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Amerigo Announces Q1-2011 Financial Results

- Revenues of \$45.5 million, 53% higher than Q1-2010
- Quarterly Net Profits of \$11.7 million or \$0.07 per share
- Consolidated cash of \$37.2 million

VANCOUVER, BRITISH COLUMBIA – June 14/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended March 31, 2011.

Dr. Klaus Zeitler, Amerigo’s President and CEO, stated, “We are pleased to report that Q1-2011 was an excellent start to the year, as production and financial results continue to be strong. As previously reported, copper and molybdenum production were at the highest levels of any first quarter in Amerigo’s history and, despite the fact power costs remain high, the Company generated cash-adjusted operating profit of \$9.1 million compared to \$5.2 million in Q1-2010. Although June production has been interrupted since last week due to strike activity by workers for El Teniente subcontractors, the outlook remains positive going forward.”

Due to strong first quarter production levels, gross profit and operating profits were substantially higher than in Q1-2010. The Company also benefitted from the sale of a portion of its financial investments to record its highest quarterly profit in recent years. The Company:

- Set new records for first quarter copper and molybdenum production. MVC produced 5,051 tonnes of copper, 30% higher than the 3,896 tonnes produced in Q1-2010. Copper production from the processing of old tailings increased from 1,476 tonnes in Q1-2010 to 2,055 tonnes in Q1-2011. Molybdenum production at 212,125 pounds was 20% higher than the previous first quarter record of 176,967 pounds produced in Q1-2006.
- Posted quarterly revenue of \$45,515,500, compared to \$29,656,765 in Q1-2010, a substantial increase due to higher production and stronger copper and molybdenum prices.
- Generated quarterly gross profit of \$6,122,073, compared to \$3,281,553 in Q1-2010, and operating profit of \$5,247,040, compared to \$2,222,207 in Q1-2010.
- Posted a quarterly profit after tax of \$11,654,286, compared to \$1,500,292 in Q1-2010.
- Sold 5,000,000 shares of Candente Copper Corp. (“Candente Copper”), resulting in a gain on sale of available-for-sale financial assets of \$9,750,931, recognized in earnings. As a result, the Company’s profit before tax for the period increased to \$14,809,453, compared to \$1,831,619 in Q1-2010. The Company continues to hold 5,788,280 shares in Candente Copper.
- Generated quarterly operating cash flow of \$8,484,095, compared to \$3,823,849 in Q1-2010.



- Held consolidated cash of \$37,175,251 and working capital of \$35,760,795 as of March 31, 2011.
- Made quarterly principal repayments of \$3,824,637 on loans outstanding, including \$1,887,155 to Enami, fully repaying that loan and \$1,937,482 to Chilean banks. Bank debt was \$10,701,547 as of March 31, 2011.
- Paid a semi-annual dividend of Cdn\$0.02 per share on May 5, 2011 to shareholders of record as of April 22, 2011.
- Subsequent to quarter end, executed an agreement with El Teniente for the treatment of tailings with high oxide content and completed the construction of a pilot plant to produce copper from highly oxidized tailings at a total cost of approximately \$7.6M and a cost to MVC of approximately \$3.8M.

Financial results

- Quarterly gross profit was \$6,122,073 and profit after tax was \$11,654,286, compared to gross profit of \$3,281,553 and profit after tax of \$1,500,292 in Q1-2010.
- Revenue was \$45,515,500 compared to \$29,656,765 in Q1-2010, due to higher production and stronger copper and molybdenum prices. Cost of sales was \$39,393,427, compared to \$26,375,212 in Q1-2010, 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 11.13 million pounds of copper, 30% higher than the 8.59 million pounds produced in Q1-2010.
- Molybdenum production was 212,125 pounds, 48% higher than the 143,371 pounds produced in Q1-2010, mainly as a result of increased processing of old tailings and improved recovery rates.

Revenue

- Revenue increased to \$45,515,500 compared to \$29,656,765 in Q1-2010 due to higher average copper and molybdenum prices and higher production. The Company's copper selling price before smelter, refinery and other charges was \$4.23/lb compared to \$3.20/lb in Q1-2010, and the Company's molybdenum selling price was \$17.21/lb compared to \$16.16/lb in Q1-2010. Copper sales volume increased 28% and molybdenum sales volume was 35% higher than in Q1-2010.

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 \$2.33/lb from \$1.92/lb in Q1-2010, mainly the result of high power grid costs due to an ongoing drought 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 \$3.58/lb compared to \$2.97/lb in Q1-2010. The increase in total cost resulted from higher cash costs and higher El Teniente royalty charges due to stronger copper and molybdenum prices.



- Power costs were \$12,215,928 (\$0.1928/kwh) compared to \$8,040,576 (\$0.1479/kwh) in Q1-2010. The increase in power costs was mostly the result of higher power grid costs due to an ongoing drought in Chile, mitigated by a contract price ceiling with MVC's energy provider that was lower than actual current marginal energy costs in the quarter, and by the contribution from the operation of one of the Company's power generators. Power costs were \$1.04/lb in Q1-2011, compared to \$0.94/lb in Q1-2010.
- Another factor affecting cash and total costs was a reduction of \$0.15/lb in molybdenum by-product credits in Q1-2011. In Q1-2010, by-product credits were substantially higher due to positive molybdenum pricing adjustments to prior quarters' sales.

Cash and Financing Activities

- Cash balance was \$37,175,251 at March 31, 2011 compared to \$35,044,797 at December 31, 2010.

Investments

- Payments for capital expenditures were \$3,357,557, compared to \$2,953,714 in Q1-2010. Capital expenditures incurred in Q1-2011 totaled \$5,148,616 (Q1-2010: \$2,096,676).
- 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 \$15,644,233 at March 31, 2011 (December 31, 2010: \$25,583,511), after the sale of 5,000,000 Candente Copper shares in Q1-2011. The Company received \$10,405,571 from the sale of Candente Copper shares, which resulted in a gain of \$9,750,931 recognized in quarterly profit.

Outlook

- Production in fiscal 2011 is expected to be about 50 million pounds of copper and approximately one million pounds of molybdenum. Power costs have continued to be high during Q2-2011. Power costs in the second half of 2011 will depend on the normalization of weather conditions.

We note that the Company's financial statements are reported under International Financial Reporting Standards ("IFRS") for the first time this quarter. The effects of the Company's conversion from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS have been identified in Note 19 of the Company's March 31, 2011 unaudited condensed consolidated interim financial statements.

Reference is made in this news release to various measures such as cash-adjusted operating profit (operating profit before the effect of non-cash items such as depreciation, amortization and share-based compensation expense), and cash cost and total cost (both of which do not have a standardized meaning but are widely used in the mining industry as performance indicators).

The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and Management Discussion and Analysis for the quarter ended March 31, 2011 and the Audited Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2010, 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 MARCH 31, 2011 AND 2010
All figures expressed in US Dollars and presented under IFRS

Consolidated Statements of Financial Position

	March 31, 2011 \$	December 31, 2010 \$
Cash and cash equivalents	37,175,251	35,044,797
Mineral property, plant and equipment	138,895,584	140,673,643
Other assets	61,511,314	58,654,614
Total assets	237,582,149	234,673,054
Total liabilities	75,068,869	72,664,206
Shareholders' equity	162,513,280	162,008,848
Total liabilities and shareholders' equity	237,582,149	234,673,054

Consolidated Statements of Comprehensive Income

	Quarter ended March 31, 2011 \$	Quarter ended March 31, 2010 \$
Total revenue, net of smelter and refinery charges	45,515,500	29,656,765
Cost of sales	(39,393,427)	(26,375,212)
Other expenses	(875,033)	(1,059,346)
Non-operating gains(losses), net	9,562,413	(390,588)
Income tax expense	(3,155,167)	(331,327)
Profit for the period	11,654,286	1,500,292
Other comprehensive income (loss)	(11,697,684)	(2,042,568)
Comprehensive income (loss)	(43,398)	(542,276)
EPS– Basic and Diluted	0.07	0.01

Consolidated Statements of Cash Flows

	Quarter ended March 31, 2011 \$	Quarter ended March 31, 2010 \$
Net cash provided by (used in) operating activities	(191,808)	(54,200)
Net cash provided by (used in) investing activities	7,069,379	(2,953,714)
Net cash provided by (used in) financing activities	(3,803,043)	9,562,564
Net cash inflow during the period	3,074,528	6,554,650