

May 12, 2010
N.R. 2010- 8

Amerigo Announces Q1-2010 Financial Results

- **Cash flow from operations of \$5,149,866**
 - **Net earnings of \$3,576,164**
 - **Production ramp up on track**

VANCOUVER, BRITISH COLUMBIA – May 12/Amerigo Resources Ltd. (TSX:ARG) (“Amerigo” or the “Company”) reported today results for the quarter ended March 31, 2010.

Mr. Steven Dean, Amerigo’s Chairman, stated, “Notwithstanding Q1 being the seasonal low production quarter and the impact of the major earthquake in Chile, we are pleased to report strong earnings and cash flow in Q1-2010. Net earnings were \$3.6 million and cash flow from operations was \$5.1 million.”

Mr. Dean continued by saying “The outlook for Q2-2010, continues to be positive with the expectation that production will continue to ramp-up from old tailings. Copper production is expected to be 40% higher in Q2-2010 than in the first quarter.”

Key achievements

In Q1-2010 the Company continued to focus on strengthening operating profitability and improve both financial performance and its financial position. The Company:

- Posted revenue of \$29,656,765 and net earnings of \$3,576,164 in Q1-2010, compared to revenue of \$13,021,611 and a net loss of \$4,779,074 in Q1-2009.
- Generated an operating profit of \$4,023,457 in the quarter, compared to an operating loss of \$2,601,186 in Q1-2009.
- Generated operating cash flow (excluding changes in non-cash working capital accounts) of \$5,149,866 in Q1-2010, compared to cash used in operations of \$1,545,684 in Q1-2009.
- Restored its Balance Sheet to positive working capital of \$10,246,413 at March 31, 2010 compared to a working capital deficiency of \$6,353,737 at December 31, 2009.
- Held consolidated cash of \$14,725,869.
- Issued 36,404,400 shares on the exercise of warrants for proceeds of \$11,396,912.
- Reached record Q1 copper production of 3,896 tonnes of copper, 21% higher than the Company’s Q1-2009 production of 3,228 tonnes of copper. Copper production from the processing of old tailings increased from 93 tonnes in Q1-2009 to 1,476 tonnes in Q1-2010.



- Made principal repayments of \$3,742,334 on loans outstanding to Enami (\$975,000), a Chilean bank (\$874,144) and to El Teniente (\$1,893,190).

Financial results

- At an average copper sales price of \$3.20/lb, the Company achieved operating profit of \$4,023,457 and net earnings of \$3,576,164, compared to an operating loss of \$2,601,186 and a net loss of \$4,779,074 in Q1-2009.
- Revenue was \$29,656,765 compared to \$13,021,611 in Q1-2009, due to higher production and stronger copper and molybdenum prices. Cost of sales in Q1-2010 was \$25,633,308, compared to \$15,622,797 in Q1-2009. Cost of sales increased due to higher production and royalty costs. Royalty costs are based on production levels and monthly average copper prices.
- Cash flow provided by operations, including changes in working capital accounts, totaled \$925,926 or 1¢ per share, compared to cash used in operations of \$8,639,787 or 8¢ per share in Q1-2009. The most significant change in working capital accounts in Q1-2010 was the \$3,375,798 repayment of current and deferred royalties to El Teniente.

Production

- The Company produced 8.59 million pounds of copper, 21% higher than the 7.12 million pounds produced in Q1-2009.
- Molybdenum production was 143,371 pounds, 48% higher than the 97,184 pounds produced in Q1-2009, mainly as a result of improved grades and increased processing of old tailings.

Revenue

- Revenue increased to \$29,656,765 compared to \$13,021,611 in Q1-2009 due to higher average copper and molybdenum prices and higher production. The Company's copper selling price before smelter, refinery and other charges was \$3.20/lb compared to \$1.82/lb in Q1-2009, and the Company's molybdenum selling price was \$16.16/lb compared to \$8.63/lb in Q1-2009. 2,400 tonnes of copper sold in the quarter (63% of copper deliveries in the quarter) were capped at \$3.20/lb. Copper sales volume increased 20% and molybdenum sales volume was 35% higher than in Q1-2009.

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 \$1.92/lb, compared to \$1.94/lb in Q1-2009. Cash costs decreased slightly in Q1-2010 as a result of higher production levels and higher molybdenum by-product credits.
- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$2.86/lb compared to \$2.42/lb in Q1-2009. The increase in total cost was driven by higher El Teniente royalty due to stronger copper and molybdenum prices.
- Power costs in Q1-2010 were \$8,040,576 (\$0.1479/kwh) compared to \$5,842,586 (\$0.1468/kwh) in Q1-2009. The increase in total power costs in Q1-2010 was driven by higher energy consumption from higher production levels. Chilean electricity costs in 2010 are expected to remain at levels comparable to 2009.



- Total operating costs such as power, steel and reagents increased from Q1-2009 levels due to higher production. Unit costs were also higher due to high plant maintenance costs in the quarter and costs for processing of old tailings which were basically nil in Q1-2009.

Cash and Financing Activities

- Cash balance was \$14,725,869 at March 31, 2010 compared to \$7,191,093 at December 31, 2009.
- The Company received proceeds of \$11,396,912 from the exercise of warrants in Q1-2010.
- Subsequent to March 31, 2010, the Company structured a \$5,449,891 demand loan into a 3-year term loan.

Investments

- Payments for capital expenditures were \$2,953,714 compared to \$2,965,313 in Q1-2009. Capital expenditures incurred in Q1-2010 totaled \$2,096,676 (Q1-2009: \$2,653,414).
- 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 \$7,885,675 at March 31, 2010 (December 31, 2009: \$6,754,790). The \$1,130,885 before-tax fair value increase in these investments in Q1-2010 (Q1-2009: \$1,872,143) does not affect net earnings but is included as other comprehensive income for the quarter on a net of tax basis of \$1,002,212 (Q1-2009: \$1,872,143).

Outlook

- Copper production in Q2-2010 is expected to be 30 to 40% higher than in Q1-2010. Molybdenum production in Q2-2010 is also expected to increase from first quarter levels.

The information in this news release and the Selected Financial Information contained in the following page should be read in conjunction with the Consolidated Financial Statements and Management Discussion and Analysis for the quarter ended March 31, 2010 and the Audited Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 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

For further information, please contact:

Dr. Klaus Zeitler, President (604) 681-2802

Amerigo Resources Ltd. (604) 218-7013

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, 2010 AND 2009
All figures expressed in US Dollars

Consolidated Balance Sheets

	March 31, 2010 \$	December 31, 2009 \$
Cash and cash equivalents	14,725,869	7,191,093
Mineral property, plant and equipment	122,282,190	121,783,483
Other assets	39,079,933	37,220,851
Total assets	176,087,992	166,195,427
Total liabilities	52,606,002	58,999,428
Shareholders' equity	123,481,990	107,195,999
Total liabilities and shareholders' equity	176,087,992	166,195,427

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Quarter ended March 31, 2010 \$	Quarter ended March 31, 2009 \$
Total revenue, net of smelter and refinery charges	29,656,765	13,021,611
Cost of sales	(25,633,308)	(15,622,797)
Other expenses	(1,216,418)	(1,234,692)
Non-operating gains(losses), net	994,295	(1,140,836)
Income tax recovery (expense)	(85,949)	312,687
Non-controlling interests	(139,221)	(115,047)
Net earnings (loss)	3,576,164	(4,779,074)
Other comprehensive income	1,002,212	1,872,143
Comprehensive income (loss)	4,578,376	(2,906,931)
EPS (LPS) – Basic and Diluted	0.02	(0.04)

Consolidated Statements of Cash Flows

	Quarter ended March 31, 2010 \$	Quarter ended March 31, 2009 \$
Net cash provided by (used in) operating activities	925,926	(8,639,787)
Net cash used in investing activities	(2,953,714)	(2,965,313)
Net cash provided by financing activities	9,562,564	11,880,666
Net cash inflow during the period	7,534,776	275,566

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

	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009
Copper production (tonnes)	3,896	5,498	4,589	4,358	3,228
Copper sales (tonnes)	3,855	5,713	4,622	4,304	3,228
Molybdenum production (lbs)	143,371	246,636	151,310	99,683	97,184
Molybdenum sales (lbs)	137,094	252,761	147,894	92,065	101,661
Company's recorded copper price (\$/lb) ¹	3.20	2.79	2.43	2.06	1.82
<i>*Before smelter and refinery costs and settlement adjustments to prior quarters' sales</i>					
Revenue	\$ 29,656,765	\$ 33,852,105	\$ 24,532,499	\$ 18,067,033	\$ 13,021,611
Power costs	8,040,576	5,985,090	5,411,515	6,096,922	5,842,586
El Teniente royalty	6,321,273	6,875,447	4,686,346	3,634,597	1,387,644
All other cost of sales	11,271,459	12,697,674	10,983,234	8,585,823	8,392,567
Operating profit (loss)	4,023,457	8,293,894	3,451,404	(250,309)	(2,601,186)
All other expenses, including taxes	447,293	4,382,128	213,288	2,074,750	2,177,888
Net earnings (loss)	<u>\$ 3,576,164</u>	<u>\$ 3,911,766</u>	<u>\$ 3,238,116</u>	<u>\$ (2,325,059)</u>	<u>\$ (4,779,074)</u>
Earnings (loss) per share (basic)	0.02	0.03	0.02	(0.02)	(0.04)
Cash cost (\$/lb)	1.92	1.58	1.49	1.56	1.94
Total cost (\$/lb)	2.86	2.21	2.14	2.14	2.42
Cash flow provided by (used in) operations	\$ 925,926	\$ 7,415,773	\$ (558,286)	\$ 7,420,230	\$ (8,639,787)
Cash flow used in plant expansion	\$ 2,953,714	\$ 3,307,744	\$ 2,039,630	\$ 3,244,767	\$ 2,965,313
Cash flow provided by (used in) financing	\$ 9,562,564	\$ 201,232	\$ (824,404)	\$ (1,333,961)	\$ 11,880,666
Closing cash position	\$ 14,725,869	\$ 7,191,093	\$ 2,881,832	\$ 6,304,152	\$ 3,462,650
Working capital	10,246,413	(6,353,737)	(7,468,463)	(10,318,380)	(8,094,959)