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Amerigo Announces Q2-2011 Financial Results

- **Revenues of \$38.3 million, 18% higher than Q2-2010**
 - **Operating cash flow of \$6.6M or \$0.04 per share**
- **Cash Balance of \$35.8 million as at June 30, 2011**
- **Quarterly Net Profits of \$1.9 million or \$0.01 per share**

VANCOUVER, BRITISH COLUMBIA – August 11/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended June 30, 2011.

Dr. Klaus Zeitler, Amerigo’s President and CEO, commented as follows. “Despite high power costs due to prolonged drought conditions in Chile, and the adverse impact on copper production resulting from strike action by workers for El Teniente's contractors, we are pleased to report that the Company generated more than \$38 million in revenues and \$6.6 million in cash adjusted operating profit in Q2-2011, and finished the quarter with more than \$35 million in cash and cash equivalents. The strike has now been settled but will have an impact on Q3-2011 copper production. Power costs should be lower in the upcoming quarter as weather conditions improve in Chile and the Company's second generator becomes operational. MVC's pilot oxide plant is now in production and meeting expectations. Although MVC will make all efforts to recover some of the production lost due to the strike, we anticipate that 2011 full year production may be lower than the original guidance of 50 million pounds of copper and one million pounds of molybdenum.”

Despite losing close to 2,400 tonnes of copper production in June and through mid-July due to the interruption of the flow of fresh tailings to MVC resulting from a strike by workers for El Teniente's subcontractors, the Company:

- Posted quarterly revenue of \$38,294,635, compared to \$32,433,982 in Q2-2010.
- Generated quarterly gross profit of \$3,470,429, compared to \$2,755,412 in Q2-2010, and operating profit of \$2,438,005, compared to \$403,455 in Q2-2010.
- Posted a quarterly profit after tax of \$1,885,882, compared to a loss of \$281,572 in Q2-2010.
- Generated quarterly operating cash flow before changes to non-working capital accounts of \$6,588,985, compared to \$4,235,925 in Q2-2010.
- Held consolidated cash of \$35,814,356 and working capital of \$33,628,764 as of June 30, 2011.



- Made quarterly principal repayments of \$2,022,344 on loans outstanding. Bank debt was \$8,902,118 as of June 30, 2011.
- Paid a semi-annual dividend of \$3,559,174 or Cdn\$0.02 per share on May 5, 2011.
- 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 \$8.8M and a cost to MVC of approximately \$4.4M.

Financial results

- Quarterly gross profit was \$3,470,429 and profit after tax was \$1,885,882, compared to gross profit of \$2,755,412 and a loss after tax of \$281,572 in Q2-2010.
- Revenue was \$38,294,635 compared to \$32,433,982 in Q2-2010, due to stronger copper and molybdenum prices. Cost of sales was \$34,824,206, compared to \$29,678,570 in Q2-2010, 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 9.44 million pounds of copper, 18% lower than the 11.51 million pounds produced in Q2-2010, due to the interruption of the flow of fresh tailings to MVC through June and into July 2011, due to a labour strike by workers of El Teniente's subcontractors..
- Molybdenum production was 190,917 pounds, 22% higher than the 156,514 pounds produced in Q2-2010, mainly as a result of increased processing of old tailings and improved recovery rates.

Revenue

- Revenue increased to \$38,294,635 compared to \$32,433,982 in Q2-2010, due to higher average copper and molybdenum prices, and despite lower copper production. The Company's copper selling price before smelter, refinery and other charges was \$3.97/lb compared to \$3.09/lb in Q2-2010, and the Company's molybdenum selling price was \$17.10/lb compared to \$16.29/lb in Q2-2010. Copper sales volume decreased 18% and molybdenum sales volume was 25% higher than in Q2-2010.

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 \$2.26/lb from \$1.81/lb in Q2-2010. Cash cost in Q2-2011 was not representative of normal MVC operations. The lower quarterly production resulting from the interrupted flow of fresh tailings in June resulted in high unit cash cost as a result of high fixed costs distributed over lower pounds of copper produced.
- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was \$3.73/lb compared to \$2.73/lb in Q2-2010. 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 \$10,867,141 (\$0.2129/kwh) compared to \$9,639,946 (\$0.1533/kwh) in Q2-2010. Power costs increased mostly as a result of higher power grid costs due to drought conditions 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 \$1.15/lb copper in Q2-2011, compared to \$0.84/lb in Q2-2010.
- Another factor affecting costs was the appreciation of the Chilean peso against the U.S. dollar, the Company's reporting currency, by approximately 14% in Q2-2011.

Cash and Financing Activities

- Cash balance was \$35,814,356 at June 30, 2011 compared to \$35,044,797 at December 31, 2010.

Investments

- Payments for capital expenditures were \$5,234,948, compared to \$2,987,409 in Q2-2010. Capital expenditures incurred in Q2-2011 totaled \$3,722,255 (Q2-2010: \$3,673,542).
- The Company's investments in Candente Copper Corp. ("Candente Copper"), Candente Gold Corp. ("Candente Gold") and Los Andes Copper Ltd. ("Los Andes") had a total aggregate fair value of \$10,922,270 at June 30, 2011 (December 31, 2010: \$25,583,511), after the sale of 5,000,000 Candente Copper shares in Q1-2011 for proceeds of \$10,405,571.

Outlook

- Production in fiscal 2011 is expected to be short of the originally projected 50 million pounds of copper and approximately one million pounds of molybdenum due to the interruption of flow of fresh tailings to MVC during June and a major part of July. Power costs have continued to be high during Q2-2011, but should ease in the second half of 2011 depending on the normalization of weather conditions.

We note that the Company's financial statements are reported under International Financial Reporting Standards ("IFRS") starting in January 2011. The effects of the Company's conversion from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS have been identified in Notes 19 of the Company's March 31, 2011 unaudited condensed consolidated interim financial statements and Note 18 of the Company's June 30, 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 Interim Financial Statements and Management Discussion and Analysis for the quarter ended June 30, 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 JUNE 30, 2011 AND 2010
All figures expressed in US Dollars and presented under IFRS

Consolidated Statements of Financial Position

	June 30, 2011 \$	December 31, 2010 \$
Cash and cash equivalents	35,814,356	35,044,797
Mineral property, plant and equipment	142,750,641	140,673,643
Other assets	52,508,681	58,654,614
Total assets	231,073,678	234,673,054
Total liabilities	68,700,658	72,664,206
Shareholders' equity	162,373,020	162,008,848
Total liabilities and shareholders' equity	231,073,678	234,673,054

Consolidated Statements of Comprehensive Income

	Quarter ended June 30, 2011 \$	Quarter ended June 30, 2010 \$
Total revenue, net of smelter and refinery charges	38,294,635	32,433,982
Cost of sales	(34,824,206)	(29,678,570)
Other expenses	(1,032,424)	(2,351,957)
Non-operating losses	(340,782)	(544,109)
Income tax expense	(211,341)	(140,918)
Profit (loss) for the period	1,885,882	(281,572)
Other comprehensive income (loss)	535,297	(5,387,163)
Comprehensive income (loss)	2,421,179	(5,668,735)
EPS/LPS– Basic and Diluted	0.01	-

Consolidated Statements of Cash Flows

	Quarter ended June 30, 2011 \$	Quarter ended June 30, 2010 \$
Net cash provided by (used in) operating activities	9,427,362	7,355,181
Net cash provided by (used in) investing activities	(5,234,948)	(2,987,409)
Net cash provided by (used in) financing activities	(5,338,119)	(2,894,225)
Net cash inflow (outflow) during the period	(1,145,705)	1,473,547