increase driven by higher production overall and higher input costs for power and royalties to El Teniente. Royalty costs are based on production levels and monthly average copper prices.
- Operating profit was \$26,338,090, compared to \$8,893,803 in 2009. The improvement in operating profit was driven by higher production and copper and molybdenum prices, offset by higher production costs. Net earnings were \$15,398,444, compared to \$45,749 in 2009.

Production

- The Company produced 46.60 million pounds of copper, 20% higher than the 38.96 million pounds produced in 2009.
- Molybdenum production was 777,304 pounds, 31% higher than the 594,813 pounds produced in 2009, mainly as a result of increased processing of old tailings and improved recovery rates.

Revenue

- Revenue increased to \$152,120,143 compared to \$89,473,248 in 2009. The Company's copper selling price before smelting, refining and other charges was \$3.25/lb compared to \$2.35/lb in 2009, and the Company's molybdenum selling price was \$15.60/lb compared to \$11.20/lb in 2009. Copper sales volume increased 18% and molybdenum sales volume was 26% higher than in 2009.

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 \$1.86/lb, compared to \$1.62/lb in 2009. Cash costs increased in 2010 mostly as a result of higher power costs.
- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$2.76/lb compared to \$2.21/lb in 2009. The increase in total cost was driven by higher cash cost and higher El Teniente royalty due to higher copper and molybdenum prices.
- Power costs in 2010 were \$39,836,166 (\$0.1560/kwh) compared to \$23,336,113 (\$0.1135/kwh) in 2009. Chilean electricity costs in 2010 were higher than expected due to a drought in Chile and the fact that the Company's generators were operational for only a part of the year, not fully mitigating MVC's exposure to high power grid costs.

Cash and Financing Activities

- Cash balance was \$35,044,797 at December 31, 2010 compared to \$7,191,093 at December 31, 2009.



Investments

- Payments for capital expenditures were \$11,302,271 compared to \$11,557,454 in 2009. Capital expenditures incurred in 2010 totalled \$10,728,233 (2009: \$10,784,059).
- The Company's investments in Candente Copper Corp., Candente Gold Corp. and Los Andes Copper Ltd. had aggregate fair values of \$25,583,511 at December 31, 2010 (December 31, 2009: \$6,754,790). The \$18,828,721 before-tax fair value increase in these investments (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 \$15,159,897 (2009: \$3,693,041).

Outlook

- In 2011 copper production is expected to be at least 50 million pounds and molybdenum production close to 1 million pounds.

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, 2010 and 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

YEARS ENDED DECEMBER 31, 2010 AND 2009

All figures expressed in US Dollars

Consolidated Balance Sheets

	December 31, 2010 \$	December 31, 2009 \$
Cash and cash equivalents	35,044,797	7,191,093
Mineral property, plant and equipment	127,154,030	121,783,483
Other assets	54,821,435	37,220,851
Total assets	217,020,262	166,195,427
Total liabilities	66,504,181	58,999,428
Shareholders' equity	150,516,081	107,195,999
Total liabilities and shareholders' equity	217,020,262	166,195,427

Consolidated Statements of Operations and Comprehensive Income

	Year ended December 31, 2010 \$	Year ended December 31, 2009 \$
Total revenue, net of smelter and refinery charges	152,120,143	89,473,248
Cost of sales	(125,782,053)	(80,579,445)
Other expenses	(5,948,476)	(4,852,442)
Non-operating gains(losses), net	797,438	(1,737,589)
Income tax expense	(5,045,849)	(1,632,655)
Non-controlling interests	(751,759)	(625,368)
Net earnings	15,389,444	45,749
Other comprehensive income	15,160,167	3,693,041
Comprehensive income	30,549,611	3,738,790
EPS – Basic and Diluted	0.09	0.00

Consolidated Statements of Cash Flows

	Year ended December 31, 2010 \$	Year ended December 31, 2009 \$
Net cash provided by operating activities	34,909,053	5,637,930
Net cash used in investing activities	(11,302,271)	(11,557,454)
Net cash provided by financing activities	4,246,922	9,923,533
Net cash inflow during the period	27,853,704	4,004,009

**AMERIGO RESOURCES LTD.
SELECTED TRAILING DATA**All figures expressed in US Dollars

	Q4-2010	Q3-2010	Q2-2010	Q1-2010	Q4-2009
Copper production (tonnes)	5,947	6,074	5,220	3,896	5,498
Copper sales (tonnes)	5,926	6,071	5,149	3,855	5,713
Molybdenum production (lbs)	244,912	233,266	155,755	143,371	246,636
Molybdenum sales (lbs)	222,533	231,837	156,514	137,094	252,761
Company's recorded copper price (\$/lb) ¹	3.75	2.92	3.09	3.20	2.79
<i>*Before smelting and refining costs and settlement adjustments to prior quarters' sales</i>					
Revenue	\$ 50,725,991	\$ 39,303,405	\$ 32,433,982	\$ 29,656,765	\$ 33,852,105
Power costs	11,484,684	10,670,960	9,639,946	8,040,576	5,985,090
El Teniente royalty	11,057,260	8,733,791	7,722,758	6,321,273	6,875,447
All other cost of sales	15,745,543	13,544,604	11,549,199	11,271,459	12,697,674
Operating profit	12,438,504	6,354,050	3,522,079	4,023,457	8,293,894
All other expenses, including taxes	4,940,332	4,071,952	1,489,069	447,293	4,382,128
Net earnings	<u>\$ 7,498,172</u>	<u>\$ 2,282,098</u>	<u>\$ 2,033,010</u>	<u>\$ 3,576,164</u>	<u>\$ 3,911,766</u>
Earnings per share (basic)	0.04	0.01	0.01	0.02	0.03
Cash cost (\$/lb)	2.01	1.71	1.81	1.92	1.58
Total cost (\$/lb)	3.02	2.53	2.66	2.86	2.21
Cash flow provided by operations	\$ 20,237,029	\$ 5,934,831	\$ 8,367,459	\$ 925,926	\$ 7,415,773
Cash flow used in investing	\$ 3,629,488	\$ 2,287,851	\$ 2,987,409	\$ 2,953,714	\$ 3,307,744
Cash flow provided by (used in) financing	\$ 640,868	\$ (3,062,285)	\$ (2,894,225)	\$ 9,562,564	\$ 201,232
Closing cash position	\$ 35,044,797	\$ 17,796,388	\$ 17,211,693	\$ 14,725,869	\$ 7,191,093
Working capital	22,454,265	13,965,416	9,511,805	10,246,413	(6,353,737)