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Amerigo Announces Q2-2009 Financial Results

VANCOUVER, BRITISH COLUMBIA – August 6/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended June 30, 2009.

Mr. Steven Dean, Amerigo’s Chairman, stated, “We successfully achieved a significant copper production increase in the quarter and started generating cash flow from operations again. Production for Q3-2009 is expected to show further improvements and power costs are expected to at least remain at levels comparable to Q2-2009. If copper prices continue at current levels or higher and molybdenum prices continue to improve, the Company’s financial results and operating cash flow should continue to strengthen in the latter part of 2009.”

In the quarter ended June 30, 2009 (“Q2-2009”) management was able to achieve the following:

Key achievements

- Generated cash flow from operations of \$7,420,230. Excluding the effect of changes in working capital items, cash flow from operations in Q2-2009 was \$1,757,434;
- Increased copper production by 36% compared to Q2-2008 and 35% compared to Q1-2009, reaching historical high Q2 production of 4,358 tonnes of copper.
- Reduced operating costs by \$5,237,937 compared to Q2-2008, despite a 36% increase in production between the two comparative quarters.
- Returned MVC to an operating breakeven point; operating profit excluding amortization and accretion costs, which are non-cash items, was \$1,677,635 in Q2-2009;
- Reduced operating and financial net losses. In Q2-2009, at an average copper sales price of \$2.06/lb, the Company posted an operating loss of \$250,309 and a net loss of \$2,325,059 compared to an operating loss of \$2,601,186 and a net loss of \$4,779,074 in Q1-2009.
- Entered into a facility to hedge a portion of its copper production in the second half of 2009, securing a minimum copper price of \$2.00/lb for 800 tonnes per month of copper production. The maximum hedged copper price under this facility was set at \$2.47/lb.
- Made debt repayments of \$1,333,961 to Enami and \$663,216 to Molymet.
- Negotiated repayment terms for approximately \$6,491,644 of royalty payments deferred by El Teniente from November 2008 to April 2009, to be paid in 14 monthly instalments commencing July 2009.



- Continued to renew current debt in Chile at renewal dates and received confirmation that a \$6,033,492 bank loan will be structured into a two-year loan effective October 2009.

Financial results

- In Q2-2009, at an average copper sales price of \$2.06/lb, the Company had an operating loss of \$250,309 and a net loss of \$2,325,059, compared to operating profit of \$7,608,957 and net earnings of \$6,218,444 in Q2-2008. Significant factors affecting financial performance in Q2-2009 included a 42% decrease in revenue due to lower copper and molybdenum prices, partially offset by a 22% reduction in cost of sales compared to Q2-2008.
- Cash flows provided by operating activities totalled \$7,420,230 or 6¢ per share in Q2-2009 compared to cash flows from operating activities of \$8,136,753 or 9¢ per share in Q2-2008, largely due to the receipt of tax refunds of approximately \$4,024,000 during the quarter.

Production

- Production in Q2-2009 was 9.61 million pounds of copper and 99,683 pounds of molybdenum, compared to 7.08 million pounds of copper and 147,508 pounds of molybdenum produced in Q2-2008. The Company successfully started reprocessing of old tailings using a new processing method as of April 2009. The increased production and higher grades from old tailings contributed to a 36% copper production increase in the quarter, compared to Q2-2008. Molybdenum production continued to be adversely affected due to lower grades and resulting low plant recovery rates.

Revenue

- Revenue decreased to \$18,067,033 compared to \$31,164,236 in Q2-2008 due to sharply decreased metal prices. The Company's copper selling price before smelter, refinery and other charges was \$2.06/lb in Q2-2009 compared to \$3.80/lb in Q2-2008, and the Company's molybdenum selling price was \$9.08/lb in Q2-2009 compared to \$34.12/lb in Q2-2008. The impact on revenue from lower metal prices was mitigated by an increase of 33% in copper sales volume in Q2-2009 due to higher production.
- The average copper sales price of \$2.06/lb in Q2-2009 is final pricing based on MVC's pricing terms and quota delivery schedule with Enami. The London Metal Exchange ("LME") average copper prices in Q2-2009 went from a low of \$1.9988/lb in April to a high of \$2.2743/lb in June, which due to current pricing terms with the Company's smelter represent final prices in the quarter that are not subject to price adjustments.
- At June 30, 2009 MVC was slightly more than one month behind in its delivery of quotas to Enami; it is expected that this lag will be gradually reduced in the second half of 2009. Accordingly, the pricing term for the remaining months of 2009 will in effect be the pricing of the month prior to delivery ("M-1") or the pricing of the month of delivery ("M") until monthly quotas are fully regularized to correspond with the scheduled month of delivery, again eliminating the risk exposure of 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 \$1.56/lb in Q2-2009, compared to \$2.11/lb in Q2-2008. Cash costs decreased in Q2-2009 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 Q2-2009 was \$2.14/lb compared to \$3.02/lb in Q2-2008. 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 Q2-2009 were \$6,096,922 (\$0.1247/kwh) compared to \$9,002,362 (\$0.2462/kwh) in Q2-2008. Electricity costs in Chile are expected to remain stable during the second half of 2009.
- Operating costs such as power, steel and reagents have decreased from their high 2008 levels. Unit costs were also positively impacted by higher copper production in the quarter. If production continues to increase as expected and other factors remain unchanged, unit costs will continue to trend downwards in the second half of 2009.

Cash and Financing Activities

- Cash balance was \$6,304,152 at June 30, 2009 compared to cash of \$3,187,084 at December 31, 2008 and cash of \$3,462,650 at March 31, 2009.
- Subsequent to June 30, 2009, a Chilean bank loan of \$5,432,225 with a review date of July 2009 was extended to a review date of September 2009.
- The Company received tax refunds from the Chilean Internal Revenue Service of approximately \$4,024,000 in the three months ended June 30, 2009. Further refunds of approximately \$3,080,000 are expected to be received either late in Q3-2009 or early in Q4-2009.

Investments

- Payments for capital expenditures were \$3,244,767 in Q2-2009 compared to \$5,672,077 in Q2-2008. Capital expenditures incurred in the quarter were \$1,729,596 (Q2-2008: \$4,355,788) of which \$571,159 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 \$4,948,746 and \$763,068 respectively at June 30, 2009. Fair value increases of these investments in Q2-2009 totalled \$2,066,456 and were included as other comprehensive income, and therefore not included in the net loss for the quarter.



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 six months ended June 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 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, 2009 and 2008
All figures expressed in US Dollars

Consolidated Balance Sheets

	June 30, 2009 \$	December 31, 2008 \$
Cash and cash equivalents	6,304,152	3,187,084
Mineral property, plant and equipment	117,608,731	116,243,844
Other assets	35,473,076	24,827,949
Total assets	159,385,959	144,258,877
Total liabilities	59,970,225	50,223,162
Shareholders' equity	99,415,734	94,035,715
Total liabilities and shareholders' equity	159,385,959	144,258,877

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Quarter ended June 30, 2009 \$	Quarter ended June 30, 2008 \$
Total revenue, net of smelter and refinery charges	18,067,033	31,164,236
Cost of sales	(18,317,342)	(23,555,279)
Other expenses	(945,676)	(861,489)
Non-operating income (loss), net	(759,056)	503,280
Income tax recovery (expense)	(219,389)	(906,973)
Non-controlling interests	(150,629)	(125,331)
Net earnings (loss)	(2,325,059)	6,218,444
Other comprehensive income (loss)	2,066,456	(875,419)
Comprehensive income (loss)	(258,603)	5,343,025
EPS (LPS) – Basic and Diluted	(0.02)	0.07

Consolidated Statements of Cash Flows

	Quarter ended June 30, 2009 \$	Quarter ended June 30, 2008 \$
Net cash provided by operating activities	7,420,230	8,136,753
Net cash used in investing activities	(3,244,767)	(7,648,878)
Net cash used in financing activities	(1,333,961)	(254,597)
Net cash inflow during the period	2,841,502	233,278



AMERIGO RESOURCES LTD. SELECTED TRAILING DATA

All figures expressed in US Dollars

	Q2-2009	Q1-2009	Q4-2008	Q3-2008	Q2-2008
Copper production (tonnes)	4,358	3,228	4,323	4,634	3,212
Copper sales (tonnes)	4,304	3,228	4,336	4,626	3,234
Molybdenum production (lbs)	99,683	97,184	211,729	261,234	147,508
Molybdenum sales (lbs)	92,065	101,661	219,215	258,499	143,048
Company's recorded copper price (\$/lb)	2.06	1.82	1.31	2.81	3.80
<i>*Before smelter and refinery costs and settlement adjustments to prior quarters' sales</i>					
Revenue	\$ 18,067,033	\$ 13,021,611	\$ 614,179	\$ 29,915,602	\$ 31,164,236
Power costs	6,096,922	5,842,586	6,316,698	8,723,416	9,002,362
El Teniente royalty	3,634,597	1,387,644	2,615,100	6,631,296	5,319,664
All other cost of sales	8,585,823	8,392,567	10,639,015	13,408,668	9,233,253
Operating profit (loss)	(250,309)	(2,601,186)	(18,956,634)	1,152,222	7,608,957
Write-down of investments	-	-	6,617,602	12,237,741	-
All other expenses (gains), including taxes	2,074,750	2,177,888	(4,393,362)	(678,092)	1,390,513
Net earnings (loss)	\$ (2,325,059)	\$ (4,779,074)	\$(21,180,874)	\$(10,407,427)	\$ 6,218,444
Earnings (loss) per share (basic)	(0.02)	(0.04)	(0.23)	(0.11)	0.07
Cash cost (\$/lb)	1.56	1.94	1.99	1.60	2.11
Total cost (\$/lb)	2.14	2.42	2.43	2.40	3.02
Cash flow from (used in) operations	\$ 7,420,230	\$ (8,639,787)	\$ (7,363,121)	\$ 7,638,590	\$ 8,136,753
Cash flow used for capital investments	\$ 3,244,767	\$ 2,965,313	\$ 4,605,232	\$ 5,985,103	\$ 5,672,077
Closing cash position	\$ 6,304,152	\$ 3,462,650	\$ 3,187,084	\$ 4,258,600	\$ 11,192,995
Working capital	(10,318,380)	(8,094,959)	(14,116,136)	(1,088,106)	11,852,658