



ANNUAL REPORT | 2006





**CODELCO'S EL TENIENTE MINE,
WHICH SUPPLIES TAILINGS TO
AMERIGO'S MVC PLANT, IS THE
LARGEST UNDERGROUND COPPER
MINE IN THE WORLD, IN OPERATION
IN EXCESS OF 100 YEARS AND WITH
AN ESTIMATED REMAINING MINE
LIFE OF 60 + YEARS.**



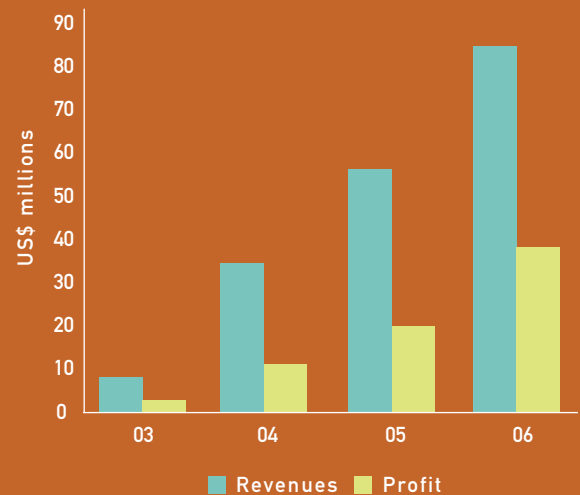
REPORT TO SHAREHOLDERS

“IT WAS THE BEST OF TIMES, IT WAS THE WORST OF TIMES....”

The opening line from Charles Dickens’ “A Tale of Two Cities”, aptly sums up 2006 for Amerigo and MVC. Financially it was another record year. Amerigo’s revenues were \$84.2 million in 2006, a 44% increase from \$58.3 million in 2005. Net earnings after tax were up 119% to \$39.3 million from \$17.99 million in 2005. During the year the Company paid a total of \$7.4 million in dividends and ended 2006 without any long term debt and a cash balance of \$26.6 million. The Company increased its annual dividend from \$0.09 to \$0.13 per share in March of 2007. At 69.5% return on capital invested (operating cash flows divided by the sum of the purchase price of MVC plus capital invested to December 31, 2005), was once again outstanding. The Company also completed capital expenditures in excess of \$30 million, funded entirely out of cash flow, and plant expansion plans are now virtually complete. MVC has the capacity to process the increased flow of fresh tailings projected by El Teniente together with the 45,000 tonnes per day the Company has the right to extract from the Colihues tailings impoundment.

Despite these outstanding financial results, however, production of copper was down from 29.88 million pounds in 2005 to 24.67 million pounds in 2006, and molybdenum production increased by only 42,706 pounds to 674,549 pounds. During 2006 Codelco/El Teniente discovered a structural problem with a bridge that forms a part of the tailings launder leading from MVC’s plant to the Caren tailings pond, the ultimate resting place for the processed tailings. As a result, starting in the second quarter of 2006 El Teniente prohibited the Company from extracting tailings from the Colihues tailings impoundment, and also restricted the fresh tailings flow by approximately 25% for most of the second half of the year. Although the full fresh tailings flow was restored in early 2007, the Colihues restrictions have continued into 2007. These interruptions were the cause of the disappointing production numbers. Final repairs to the bridge were completed in late March, 2007, resulting in approximately 10 days without tailings flow to the MVC plant, which in turn adversely affected Q1 2007 results.

INCREASING REVENUES AND EARNINGS





STEVEN G. DEAN *Chairman, Director*



KLAUS ZEITLER *President, Director*

The good news in 2007 is that the full fresh tailings flow has been restored and the bridge is fully operational. MVC is now awaiting approval from El Teniente to recommence tailings extraction from Colihues.

During 2006 the copper price continued its upward trend, again based on global economic growth and strong demand in markets such as China and India. The LME copper price actually hit a record high of close to \$4.00 per pound in May and, during the 12 months to December 2006, increased 46% from \$2.08 per pound (December 2005 average) to \$3.03 per pound (December 2006 average). The average gross price received by the Company during 2006 was \$3.33 per pound on copper sales (including settlement adjustments) and \$24.34 per pound on molybdenum sales. Although the copper price decreased to less than \$2.50 per pound in early 2007, it has now recovered to more than \$3.00 per pound, reflecting continuing tight supply, strong demand and low global inventory levels.

In October 2006 the Company sold its strategic investment in Chariot Resources Limited. Total proceeds from the sale were \$21.2 million, which represented a gain to Amerigo of \$8.5 million and a return of approximately 68% over the seven month period from acquisition.

During the year the Company's board authorized renewal of Amerigo's normal course issuer bid and the acquisition of up to 2,612,815 of Amerigo's common shares. During 2006 Amerigo purchased and cancelled 712,600 of its shares pursuant to the bid at a cost of \$1.1 million.

The Company once again extends thanks to our management and staff in Chile and Vancouver for their dedication and hard work during the course of the year. As always, we are also thankful to the Board for their insight and to all of our shareholders for their continuing support, and look forward to another excellent year in 2007.

STEVEN G. DEAN
Chairman

KLAUS ZEITLER
President





RAUL POBLETE General Manager, MVC

2006 HIGHLIGHTS INCLUDE:

- REVENUES UP 44% TO \$84.2 MILLION
- NET EARNINGS UP 119% TO \$39.3 MILLION
- DIVIDENDS PAID: CDN \$0.09 PER SHARE FOR A TOTAL OF \$7.45 MILLION

GENERAL MANAGER'S REPORT

2006 was a very busy year for MVC.

The expansion of the grinding and flotation plants was completed in early 2006, including the addition of cyclone classifiers, four grinding mills, four banks of giant flotation machines, and all ancillary equipment. The new production capacity was gradually brought on stream, and was fully operational in April.

A water recovery complex, consisting of two 100-meter diameter thickeners, plus all the necessary support installations, including recycled water pumping and feed and discharge launders for up to 110,000 tons per day of tailings, was built in record time during 2006. Both units were put into service before the end of the year. The infrastructure was designed and built to accommodate a third thickener, including the earth moving job and electrical power supply installations, should it be necessary in the future.

These thickeners are an environmental regulatory requirement for MVC plant operation, as the contract with Codelco requires MVC to comply with certain tailings density specifications. Management also believes that the thickeners

will ultimately allow for increased tailings throughput and production.

During the month of January 2006, MVC put into operation a pilot hydraulic monitoring system for the extraction of tailings from the Colihues tailings impoundment. A single high capacity monitor was used, instead of three smaller units that were initially proposed. This system was capable of recovering tailings at a rate of 7,000 tons per day, and showed potential for further increases in capacity.

A support barge for the submersible excavator unit, which is capable of extracting tailings below the water level, was designed and built during 2006. This barge will allow for safer operation of the pilot unit, and should minimize shutdowns when mechanical maintenance is required.

Production challenges

During 2006 MVC faced a number of production interruptions resulting from unexpected operating conditions imposed by El Teniente. These problems have now been largely resolved, and the Company looks forward to steadily increasing production starting in Q2 2007.

2006 HIGHLIGHTS INCLUDE:

- **DECEMBER 31, 2006 CASH BALANCE OF \$26.6 MILLION**
- **NO LONG-TERM DEBT**
- **MORE THAN \$30 MILLION IN CAPITAL EXPENDITURES FUNDED FROM CASH FLOW**

Among these interruptions was a six-day shut-down of the MVC plant in April 2006 due to an environmental incident El Teniente experienced at the final tailings dam. The full flow of the fresh tailings was temporarily diverted to Colihues, and all extraction of tailings from Colihues was suspended.

The major production problem occurred during the latter part of Q2 when El Teniente informed MVC that a structural problem had been discovered with one of the bridges forming part of the downstream section of El Teniente's launder. El Teniente then restricted the flow of fresh tailings by approximately 25% for the remainder of the year, and also instructed MVC to stop all extraction of tailings from Colihues until further notice. Initial repairs to the bridge were completed near the end of the year, at which time the full fresh tailings flow was restored. The Colihues restrictions remained in place through the end of the year.

As a result of these restrictions, the total amount of tailings processed by MVC for the year was reduced to 38.6 million tons, 15% below budget, and tailings processed from Colihues were approximately 5% of budget.

Moving Forward

El Teniente once again stopped the fresh tailings flow for approximately 10 days near the end of Q1 2007 in order to complete the final repairs to the bridge. The full flow of fresh tailings has since been restored, and now our main priority for the plant is to restart extraction of tailings from Colihues, and to move to the highest processing rate compatible with El Teniente's requirements for environmental control at the end tailings dam.

MVC has also been exploring other options for treatment of additional older tailings in the El Teniente area, with the idea of evaluating potential alternative sources of feed for the present plant.

Capital expenditures for 2007 are forecast to be approximately \$10.3 million, significantly lower than the past several years as the majority of the capacity expansion program is now complete. Part of that program includes plans to purchase additional hydraulic monitors as extraction from Colihues ramps up. Finally, the overhaul of the four original grinding mills is a job that was started in late 2006, and will be done sequentially until completion, projected for 2008.



RAUL POBLETE
General Manager, MVC



BUSINESS BC

THE TOP

1000

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The fast and the strong

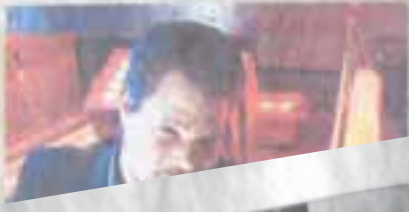
British Columbia's
fastest-growing
public companies
and strongest
public firms

AMERIGO HAS BEEN VOTED
ONE OF THE TOP 5 FASTEST
GROWING PUBLIC COMPANIES
IN BRITISH COLUMBIA FOR
THE LAST 3 YEARS:

2004: # 1

2005: # 2

2006: # 4



Excellent timing turns copper tailings into gold

PRICE SHIFT | Mining firm exploits sudden rise in demand for primary metals. This surge is contributing to Amerigo's phenomenal profit picture. Production at Minera Valle Central reached 30 million pounds in 2004, compared with 20 million in its first year of operations, boosting the company's profit to \$30.9 million US in 2004, compared with \$3.5 million US in 2003.

Amerigo Resources Ltd. executives enjoy a commanding view of the Vancouver waterfront from their offices almost at the top of the Bestall Centre, and the same could be said of the firm's niche position in the world copper industry.

2. Amerigo Resources

Chair: Steven Dean
Vancouver

Amerigo's business is dead-simple: wringing residual copper from the tailings of the world's largest copper mine and selling it for rocketed along metal prices on. However, the snapping up an asset proved to be a purchase of a plant, known as Central, in 2003 for \$10 million. Amerigo and partner Bera, which is company C mine, could see prices per pound. "I think time of the were hope levels," "I'm no would re

In terms of revenue growth, Amerigo has been nothing short of spectacular, registering some \$9,000 million in 2004 and escalating to \$45.938 million in 2004 — an increase of 510,322



AMERIGO SOURCES

FASTEST RANK

2

Steven Dean, chair of Amerigo: Copper prices exceeded even his expectations.

4

Amerigo Resources Ltd.

Chairman: Steven Dean
Based: Vancouver
Revenue 2004: 101
+42%
Revenue 2000: \$73 million
+54.11%
Klaus Zettler, co-founder and president, says Amerigo Resources should be on top 10 list for years.

- Top 10 Strongest**
1. SILVER WHEATEN CORP.
 2. Northern Gold Resources Inc.
 3. Teck Cominco Ltd.
 4. Goldcorp Inc.
 5. Quest Capital Corp.
 6. Asprex Pharmaceuticals Corp.
 7. Angelich Pharmaceuticals Inc.
 8. Metlix Corp.
 9. Westshore Terminal Income Fund
 10. PRC Stars
- Top 10 Fastest-grow**
1. LUNDA MINING CORP.
 2. Metlix Corp.
 3. Imperial Metals Corp.
 4. Amerigo Resources Ltd.
 5. Quesada Mining Ltd.
 6. ...
 7. ...
 8. ...
 9. ...
 10. ...

Magnificent miners at the top of the heap

Large increases in commodity prices pushed them to new heights.

Amerigo Resources still at top of the line

Company has winning formula in copper, molybdenum plants

The company expects it will stay in the top 10 for years to come, Amerigo's co-founder and president, Klaus Zettler, said in an interview. And there is no reason to doubt that.

The company bought the plant when the price of copper was \$1.45 cents US a pound.

AMERIGO RESOURCES MANAGEMENT AND BOARD OF DIRECTORS



STEVEN G. DEAN Chairman, Director

Steven Dean is a Fellow of the Institute of Chartered Accountants of Australia, a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Canadian Institute of Mining, Metallurgy and Petroleum. Mr. Dean has extensive experience in mining, most recently as President of Teck Cominco Limited to July 2002. He was an Executive Director and Chief Financial Officer of the Normandy Mining Ltd. Group from 1987 to 1994, and founding Chairman and Chief Executive Officer of PacMin Mining Corporation from 1995 to 1999. Mr. Dean is currently Chairman and a director of Spur Ventures Inc., a company listed on the TSX, and a director of GRD Limited, a company listed on the Australian Stock Exchange.



KLAUS ZEITLER President, Director

Dr. Zeitler received his professional education at Karlsruhe University from 1959 to 1966 and obtained a PHD in economic planning. Dr. Zeitler is a member of the Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association. Dr. Zeitler financed, built and managed base metal and gold mines worldwide (Europe, Africa, North America, South America, Pacific) with a total investment value of \$4 billion.

Dr. Zeitler was a managing director of Metallgesellschaft AG, a German metals conglomerate and in 1986 founded and was a director and CEO of Metall Mining, later Inmet, a Toronto Stock Exchange listed company with assets of over \$1 billion and base metal and gold mines in different parts of the world. After having been a director of Teck and Cominco for many years, Dr. Zeitler joined Teck in 1997 as Senior Vice President and had responsibilities for the exploration and development of mines in Peru, Mexico and the USA. Since his retirement in 2002 from Teck Cominco and in addition to being President and a director of Amerigo, Dr. Zeitler has been actively involved as a director in various junior base and precious metal companies.



RAÚL POBLETE GM, MVC

Mr. Poblete has been the General Manager of MVC since July 2003. He headed the group of engineers that designed and built the MVC processing plant and all subsequent expansions, and from 1991 to 2003 was Operations Manager at MVC. From 1974 to 1988 Mr. Poblete held different positions at Codelco Chile, including General Manager of Salvador Division, Technical Manager at Codelco Central Office, Operations Manager at Andina Division, and General Concentrator Superintendent at El Teniente. From 1971 to 1974 he held the position of Copper Concentrator Superintendent at Rio Tinto Patiño, in Spain. From 1964 to 1971, Mr. Poblete was in several positions at El Teniente, including Concentrator Chief Metallurgist, Expansion Program Supervisor and Assistant Operations Manager. Mr. Poblete has a BSc and MSc in Mining Engineering, both from Columbia University, and Ingeniero Civil de Minas, Universidad de Chile.

SIDNEY ROBINSON Director

Mr. Robinson was a senior partner at Torys LLP where he practiced corporate and mining law for over 30 years until he retired in July 2004. He provided strategic and legal advice with respect to acquisitions, developments and financings to senior management and boards of directors of a number of Canadian and international mining companies. He sits on the boards of directors of a number of public and private corporations and has many years experience as a director of mining companies in Canada and in the United States.

ROBERT GAYTON Director

Dr. Gayton graduated from the University of British Columbia in 1962 with a Bachelor of Commerce and in 1964 earned the Chartered Accountant (C.A.) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at the University of British Columbia in 1965, beginning 10 years in the academic world, including time at the University of California, Berkeley, earning a Ph.D. in Business. Dr. Gayton rejoined Peat Marwick Mitchell in 1974 and became a partner in 1976 where he provided audit and consulting services to private and public company clients for 11 years. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987. Dr. Gayton is a director of several public companies.

RUSTON GOEPEL Director

Mr. Goepel is Senior Vice President at Raymond James Ltd. He entered the investment business in 1968 specializing in institutional sales with Ryan Investments and Pemberton Securities Ltd. In 1989 he was a founding partner and CEO of Goepel Shields & Partners, a national securities dealer which was acquired by Raymond James Inc. -the 8th largest U.S. brokerage firm- in January 2001. Mr. Goepel is Chairman of the Business Council of British Columbia and a Director and Chairman of the Nominating and Governance Committee of the Vancouver 2010 Olympic Organizing Committee. Mr. Goepel is a past member of the Executive Committee of the Investment Dealers Association of Canada and a Past Governor of the Vancouver Stock Exchange. He is also a Director of a number of Canadian companies. Mr. Goepel was the recipient of the Queen's Jubilee Medal for Business Leadership and Community Service.

AURORA DAVIDSON CFO

Aurora Davidson holds a Certified General Accountant designation from the Certified General Accountants Association of British Columbia and a BSc in Business Administration from Alliant International University in San Diego, California. Ms. Davidson has over 14 years of experience in financial and general business management having assisted private and public companies in the roles of Chief Financial Officer, Vice-president, Finance and Corporate Controller within the mineral exploration and high technology sectors.

**MICHAEL KUTA****General Counsel & Corporate Secretary**

Michael Kuta is a member of the British Columbia and Canadian Bar Associations. Mr. Kuta has more than 20 years experience in corporate commercial, securities and taxation law, in both private and public practice. Mr. Kuta was an associate lawyer at Thorsteinssons LLP, Tax Lawyers, Vice-President, Law at The Loewen Group and InsulPro Industries, and Director, Content Development for the Thomson Corporation. Mr. Kuta has experience in domestic and international business acquisitions and combinations and finance. He has an HBA (Honours in Business Administration) degree from the University of Western Ontario, and an LLB from the University of British Columbia. Mr. Kuta is also General Counsel and Corporate Secretary for Spur Ventures Inc., a TSX listed company, and is a director of Nikos Explorations Ltd., Los Andes Copper Ltd. and SNS Silver Corp., TSXV listed companies.

CHRISTIAN CACERES Operations Manager, MVC

Mr. Caceres is a Mechanical Engineer and currently Operations Manager of MVC. He has fifteen years of experience in metallurgical processes, engineering projects and data processing, cost control, environmental management and commercialization of concentrates. Mr. Caceres originally joined MVC in 1994, and participated in the design and construction of the Phase I copper and molybdenum grinding and flotation plants that were commissioned in 2004—2005. He has also held the positions of Engineering Superintendent, Chief of Engineering and Operation Shift Supervisor with MVC.

FRANCISCO JAVIER ARCE LILLO**Administration and Finance Manager, MVC**

Mr. Arce is currently Manager of Administration and Finance of MVC. From 1992 to the date of MVC's acquisition by Amerigo, Mr. Arce held the position of Administrative Head, and was promoted to Superintendent of Administration and Finances before being appointed to his current position. From 1986 to 1992 Mr. Arce was Head of Administration and Finance in the Constructora Company, and from 1982 to 1986 was a Supervisor in the Chilean Internal Taxes Service, Ministry of Property. Mr. Arce graduated as an Accountant Auditor, University of Chile, has an MBA from the University of Santiago, Chile, graduated in Tributación (Tax), University of Chile, and completed several courses in Commercial Engineering, University of Valparaiso, Chile.

JAIME ALFONSO GUTIÉRREZ CLAVERÍA**Maintenance and Services Manager**

Mr. Gutiérrez has been with MVC for approximately 15 years, having previously held the position of Superintendent of Maintenance and Services. Prior to joining MVC, Mr. Gutiérrez worked for Codelco Chile for 16 years, in the concentrator and supplies areas. Mr. Gutiérrez is a Mechanical Civil Engineer (USACH), and has a post graduate degree in Administration of Companies (PUC).

FINANCIAL REVIEW

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements, the Management Discussion and Analysis and the information contained in the company's annual filing of financial results have been prepared by the management of the company.

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's best estimates and judgements based on currently available information.

The Audit Committee of the Board of Directors, consisting of three independent members, meets periodically with management and the independent auditors to review the scope and result of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The company's independent auditors, who are appointed by the shareholders, conducted an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the financial statements.

A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable. Management conducts ongoing reviews and evaluation of these controls and reports on their findings to management and the Audit Committee.



Steven G. Dean
Chairman
February 20, 2007

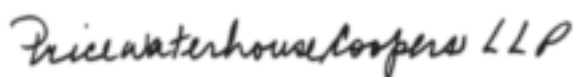


Aurora Davidson
Chief Financial Officer
February 20, 2007

AUDITORS' REPORT

To the Shareholders of Amerigo Resources Ltd.

We have audited the consolidated balance sheet of Amerigo Resources Ltd. as at December 31, 2006 and 2005 and the consolidated statements of operations, cash flows and shareholders' equity for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Vancouver, British Columbia
February 20, 2007

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN US DOLLARS)

	December 31, 2006 \$	December 31, 2005 \$
ASSETS		
Current Assets		
Cash and cash equivalents	26,574,059	12,953,516
Marketable securities (Note 3)	777,457	—
Accounts receivable	11,693,247	9,267,610
Prepaid expenses	209,271	638,337
Plant supplies and inventory (Note 5)	2,526,911	2,392,017
	<u>41,780,945</u>	<u>25,251,480</u>
Investment in Nikos Explorations (Note 13)	1,204,947	936,747
Mineral property, plant and equipment—net (Note 6)	83,414,103	52,725,600
Contractual right—net (Note 7)	7,880,319	8,305,083
Other	23,734	20,540
	<u>134,304,048</u>	<u>87,239,450</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	13,066,490	9,906,820
EI Teniente royalty payable (Note 8)	3,623,917	3,205,525
Due to minority shareholders (Note 10)	42,857	59,789
Note and interest payable (Note 4)	—	3,842,983
	<u>16,733,264</u>	<u>17,015,117</u>
Other payables	586,408	569,920
Asset retirement obligation (Note 9)	2,346,989	2,193,448
Future income tax (Note 14)	4,270,358	4,169,112
Minority interest (Note 10)	1,000	1,000
	<u>23,938,019</u>	<u>23,948,597</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	55,026,997	39,451,043
Value assigned to stock options (Note 11(c))	1,603,180	1,219,194
Retained earnings	53,757,962	22,642,726
Cumulative translation adjustment	(22,110)	(22,110)
	<u>110,366,029</u>	<u>63,290,853</u>
	<u>134,304,048</u>	<u>87,239,450</u>

APPROVED BY THE BOARD:



Robert Gayton,
Director



Ruston Goepel,
Director

CONSOLIDATED STATEMENTS OF OPERATIONS

(EXPRESSED IN US DOLLARS)

	Year Ended December 31, 2006 \$	Year Ended December 31, 2005 \$
Revenue, net of smelter and refinery charges	82,054,432	52,910,575
Other revenue	2,150,853	5,417,507
Total revenue	84,205,285	58,328,082
Costs		
Production costs	28,823,890	24,227,606
El Teniente royalty (Note 8)	12,776,390	8,437,862
Depreciation and amortization	1,618,424	1,338,189
Administration	1,409,981	1,206,267
Transportation	734,889	671,328
Stock-based compensation (Note 11(c))	218,412	149,085
Asset retirement accretion cost	153,541	143,497
Cost of sales	45,735,527	36,173,834
	38,469,758	22,154,248
Other expenses		
Salaries, management and professional fees	1,295,705	732,279
Stock-based compensation (Note 11(c))	673,755	396,004
Office and general expenses	597,753	228,061
Interest expense	322,942	477,035
Shareholder information	104,006	68,268
Transfer agent and filing fees	97,428	75,150
Insurance expense	49,329	48,208
	3,140,918	2,025,005
Earnings before the undernoted items	35,328,840	20,129,243
Gain on sale of investment (Note 12)	8,530,377	—
Interest income	760,236	374,604
Foreign exchange gain	492,168	1,944,800
Gain on settlement of debt (Note 4)	202,027	—
Other income	112,821	94,423
Gain on disposition of mineral properties (Note 13)	—	427,455
Investment income (Note 13)	—	32,062
Earnings before taxes and minority interest	45,426,469	23,002,587
Income tax expense, net of tax recoveries (Note 14)	5,690,569	4,390,854
Earnings before minority interest	39,735,900	18,611,733
Minority interest (Note 10)	452,217	619,266
Net earnings for the year	39,283,683	17,992,467
Weighted average number of shares outstanding, basic	92,512,569	78,681,602
Weighted average number of shares outstanding, diluted	93,488,744	88,403,590
Earnings per share		
Basic	0.42	0.23
Diluted	0.42	0.20

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN US DOLLARS)

	Year Ended December 31, 2006 \$	Year Ended December 31, 2005 \$
Cash flows from operating activities		
Net earnings for the year	39,283,683	17,992,467
Items not affecting cash—		
Gain on sale of investment	(8,530,377)	—
Gain on settlement of debt	(202,027)	—
Depreciation and amortization	1,618,424	1,338,189
Stock-based compensation	892,167	545,089
Income tax expense, net of tax recoveries	(277,943)	651,803
Asset retirement accretion cost	153,541	143,497
Investment income	—	(32,062)
Gain on disposition of mineral properties	—	(427,455)
	32,937,468	20,211,528
Changes in non-cash working capital		
Accounts receivable	(2,425,637)	(5,884,399)
Prepaid expenses	429,066	52,609
Plant, supplies and inventory	(134,894)	(1,238,912)
Accounts payable	(893,574)	6,763,744
Due to related parties	(16,932)	13,525
Note and interest payable	(3,736,979)	442,983
El Teniente royalty payable	418,392	1,513,151
Net cash provided by operating activities	26,576,910	21,874,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,890,637)	(26,682,309)
Disposal of investment in Chariot Resources, net	7,817,692	—
Investment in Nikos Explorations	(268,200)	—
Net cash used in investing activities	(20,341,145)	(26,682,309)
Cash flows from financing activities		
Issuance of shares for cash—net of issue costs	15,479,972	12,141,295
Payment of dividends	(7,449,203)	(3,152,777)
Purchase of share capital for cancellation	(1,131,443)	—
Other payables	16,488	523,656
Net cash provided by financing activities	6,915,814	9,512,174
Increase in cash and cash equivalents due to exchange rate changes	468,964	10,333
Net increase in cash and cash equivalents	13,620,543	4,714,427
Cash and cash equivalents—Beginning of year	12,953,516	8,239,089
Cash and cash equivalents—End of year	26,574,059	12,953,516

Supplemental disclosure with respect to cash flows (Note 15)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(EXPRESSED IN US DOLLARS)

	Common Shares		Retained Earnings	Value assigned to stock options	Cumulative Translation Adjustment	Shareholders' equity
	No. of shares	Amount				
		(\$)	(\$)	(\$)	(\$)	(\$)
Balance—Dec. 31, 2004	65,195,071	26,891,142	7,803,036	1,092,711	(22,110)	35,764,779
Issue of shares						
Exercise of warrants	20,317,773	11,404,599	—	—	—	11,404,599
Exercise of stock options	713,000	736,696	—	—	—	736,696
Options granted	—	—	—	545,089	—	545,089
Transfer of value on exercise of stock options	—	418,606	—	(418,606)	—	—
Dividends paid	—	—	(3,152,777)	—	—	(3,152,777)
Net earnings for the year	—	—	17,992,467	—	—	17,992,467
Balance—Dec. 31, 2005	86,225,844	39,451,043	22,642,726	1,219,194	(22,110)	63,290,853
Issue of shares						
Brokered placement	7,000,000	14,554,274	—	—	—	14,554,274
Exercise of stock options	930,000	925,698	—	—	—	925,698
Shares repurchased	(712,600)	(412,199)	(719,244)	—	—	(1,131,443)
Options granted	—	—	—	892,167	—	892,167
Transfer of value on exercise of stock options	—	508,181	—	(508,181)	—	—
Dividends paid	—	—	(7,449,203)	—	—	(7,449,203)
Net earnings for the year	—	—	39,283,683	—	—	39,283,683
Balance—Dec. 31, 2006	93,443,244	55,026,997	53,757,962	1,603,180	(22,110)	110,366,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31 2006 AND 2005. EXPRESSED IN US DOLLARS

1. OPERATIONS

Amerigo Resources Ltd. ("the Company") was incorporated under the laws of British Columbia, Canada.

The Company is a producer of copper and molybdenum concentrates with operations in Chile. Its operating subsidiary Minera Valle Central S.A. ("MVC") has a contract with Chile's state-owned copper producer Codelco through at least 2021 to process the tailings from El Teniente, the world's largest underground copper mine.

2. SIGNIFICANT ACCOUNTING POLICIES

Generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with accounting principles generally acceptable in Canada.

Basis of presentation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Templo Dorado S.A. de C.V. (inactive), Amerigo International Holdings Corp., Amerigo Resources Ltd. Chile I Limitada, Amerigo Resources Ltd. Chile II Limitada, Minera Valle Central S.A, Amerigo Banking Corporation and Amerigo Investments Limited. All significant intercompany transactions and balances have been eliminated.

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in the current period.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

The most significant estimates are related to the physical and economic lives of mineral assets and their recoverability, the estimation of the Company's asset retirement obligations and the measurement of stock-based compensation.

Foreign currency translation

The Company's subsidiaries are considered integrated operations and are translated using the temporal method. Under this method, monetary assets and liabilities are translated into U.S. dollars at the balance sheet date rate of exchange, and non-monetary assets and liabilities at historical rates. Revenues and expenses are translated at transaction date rates, except for depreciation, amortization and accretion, which are translated at historical rates. Gains and losses on translation are included in income.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid investments that are readily convertible into cash with maturities of three months or less when purchased. Interest earned is recognized immediately in operations.

Investment in Nikos Explorations

The Company holds approximately 26% of the outstanding shares of Nikos Explorations Ltd. ("Nikos"), and is considered to have significant influence in this investment. Accordingly, the Company uses the equity method to account for its investment in Nikos.

Mineral property, plant and equipment

Plant and equipment are carried at cost. Assets used in commercial production are subject to depreciation on the basis described below.

Plant and infrastructure and major equipment are depreciated using the unit of production method over the lesser of the useful life of the asset or the estimated life of the mineral resource. Other fixed assets are depreciated over the useful life of the asset on a straight-line basis.

Unit of production method is defined as contained pounds of copper produced over estimated production under the tailings supply agreement. The tailings supply agreement has a term extending to the later of the year 2021 or the date at which a predetermined amount of copper in tailings from El Teniente has been delivered.

The Company regularly reviews the carrying value of its plant, equipment and mineral resource. Where information is available and conditions suggest impairment of long-lived assets, estimated future net cash flows are calculated. If projected future cash flows are less than the carrying value, or the fair value is less than the carrying value, a write-down to the estimated fair value is made, with a corresponding charge to earnings

Plant supplies and inventory

Plant supplies are valued at the lower of cost and replacement cost. Concentrate inventory is valued at the lower of cost and net realizable value.

Revenue recognition

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter and refinery charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is known at the time of sale, subject to adjustments during the settlement period.

Copper produced by the Company is sold under a written sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"). The agreement with Enami establishes a delivery schedule of monthly sales quotas and sets the Company's copper sale price at the average market price for the third month after delivery ("M+3"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following quarter. However, where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and the Company receives a sale price calculated for the originally scheduled month of delivery until the quota is met. The Company believes that this pricing arrangement is standard in the industry.

Molybdenum produced by the Company is sold under a written sales agreement with Chile's Molibdenos y Metales S.A. ("Molybmet"), which provides that the sale price is the average market price for the first ("M+1"), second ("M+2") or third ("M+3") month after

delivery, with each delivery period nominated at the election of Molybdenum. In 2006 the molybdenum settlement period was predominantly three months from the month of delivery; accordingly, most deliveries by the Company in one quarter were sold at market prices prevailing in the following quarter.

In normal supply conditions, sales for copper are provisionally recorded using forward prices and adjustments to revenue are made at the end of each month to reflect changes in market prices until the sale price is settled. Sales for molybdenum are provisionally recorded at the current molybdenum market price and adjustments to revenue are made at the end of month based on monthly prices until the sale price is settled. This practice increases the sensitivity of the Company's reported revenue to increases and decreases in copper and molybdenum prices. In a period of rising prices, not only will the Company record higher revenue for deliveries in the period, but it will also record favourable adjustments to revenue for copper and molybdenum delivered in the prior period. Similarly, in a period of declining prices, the Company will be required to record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

Revenue from custom processing of concentrates for others is recognized as other revenue when the processing is completed, the amounts to be received are known and collection is reasonably assured.

Contractual right

At the time of the acquisition of MVC, the Company assigned the excess of the purchase price over the fair value of the tangible assets acquired to the MVC and Codelco contract for the processing of tailings from the El Teniente mine. This contractual right is amortized using the units of production method.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Stock option plan

The Company accounts for share purchase options using the fair value method. Fair value is measured using the Black-Scholes valuation model on the date of grant of stock purchase options, and is recognized as stock-based compensation expense and shareholders' equity over the vesting period of the options granted. Consideration paid on exercise of share purchase options is recorded as share capital.

Earnings per share

Earnings per common share are calculated using the weighted average number of common shares outstanding during each period. Diluted earnings per common share are calculated using the treasury stock method, which assumes that stock options are only exercised when the exercise price is below the average market price during the period, and that the Company will use the proceeds to purchase its common shares at their average market price during the period.

Variable interest entities

Effective January 1, 2005, the Company adopted Accounting Guideline AcG-15, Consolidation of Variable Interest Entities, which requires consolidation of entities in which the Company has a controlling financial interest. The Company has determined that it has no variable interest entities.

3. MARKETABLE SECURITIES

The Company holds, with the intention to sell, certain common shares of an issuer listed on the TSX. There are no trading restrictions on these shares.

	December 31, 2006	December 31, 2005
	\$	\$
Cost	777,457	—
Market value	1,143,315	—

4. NOTES PAYABLE

On April 26, 2006 MVC obtained a short-term loan of Chilean Pesos \$2,000,000,000 (approximately \$4,000,000) at an annual borrowing rate of 7.68%. These funds were used to finance timing differences between accounts receivable and accounts payable. The loan was repaid in full on December 29, 2006.

On July 6, 2006, the Company repaid in cash a \$3,400,000 note and accrued interest of \$539,006, due in connection with the acquisition of MVC. The Company negotiated a 5% discount on the principal and interest of the note, resulting in a \$202,027 gain realized on settlement of the debt.

5. PLANT SUPPLIES AND INVENTORY

	December 31, 2006	December 31, 2005
	\$	\$
Plant supplies	1,466,363	1,023,225
Concentrate inventory	1,060,548	1,368,792
	2,526,911	2,392,017

6. MINERAL PROPERTY, PLANT AND EQUIPMENT

	December 31, 2006	December 31, 2005
	\$	\$
Plant and infrastructure	46,848,139	24,224,921
Machinery and equipment and other assets	40,182,303	30,861,640
	87,030,442	55,086,561
Accumulated depreciation and amortization	(3,616,339)	(2,360,961)
	83,414,103	52,725,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. CONTRACTUAL RIGHT

At the time of the acquisition of MVC, Amerigo assigned the excess of the purchase price over the fair value of the tangible assets acquired to the MVC and Codelco contract for the processing of tailings from the El Teniente mine. The initial value of this contractual right was determined to be \$8,029,185. A future income tax liability of \$1,364,961 was recorded in connection with the contractual rights, resulting in an increase in its value to \$9,394,146. The contractual right and the associated future income tax liability are amortized using the units of production method.

	December 31, 2006	December 31, 2005
	\$	\$
Contractual rights	9,394,146	9,394,146
Accumulated amortization	(1,513,827)	(1,089,063)
	7,880,319	8,305,083

8. EL TENIENTE ROYALTY PAYABLE

MVC has a contract with Codelco through at least the year 2021 to process the tailings from the El Teniente mine in Chile. MVC pays a royalty to Codelco—El Teniente on copper produced by MVC. The amount of the royalty is determined pursuant to a formula that considers both the price of copper and the copper content in the tailings. No royalties are payable if the copper price is below \$0.80 per pound (for copper content in tailings between 0.09% and 0.1499%); if the copper price is between \$0.80 and \$0.95 the royalty varies on a sliding scale from 0 to 10%; if the copper price is between \$0.95 and \$1.30 the royalty is 10%; and if the copper price is \$1.30 or higher, a maximum royalty of 13.5% is payable.

Royalty payments for copper production are calculated using the average LME price for copper for the third month following delivery, and invoiced by Codelco—El Teniente on a monthly basis within 30 days of the end of the third month following the month of delivery of the tailings; payment to Codelco—El Teniente is made within 10 days of receipt of invoices. Accordingly, royalties payable to Codelco—El Teniente are classified as current liabilities. Adjustments to the El Teniente royalty are recorded on a monthly basis for changes in copper deliveries during the settlement period.

As agreed with Codelco—El Teniente, as of January 1, 2006 the same royalty described in the preceding paragraphs applies to copper extracted from Colihues, except for amounts calculated using half the volume of tailings extracted from Colihues, at an assumed copper grade of 0.32% and an assumed recovery rate of 40%. For these amounts the royalty to Codelco—El Teniente is calculated on a sliding scale from 3% if the copper price is below \$0.80 per pound to a maximum of 15% if the copper price is at \$1.35 per pound or higher.

MVC also pays to Codelco—El Teniente a royalty of 10% of MVC's net revenue received from the sale of molybdenum concentrates.

9. ASSET RETIREMENT OBLIGATIONS

MVC is obligated through its operating contract with Codelco to remove the facilities and equipment being used in its operations and to leave the land occupied by its operations clean and clear within six months of expiry of the contract or any extensions thereof. In 2004 the Company obtained an independent assessment of site restoration costs of \$3.5M, which was adjusted to reflect factors such as inflation (estimated at an annual rate of 3%), risk premiums (estimated at 5%) and time value of money (estimated at 7%). The Company also obtained an independent assessment of asset recovery values and determined it was not necessary to make adjustments to prospective amortization charges. On adoption of the standard, the Company increased its property, plant and equipment by \$1,851,055 and recorded a corresponding asset retirement liability. The asset is being amortized on a straight-line basis and the liability is being accreted over time. The Company also recognized a future income tax asset of \$19,756, derived from applying a 17% tax rate to the \$1,915,842 asset retirement obligation less the unamortized balance of the asset of \$1,799,637.

In the year ended December 31, 2006, the Company recorded asset retirement accretion costs of \$153,541 and asset retirement amortization charges of \$102,836. At December 31, 2006 the asset retirement liability had been accreted to \$2,346,989 and the associated future income tax asset had been adjusted to \$145,496.

A reconciliation of the provision for asset retirement obligations is as follows:

	December 31, 2006	December 31, 2005
	\$	\$
Balance—beginning of period	2,193,448	2,049,951
Accretion expense	153,541	143,497
Liabilities settled during the period	—	—
Revisions in estimated cash flows	—	—
Balance—end of period	2,346,989	2,193,448

The Company will undertake a study to determine the impact, if any, that additions to property, plant and equipment since the 2004 adoption of the standard will have on the estimated asset retirement obligation. The Company had originally contemplated to undertake this study in 2006 but decided to postpone it to 2007, given the level of capital expenditures in the 2006 year. Upon completion of this study, expected by mid-2007, the Company will record any adjustments required. It is possible that these adjustments will be material.

10. RELATED PARTY TRANSACTIONS

a) Minority Interest

Amerigo holds its interest in MVC through its subsidiary Amerigo International Holdings Corp. ("Amerigo International"). Amerigo International is controlled by Amerigo and is a wholly-owned subsidiary, except for certain outstanding Class A shares which are shown on Amerigo's Balance Sheet as Minority Interest at their book value of \$1,000. The Class A shares are owned indirectly by a director and associates of two of the directors of Amerigo.

The holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a total royalty dividend calculated as follows:

- \$0.01 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is under \$0.80, or
- \$0.015 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is \$0.80 or more.

During the year ended December 31, 2006, royalty dividends totaling \$452,217 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (2005: \$619,266). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations. At December 31, 2006, \$42,857 of this amount remained outstanding (December 31, 2005: \$59,789).

b) Directors fees and remuneration to officers

During the year ended December 31, 2006 the Company paid or accrued \$833,480 in fees to companies associated with certain directors and officers of Amerigo (2005: \$345,699). Included in these fees are bonuses of \$416,748 to senior management (2005: Nil). In the same period, Amerigo paid or accrued \$115,320 in directors' fees to independent directors (2005: \$80,309). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At December 31, 2006, an aggregate amount of \$230,970 was due to directors and officers in the ordinary course of business (December 31, 2005: \$46,778).

c) At December 31, 2006 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd. ("Nikos"), a company in which Amerigo holds a substantial shareholding.

11. CAPITAL STOCK

Authorized—Unlimited common shares without par value.

a) Summary of capital stock issued in the period

On March 17, 2006, Amerigo issued 7,000,000 common shares at the price of Cdn\$2.60 per share by way of a bought deal offering under a short form prospectus to raise gross proceeds, before expenses and underwriters' fees, of Cdn\$18,200,000 (\$15,763,020). In connection with the financing, Amerigo incurred share issuance costs of \$1,208,746. The net proceeds from this offering were \$14,554,274.

During the year ended December 31, 2006, Amerigo received \$925,698 from the exercise of 930,000 stock options at exercise prices ranging from Cdn\$0.36 to Cdn\$1.77 per stock option.

b) Purchase of shares for cancellation

Under the terms of a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), Amerigo was entitled to purchase for cancellation up to 7,845,154 of its common shares during the one-year period ending on November 13, 2006. The term of the normal course issuer bid was renewed and Amerigo is currently entitled to purchase for cancellation up to 2,612,815 of its common shares during the 12 months period ending on November 13, 2007. During the year ended December 31, 2006, Amerigo purchased and cancelled 712,600 shares at a total cost of \$1,131,443. The premium on the purchase of shares for cancellation amounted to \$719,244 and was applied against Retained Earnings.

c) Stock options

Stock option plan

Amerigo established a stock option plan (the "Plan") on April 2, 2003, which was amended on June 20, 2006 at Amerigo's annual general meeting. Amerigo's Board of Directors (the "Board") administers the Plan, whereby it may from time to time grant options to purchase common shares of Amerigo to directors, officers, key employees and certain other persons who provide services to the Company. In accordance with the current terms and provisions of the Plan, the maximum aggregate number of common shares issuable under the Plan must not exceed 10% of Amerigo's issued and outstanding common shares at the date of any grant and the aggregate number of common shares reserved for issuance to any one person under the Plan in any 12-month period must not exceed 5% of Amerigo's outstanding common shares, on a non-diluted basis. The exercise price of an option is determined by the Board and shall be no less than the closing price of Amerigo's common shares on the TSX on the day preceding the date of grant, less the maximum discount permitted by the policies of the TSX, subject to the minimum exercise price per common share permitted by the TSX. Options must be exercised within a five-year period from the date of grant. Vesting periods are determined by the Board.

A summary of the Company's stock options at December 31, 2006 and December 31, 2005 and the changes for the twelve-month periods ending on those dates is presented below:

	Twelve months ended December 31, 2006		Twelve months ended December 31, 2005	
	Outstanding options	Weighted average exercise price Cdn\$	Outstanding options	Weighted average exercise price Cdn\$
Balance—start of period	2,297,000	1.39	1,675,000	1.14
Granted	1,535,000	2.67	1,335,000	1.62
Exercised	(930,000)	1.15	(713,000)	1.24
Outstanding	2,902,000	2.14	2,297,000	1.39
Exercisable	2,802,000	2.13	2,297,000	1.39

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On August 4, 2006 Amerigo granted stock options to purchase an aggregate of 200,000 common shares to a consultant and an officer of the Company, with an exercise price of Cdn\$2.43 per share, expiring on August 4, 2011. The options vest in four equal quarterly instalments, on September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007. For the options vested on September 30 and December 31, 2006, Amerigo recorded a stock-based compensation expense of \$59,074, charged to Other Expenses.

On February 21, 2006 Amerigo granted stock options to purchase an aggregate of 1,335,000 common shares to directors, officers and employees of the Company, with an exercise price of Cdn\$2.71 per share, expiring on February 21, 2011. The options vested in four equal quarterly instalments, on March 31, June 30, September 30 and December 31, 2006. Amerigo recorded a stock-based compensation expense of \$833,093 for these options, of which \$218,412 was charged to Cost of Sales as the options were granted to MVC employees and \$614,681 was charged to Other Expenses.

On August 30, 2005 the Company granted stock options to purchase an aggregate of 150,000 common shares to an officer of the Company, with an exercise price of Cdn\$1.77 per share, expiring on August 30, 2010. The Company recorded a stock-based compensation of \$40,329 associated with this option grant.

On January 7, 2005 the Company granted stock options to purchase an aggregate of 1,185,000 common shares to directors, officers and employees, with an exercise price of Cdn\$1.60 per share, expiring on January 7, 2010. The Company recorded a stock-based compensation of \$504,760 associated with this option grant.

Value assigned to stock options

	December 31, 2006 \$	December 31, 2005 \$
Balance—beginning of period	1,219,194	1,092,711
Options granted	892,167	545,089
Transfer to capital stock on exercise of stock options	(508,181)	(418,606)
Balance—end of period	<u>1,603,180</u>	<u>1,219,194</u>

The Company estimated the fair value of each option grant based on the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2006	2005
Expected dividend yield	3.35%	0.57%
Expected stock price volatility	33.62%	29.46%
Risk-free interest rate	4.07%	3.12%
Expected life of options	5 years	5 years

The following stock options were outstanding and exercisable as at December 31, 2006:

Range of exercise prices Cdn\$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise Cdn\$
1.23 to 1.85	1,217,000	2.64 years	1.49
1.85 to 2.71	<u>1,585,000</u>	4.04 years	2.63
	<u>2,802,000</u>		

d) Dividends

In accordance with its stated dividend policy, on February 14, 2006 Amerigo declared a semi-annual dividend of Cdn\$0.045 per share payable to shareholders of record as of March 31, 2006, for a total of \$3,630,307 paid on April 7, 2006; on July 31, 2006 Amerigo declared a second semi-annual dividend of Cdn\$0.045 per share payable to shareholders of record as of August 18, 2006, for a total of \$3,818,896 paid on September 1, 2006.

On September 1, 2005 Amerigo declared a semi-annual dividend of Cdn\$0.045 per share to shareholders of record as of August 19, 2005, for a total of \$3,152,777.

12. GAIN ON SALE OF CHARIOT RESOURCES INVESTMENT

On February 10, 2006, Amerigo acquired for investment purposes 25.6 million common shares and 11,532,000 share purchase warrants (the "Chariot Warrants") of Chariot Resources Limited ("Chariot"), an issuer listed on the TSX that is currently developing the Marcona copper project in Peru. Each of the Chariot Warrants entitled Amerigo to purchase an additional common share of Chariot at a price of Cdn\$0.35 per share until December 22, 2006. Amerigo made subsequent purchases of Chariot shares during the year and on October 20, 2006, sold a total of 31,812,500 Chariot common shares and 11,532,000 Chariot Warrants to an arm's-length party. The selling prices were Cdn\$0.65 per common share and Cdn\$0.30 for each Chariot Warrant. Total proceeds of the sale were \$21,271,128, which resulted in a gain on sale of investment of \$8,530,377. The remaining Chariot shares are held as marketable securities (Note 3).

13. INVESTMENT IN NIKOS EXPLORATIONS

In fiscal 2004 Amerigo entered into an agreement to sell a 100% interest in three Canadian exploration properties to Nikos for consideration of 10,000,000 shares of Nikos. 5,000,000 of the Nikos shares were received on June 30, 2005, at which time Amerigo recorded a gain on disposition of mineral properties of \$427,455 and started using the equity method to account for its investment in Nikos, given that significant influence over the investment exists. Under the equity method, Amerigo recorded Investment Income of \$32,062 during the year ended December 31, 2005 for the proportional share of Net Income recorded by Nikos during this period.

On August 18, 2006, Amerigo acquired a further 1.7 million units of Nikos Explorations at a cost of \$268,200. Each unit is comprised of one common share and one warrant entitling Amerigo to purchase an additional share of Nikos at a price of Cdn\$0.25 per share until August 18, 2008. At September 30, 2006 Amerigo held 11,666,667 common shares and 1,666,667 warrants of Nikos, which collectively represent approximately 26% of Nikos's issued and outstanding share capital (including the common shares issuable on the exercise of the warrants).

14. INCOME TAXES

The components of the tax expense net of recoveries were as follows:

	December 31, 2006 \$	December 31, 2005 \$
Current	5,589,323	3,401,852
Future	101,246	989,002
	<u>5,690,569</u>	<u>4,390,854</u>

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	December 31, 2006 \$	December 31, 2005 \$
Combined federal and provincial statutory tax rate	34.12%	34.86%
Income tax at statutory rates	15,499,511	8,018,702
Difference in foreign tax rates	(6,947,381)	(4,406,657)
Other non deductible items, Canada	479,385	182,076
Other non deductible items, Chile	32,422	250,645
Foreign permanent tax differences	(708,657)	—
Tax benefits of share issuance costs incurred	(412,424)	—
Tax benefits of tax loss not previously recognized	(45,450)	—
Non-taxable portion of gain on sale of investment	(1,456,619)	—
Tax benefits of Chilean tax losses not previously recognized	(59,120)	—
Change in valuation allowance	(697,048)	142,476
Other	5,950	203,611
Income tax expense (recovery)	<u>5,690,569</u>	<u>4,390,854</u>

Future income taxes are provided for to account for temporary differences. The significant components of future income tax assets and liabilities at December 31, 2006 and December 31, 2005 are as follows:

	December 31, 2006 (\$)	December 31, 2005 (\$)
Future income tax assets		
Unused tax losses, Canada	15,716	847,632
Resource assets, Canada	409,218	463,777
Plant and equipment, Canada	8,102	11,882
Other intangible assets, Canada	391,454	198,246
Other deductible temporary differences, Chile	398,988	372,886
	<u>1,223,477</u>	<u>1,894,424</u>
Future income tax liabilities		
Plant and equipment, Chile	(3,524,302)	(3,335,237)
Contractual right	(1,145,044)	(1,206,762)
	<u>(4,669,346)</u>	<u>(4,541,999)</u>
Net future tax asset before valuation allowance	(3,445,868)	(2,647,575)
Less valuation allowance, Canada	(824,489)	(1,521,537)
Less valuation allowance, Chile	—	—
Net future tax asset (liability)	<u>(4,270,358)</u>	<u>(4,169,112)</u>

As at December 31, 2006, the Company had non-capital losses and cumulative exploration, development and depletion expenses in Canada of approximately \$51,000 and \$1,320,000 respectively carried forward for tax purposes and which are available to reduce taxable income in future years.

The non-capital losses expire in the years presented below:

	(\$)
2015	51,000

The Canadian resource pools consist of the following amounts. The cumulative exploration, development and depletion expenses can be carried forward indefinitely.

	(\$)
Cumulative Canadian Exploration Expenses	966,000
Foreign Exploration and Development Expenses	354,000
	<u>1,320,000</u>

As at December 31, 2006 the Company had no material unused tax losses in Chile.

The Company has non-resident subsidiaries that have undistributed earnings. Provisions have not been recorded for taxes that may arise on repatriation of these earnings, as these undistributed earnings are not planned to be repatriated in the foreseeable future.

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15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	December 31, 2006 (\$)	December 31, 2005 (\$)
Cash paid during the year for interest	655,117	34,050
Cash paid during the year for income taxes	8,670,594	266,511
	December 31, 2006 (\$)	December 31, 2005 (\$)
Cash	5,473,984	11,690,227
Cash equivalents	21,100,075	1,263,289
	26,574,059	12,953,516

16. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, investment in Nikos, accounts payable and accrued liabilities, El Teniente royalty payable and notes payable. The fair value of these financial instruments approximates their carrying value.

The Company is not exposed to significant interest and credit risks arising from these financial instruments but is exposed to currency risk derived from exchange rate fluctuations of the Chilean peso to the U.S. dollar that could have a material effect on the Company's business, financial condition and results of operations. The Company has not entered into foreign currency contracts or other instruments to mitigate this risk.

Concentration of credit risk

Concentration of credit risk in trade accounts receivable resides with two customers. One of the customers is a Chilean state company for which the Company does not require collateral. The Company has estimated that no allowances are required to allow for potential credit losses, as the risk of non-performance is remote.

17. SEGMENTED INFORMATION

As at December 31, 2006, 78% of the Company's assets are located in Chile, 19% in Canada and 3% in other locations. All of the Company's revenues arise from its Chilean operations. The Company's sales to one customer represent 81% of reported revenue.

18. COMMITMENTS

MVC has certain commitments to sell copper concentrate to Enami on a yearly basis for each year from 2006 to 2008. It also has certain commitments to sell molybdenum concentrate to Molibdenos y Metales S.A. ("Molymet") on a yearly basis to 2007.

In 2006 due to production restrictions imposed by Codelco - El Teniente, MVC sold significantly less copper than estimated under the original concentrate supply quota with Enami for 2006. To address this matter, MVC and Enami agreed to observe lower supply quotas for September, October, November and December 2006 and to maintain smelter and refinery charges at 2006 pricing until MVC meets the 2006 revised quota, at which time Enami and MVC will meet to discuss terms for 2007. It is projected that the 2006 quota will be met during April 2007. This agreement has reduced the Company's exposure to increases or decreases in copper prices until the 2006 revised quota is met.

19. GUARANTEES

As required by contract, MVC has provided Codelco with a guarantee in the form of letter of credit with Banco de Chile in the amount of UF 4,500 or approximately \$154,987 at December 31, 2006, renewable on February 5, 2008. UF refers to "Unidades de Fomento" an indexed monetary unit utilized in Chile.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended December 31, 2006

All figures expressed in US Dollars except where noted.

The following discussion and analysis of the results of operations and financial position of Amerigo Resources Ltd. ("Amerigo") together with its subsidiaries (collectively, the "Company"), is prepared as of February 20, 2007 and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2006.

Amerigo is a producer of copper and molybdenum concentrates with operations in Chile. Its operating subsidiary Minera Valle Central S.A. ("MVC") has a contract with Chile's state-owned copper producer Codelco through at least the year 2021 to process the tailings from El Teniente, the world's largest underground copper mine.

The Company's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. The Company's reporting currency is the US Dollar.

HIGHLIGHTS

- **Net earnings after tax** for the year ended December 31, 2006 were **\$39,283,683**, 119% higher than earnings of \$17,992,467 in 2005 due to higher copper prices more than offsetting lower production and profit from the sale of a strategic investment. Despite production restrictions imposed by El Teniente, 2006 is a **record earnings year** for Amerigo.
- **Earnings per share** for the year were **42¢**, compared to earnings per share of 23¢ in 2005.
- **Cash flow from operating activities** was **\$26,576,910** or 29¢ per share in 2006, compared to \$21,874,229 or 28¢ per share in 2005.
- **Production** in 2006 was **24.67 million pounds of copper and 674,549 pounds of molybdenum**, a copper production decrease of 17% due to restricted tailings flow and various temporary plant shutdowns imposed by El Teniente. Molybdenum production increased 7% due to a full year of molybdenum production.
- **Gross copper selling price** was **\$3.33/lb** after settlement adjustments, compared to an LME average price of \$3.05/lb during the year. **Realized copper price** (copper revenue net of smelter and refinery charges and including settlement adjustments to prior year sales divided by copper pounds sold in the year) was **\$2.74/lb**.
- **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 **\$1.20/lb** in 2006, compared to 60¢/lb in 2005. The increase in cash cost was caused by lower copper production due to production constraints, higher smelter and refinery costs due to the effect of copper price participation with the smelter and higher power, steel and maintenance costs.
- **Total cost** (the aggregate of cash cost, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for the year ended December 31, 2006 was **\$1.80/lb** compared to 94¢/lb in 2005. The increase in total cost was driven by higher cash costs and higher royalty payments to El Teniente caused by higher copper prices.
- **Capital plant expenditures** for the construction of two thickeners and an industrial water recovery system required to meet Chilean environmental regulations and for the final stages of the MVC plant expansion were **\$31,943,881** in 2006, funded substantially from operating cash flow.
- **Cash balance** was **\$26,574,059** at December 31, 2006 after \$27,890,637 of cash payments for capital expenditures, dividend payments of \$7,449,203 and the repayment in full of a \$3,736,979 note and interest that was issued in 2003 in connection with the acquisition of MVC.
- **Dividend**—In accordance with Amerigo's stated policy, two semi-annual dividends of Cdn 4.5¢ per share each were paid in 2006, for aggregate dividends of \$7,449,203.
- **Determination of Dividend**—Amerigo's Board of Directors will consider and resolve on the level of the next semi-annual dividend at its scheduled February 24, 2007 meeting.
- **Cash and marketable securities** are **\$27,581,427** at the date of this report.

OVERALL PERFORMANCE

Net earnings after tax for the year ended December 31, 2006 were \$39,283,683, 119% higher than net earnings of \$17,992,467 in fiscal 2005 due to higher copper prices which more than offset lower production.

Revenue of \$82,054,432 is derived from the sale of 24.91 million pounds of copper and 697,171 pounds of molybdenum. Other revenue of \$2,150,853 is from molybdenum tolling fees.

In fiscal 2006, the Company's activities contributed to operating cash flow of \$26,576,910, which includes the effect of changes in non-cash working capital accounts. Cash resources of \$27,890,637 were allocated to investing activities in the year, mainly for the construction of two thickeners and an industrial water recovery system to comply with recently implemented environmental regulations in Chile, and for the final stages of the MVC plant expansion. Amerigo also made a strategic investment in Chariot Resources Limited ("Chariot"), an issuer listed on the TSX that is developing the Marcona copper project in Peru. The Chariot investment was substantially sold during the year resulting in a gain on sale of investment of \$8,530,377.

In fiscal 2006 Amerigo received \$14,554,274 net of issue costs from the sale of 7 million of its common shares pursuant to a bought deal offering under a short term prospectus and \$925,698 from the exercise of stock purchase options. Amerigo also paid two semi-annual dividends in the aggregate amount of \$7,449,203 and repurchased 712,600 shares for cancellation at a cost of \$1,131,443.

At December 31, 2006 the Company had a strong balance sheet, with \$26,574,059 in cash and cash equivalents and working capital of \$25,047,681. This compares to cash and cash equivalents of \$12,953,516 and working capital of \$8,236,363 at December 31, 2005. Amerigo is well-positioned to evaluate and pursue further investment opportunities in 2007.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended December 31, 2006

SELECTED ANNUAL INFORMATION

	12 months ended December 31, 2006	12 months ended December 31, 2005	12 months ended December 31, 2004
Total revenue	\$84,205,285	\$58,328,082	\$35,241,609
Net income	39,283,683	17,992,467	10,049,614 ¹
Earnings per share	0.42	0.23	0.16 ¹
Diluted earnings per share	0.42	0.20	0.12 ¹
	At December 31, 2006	At December 31, 2005	At December 31, 2004
Total assets	\$134,304,048	\$87,239,450	\$49,747,212 ²
Total long-term liabilities	7,204,755	6,933,480	9,100,919 ³
Cash dividends declared	7,449,203	3,152,777	Nil

¹ Adjusted from net income of \$10,941,614 to account for retroactive restatements to earnings of (\$891,584) due to the elimination under Canadian GAAP of certain Chilean future income tax assets.

² Adjusted from total assets of \$48,469,945 to account for a future income tax asset of \$1,277,467 in connection with the Company's contractual rights.

³ Adjusted from long-term liabilities of \$6,185,287 to account for adjustments of \$2,915,632 to future income tax liabilities.

RESULTS OF OPERATIONS— YEAR ENDED DECEMBER 31, 2006

Revenue

Total revenue in 2006 of \$84,205,285 included copper revenue of \$68,140,357, molybdenum revenue of \$13,914,075 and tolling revenue of \$2,150,853. Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased from 2005 due to significantly higher copper prices, despite a 13% reduction in annual sales volume. In 2006 the Company sold 11,300 tonnes or 24.91 million pounds of copper, down from 28.92 million pounds sold in 2005, following restricted tailings flow and various temporary plant shutdowns imposed by El Teniente. The Company's annual realized copper price was \$2.74/lb in 2006, a significant increase from its realized copper price of \$1.34/lb in 2005. The realized copper price is calculated by dividing annual copper revenue (net of smelter and refinery charges and including settlement adjustments to the prior year's sales) by the number of pounds of copper sold in the year.

In 2006 the Company's gross copper selling price was \$3.33/lb (2005: \$1.73/lb). Gross copper selling price is calculated by dividing copper revenue (before smelter and refinery charges and including settlement adjustments to the prior year's sales) by the number of pounds of copper sold in the year. In 2006, the Company's gross copper selling price was higher than the average LME cash copper price of \$3.05/lb due to pricing adjustments related to the fact that sales are priced on an M+3 basis.

Copper produced by the Company is sold under a written sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"). The agreement with Enami establishes a delivery schedule of monthly sales quotas and sets the Company's copper sale price at the average market price for the third month after delivery ("M+3").

Accordingly, provided monthly quotas are met, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following quarter. However, where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and the Company receives a sale price calculated for the originally scheduled month of delivery until the quota is met. The Company believes that this pricing arrangement is standard in the industry.

In 2006, due to production restrictions imposed by El Teniente, MVC sold significantly less copper than estimated under the original 2006 concentrate supply quota with Enami. To address this matter, MVC and Enami agreed to lower the supply quotas for September, October, November and December 2006, and to maintain smelter and refinery charges at 2006 pricing until MVC meets the 2006 revised quota, at which time Enami and MVC will meet to discuss terms for 2007. It is projected that the 2006 revised quota will be met during April 2007. This agreement has reduced the Company's exposure to increases or decreases in copper prices until the 2006 revised quota is met, as illustrated below (pricing = M+3):

- January 2007 deliveries: August 2006 quota (November 2006 average prices)
- February 2007 deliveries: August and September 2006 quotas (November and December 2006 average prices)
- March 2007 deliveries: September, October and November 2006 quotas (December 2006, January 2007 and February 2007 prices)
- April 2007 deliveries: November and December 2006 quotas (February and March 2007 prices)

Molybdenum revenue increased in 2006 due to a full year of molybdenum production, compared to a nine-month production period in 2005, given that the molybdenum plant was completed in March 2005. In 2006 the Company sold 697,171 pounds of molybdenum at a gross moly selling price of \$24.34/lb, compared to 651,071 pounds sold in 2005 at a gross selling price of \$26.40/lb. Gross molybdenum selling prices are calculated by dividing moly revenue (before roasting charges and including settlement adjustments to the prior year's sales) by the number of pounds of moly sold in the year.

Molybdenum produced by the Company is sold under a written sales agreement with Chile's Molibdenos y Metales S.A. ("Molytmet"), which provides that the sale price is the average market price for the first ("M+1"), second ("M+2") or third ("M+3") month after delivery, with each delivery period nominated at the election of Molytmet. In 2006 the sale price nominated by Molytmet was predominantly M+3.

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter, refinery and roaster charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is determinable.

Sales are recognized into revenue using forward copper prices for the expected date of final settlement and spot prices for molybdenum, and adjustments to revenue are

made at the end of each month to reflect changes in market prices until the sale price is settled under the terms of the agreement. This practice increases the sensitivity of the Company's reported revenue to increases and decreases in copper and molybdenum prices. In a period of rising prices, not only will the Company record higher revenue for deliveries in the period, but it will also record favourable adjustments to revenue for copper and molybdenum delivered in the prior period. Similarly, in a period of declining prices, the Company will be required to record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

The Company has a tolling agreement with Codelco's Chuquicamata division to process certain of Chuquicamata's molybdenum-copper bulk concentrates at MVC's plant. In 2006, 2,665 tonnes of Chuquicamata concentrates were processed by the Company, in contrast to 6,810 tonnes processed in 2005, which resulted in tolling revenue of \$2,150,853 in 2006 and \$5,417,507 in 2005. Tolling revenue is recognized when the processing is completed, the amounts to be received are known and collection is reasonably assured.

Production

In 2006, the Company produced 11,189 tonnes or 24.67 million pounds of copper compared to 13,552 tonnes or 29.88 million pounds of copper produced in 2005, a 17% decrease. Production was below budget following various temporary plant shut-downs and El Teniente's decision to restrict the tailings flow between MVC and El Teniente's Caren tailings impoundment from mid-August 2006 to early January 2007, due to environmental concerns, both with respect to the volume of water in the tailings being sent to Caren and the structural condition of the Cachapoal 2 bridge that forms part of the tailings launder downstream from MVC. Fresh tailings were diverted to Colihues during this period. In May 2006, the same environmental concerns had prompted El Teniente to ask MVC to temporarily stop processing tailings from Colihues. As of the date of this report, the Colihues restrictions are still in place.

In 2006 molybdenum production was 674,549 lbs, compared to 631,843 lbs produced in 2005, a 7% increase in production due to a full year of molybdenum production. Molybdenum production in 2006 was affected by the restricted tailings flow to MVC and by lower than historical molybdenum content in fresh tailings.

Despite the production challenges faced in 2006, the Company remains committed to attain its goals of annualized production rates of 60 million pounds of copper and 1 million pounds of molybdenum by the end of 2007, subject to approval from El Teniente to recommence operations at Colihues.

Cash Cost and Total Cost

Cash cost and total cost are non-GAAP measures prepared on a basis consistent with the industry standard Brook Hunt definitions. Cash cost is the aggregate of copper and molybdenum production costs, smelter and refinery charges, administration and transportation costs, minus molybdenum by-product credits. Total cost is the aggregate of cash cost, El Teniente royalty, depreciation, amortization and asset retirement accretion cost.

The Company's cash costs for the last two fiscal periods (\$/lb of copper produced) were as follows:

	Q1-2006	Q2-2006	Q3-2006	Q4-2006	2006
Cu and Mo production	1.07	1.24	1.24	1.14	1.17
By-product credits	(0.35)	(0.99)	(0.98)	(0.40)	(0.65)
Smelter & refinery	0.59	0.57	0.67	0.59	0.60
Administration	0.05	0.05	0.07	0.07	0.05
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	\$1.39	\$0.90	\$1.03	\$1.43	\$1.20

	Q1-2005	Q2-2005	Q3-2005	Q4-2005	2005
Cu and Mo production	0.50	0.74	0.85	1.14	0.81
By-product credits	—	(0.61)	(1.05)	(0.95)	(0.65)
Smelter & refinery	0.36	0.40	0.36	0.40	0.38
Administration	0.03	0.04	0.04	0.06	0.04
Transportation	0.02	0.02	0.02	0.02	0.02
Cash Cost	\$0.91	\$0.59	\$0.22	\$0.67	\$0.60

Cash cost is driven mainly by production costs, smelter/refinery costs and moly by-product credits. This cost is expressed as a unit cost and therefore all things being equal will increase as production decreases.

In fiscal 2006, cash cost was \$1.20/lb, compared to a cash cost of \$0.60/lb in the preceding year. The most significant increase (\$0.36/lb) in cash cost comes from copper and molybdenum unit production costs, as a result of lower production, the effect on costs of a stronger Chilean peso and higher steel and energy costs. Smelter and refinery costs increased by \$0.22/lb in 2006 due to higher copper prices. Smelter and refinery costs will decrease as copper prices decline due to the price participation formula. Administration and transportation costs increased by \$0.01/lb respectively in 2006.

While molybdenum by-product credits are volatile in nature as they are impacted by settlement adjustments to prior quarter moly sales and by the Chuquicamata tonnage processed in a given period, these credits were \$0.65/lb in both 2006 and 2005, as the lower credits coming from lower moly and Chuquicamata revenue in 2006 were divided over lower copper production.

The Company's total costs for the last two fiscal periods (\$/lb of copper produced) were as follows:

	Q1-2006	Q2-2006	Q3-2006	Q4-2006	2006
Cash cost	1.39	0.90	1.03	1.43	1.20
El Teniente royalty	0.39	0.53	0.69	0.52	0.52
Amortization/ depreciation/accretion	0.06	0.07	0.11	0.05	0.07
Stock-based compensation	0.01	0.01	0.01	0.01	0.01
Total Cost	\$1.85	\$1.51	\$1.84	\$2.01	\$1.80

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended December 31, 2006

	Q1-2005	Q2-2005	Q3-2005	Q4-2005	2005
Cash cost	0.91	0.59	0.22	0.67	0.60
El Teniente royalty	0.19	0.25	0.30	0.39	0.28
Amortization / depreciation/accretion	0.04	0.05	0.05	0.05	0.05
Stock-based compensation	0.02	—	—	—	0.01
Total Cost	\$1.16	\$0.89	\$0.57	\$1.11	\$0.94

Total cost in 2006 was \$1.80/lb, compared to total cost of \$0.94/lb in 2005. The most significant impact on total cost is a \$0.60/lb increase in cash cost, followed by a \$0.24/lb increase from El Teniente royalty, due mainly to higher copper prices.

The El Teniente royalty is based mainly on copper price; the royalty for fresh tailings declines to zero at a copper price of \$0.80/lb or less, making MVC a copper producer whose costs decrease as copper prices decline.

Operating Costs and Expenses

Production costs include copper and molybdenum production costs, maintenance costs and Chuquicamata tolling costs. In 2006, production costs were \$28,823,890 compared to production costs of \$24,227,606 in 2005. The \$4,596,284 increase in production costs is explained mainly by higher power and steel prices, and higher overall costs in Chile.

In 2006 the El Teniente royalty was \$12,776,390 compared to \$8,437,862 in 2005. The royalty increases or decreases as a function of copper and molybdenum prices and sales. The significant copper price increase in 2006 compared to 2005 accounts for the increased royalty cost despite lower sales volume for copper.

Administration expenses were \$1,409,981 in 2006, \$203,714 higher than in 2005 due to higher professional fees and salaries in Chile, and higher costs coming from a stronger Chilean peso.

Amortization cost increased by \$280,235 to \$1,618,424 in 2006, due to a higher asset base at MVC. Stock-based compensation for options granted to MVC employees was \$218,412 in 2006 and \$149,085 in 2005, for the same number of options granted.

Costs not related to MVC's production operations are identified as "Other Expenses" and were \$3,140,918 in 2006 and \$2,025,005 in 2005, an increase of \$1,115,913. The most significant expenses in 2006 were salaries, management and professional fees of \$1,295,705 (2005: \$732,279), which in 2006 include bonuses paid or accrued to senior management for 2005 and 2006 corporate performance. No bonus was accrued in 2005. Stock-based compensation in 2006 was \$673,755, compared to \$396,004 in 2005 for substantially the same number of options vested, due to higher stock volatility. Office and general expenses were \$597,753 (2005: \$228,061) due to higher rent, travel and office expense and to expenses incurred in Chile that are not related to MVC's production operations. Other expenses are comparable to 2005 levels.

Non-operating items in 2006 include a gain on sale of investment of \$8,530,377 from the sale of substantially all the Chariot investment held by the Company, interest income of \$760,236 (2005: \$374,604), a foreign exchange gain of \$492,168 (2005: \$1,944,800), a gain on settlement of debt of \$202,027 (\$Nil in 2005) and other income of \$112,821 (2005:

\$94,423). In 2005 the Company also recorded a gain on disposition of mineral properties of \$427,455 and investment income of \$32,062. The variance in foreign exchange gains is due to significantly lower fluctuations of the Chilean Peso with regards to the US Dollar in 2006, and to an unrealized foreign exchange expense at year end from the decline in value of the Canadian dollar to the US dollar, given that the Company held a considerable portion of its cash position in Canadian dollars at year end. The Company will continue to hold its cash position significantly in Canadian dollars and expects this temporary foreign exchange loss to be reversed in subsequent periods.

The Company recorded income tax expense net of recoveries of \$5,690,569 in 2006, compared to income tax expense net of recoveries of \$4,390,854 in 2005. Tax expense in relation to earnings before taxes is significantly lower in 2006 as there is no tax expense or tax payable associated with the gain on sale of the Chariot investment due to the utilization of a portion of previously unrecognized tax losses in Canada.

Operating Cash Flows

In 2006, the Company's activities generated operating cash flow of \$26,576,910 (or 29¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of \$21,874,229 or 28¢ per share in 2005.

SUMMARY OF QUARTERLY RESULTS

	Qtr. ended Dec. 31, 2006	Qtr. ended Sept. 30, 2006	Qtr. ended June 30, 2006	Qtr. ended March 31, 2006
Total revenue	\$19,944,732	\$19,739,861	\$27,482,949	\$17,037,743
Net income	13,981,236	8,251,071	12,444,608	4,606,768
Earnings per share	0.1490	0.0877	0.1322	0.0524
Diluted earnings per share	0.1475	0.0868	0.1285	0.0515

	Qtr. ended Dec. 31, 2005	Qtr. ended Sept. 30, 2005	Qtr. ended June 30, 2005	Qtr. ended March 31, 2005
Total revenue	\$19,459,021	\$17,702,172	\$12,768,609	\$8,398,280
Net income	5,208,566	6,503,415	4,635,764	1,644,722
Earnings per share	0.0604	0.0757	0.0607	0.0237
Diluted earnings per share	0.0588	0.0735	0.0525	0.0186

LIQUIDITY AND CAPITAL RESOURCES

Amerigo's cash and cash equivalents at December 31, 2006 were \$26,574,059, compared to \$12,953,516 at December 31, 2005. The Company's working capital at December 31, 2006 was \$25,047,681 compared to \$8,236,363 at December 31, 2005. The Company continues to be able to generate sufficient cash resources in the short and long-term to maintain existing operations and to evaluate and pursue further investment opportunities in 2007.

During the year ended December 31, 2006 Amerigo received net proceeds of \$14,554,274 from the issuance of 7 million shares by way of a bought deal offering under a short form prospectus and \$925,698 from the exercise of stock options.

Amerigo also purchased and cancelled 712,600 of its common shares at a total cost of \$1,131,443. A premium on the purchase of shares for cancellation of \$719,244 was applied against Retained Earnings. The purchase of shares for cancellation took place under the terms of a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo was entitled to purchase for cancellation up to 7,845,154 of its common shares during the one-year period ending on November 13, 2006. The term of the normal course issuer bid was renewed and Amerigo is currently entitled to purchase for cancellation up to 2,612,815 of its common shares during the one-year period ending on November 13, 2007. No further shares have been purchased for cancellation up to the date of this report.

On April 26, 2006, MVC obtained a short-term loan of Chilean Pesos \$2,000,000,000 (approximately \$4,000,000) from a Chilean bank at an annual borrowing rate of 7.68%. These funds were used to finance timing differences between accounts receivable and accounts payable. The Company repaid this loan in full on December 29, 2006.

On July 6, 2006, the Company paid in cash a \$3,400,000 note and accrued interest of \$539,006, due in connection with the acquisition of MVC. The Company negotiated a 5% discount on the principal and interest of the note, resulting in a \$202,027 gain realized on settlement of the debt.

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at December 31, 2006 were \$7,204,755 compared to \$6,933,480 on December 31, 2005.

The Company is not subject to debt covenants and does not anticipate it will incur any default or arrears on payment of leases, debt principal or interest.

The Company's gross copper sales are dependent on sales volumes and market prices for copper. Average LME cash copper prices in 2006 were the following:

January	\$2.1475	July	\$3.4982
February	2.2600	August	3.4907
March	2.3146	September	3.4484
April	2.8975	October	3.4021
May	3.6495	November	3.1884
June	3.2648	December	3.0278

In accordance with its stated dividend policy, on February 14, 2006 Amerigo declared a semi-annual dividend of Cdn 4.5¢ per share payable to shareholders of record as of March 31, 2006, for a total of \$3,630,307 paid on April 7, 2006; on July 31, 2006 Amerigo declared a second semi-annual dividend of Cdn 4.5¢ per share payable to shareholders of record as of August 18, 2006, for a total of \$3,818,896 paid on September 1, 2006.

As of December 31, 2006 Amerigo had 2,902,000 outstanding share purchase options (with exercise prices ranging from Cdn\$1.23 to Cdn\$2.71). During the year ended December 31, 2006, 930,000 options were exercised for net proceeds of \$925,698 and 1,535,000 options were granted (1,335,000 exercisable at a price of Cdn\$2.71 per share and 200,000 exercisable at a price of Cdn\$2.43 per share).

Stock-based compensation is recognized as options vest. The 1,335,000 options granted in Q1-2006 vested in four equal installments, on March 31, June 30, September 30 and December 31, 2006. Amerigo recorded in aggregate a stock-based compensation expense of \$833,093 for these options, of which \$218,412 was charged to Costs as the options were granted to MVC employees and \$614,681 was charged to Other Expenses.

The 200,000 options granted in Q3-2006 vest in four equal installments, on September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007. For the options vested on September 30 and December 31, 2006, Amerigo recorded a stock-based compensation expense of \$59,074 charged to Other Expenses.

INVESTING ACTIVITIES

In the year ended December 31, 2006, the Company incurred \$31,943,881 in capital expenditures in MVC. These capital expenditures were funded substantially from operating cash flow and were primarily for the construction of two thickeners and an industrial water recovery system built in order to meet Chilean environmental regulations that came into effect in 2006, the construction of a pipeline system to divert tailings to Colihues, the final stages of the mill expansion project and equipment for the extraction of tailings from Colihues. At December 31, 2006, the Company had accounts payable and accrued liabilities of \$4,053,244 in connection with these capital expenditures.

On February 10, 2006, Amerigo acquired for investment purposes 25.6 million common shares and 11,532,000 share purchase warrants (the "Chariot Warrants") of Chariot. Each of the Chariot Warrants entitled Amerigo to purchase an additional common share of Chariot at a price of Cdn\$0.35 per share until December 22, 2006. Amerigo made subsequent purchases of Chariot shares during 2006 and on October 20, 2006, sold a total of 31,812,500 Chariot common shares and 11,532,000 Chariot Warrants to an arm's-length party. The selling prices were Cdn\$0.65 per common share and Cdn\$0.30 for each Chariot Warrant. Total proceeds of the sale were \$21,271,128, which resulted in a gain on sale of investment of \$8,530,377.

In 2006, Amerigo increased its investment in Nikos Explorations Ltd. ("Nikos") by \$268,200. Nikos is an issuer listed on the TSX Venture Exchange. The total book value of the investment in Nikos is \$1,204,947. Amerigo holds approximately 26% of Nikos's issued and outstanding common shares (assuming the exercise of outstanding warrants).

TRANSACTIONS WITH RELATED PARTIES

a) Minority Interest

A detailed description of Minority Interest is provided in the Company's Audited Consolidated Financial Statements for the year ended December 31, 2006.

During the year ended December 31, 2006, royalty dividends totaling \$452,217 were paid or accrued to the Amerigo International Class A shareholders (2005: \$619,266). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations. At December 31, 2006, \$42,857 of this amount remained outstanding (December 31, 2005: \$59,789).

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended December 31, 2006

b) Directors' fees and remuneration to officers

During the year ended December 31, 2006, the Company paid or accrued \$833,480 in fees to companies associated with certain directors and officers of Amerigo (2005: \$345,699). Included in these fees are bonuses of \$416,748 to senior management (2005: \$Nil). In the same period, Amerigo paid or accrued \$115,320 in directors' fees to independent directors (2005: \$80,309). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At December 31, 2006, an aggregate amount of \$230,970 was due to directors and officers in the ordinary course of business (December 31, 2005: \$46,778).

c) At December 31, 2006 one of Amerigo's officers acted as an officer and another as a director of Nikos.

FOURTH QUARTER

Net earnings after tax in the three months ended December 31, 2006 ("Q4-2006") were \$13,981,236, compared to net earnings of \$5,208,566 in the three months ended December 31, 2005 ("Q4-2005").

Revenue

Total revenue during Q4-2006 was \$19,944,732, which includes copper revenue of \$17,317,506 (Q4-2005: \$12,174,062) and molybdenum revenue of \$2,627,226 (Q4-2005: \$3,949,634).

Copper revenue increased from Q4-2005 due to significantly higher copper prices, despite an 11% reduction in sales volume between the two quarters. In Q4-2006 the Company sold 2,957 tonnes or 6.52 million pounds of copper, down from 7.38 million pounds sold in Q4-2005, following restricted tailings flow imposed by El Teniente. The Company's quarterly realized copper price was \$2.66/lb in Q4-2006, a significant increase from its realized copper price of \$1.65/lb in Q4-2005. During Q4-2006, the Company's gross copper selling price was \$3.25/lb (Q4-2005: \$2.07/lb) and the average LME cash copper price was \$3.21/lb.

Molybdenum revenue in Q4-2006 was lower than in Q4-2005 due to lower sales volume. In Q4-2006 the Company sold 144,583 pounds of molybdenum at a gross moly selling price of \$22.16/lb, compared to 240,923 pounds sold in Q4-2005 at a gross selling price of \$19.99/lb.

There was no tolling revenue from Chuquicamata during Q4-2006. In Q4-2005, tolling revenue was \$3,335,325.

Production

In Q4-2006, the Company produced 3,007 tonnes or 6.63 million pounds of copper and 130,538 pounds of molybdenum. Results were below budget due to restricted tailings flow. In Q4-2005, copper production was 3,506 tonnes or 7.73 million pounds of copper and 245,950 pounds of molybdenum. Accordingly, Q4-2006 production shows reductions of 14% for copper and 47% for moly compared to Q4-2005. In addition to the effect of restricted tailings flow to MVC, molybdenum production was also affected by a significant decrease in molybdenum content in the fresh tailings.

Cash Cost and Total Cost

Cash cost in Q4-2006 was \$1.43/lb compared to \$0.67 in Q4-2005:

	Q4-2006	Q4-2005
Cu and Mo production	1.14	1.14
Smelter & refinery	0.59	0.40
Administration	0.07	0.06
Transportation	0.03	0.02
By-product credits	(0.40)	(0.95)
Cash Cost	\$1.43	\$0.67

The increase in cash cost results mainly from a lower by-product credit due to lower molybdenum sales and tolling revenue in Q4-2006. Also, smelter & refinery charges were higher in Q4-2006 due to higher copper prices. Administration and transportation costs increased by \$0.01/lb respectively as a result of higher costs in Chile in Q4-2006

The Company's total cost in Q4-2006 was \$2.01/lb, compared to \$1.11/lb in Q4-2005.

	Q4-2006	Q4-2005
Cash cost	1.43	0.67
El Teniente royalty	0.52	0.39
Amortization/depreciation	0.05	0.05
Stock-based compensation	0.01	—
Accretion cost	—	—
Total Cost	\$2.01	\$1.11

In addition to the impact of a higher cash cost, the Teniente royalty had a significant effect on the increase in total cost in Q4-2006 compared to Q4-2005.

Operating Costs and Expenses

In Q4-2006, production costs were \$7,567,573 (Q4-2005: \$8,778,891). The \$1,211,318 decrease in production costs is explained by decreases in tolling costs of \$1,889,418 (as no Chuquicamata material was processed in Q4-2006) and in moly production costs of \$434,868 due to lower molybdenum production. The decrease in costs from these two factors was offset by higher maintenance costs and higher copper production costs due to environmental control and miscellaneous costs that are not associated with levels of production.

In Q4-2006 the El Teniente royalty was \$3,433,644 compared to \$2,980,792 in Q4-2005. The significant copper price increases in Q4-2006 from Q4-2005 account for the increased royalty cost despite lower sales volume for both copper and molybdenum.

Administration expenses were \$447,388 in Q4-2006 compared to \$434,440 in Q4-2005. Amortization cost of \$340,575 in Q4-2006 was comparable to Q4-2005 amortization. Stock-based compensation for options granted to MVC employees was \$53,459 in Q4-2006 and \$Nil in Q4-2005.

Costs not related to MVC's production operations are identified as "Other Expenses" and were \$868,506 in Q4-2006 and \$446,476 in Q4-2005. The most significant expenses in Q4-2006 were salaries, management and professional fees of \$436,979

(2005: \$250,439), which are higher due to accrued senior management performance bonuses in Q4-2006. Stock-based compensation in Q4-2006 was \$179,315 (\$Nil in Q4-2005) as this cost was recognized in 2006 as options vest on a quarterly basis, while in 2005 the cost of options was recognized fully in the quarter of issuance as options vested on grant. Office expense was \$135,759 in Q4-2006 (Q4-2005: \$113,201), the increase is from higher travel and office costs.

Non-operating items in Q4-2006 include a gain on settlement of investments of \$8,530,377 from the sale of substantially all the Chariot investment, a foreign exchange expense of \$589,213 (Q4-2005: gain of \$250,169), interest income of \$275,727 (Q4-2005: \$136,768) and other income of \$37,006 (Q4-2005: \$54,453). In Q4-2005 the Company also recorded investment income of \$32,062. The foreign exchange expense is significantly an unrealized expense, resulting from the decline in value of the Canadian dollar with respect to the US dollar at December 31, 2006, as the Company held most of its cash position in Canadian dollars at that date. The exchange rate of the Canadian dollar to the US dollar could reverse in 2007, offsetting this foreign exchange expense.

Despite the considerable increase in earnings in Q4-2006 from Q4-2005, the Company recorded income tax expense net of recoveries of \$1,155,419 in Q4-2006 and \$1,307,895 in Q4-2005, as there is no tax expense or tax payable associated with the gain on sale of the Chariot investment due to the utilization of a portion of previously unrecognized tax losses in Canada.

Critical Accounting Estimates

The most significant estimates are related to the physical and economic lives of mineral assets, property, plant and equipment and their recoverability.

The Company depreciates assets, capitalized acquisition costs and contractual rights based on the units of production method, whereby management has estimated copper units of production to 2021 and proceeds to allocate amortization charges based on actual production on a monthly basis.

The Company estimates the recoverable value of plant and equipment at the end of its contract with Codelco will be at least \$2,000,000.

As required by accounting standards, Amerigo has calculated an asset retirement obligation based on a quoted market price of \$3,500,000 provided by an independent third party. Management estimates required to calculate the asset retirement obligation include projected annual inflation rates in Chile of 3% per annum and a market risk premium of 5%. The present value of the asset retirement obligation at the time of adoption was estimated to be \$1,851,055, which will be systematically accreted to a 2021 value of approximately \$6,256,000.

On June 30, 2005, Amerigo increased its interest in Nikos to 27% of Nikos's then current outstanding shares, a level where Amerigo is deemed to assert significant influence over Nikos. Accordingly, on that date the Company started using the equity method to account for its investment in Nikos. The Company had previously considered the Nikos shares to be a long-term investment and used the cost method to account for the investment.

Changes in Accounting Policies, Including Initial Adoption

In April 2005, the Canadian Institute of Chartered Accountants ("CICA") issued three new standards relating to financial instruments, applicable for fiscal years beginning on or after October 1, 2006, as follows:

a) Financial Instruments—Recognition and Measurement (Section 3855)

The standard prescribes when a financial asset, financial liability and non-financial derivative is to be recognized on the Balance Sheet and whether fair value or cost-based measures should be used. It also specifies how financial instruments gains or losses should be presented.

b) Hedges (Section 3865)

The standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline 13 (acG-13) "Hedging Relationships" and Section 1650 "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

c) Comprehensive Income (Section 1530)

This standard introduces new rules for the reporting and display of comprehensive income. Comprehensive income is currently reported under US generally accepted accounting principles to measure the change in shareholders' equity of a company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period, except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments, gains and losses on certain derivative instruments, and foreign currency gains and losses related to self-sustaining foreign operations.

The impact from the adoption of these new standards on the Company's financial statements is still to be determined.

Effective January 1, 2005, the Company adopted Accounting Guideline AcG-15, Consolidation of Variable Interest Entities, which requires consolidation of entities in which the Company has a controlling financial interest. The Company has determined that it has no variable interest entities.

DISCLOSURE CONTROLS AND PROCEDURES

During the year ended December 31, 2005, the Company's General Counsel and Corporate Secretary completed an evaluation of the effectiveness of the Company's existing disclosure controls and procedures, undertook extensive research and made presentations and recommendations to the Company's certifying officers and board of directors. Based on those recommendations, a draft corporate disclosure policy was presented to the Company's board and adopted on February 14, 2006. The disclosure policy includes the setting up of a Disclosure Policy Committee that consists of the Company's Chairman, President and Corporate Secretary.

The new disclosure policy and committee have been in place since the adoption date. Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended December 31, 2006

management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

The Chief Executive Officer and the Chief Financial Officer of the Company have evaluated the effectiveness of the Company's design of internal control over financial reporting. Based on this evaluation, management has concluded that the design of internal control over financial reporting was effective as of December 31, 2006.

There were no changes in the Company's internal control over financial reporting during the year ended December 31, 2006 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

OTHER MD&A REQUIREMENTS

As of February 20, 2007, Amerigo has 93,443,244 common shares outstanding and 2,802,000 exercisable options (at prices ranging from Cdn\$1.23 to Cdn\$2.71).

Additional information, including the company's most recent Annual Information Form, is available on SEDAR at www.sedar.com

Cautionary Statement on Forward Looking Information

This Report contains "forward-looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans, future commercial production and the timing for resolving Colihues restrictions from El Teniente. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "schedule", "estimates" "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to restricted tailings flow, restricted operations from Colihues, copper and molybdenum price fluctuations, currency fluctuations, possible variations in grade or recovery rates, failure of plant, equipment, or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; unexpected regulatory changes, delays in the completion of critical activities and projects, environmental risks and hazards, risks of delays in construction and other risks more fully described in Amerigo's Annual Information Form filed with the Securities Commissions of the provinces of Alberta, British Columbia, Manitoba, Ontario and Quebec which is available on SEDAR at www.sedar.com.

CORPORATE DATA

DIRECTORS

Steven G. Dean
Klaus M. Zeitler
Sidney P.H. Robinson
Robert J. Gayton
Ruston E.T. Goepel

OFFICERS

Steven G. Dean, Chairman
Klaus M. Zeitler, President
Raul Poblete, General Manager
Aurora G. Davidson, Chief Financial Officer
Michael J. Kuta, Secretary

SHARES LISTED

Toronto Stock Exchange (Symbol ARG)

SHARES ISSUED

(at December 31, 2006):
93,443,244
Fully Diluted: 96,345,244

TRANSFER AGENT

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Vancouver, British Columbia

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CAUTIONARY NOTES

These materials include a review of the Minera Valle Central ("MVC") operations in Chile. Readers are cautioned that certain statements regarding expansions of the operations are based on estimates and projections and are not definitive. No representation or prediction is intended as the results of the expansions.

Other than statements of historical fact all statements in this material, including, without limitation, statements regarding potential mineralization and resources, estimated or potential future production, and future plans and objectives of the Company, are forward-looking statements and information within the meaning of applicable securities legislation. Although we believe that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based on reasonable assumptions and expectations, readers should not place undue reliance on forward-looking statements and information because they involve unknown and known risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information, and speak only as of the date of these materials. Readers should review our documents filed with the Toronto Stock Exchange, Canadian securities regulators and other regulatory authorities, including our Annual Information Form under the heading "Description of the Business – Risk Factors". These documents describe the material factors and assumptions that were applied in drawing the conclusions and making the forecasts and projections as reflected in the forward-looking statements and information, and the material factors that could cause our actual results, performance or achievements to differ materially. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. We undertake no obligation to update or revise any forward-looking statements or information made in these materials.

Certain information referenced in this Annual Report is based on a report completed by AMEC International (Chile) S.A. ("Amec."), under the supervision of Anthony R. Maycock, P. Eng. dated May 2003, and a technical report entitled "Technical Review of Operations at Minera Valle Central" dated March 11, 2006 (the "Technical Report") that was co-authored by Roger Moss, Ph.D., P.Geo., and Raul Poblete de la Cerda, the General Manager of MVC, both of which were filed by Amerigo on SEDAR. Readers are encouraged to review these reports, which are available in their entirety on SEDAR at www.sedar.com and on the Company's website at www.amerigoresources.com.

