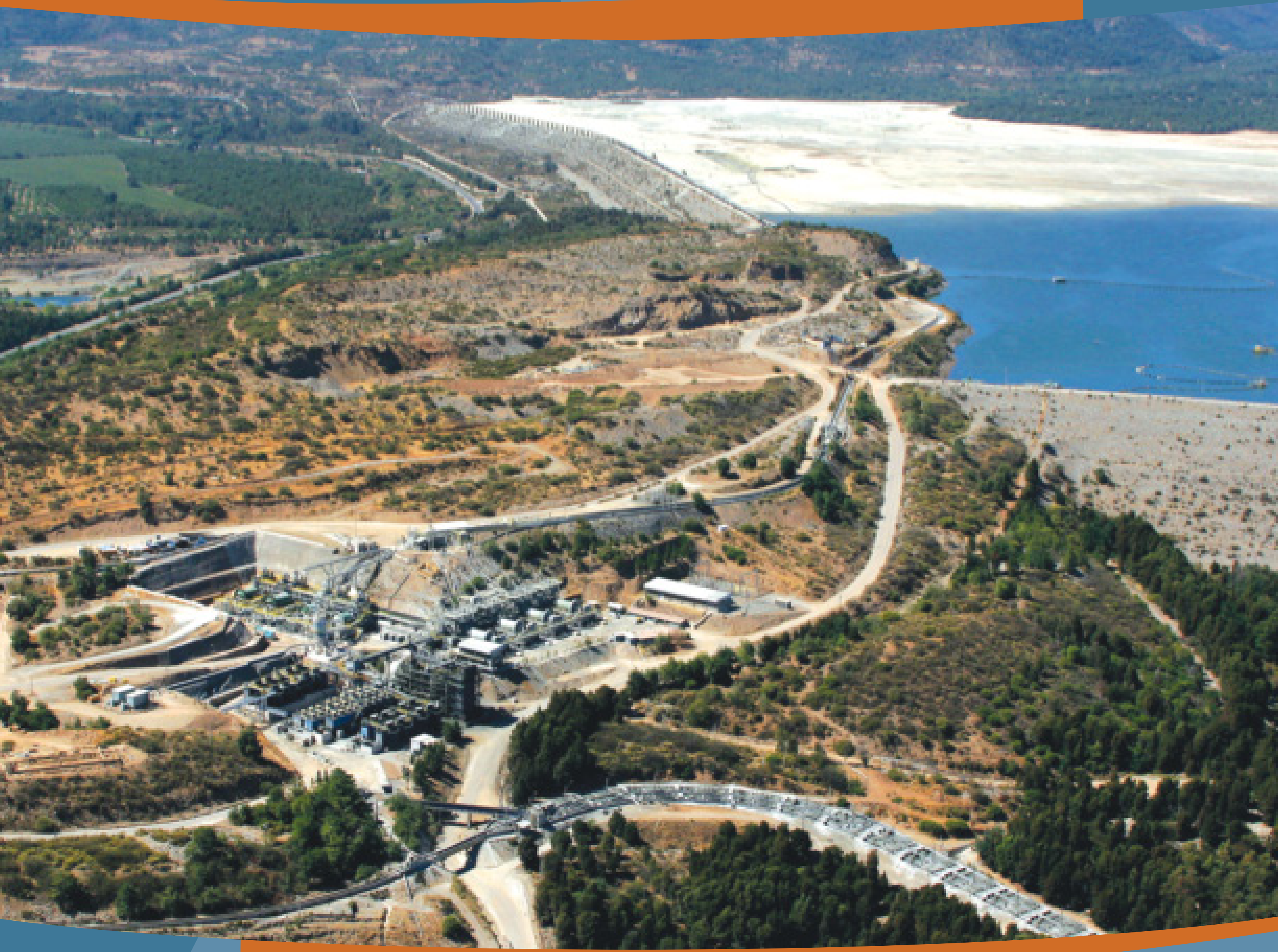
Amerigo
RESOURCES LTD.



Annual Report **2007**

MVC is located approximately 80 kilometres southwest of Santiago, Chile, and produces copper and molybdenum from tailings from El Teniente, the largest underground copper mine in the world.

2007 Highlights

PRODUCTION AND FINANCIAL RESULTS (US $)

	2006	2007
Copper (lbs)	24.67M	33.21M
Molybdenum (lbs)	674,549	639,020
Gross Revenue	$84.21M	$105.69M
Net Earnings	$39.28M	$24.28M
Per Share Basic	42.46¢	25.76¢
Net Cash from Operating Activities	$26.8M	$31.28M

HIGHER CASH FLOW BUT EARNINGS HEAVILY IMPACTED BY RISING CHILEAN ENERGY COSTS

If 2006 was the year of production challenges for Amerigo, 2007's dominant theme was the high cost of power in Chile.

The production interruptions in 2006-7 caused by the reinforcement of the tailings bridge were, for the most part, resolved by the first week of April, 2007. Production for Q1 2007 was adversely affected, but was back on track in Q2, with copper and molybdenum production for the quarter up 47.2% and 65.8% respectively over Q1. Copper production for the year increased by 35% to 33.21 million pounds from 24.67 million pounds in 2006 and, although molybdenum production decreased to 639,020 pounds from 674,549 pounds in 2006, revenues for 2007 rose to $105.7 million, a 25.5% increase from $84.7 million in 2006.

Net earnings after tax for the year, however, were $24.3 million, down 38% from $39.3 million in 2006. Although a $8.5 million extraordinary gain in 2006 on the sale of the Company's interest in Chariot Resources accounted for much of the difference in earnings, the Company's 2007 results would have been substantially higher had it not been for power costs. In February 2007 the cost of energy in Chile began to rise dramatically and remained high for the balance of the year. Power costs for the year were $20 million higher, or approximately triple those of 2006, which had a severely negative impact on earnings. Despite this fact, however, cash flow for the year actually increased to $31.3 million, or $0.33 per share, from $26.8 million, or $0.29 per share in 2006.

The main reason for the current energy shortage and considerably increased power costs in Chile is the drastic reduction in natural gas shipments from Argentina. High growth of industrial activity in Argentina in the last few years and abnormally harsh winter conditions with temperatures substantially below normal for virtually all of the country resulted in significantly increased local energy consumption and reduced the amount of gas available for export. In addition, price controls in Argentina have essentially brought investment in gas exploration and production to a standstill. Without the supply of natural gas from Argentina, Chile has been forced to use more expensive alternatives such as diesel fuel, which has greatly increased energy costs throughout the country. Although Chile is investing in a series of new generation facilities, including both hydroelectric, coal and LNG, and several of these projects are in various stages of construction, many experts believe that the current crisis situation may not ease for a number of years.

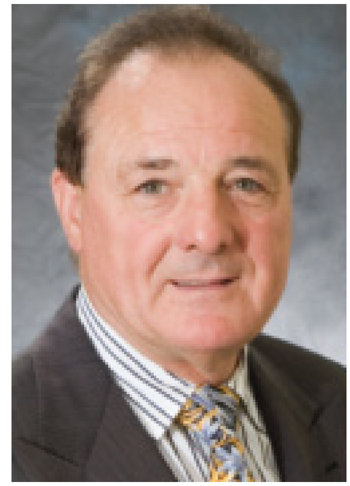
Copper production for the year increased by 35% to 33.21 million pounds from 24.67 million pounds in 2006 and, although molybdenum production decreased to 639,020 pounds from 674,549 pounds in 2006, revenues for 2007 rose to $105.7 million, a 25.5% increase from $84.7 million in 2006.

As a result, the Company has made the decision to become virtually energy self sufficient through the purchase of two reconditioned 10-megawatt generators fueled by Fuel Oil 6 (a type of heavy bunker fuel oil) that will allow MVC's operations to become largely independent of national power grid pricing. MVC management believes that these generators will substantially reduce power costs from current levels, and estimates a payback period of less than one year based on current oil prices and anticipated energy costs going forward.

Although the amount of copper produced was higher in 2007, both copper and molybdenum production were below expectations. On average, fresh tailings contained lower levels of molybdenum than in prior years and reduced processing of old tailings resulted in overall lower metal content than projected. In addition, El Teniente production was negatively affected by a number of factors including local flooding, mudslides and subcontractor protests, resulting in a reduced flow of fresh tailings. To help address these issues, MVC is exploring a number of ways to increase production from current levels, and has also begun to ramp up processing of old tailings. By the end of 2007 MVC was processing between 10-12,000 tonnes of old tailings per day.

During the year the Company paid two dividends of Cdn$0.065 per share each, for a total of $11,089,289, and ended 2007 without any long term debt and a cash balance of approximately $16.7 million. The Company increased its dividend from Cdn$0.09 to Cdn$0.13 per share on an annual basis in March of 2007. At 38%, return on capital invested (operating cash flows divided by the sum of the purchase price of MVC plus capital invested to December 31, 2006), was once again a strong economic result. The Company also completed planned capital expenditures in excess of $16.2 million and made a total of $15.8 million in strategic investments, funded entirely out of cash flow. Those strategic stakes included the purchase of shares in Candente Resource Corp., a diversified exploration company with copper, gold, silver, and zinc projects in Peru and Mexico that is listed on the TSX, and in Los Andes Copper Ltd., a Canadian exploration and development company focused on the acquisition, exploration and development of advanced stage copper deposits in Latin America and listed on the TSXV. Candente owns Cañariaco, a copper deposit in the feasibility stage in Peru, and Los Andes is focused on the Vizcachitas porphyry copper-molybdenum project, located 130km north of Santiago, in Region V, Chile.

Steven G. Dean
Chairman, Director



Klaus M. Zeitler
President, Director

. . . the Company has made the decision to become virtually energy self sufficient through the purchase of two reconditioned 10-megawatt generators . . . that will allow MVC's operations to become largely independent of national power grid pricing. MVC management believes that these generators will substantially reduce power costs from current levels . . .

During 2007 the copper price remained strong, although on average lower than in 2006. The LME copper price high for the year was $3.76 per pound as compared to close to $4.00 per pound in 2006, and decreased slightly during the course of the year from $3.05 per pound (December 2006 average) to $2.99 (December 2007 average). The average gross price received by the Company during 2007 was $3.10 per pound on copper sales (including settlement adjustments) and $31.21 per pound on molybdenum sales. As of March 31, 2008, however, the copper price had recovered to more than $3.80 per pound, reflecting continuing tight supply, strong demand and low global inventory levels.

In November 2007 the Company's board authorized renewal of Amerigo's normal course issuer bid and the acquisition of up to 2 million of Amerigo's common shares. In 2007 Amerigo purchased and cancelled 160,000 shares pursuant to the renewed bid at a total cost of $340,301. So far in 2008 the Company has purchased for cancellation 183,700 shares at a total cost of $414,924.

The Company once again wishes to thank all of 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 improved results in 2008.

Steven G. Dean
Chairman
April, 2008

Klaus M. Zeitler
President

. . . the Company has made the decision to become virtually energy self sufficient through the purchase of two reconditioned 10-megawatt generators fueled by Fuel Oil 6 (a type of heavy bunker fuel oil) that will allow MVC's operations to become largely independent of national power grid pricing. MVC management believes that these generators will substantially reduce power costs from current levels, and estimates a payback period of less than one year based on current oil prices and anticipated energy costs going forward.


TRANSP

In 2007 MVC's results from operations were mixed. Although copper production for the year was at the highest level since 2003, it was below expectations, and molybdenum production actually fell from 2006 levels.

Tonnage of fresh tailings received from the El Teniente concentrator, the primary source of feed to the plant, was below forecast, but the copper grade of the fresh tailings was higher than expected. As a result, the final numbers for total contained copper and production of copper from fresh tailings were very close to budget.

On the other hand, processing of old tailings remained below budget for the year. As reported last year, one of the bridges forming part of the tailings launder that is downstream from MVC's plant needed to be repaired and reinforced. While the repairs were being made, the flow of fresh tailings to MVC's plant was restricted for a number of months and MVC was ordered to stop the extraction and processing of old tailings. Although repairs to the bridge were completed near the end of Q1 2007 and the full flow of fresh tailings restored in April, the restriction on processing of old tailings remained in place until Q3 2007. During this time a very thorough monitoring of the whole of the tailings disposal system was completed in order to ensure that the operation was completely safe from an environmental standpoint. The smaller ratio of old to fresh tailings resulted in an overall lower level of both copper and molybdenum content in processed tailings.

. . . a very thorough monitoring of the whole of the tailings disposal system was completed in order to ensure that the operation was completely safe from an environmental standpoint. The smaller ratio of old to fresh tailings resulted in an overall lower level of both copper and molybdenum content in processed tailings.

During 2007 MVC also experienced a number of operational interruptions, mostly associated with labor unrest. Personnel working for El Teniente external contractors went on strike several times, demanding special benefits that were not in their current contracts. In addition, during the winter months of July and August freezing temperatures in the mountains caused restrictions in industrial water supply for the concentrating plants, which adversely affected tonnage throughput. As a result, fresh tailings flow was and to a minor extent continues to be adversely affected.

The end result was copper production of 33.21 million pounds contained in a 28.4 % concentrate, up approximately 35% from the 24.67 million pounds produced in 2006, and molybdenum production of 639,020 pounds, down 5% from 674,549 in 2006. The good news is that by the end of the year operating conditions had in general been normalized, and better production results are expected for 2008. Planned improvements in the grinding and flotation sections, including modifications of flotation machines and grinding mill overhaul to be completed in 2008, should result in higher equipment availability and better recoveries.

On the negative side, since early 2007 Chile has been experiencing an energy shortage caused by a greatly reduced flow of natural gas from Argentina, forcing energy providers to turn to more expensive alternative sources such as coal and diesel fuel. This has resulted in a sharp increase in the cost of energy, adversely affecting MVC's financial results because of large increases in the overall cost of grinding, where most of MVC's energy is consumed.

A worldwide increase in the price of metals has also been reflected in increases in the price of grinding balls and spare parts.

In order to deal with the energy crisis, which many experts expect may last until 2012 or later, MVC has purchased two generators (total of 20 MW) that will cover 90 to 95% of MVC's present energy requirements. These units, operating on Heavy Oil N°6, are projected to be operational by late Q3 this year, and will have a generation cost of approximately one third of that for light diesel oil. This project is budgeted to cost approximately $11 million, and includes two second hand MAN motors and two Siemens generators.

Capital expenditures for 2007 (not including funds spent on the generator project) totaled $10.3 million, and included investments in infrastructure for hydraulic monitors at the old tailings pond, major overhaul of grinding mills, flotation machine modifications to improve useful life, and general plant optimization projects.

Capital expenditures for 2008 are forecast to reach $14.9 million.

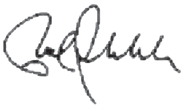
Raul Poblete
General Manager, MVC

. . . by the end of the year operating conditions had in general been normalized, and better production results are expected for 2008. Planned improvements in the grinding and flotation sections, including modifications of flotation machines and grinding mill overhaul to be completed in 2008, should result in higher equipment availability and better recoveries.

The Company plans to closely monitor energy costs from the Chilean grid and from the operation of the generators, and to draw on the most economical source during the year, as costs from the grid tend to fluctuate depending on factors such as the season and weather conditions.

The purchase of the two generators, plus the dismantling and inland and maritime freight, were completed at a cost of $5.9 million. The balance budgeted for this project, $5.1 million, will be invested in 2008.

Apart from the generators, the capital projects for 2008 include expansion of the old tailings hydraulic monitors infrastructure (approximately $5.8 million), and a new project for regrinding of the MVC plant tailings as a means of increasing overall recovery.



Raul Poblete

General Manager, MVC

April, 2008

2007 Highlights

- Production in 2007 was 33.21 million pounds of copper and 639,020 pounds of molybdenum. Production increased 35% in copper and decreased 5% in molybdenum from 2006.
- During the year the Company paid two dividends of Cdn$0.065 per share each, for a total of $11,089,289, and ended 2007 without any long term debt and a cash balance of approximately $16.7 million.

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, including 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 Candente Resource Corp., Spur Ventures Inc. both listed on the TSX, and Chairman and a director of Vanessa Ventures Inc., a company listed on the TSXV.

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 with a total investment value of $4 billion.

Dr. Zeitler was a managing director of Metallgeschaft 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 $3 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 is a director of Candente Resource Corp., Western Copper Corp. and has been actively involved as a director in various junior base and precious metal companies.

RAUL 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 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 (UBC) in 1962 and in 1964 earned the Chartered Accountant (C.A.) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at UBC 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. Dr. Gayton has directed the financial matters of public companies in the resource and non-resource fields since 1987. and is a director of several public companies.

RUSTON GOEPEL Director

Mr. Goepel, a Senior Vice President at Raymond James Ltd., entered the investment business in 1968 specializing in institutional sales with Ryan Investments and Pemberton Securities Ltd. 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. 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. 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

Mr. Kuta has more than 20 years experience in corporate commercial, securities and taxation law.. 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 from the University of Western Ontario, and an LLB from the University of British Columbia. Mr. Kuta is also Corporate Secretary for Spur Ventures Inc. and Los Andes Copper Ltd., and a director of Nikos Explorations Ltd. and JNS Silver Corp.

CHRISTIAN CACERES
Operation 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, and has a post graduate degree in Administration of Companies.

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 report on their findings to management and the Audit Committee.

Steven G. Dean
Chairman
February 27, 2008

Aurora Davidson
Chief Financial Officer
February 27, 2008

Auditors' Report

To the Shareholders of Amerigo Resources Ltd.

We have audited the consolidated balance sheets of Amerigo Resources Ltd. as at December 31, 2007 and 2006 and the consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows for each of the years in the two year period ended December 31, 2007. 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, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2007 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
February 27, 2008

Consolidated Balance Sheets

(expressed in US dollars)

	December 31 2007 $	December 31 2006 $
ASSETS		
Current assets		
Cash and cash equivalents	16,712,630	26,574,059
Marketable securities (Note 4)	—	777,457
Accounts receivable	16,901,271	11,693,247
Prepaid expenses	106,289	209,271
Plant supplies and inventory (Note 5)	4,231,984	2,526,911
	37,952,174	41,780,945
Investments (Note 12)	21,171,455	1,204,947
Mineral property, plant and equipment — net (Note 6)	98,136,625	83,414,103
Contractual right — net (Note 7)	7,437,823	7,880,319
Other	40,864	23,734
	164,738,941	134,304,048
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	16,635,329	13,066,490
El Teniente royalty payable (Note 8)	5,742,906	3,623,917
Due to minority shareholders (Note 10(a))	61,735	42,857
	22,439,970	16,733,264
Other payables	1,003,500	586,408
Asset retirement obligation (Note 9)	4,787,273	2,346,989
Future income tax (Note 13)	6,180,703	4,270,358
Minority interest (Note 10(a))	1,000	1,000
	34,412,446	23,938,019
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	56,933,105	55,026,997
Value assigned to stock options (Note 11(c))	1,949,218	1,603,180
Retained earnings	67,070,515	53,757,962
Accumulated other comprehensive income (Note 12(a)(b))	4,373,657	(22,110)
	130,326,495	110,366,029
	164,738,941	134,304,048

Contingencies (Note 19)

Approved by the Board of Directors

R Gayton

Robert Gayton
Director

R E J Goepel

Ruston Goepel
Director

Consolidated Statements of Operations and Comprehensive Income

(expressed in US dollars)

	Year ended December 31 2007 $	Year ended December 31 2006 $
Revenue	105,694,549	82,054,432
Other revenue	—	2,150,853
Total revenue	105,694,549	84,205,285
Costs		
Production costs	50,214,815	28,823,890
El Teniente royalty (Note 8)	18,673,900	12,776,390
Depreciation and amortization	4,086,845	1,618,424
Administration	1,469,759	1,409,981
Transportation	1,051,392	734,889
Asset retirement accretion cost	164,289	153,541
Stock-based compensation (Note 11(c))	149,276	218,412
Cost of sales	75,810,276	45,735,527
Operating profit	29,884,273	38,469,758
Other expenses		
Salaries, management and professional fees	1,429,902	1,295,705
Office and general expenses	1,136,365	848,516
Stock-based compensation (Note 11(c))	749,406	673,755
Interest expense	19,100	322,942
	3,334,773	3,140,918
Earnings before the undernoted items	26,549,500	35,328,840
Foreign exchange gain	1,348,336	492,168
Interest income	1,272,014	760,236
Realized gain on sale of financial instruments (Note 4)	711,591	—
Other income	297,750	112,821
Investment loss (Note 12(c))	(224,573)	—
Gain on sale of investment (Note 12(d))	—	8,530,377
Gain on settlement of debt	—	202,027
Earnings before taxes and minority interest	29,954,618	45,426,469
Income tax expense, net of tax recoveries (Note 13)	5,085,223	5,690,569
Earnings before minority interest	24,869,395	39,735,900
Minority interest (Note 10(a))	587,041	452,217
Net earnings	24,282,354	39,283,683
Other comprehensive income	4,395,767	—
Comprehensive income	28,678,121	39,283,683
Weighted average number of shares outstanding, basic	94,279,636	92,512,569
Weighted average number of shares outstanding, diluted	94,523,810	93,488,744
Earnings per share		
Basic	0.26	0.42
Diluted	0.26	0.42

Consolidated Statements of Cash Flows

(expressed in US dollars)

	Year ended December 31 2007 $	Year ended December 31 2006 $
Cash flows from operating activities		
Net earnings for the year	24,282,354	39,283,683
Items not affecting cash —		
Depreciation and amortization	4,086,845	1,618,424
Future income tax asset	1,910,345	101,246
Stock-based compensation	898,682	892,167
Investment loss	224,573	—
Asset retirement accretion cost	164,289	153,541
Amortization of future income tax asset	64,294	61,718
Realized gain on sale of financial instruments	(711,591)	—
Unrealized (realized) foreign exchange gains	(86,186)	—
Other receivables	(17,130)	(3,194)
Gain on sale of investment	—	(8,530,377)
Income tax expense, net of tax recoveries	—	(277,943)
Gain on settlement of debt	—	(202,027)
	30,816,475	33,097,238
Changes in non-cash working capital		
Accounts receivable	(5,208,024)	(2,425,637)
Prepaid expenses	102,982	429,066
Plant, supplies and inventory	(1,705,073)	(134,894)
Accounts payable	4,720,836	(893,574)
El Teniente royalty payable	2,118,989	418,392
Due to related parties	18,878	(16,932)
Other payables	417,092	16,488
Note and interest payable	—	(3,736,979)
Net cash provided by operating activities	31,282,155	26,753,168
Cash flows from investing activities		
Purchase of plant and equipment	(17,307,167)	(27,890,637)
(Purchase) sale of investments, net	(13,854,222)	7,549,492
Net cash used in investing activities	(31,161,389)	(20,341,145)
Cash flows from financing activities		
Issuance of shares for cash – net of issue costs	1,447,395	15,479,972
Payment of dividends	(11,089,289)	(7,449,203)
Purchase of share capital for cancellation	(340,301)	(1,131,443)
Net cash provided by (used in) financing activities	(9,982,195)	6,899,326
Increase in cash and cash equivalents due to exchange rate changes	—	309,194
Net increase (decrease) in cash and cash equivalents	(9,861,429)	13,620,543
Cash and cash equivalents – Beginning of year	26,574,059	12,953,516
Cash and cash equivalents – End of year	16,712,630	26,574,059

Supplemental disclosure with respect to cash flows (Note 14)

Consolidated Statements of Shareholders' Equity

(expressed in US dollars)

	Common shares		Retained Earnings	Value assigned to stock options	Accumulated Other Comprehensive Income	Shareholders' equity
	No. of shares	Amount ($)	($)	($)	($)	($)
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 as previously reported	93,443,244	55,026,997	53,757,962	1,603,180	(22,110)	110,366,029
Adoption of financial instruments standards (Note 2)	—	—	365,858	—	—	365,858
Balance – Dec. 31, 2006 as restated	93,443,244	55,026,997	54,123,820	1,603,180	(22,110)	110,731,887
Issue of shares						
Exercise of stock options	1,089,500	1,447,395	—	—	—	1,447,395
Shares repurchased	(160,000)	(93,931)	(246,370)	—	—	(340,301)
Options granted	—	—	—	898,682	—	898,682
Transfer of value on exercise of stock options	—	552,644	—	(552,644)	—	—
Unrealized gains on "available for sale" instruments (negligible tax effect) (Note 12)	—	—	—	—	4,395,767	4,395,767
Dividends paid	—	—	(11,089,289)	—	—	(11,089,289)
Net earnings for the year	—	—	24,282,354	—	—	24,282,354
Balance – Dec. 31, 2007	94,372,744	56,933,105	67,070,515	1,949,218	4,373,657	130,326,495

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 accepted in Canada.

Basis of presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned 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.

Investments

The Company holds approximately 26% of the share capital of a TSX-Venture Exchange issuer and is considered to have significant influence in this investment. Accordingly, the Company uses the equity method to account for this investment.

Other investments have been designated as "available for sale" for accounting purposes. Accordingly gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income in the Company's Balance Sheet until the investments are sold or management determines that other than temporary impairments in the value of the investments have occurred, at which time a write-down to estimated fair value is made and the accumulated losses will be transferred to earnings.

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 determinable, 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. ("Molymet"), 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 Molymet. 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 and molybdenum are provisionally priced at the time of sale based on the prevailing copper forward market price or the current molybdenum market price, as specified in the sales contracts. Variations between the price recorded at the time of sale and the actual final price received from the smelter or the roaster are caused by changes in copper and molybdenum market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The Company's reported revenue is therefore very sensitive 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 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.

Financial instruments

All derivative instruments, including certain embedded derivatives that are required to be separated from their host contracts, are recorded on the balance sheet at fair market value. Mark to market adjustments on these instruments are included in net income. Under the transitional provisions for the standard, only embedded derivatives acquired or substantively modified on or after January 1, 2003 are required to be considered for recognition and measurement.

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 at the options' vesting dates. Consideration paid on exercise of share purchase options is recorded as share capital. The Company does not recognize stock-based compensation on options that are forfeited prior to vesting.

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.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING PRONOUNCEMENTS

Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA Section 1506 "Accounting Changes", which requires that (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Financial Instruments

Effective January 1, 2007, the Company adopted the new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

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 to measure the recorded amounts. It also specifies how financial instruments gains or losses should be presented. Effective January 1, 2007, the Company's marketable securities were classified as "held for trading" and recorded at fair value on the Balance Sheet. Fair value is determined directly by reference to published bid price quotations in the active market where the securities are traded. Changes in the fair value of these instruments are reflected in income and included in shareholders' equity on the Balance Sheet. The Company also determined that the only derivatives it has are the embedded derivatives arising from variations in copper and molybdenum market prices between the time of delivery of concentrates and final settlement of the corresponding accounts receivable.

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. At September 30, 2007, the Company had no hedging relationships.

Comprehensive Income (Section 1530): The standard requires the presentation of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on "available for sale investments", gains and losses on certain derivative instruments and foreign currency gains and losses related to self-sustaining operations, all of which are not included in the calculation of net earnings until realized. Comprehensive income is being disclosed as a component in the Company's Statement of Shareholders' Equity.

As at January 1, 2007, the effect on the Company's Balance Sheet of adopting these standards is summarized below. As prescribed by these standards, prior periods have not been restated.

January 1, 2007

	As reported	Adjusted on adoption of Financial Instruments standards	Restated opening balances in 2007
ASSETS			
Cash and cash equivalents	26,574,059		26,574,059
Marketable securities	777,457	365,858[1]	1,143,315
Accounts receivable	11,693,247		11,693,247
Prepaid expenses	209,271		209,271
Plant supplies and inventory	2,526,911		2,526,911
	41,780,945		42,146,803
Investment	1,204,947		1,204,947
Mineral property, plant and equipment	83,414,103		83,414,103
Contractual right	7,880,319		7,880,319
Other	23,734		23,734
	134,304,048		134,669,906
LIABILITIES			
Accounts payable and accrued liabilities	13,066,490		13,066,490
El Teniente royalty payable	3,623,917		3,623,917
Due to minority shareholders	42,857		42,857
	16,733,264		16,733,264
Other payables	586,408		586,408
Asset retirement obligation	2,346,989		2,346,989
Future income tax	4,270,358		4,270,358
Minority interest	1,000		1,000
	23,938,019		23,938,019
SHAREHOLDERS' EQUITY			
Capital stock	55,026,997		55,026,997
Value assigned to stock options	1,603,180		1,603,180
Retained earnings	53,757,962	365,858[1]	54,123,820
Accumulated other comprehensive income	(22,110)		(22,110)
	110,366,029		110,731,887
	134,304,048		134,669,906

[1]Investments in marketable securities previously accounted for at cost are designated as "held for trading" and are measured at fair market value.

Accounting Pronouncements

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the interim period ended March 31, 2008 and is considering the impact this will have on the company's financial statements.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- qualitative information about the Company's objectives, policies and processes for managing capital,
- summary quantitative data about what it manages as capital.
- whether the Company complied during a reporting period with externally imposed capital requirements to which it is subject,
- in instances where the Company did not comply with externally imposed capital requirements, the consequences of such non-compliance.

Section 3031 - Inventories

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862 – Financial Instruments – Disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements to enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

- designating financial assets and liabilities as held for trading;
- designating financial assets as available-for-sale; and
- determination of when an impairment is recorded against the related financial asset or when an allowance account is used.

4. MARKETABLE SECURITIES

In May 2007, Amerigo sold for proceeds of $1,941,092 its portfolio of marketable securities, represented by common shares of an issuer listed on the TSX. On adoption of new accounting standards on January 1, 2007 (Note 3), these securities were reported at fair market value rather than at cost. At the time of adoption of the standards, the Company recorded an increase in the balance of marketable securities and retained earnings of $365,858. Subsequent gains from changes in fair value of $711,591 were included in income as the securities had been designated as "held for trading". The investment had a cost of Cdn$906,022.The total gains to fair value recorded by the Company in connection with this investment were $1,077,449.

5. PLANT SUPPLIES AND INVENTORY

	December 31 2007 $	December 31 2006 $
Plant supplies	2,624,750	1,466,363
Concentrate inventory	1,607,234	1,060,548
	4,231,984	2,526,911

6. MINERAL PROPERTY, PLANT AND EQUIPMENT

	December 31 2007 $	December 31 2006 $
Plant and infrastructure	50,431,227	46,848,139
Machinery and equipment and other assets	55,030,380	40,182,303
	105,461,607	87,030,442
Accumulated depreciation and amortization	(7,324,982)	(3,616,339)
	98,136,625	83,414,103

December 31, 2007 and 2006 (expressed in US dollars)

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 2007 $	December 31 2006 $
Contractual rights	9,394,146	9,394,146
Accumulated amortization	(1,956,323)	(1,513,827)
	7,437,823	7,880,319

8. EL TENIENTE ROYALTY PAYABLE

MVC has a contract with Codelco until 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 and molybdenum produced by MVC. The amount of the copper 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 published price for copper for the month of delivery of the tailings, 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 used in its operations and to leave the land occupied by MVC's 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%). At the end of 2007, the Company obtained a revised independent assessment of site restoration costs of $6.2M, which was in turn adjusted to reflect inflation (estimated at an annual rate of 4.5%), risk premiums (estimated at 8%) and time value of money (estimated at 7%). The 2007 independent assessment of asset recovery values indicated it was necessary to make adjustments to prospective amortization charges.

On adoption of the standard in 2004, the Company increased its property, plant and equipment by $1,851,055, recorded a corresponding asset retirement liability and 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 2007, revised cash flow estimates derived from the updated assessment of site restoration costs required a further increase to property, plant and equipment of $2,275,995, with a corresponding increase to the asset retirement liability. The Company also revised the associated future income tax asset to $190,908, derived from applying a 17% tax rate to the $4,787,273 asset retirement obligation less the unamortized balance of the asset of $3,664,286.

The asset is being amortized on a straight-line basis and the liability is being accreted over time.

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

	December 31 2007 $	December 31 2006 $
Balance – beginning of year	2,346,989	2,193,448
Arising from accretion expense	164,289	153,541
Revisions in estimated cash flows	2,275,995	—
Balance – end of year	4,787,273	2,346,989

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, 2007, royalty dividends totalling $587,041 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (2006: $452,217). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations. At December 31, 2007, $61,735 of this amount remained outstanding (December 31, 2006: $42,857).

b) Directors fees and remuneration to officers

During the year ended December 31, 2007 the Company paid or accrued $1,001,783 in fees to companies associated with certain directors and officers of Amerigo (2006: $833,480). Included in these fees are bonuses of $451,662 to senior management (2006: $416,748). In the same period, Amerigo paid or accrued $91,365 in directors' fees to independent directors (2006: $115,320). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At December 31, 2007, an aggregate amount of $450,729 was due to directors and officers for bonuses payable, directors' fees and reimbursement of expenses in the ordinary course of business (December 31, 2006: $230,970).

c) At December 31, 2007 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company in which Amerigo exercises significant influence

d) At December 31, 3007 one of Amerigo's directors acted as a director of Candente Resource Corp., a company in which Amerigo holds an investment.

e) At December 31, 2007 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

11. CAPITAL STOCK

Authorized - Unlimited common shares without par value

a) Summary of capital stock issued in the period

During the year ended December 31, 2007, 1,089,500 stock options at exercise prices ranging from Cdn$1.23 to Cdn$2.43 per stock option were exercised by employees, officers or directors of the Company, for aggregate proceeds of $1,447,395.

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

Amerigo has in place a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo is entitled to purchase for cancellation up to 2,000,000 of its common shares during the one-year period ending on November 13, 2008. During the year ended December 31, 2007, Amerigo purchased and cancelled 160,000 shares at a total cost of $340,301. The premium on the purchase of shares for cancellation amounted to $246,370 and was applied against Retained Earnings.

Amerigo was entitled to purchase for cancellation up to 2,612,815 of its common shares during the one-year 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, 2007 and December 31, 2006 and the changes for the twelve-month periods ending on those dates is presented below:

	Twelve months ended December 31, 2007		Twelve months ended December 31, 2006	
	Outstanding options	Weighted average exercise price Cdn$	Outstanding options	Weighted average exercise price Cdn$
Balance – start of year	2,902,000	2.14	2,297,000	1.39
Granted	1,760,000	2.23	1,535,000	2.67
Exercised	(1,089,500)	1.54	(930,000)	1.15
Cancelled	(207,500)	2.21	—	—
Outstanding	3,365,000	2.38	2,902,000	2.14
Exercisable	3,365,000	2.38	2,802,000	2.13

On February 28, 2007, Amerigo granted stock options to purchase an aggregate of 1,760,000 common shares to directors, officers and employees of the Company, with an exercise price of Cdn$2.23 per share, expiring on February 28, 2012. The options vested in four equal quarterly instalments, on March 31, June 30, September 30 and December 31, 2007; 52,500 options were cancelled prior to vesting. Amerigo recorded stock-based compensation expense of $853,682 for this grant in the year ended December 31, 2007, of which $149,276 was charged to Cost of Sales in respect of the options granted to MVC employees and $704,406 was charged to Other Expenses.

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 vested in four equal quarterly instalments, on September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007; 25,000 options were cancelled prior to vesting. For the options that vested in 2006, Amerigo recorded stock-based compensation expense of $59,074, charged to Other Expenses. For the options that vested in 2007, Amerigo recorded stock-based compensation expense of $45,000 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, September 30, September 30 and December 31, 2006. Amerigo recorded a stock-based compensation expense of $833,093 for these options, of which

December 31, 2007 and 2006 (expressed in US dollars)

$218,412 was charged to Cost of Sales in respect of the options granted to MVC employees and $614,681 was charged to Other Expenses.

In the year ended December 31, 2007, 207,500 options at a weighted average price of Cdn$2.21 expired unexercised.

Value assigned to stock options

	December 31 2007 $	December 31 2006 $
Balance – beginning of period	1,603,180	1,219,194
Options granted	898,682	892,167
Transfer to capital stock on exercise of stock options	(552,644)	(508,181)
Balance – end of period	1,949,218	1,603,180

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

	2007	2006
Expected dividend yield	4.89%	3.35%
Expected stock price volatility	47.67%	33.62%
Risk-free interest rate	4.04%	4.07%
Expected life of options	2.21 years	5 years

The following stock options were outstanding and exercisable as at December 31, 2007:

Range of exercise prices Cdn$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price Cdn$
1.60 to 2.40	1,995,000	3.84 years	2.17
2.40 to 2.71	1,370,000	3.18 years	2.69
	3,365,000		

d) Dividends

On February 24, 2007 Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share that was paid on April 4, 2007 to shareholders of record as of March 27, 2007, for a total of $5,286,918; on July 30, 2007 the Board of Directors of Amerigo declared a second semi-annual dividend of Cdn 6.5¢ per share that was paid on August 31, 2007 to shareholders of record as of August 22, 2007, for a total of $5,802,371.

On February 14, 2006 Amerigo declared a semi-annual dividend of Cdn 4.5¢ per share that was paid on April 6, 2006 to shareholders of record as of March 31, 2006, for a total of $3,630,307; on July 31, 2006 Amerigo declared a second semi-annual dividend of Cdn 4.5¢ per share that was paid on September 1, 2006 to shareholders of record as of August 18, 2006, for a total of $3,818,896.

12. INVESTMENTS

	December 31 2007 $	December 31 2006 $
Available for sale investment – Common shares of a TSX issuer	17,939,991	—
Available for sale investment – Common shares of a TSX-V issuer	2,251,090	—
Equity instrument – Common shares of a TSX-V issuer	980,374	1,204,947
	21,171,455	1,204,947

a) Investment in common shares of a TSX issuer

At various dates during 2007, Amerigo acquired for investment purposes 9.4 million common shares of an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. The aggregate cost of the investment was $13,732,006. Adjustments to fair market value are required at each balance sheet date; at December 31, 2007 these adjustments totalled $4,207,985. Given that the investment was designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income in the Company's Balance Sheet until the investment is sold or management determines that an other than temporary impairment in the value of the investment has occurred, at which time gains or losses will be transferred into earnings.

At December 31, 2007, the issuer's closing share price was Cdn$1.88 per share and the fair market value of the investment was $17,939,991.

b) Investment in common shares of a TSX-V issuer

In November 2007, Amerigo acquired for investment purposes 4 million common shares of an issuer listed on the TSX Venture Exchange. The aggregate cost of the investment was $2,063,308. Adjustments to fair market value are required at each balance sheet date; at December 31, 2007 these adjustments totalled $187,782. The investment was designated as "available for sale" for accounting purposes.

At December 31, 2007, the issuer's closing share price was Cdn$0.55 per share and the fair market value of the investment was $2,251,090.

c) Equity instrument

In fiscal 2004 Amerigo entered into an agreement to sell a 100% interest in three Canadian exploration properties to a TSX-V issuer for consideration of 10,000,000 shares of the issuer. On August 18, 2006, Amerigo acquired a further 1.7 million units of the issuer 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 the issuer at a price of Cdn$0.25 per share until August 18, 2008. At December 31, 2007, Amerigo held 11,666,667 common shares and 1,666,667 warrants of the issuer, which represent approximately 26% of the issuer's issued and outstanding common shares at December 31, 2007.

The investment is accounted for using the equity method, given that Amerigo has significant influence over this investment. An investment loss of $224,573 was recorded in the year ended December 31, 2007, of which $93,309 represents the Company's share of unrecorded losses incurred by the issuer in 2006. At December 31, 2007, the issuer's closing share price was Cdn$0.14 per share.

d) Sale of investment in common shares of a TSX issuer

At various dates during 2006, Amerigo acquired for investment purposes 33,961,500 common shares and 11,532,000 share purchase warrants of an issuer listed on the TSX. Each of the warrants entitled Amerigo to purchase an additional common share of the issuer at a price of Cdn$0.35 per share until December 22, 2006.

On October 20, 2006, Amerigo sold a total of 31.8 million common shares and all of the warrants of the issuer to an arm's-length party. The selling prices were Cdn$0.65 per common share and Cdn$0.30 per 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 shares were held as marketable securities and sold in the year ended December 31, 2007 (Note 4).

13. INCOME TAXES

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

	December 31 2007 $	December 31 2006 $
Current	3,790,020	5,589,323
Future	1,295,203	101,246
	5,085,223	5,690,569

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

	December 31 2007 $	December 31 2006 $
Combined federal and provincial statutory tax rate	34.12%	34.12%
Income tax at statutory rates	10,220,516	15,499,511
Difference in foreign tax rates	(5,398,827)	(6,947,381)
Other non deductible items, Canada	36,934	479,385
Other non deductible items, Chile	227,895	32,422
Foreign permanent tax differences	(208,523)	(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	(61,974)	(1,456,619)
Tax benefits of Chilean tax losses not previously recognized	—	(59,120)
Change in tax rates, Canada	152,526	—
Change in valuation allowance	(335,605)	(697,048)
Other local taxes	92,000	—
Fair market value adjustments to investments	472,794	—
Other	(112,513)	5,950
Income tax expense (recovery)	5,085,223	5,690,569

Future income taxes are provided for to account for temporary differences. The significant components of future income tax assets and liabilities at December 31, 2007 and December 31, 2006 are as follows:

	December 31 2007 $	December 31 2006 $
Future income tax assets		
Unused tax losses, Canada	341,059	15,716
Resource assets, Canada	412,051	409,218
Charitable donations, Canada	3,303	—
Plant and equipment, Canada	6,463	8,102
Other intangible assets, Canada	241,120	391,454
Other deductible temporary differences, Chile	813,837	398,988
	1,817,833	1,223,477
Future income tax liabilities		
Available for sale securities, Canada	(515,113)	—
Plant and equipment, Chile	(5,913,790)	(3,524,302)
Contractual right	(1,080,750)	(1,145,044)
	(7,509,653)	(4,669,346)
Net future tax liability before valuation allowance	5,691,820	(3,445,868)
Less valuation allowance, Canada	(488,883)	(824,489)
Less valuation allowance, Chile	—	—
Net future tax liability	(6,180,703)	(4,270,358)

As at December 31, 2007, the Company had non-capital losses and cumulative exploration, development and depletion expenses in Canada of approximately $1,263,000 and $1,526,000 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	60,000
2027	1,203,000
	1,263,000

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	1,147,000
Foreign Exploration and Development Expenses	379,000
	1,526,000

As at December 31, 2007 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.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	December 31 2007 $	December 31 2006 $
Cash paid during the year for interest	19,101	655,117
Cash paid during the year for income taxes	6,753,335	8,670,594
Change in accounts payable related to the acquisition of plant and equipment	1,151,997	(4,053,244)

	December 31 2007 $	December 31 2006 $
Cash	2,553,334	5,473,984
Cash equivalents	14,159,296	21,100,075
	16,712,630	26,574,059

15. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and El Teniente royalty 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.

16. SEGMENTED INFORMATION

As at December 31, 2007, 86% of the Company's assets are located in Chile and 14% in Canada. All of the Company's revenues and production costs arise from its Chilean operations. The Company's sales to one customer represent 85% of reported revenue.

17. 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 2008.

Amerigo is obligated to pay basic and additional rent of approximately $480,656 for its head office premises under a contract expiring on September 30, 2010.

18. 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 $177,709 at December 31, 2007, renewable on February 5, 2008. UF refers to "Unidades de Fomento" an indexed monetary unit utilized in Chile.

19. CONTINGENCIES

In the third quarter of 2007, the Chilean Internal Revenue Services ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the commercial years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately $1.15M. Although the Company believes there is no merit to this matter, its final outcome cannot be predicted with certainty. The Company has retained legal counsel to prepare a response to SII in accordance with Chilean law. The Company's legal counsel has confirmed that, in their opinion, if the SII claim is ultimately upheld, the Company will have a claim for indemnification from the sellers of MVC, pursuant to the terms of the MVC purchase and sale agreement, for losses incurred to the MVC purchase date of July 2003.

In the fourth quarter of 2007, the SII issued a tax assessment to MVC for penalties and interest of approximately $135,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as they are not extraction operations. MVC has retained legal counsel to prepare a response to the SII on this matter.

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 23, 2008 and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2007.

Amerigo is a producer of copper and molybdenum concentrates with operations in Chile and holds investments in two corporations with copper and gold deposits in Peru, Chile and Mexico. 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

- **Cash flow from operating activities was $31,282,155** or 33¢ per share in 2007, compared to $26,753,168 or 29¢ per share in 2006 due to reduced cash outflows to meet working capital obligations.

- **Earnings from operations** in 2007 were **$24,282,354** compared to $30,753,306 in 2006. **Net earnings after tax** in 2007 were **$24,282,354** compared to $39,283,683 in 2006, which included a $8,530,377 gain on sale of investment. Despite higher production, earnings declined in 2007 due to an increase of $19,992,177 in power costs and lower copper prices.

- The Company took the **strategic decision** to become substantially **energy self-sufficient** and to limit its exposure to high power costs through the purchase of two used 10 megawatt generators. The project has an estimated cost of $10.3M and, pending receipt of environmental approvals, is scheduled to be operational by mid-2008.

- The Company recorded **$4,395,767** as **other comprehensive income** in 2007 from the fair value **appreciation of two strategic investments** during the year. Other comprehensive income is not a component of net earnings.

- **Earnings per share** for the year were **26¢**, compared to earnings per share of 42¢ in 2006. The gain on sale of investment represented earnings per share of 10¢ in 2006.

- **Production** in 2007 was **33.21 million pounds of copper** and **639,020 pounds of molybdenum**, a copper production increase of 35% from 2007 due to the normalization of tailings flow to MVC. Molybdenum production decreased 5% due to lower molybdenum content in fresh tailings.

- In Q4-2007, MVC commenced processing old tailings in the amount of 10,000 to 12,000 tonnes per day. It is planned to further increase tailings throughput in 2008 in accordance with MVC's contractual arrangements.

- **Gross copper selling price** in 2007 was **$3.10/lb** after settlement adjustments, compared to $3.33/lb in 2006. **Realized copper price** (copper revenue net of smelter, refinery and other charges, including settlement adjustments to prior year sales divided by copper pounds sold in the year) **was $2.72/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 **$1.50/lb** in 2007, compared to $1.20/lb in 2006. The increase in cash cost was caused by higher power costs and lower by-product credits, mitigated by higher production levels and a significant reduction in smelter and refinery costs pursuant to the terms negotiated for 2007.

- **Total cost** (the aggregate of cash cost, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for the year ended December 31, 2007 was **$2.20/lb** compared to $1.80/lb in 2006. The increase in total cost was driven fundamentally by higher cash costs and affected to a lesser degree by higher royalties to El Teniente and higher amortization charges.

- **Capital plant increased $18,431,165** in 2007, including costs related to the self-generation power project, mill refurbishing, old tailings capital expenditures and a higher asset retirement obligation asset. Cash payments for capital expenditures in 2007 were **$17,307,167**, funded from operating cash flow.

- **Investments** – Amerigo acquired **strategic investments** in Candente Resource Corp. and Los Andes Copper Ltd. at a cost of **$15,795,314.**

- **Dividends** – On February 24, 2007 the Company declared a dividend of **$5,286,918** or Cdn 6.5¢ per share that was paid on April 4, 2007 to shareholders of record as of March 27, 2007.On July 30, 2007 the Company declared a dividend of **$5,802,371** or Cdn 6.5¢ per share that was paid on August 31, 2007 to shareholders of record as of August 22, 2007.

- **Cash balance** was **$16,712,630** at December 31, 2007 after $17,307,167 of cash payments for capital expenditures, $15,795,314 for corporate investments and $11,089,289 in dividend payments.

OVERALL PERFORMANCE

Net earnings after tax for the year ended December 31, 2007 were $24,282,354 compared to earnings of $39,283,683 in fiscal 2006. Despite a significant increase in copper production in the year, earnings declined due to higher costs, particularly power costs, lower copper prices, higher royalties to El Teniente and higher amortization costs. Earnings in 2007 were also affected by lower non-operating gains, such as the gain on sale of investment of $8,530,377 the Company recorded in fiscal 2006.

Revenue of $105,694,549 was derived from the sale of 33.15 million pounds of copper and 611,885 pounds of molybdenum.

In fiscal 2007, the Company's activities resulted in operating cash flow of $31,282,155, including the effect of changes in non-cash working capital accounts. Cash resources of $17,307,167 were allocated in the year for the purchase of two used electrical generators that will allow MVC to be essentially energy self-sufficient by mid-2008, mill refurbishing and other capital expenditures.

For the year ended December 31, 2007 (All figures expressed in US dollars except where noted)

Amerigo also made two corporate investments, in Candente Resource Corp., an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges and in Los Andes Copper Ltd., an issuer listed on the TSX-Venture Exchange. The cost of these investments was $15,795,314; fair-value appreciation of the investments of $4,395,767 was recorded into other comprehensive income (not a component of net earnings).

In fiscal 2007 Amerigo received $1,447,395 from the exercise of stock purchase options. Amerigo also paid two semi-annual dividends in the aggregate amount of $11,089,289 and repurchased 160,000 shares for cancellation at a cost of $340,301.

At December 31, 2007 the Company had a strong balance sheet, with $16,712,630 in cash and cash equivalents and working capital of $15,512,204, compared to cash and cash equivalents of $26,574,059 and working capital of $25,047,681 at December 31, 2006.

Selected Annual Information

	12 months ended December 31, 2007	12 months ended December 31, 2006	12 months ended December 31, 2005
Total revenue	$105,694,549	$84,205,285	$58,328,082
Net income	24,282,354	39,283,683	17,992,467
Earnings per share	0.26	0.42	0.23
Diluted earnings per share	0.26	0.42	0.20

	At December 31, 2007	At December 31, 2006	At December 31, 2005
Total assets	$164,738,941	$134,304,048	$87,239,450
Total long-term liabilities	11,972,476	7,204,755	6,933,480
Cash dividends declared	11,089,289	7,449,203	3,152,777

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2007

Revenue

Total 2007 revenue of $105,694,549 included copper revenue of $90,033,959 and molybdenum revenue of $15,660,590. Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased from 2006 due to a 33% increase in annual sales volume and to lower smelter and refinery and other charges, despite lower average copper prices. In 2007 the Company sold 15,038 tonnes or 33.15 million pounds of copper, up from 24.91 million pounds sold in 2006. Since MVC does not ship concentrates overseas, smelter and refinery charges include the smelter's participation in MVC's cost savings for shipping.

In 2007 the Company's gross copper selling price was $3.10/lb (2006: $3.33/lb). Gross copper selling price is calculated by dividing copper revenue (before smelter, refinery and other charges, including settlement adjustments to the prior year's sales) by the number of pounds of copper sold in the year

The Company's annual realized copper price was $2.72/lb in 2007, compared to a realized copper price of $2.74/lb in 2006. Realized copper price is calculated by dividing annual copper revenue (net of smelter, refinery and other charges, including settlement adjustments to the prior year's sales) by the number of pounds of copper sold in the year.

Copper produced by the Company is sold under a 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 or viceversa. The Company believes that this pricing arrangement is standard in the industry.

Molybdenum revenue increased in 2007 to $15,660,590 due to higher molybdenum prices. In 2007 the Company sold 611,885 pounds of molybdenum at a gross selling price of $31.21/lb, compared to 697,171 pounds sold in 2006 at a gross selling price of $24.34/lb. Gross molybdenum selling prices are calculated by dividing moly revenue (before roasting charges and including settlement adjustments to prior year's sales) by the number of pounds of moly sold in the year.

Molybdenum produced by the Company is sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), 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 Molymet in the month preceding the elected month. Throughout 2007 the sale price nominated by Molymet was 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.

In normal supply conditions, sales of copper and molybdenum are provisionally priced at the time of sale based on the prevailing copper forward market price or the current molybdenum market price, as specified in the sales contracts. Variations between the price recorded at the time of sale and the actual final price received from the smelter or the roaster are caused by changes in copper and molybdenum market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The Company's reported revenue is therefore very sensitive 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 record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

In 2006, pursuant to a tolling agreement with Codelco's Chuquicamata division, MVC processed 2,665 tonnes of Chuquicamata's molybdenum-copper bulk concentrates at MVC's plant, which resulted in tolling revenue of $2,150,853 in that year. Tolling revenue is recognized when the processing is completed, the amounts to be received are known and collection is reasonably assured. There was no tolling revenue in 2007.

Production

In 2007, the Company produced 15,065 tonnes or 33.21 million pounds of copper compared to 11,189 tonnes or 24.67 million pounds of copper produced in 2006, a 35% increase in production. Production increased in 2007 mainly as a result of the normalization of fresh tailings flow to MVC. The Company also commenced processing of old tailings in the amount of 10,000 to 12,000 tonnes per day in Q4-2007.

In 2007 molybdenum production was 639,020 lbs, compared to 674,549 lbs produced in 2006. The decrease in production is due to lower molybdenum content in fresh tailings in the year.

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:

	Q1-2007	Q2-2007	Q3-2007	Q4-2007	2007
Cu and Mo production	1.19	1.43	1.72	1.63	1.51
By-product credits	(0.41)	(0.59)	(0.38)	(0.47)	(0.47)
Smelter & refinery[1]	0.61	0.29	0.38	0.34	0.39
Administration	0.05	0.03	0.03	0.06	0.04
Transportation	0.03	0.03	0.03	0.04	0.03
Cash Cost	**$1.47**	**$1.19**	**$1.78**	**$1.60**	**$1.50**

	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**

[1] Due to an error in the calculation of smelter and refinery costs, these costs were understated in Q2-2007 by $390,985 or $0.05/lb. The correction of this error on a YTD basis resulted in an overstatement of costs in Q3-2007. The correct costs should have been $0.34/lb in Q2-2007 and $0.33/lb in Q3-2007

Cash cost is driven mainly by production costs, smelter/refinery costs and moly by-product credits.

In fiscal 2007, cash cost was $1.50/lb, compared to a cash cost of $1.20/lb in the preceding year. The most significant increase in cash cost came a $0.34/lb increase in production costs, driven mostly by a substantial increase in power costs in the year.

Power, MVC's most significant cost, increased almost threefold to $0.1732/kWh in 2007, compared to $0.0603/kWh in 2006. Power costs are expected to remain high in Chile in the foreseeable future due to the ongoing impact of reduced gas supply from Argentina. This has forced Chile to adopt diesel-based power production, which has resulted in increased energy production costs that are expected to continue at least until the completion of major power supply projects currently in the permitting stage or under construction in Chile. In light of this situation, and to secure MVC's power supply, the Company took the strategic decision to become substantially energy self-sufficient and to limit the Company's exposure to high power costs through the purchase of two used 10 megawatt generators that operate on heavy oil fuel. The project has an estimated cost of $10.3M and, pending receipt of environmental approvals, is scheduled to be operational by mid-2008.

The second variance affecting cash costs, this in a positive way, was a decrease of $0.21/lb in smelter and refinery costs due to significantly improved terms negotiated with Enami for 2007.

There was also a reduction of molybdenum by-product credits of $0.18/lb due to lower molybdenum grades. Moly by-product credits were $15,660,590 in 2007 and $13,914,075 in 2006 but were distributed over 33.21 million pounds of copper produced in 2007 and over 24.67 million pounds of copper in 2006.

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

	Q1-2007	Q2-2007	Q3-2007	Q4-2007	2007
Cash cost	1.47	1.19	1.78	1.60	1.50
El Teniente royalty	0.46	0.57	0.58	0.61	0.56
Amortization/depreciation/ accretion	0.09	0.08	0.12	0.19	0.13
Stock-based compensation	0.01	0.01	0.01	0.00	0.01
Total Cost	**$2.03**	**$1.85**	**$2.49**	**$2.40**	**$2.20**

	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**

Total cost in 2007 was $2.20/lb, compared to total cost of $1.80/lb in 2006. The most significant impact on total cost is a $0.30/lb increase in cash cost, followed by a $0.04/lb increase from El Teniente royalty and $0.06/lb increase in amortization due to MVC's higher asset base and the effect of stronger annual production.

The El Teniente royalty is based mainly on copper and molybdenum prices making MVC a copper producer whose costs decrease as copper prices decline and whose costs increase as copper and moly prices increase.

Operating Costs and Expenses

Production costs include copper and molybdenum production costs, maintenance costs and in 2006, tolling costs. In 2007, production costs were $50,214,815 compared to production costs of $28,823,890 in 2006. The $21,390,925 increase in production costs is explained mainly by higher power costs of $19,992,177 in 2007. Other production costs increased due to higher production in 2007.

In 2007 the El Teniente royalty was $18,673,900 compared to $12,776,390 in 2006. Increased royalties to El Teniente were the result of higher copper sales volume in the year.

Amortization cost was $4,086,845 in 2007 compared to $1,618,424 in the preceding year due to a higher asset base at MVC and to increased production, as amortization is calculated using the units of production method.

Administration expenses were $1,469,759 in 2007, significantly in line with 2006; transportation costs increased to $1,051,392 in 2007 from $734,889 in 2006, due to higher copper sales volume in the year. Stock-based compensation for options granted to MVC employees was $149,276 in 2007 and $218,412 in 2006.

Costs not related to MVC's production operations are identified as "Other Expenses" and were $3,334,773 in 2007 and $3,140,918 in 2006, an increase of $193,855. The most significant expenses in 2007 were salaries, management and professional fees of $1,429,902 (2006: $1,295,705), followed by office and general expenses of $1,136,365 (2006: $848,516) and stock-based compensation of $749,406 (2006: $673,755). Interest expense decreased to $19,100 in 2007 from $322,942 in 2006 as the Company no longer held short-term bank loans or notes payable in 2007.

For the year ended December 31, 2007 (All figures expressed in US dollars except where noted)

Non-operating items in 2007 included a foreign exchange gain of $1,348,336 (2006: $492,168), interest income of $1,272,014 (2006: $760,236), a realized gain on sale of financial instruments of $711,591 ($nil in 2006), other income of $297,750 (2006: $112,821) and an investment loss of $224,573 ($nil in 2006). Foreign exchange gains increased considerably in 2007 due to realized gains coming from the conversion of significant amounts of Canadian dollars to US dollars through the year, due to the appreciation of the Canadian currency. Interest income increased due to higher average cash balances held by the Company through 2007. Fair value adjustments were recorded in compliance with new accounting standards to account for the appreciation of the Company's former marketable securities from January 1, 2007 to May 10, 2007, when they were sold. In 2006 the Company recorded a gain on sale of investment of $8,530,377 and a gain on settlement of debt of $202,027.

The Company recorded income tax expense net of recoveries of $5,085,223 in 2007, compared to income tax expense net of recoveries of $5,690,569 in 2006. Tax expense in relation to earnings before taxes is higher in 2007, as in 2006 there was no tax expense associated with a $8.5M gain on sale of investment due to the utilization of a portion of previously unrecognized tax losses in Canada.

Operating Cash Flows

In 2007, the Company's activities generated operating cash flow of $31,282,155 (or 33¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of $26,753,168 or 29¢ per share in 2006. Cash flow from operations increased in 2007 due to reduced cash outflows to meet working capital obligations in the year. In 2006, the Company allocated $3,736,979 to pay a note and interest payable (2007: $nil).

SUMMARY OF QUARTERLY RESULTS

	Qtr. ended Dec. 31, 2007	Qtr. ended Sept. 30, 2007	Qtr. ended June 30, 2007	Qtr. ended March 31, 2007
Total revenue	$26,974,854	$28,536,864	$32,011,648	$18,171,183
Net income	1,816,498	6,581,887	10,332,687	5,551,282
Earnings per share	0.0122	0.0696	0.1093	0.0593
Diluted earnings per share	0.0122	0.0694	0.1076	0.0583

	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

LIQUIDITY AND CAPITAL RESOURCES

Amerigo's cash and cash equivalents at December 31, 2007 were $16,712,630, compared to $26,574,059 at December 31, 2006. The Company's working capital at December 31, 2007 was $15,512,204 compared to $25,047,681 at December 31, 2006.

Despite generating cash from operating activities of $31,282,155 in the year, the Company's cash and cash equivalents decreased in 2007 from the allocation of cash resources of $31,161,389 to investing activities, namely additions to plant and equipment and the purchase of two corporate investments. Cash also decreased due to a net financing cash outflow of $9,982,195, mainly from dividend payments in the year.

During the year ended December 31, 2007 Amerigo received net proceeds of $1,447,395 from the exercise of stock options.

Amerigo has in place a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo is entitled to purchase for cancellation up to 2,000,000 of its common shares during the one-year period ending on November 13, 2008. During the year ended December 31, 2007, Amerigo purchased and cancelled 160,000 shares at a total cost of $340,301. The premium on the purchase of shares for cancellation amounted to $246,370 and was applied against Retained Earnings. No further shares have been purchased for cancellation up to the date of this report.

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at December 31, 2007 were $11,972,476 compared to $7,204,755 on December 31, 2006.

The Company's Asset Retirement Obligation increased by $2,440,284 as of December 31, 2007 compared to the prior year following the completion of an independent engineering study to determine the company's asset retirement obligations that took into account the substantial capital investment conducted in MVC in the last years. The Company's future income tax liability increased by $1,910,345, mainly to account for the differences between the carrying and tax value of MVC's plant and equipment.

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 2007 were the following:

January	$ 2.5717	July	$ 3.6169
February	2.5748	August	3.4081
March	2.9268	September	3.4695
April	3.5228	October	3.6326
May	3.4846	November	3.1600
June	3.3910	December	2.9881

On February 24, 2007 the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share, paid on April 4, 2007 to shareholders of record as of March 27, 2007, for a total of $5,286,918. On July 30, 2007 the Board declared a second semi-annual dividend of Cdn 6.5¢ per share, paid on August 31, 2007 to shareholders of record as of August 22, 2007 for a total of $5,802,371.

As of December 31, 2007 Amerigo had 3,365,000 outstanding share purchase options (with exercise prices ranging from Cdn$1.60 to Cdn$2.71). During the year ended December 31, 2007, 1,089,500 options were exercised for net proceeds of $1,447,395, 1,760,000 options were granted at a price of Cdn$2.23 per share and 207,500 options at a weighted average price of Cdn$2.21 expired unexercised.

Stock-based compensation is recognized as options vest. The 1,760,000 options granted in 2007 vested in four equal installments, on March 31, June 30, September 30 and December 31, 2007; 52,500 pf these options were cancelled prior to vesting. Amerigo recorded in aggregate a stock-based compensation expense of $853,682 for these options, of which $149,276 was charged to Costs as the options were granted to MVC employees and $704,406 was charged to Other Expenses.

On August 4, 2006 Amerigo granted stock options to purchase an aggregate of 200,000 common shares to a consultant and a former officer of the Company, with an exercise price of Cdn$2.43 per share, expiring on August 4, 2011. The options vested in four equal quarterly instalments, on September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007; 25,000 of these options were cancelled prior to vesting. For the options that vested in 2006, Amerigo recorded stock-based compensation expense of $59,074, charged to Other Expenses. For the options that vested in 2007, Amerigo recorded stock-based compensation expense of $45,000 charged to Other Expenses.

Investing Activities

Capital plant increased by $18,431,165 in 2007, including capital expenditures of $16,155,170 and a $2,275,995 increase to the Company's asset retirement obligation asset.

Capital expenditures included $10,291,687 for mill refurbishing, equipment and studies for old tailings extraction, increase of rougher circuit capacity, refurbishing of pre-classification areas and other miscellaneous projects under MVC's approved annual capital expenditures budget of $10,312,584. MVC also incurred $5,863,483 in capital expenditures on the self-generation power project. The project is currently estimated to have a total cost of $10.3M, distributed between 2007 and 2008.

Total cash payments for capital expenditures in 2007 were $17,307,167, funded from operating cash flow.

At various dates during 2007, Amerigo acquired for investment purposes 9.4 million common shares of an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. The aggregate cost of the investment was $13,732,006. Adjustments to fair market value are required at each balance sheet date; at December 31, 2007 these adjustments totalled $4,207,985. Given that the investment was designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income in the Company's Balance Sheet until the investment is sold or management determines that an other than temporary impairment in the value of the investment has occurred, at which time gains or losses will be transferred into earnings.

In November 2007, Amerigo acquired for investment purposes 4 million common shares of an issuer listed on the TSX Venture Exchange. The aggregate cost of the investment was $2,063,308. Adjustments to fair market value are required at each balance sheet date; at December 31, 2007 these adjustments totalled $187,782. The investment was designated as "available for sale" for accounting purposes.

Amerigo sold for proceeds of $1,941,092 its portfolio of marketable securities, represented by common shares of an issuer listed on the TSX. On adoption of new accounting standards on January 1, 2007, these securities were reported at fair market value rather than at cost. At the time of adoption of the standards, the Company recorded an increase in the balance of marketable securities and retained earnings of $365,858. Subsequent realized gains on sale of financial instruments of $711,591 were included in income, as the securities were designated as "held for trading".

SUMMARY OF CONTRACTUAL OBLIGATIONS

	Total	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Asset retirement obligations[1]	12,344,146	—	—	—	12,344,146
Lease of office premises	480,656	174,784	305,872	—	—
Total contractual obligations	12,824,802	174,784	305,872	—	12,344,146

[1] The asset retirement obligation's above disclosed value is based on current estimates of what it would cost in 2021 to remove assets and restore the site where MVC's operations are conducted, including a market risk premium of 8%. This liability is being accreted systematically over time until a $12,344,146 value is reached in 2021. At December 31, 2007, the asset retirement obligation is estimated at $4,787,273.

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, 2007.

During the year ended December 31, 2007, royalty dividends totaling $587,041 were paid or accrued to the Amerigo International Class A shareholders (2006: $452,217). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations. At December 31, 2007, $61,375 of this amount remained outstanding (December 31, 2006: $42,857).

b) Directors' fees and remuneration to officers

During the year ended December 31, 2007, the Company paid or accrued $1,001,783 in fees to companies associated with certain directors and officers of Amerigo (2006: $833,480). Included in these fees are bonuses of $451,662 to senior management (2006: $416,748). In the same period, Amerigo paid or accrued $91,365 in directors' fees to independent directors (2006: $115,320). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At December 31, 2007, an aggregate amount of $450,729 was due to directors and officers in the ordinary course of business (December 31, 2006: $230,970).

c) At December 31, 2007 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company in which Amerigo exercises significant influence.

d) At December 31, 2007, one of Amerigo's directors acted as a director of Candente Resource Corp., a company in which Amerigo holds an investment.

CONTINGENCIES

In Q3-2007, the Chilean Internal Revenue Services ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the commercial years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately $1.15M. Although the Company believes there is no merit to this matter, its final outcome cannot be predicted with certainty. The Company has retained legal counsel to prepare a response to SII in accordance with Chilean law. The Company's legal counsel has confirmed that, in their opinion, if the SII claim is ultimately upheld, the Company will have a claim for indemnification from the sellers of MVC, pursuant to the terms of the MVC purchase and sale agreement, for losses incurred to the MVC purchase date of July 2003.

For the year ended December 31, 2007 (All figures expressed in US dollars except where noted)

In Q4-2007, the SII issued a tax assessment to MVC for penalties and interest of approximately $135,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as they are not extraction operations. MVC has retained legal counsel to prepare a response to the SII on this matter.

FOURTH QUARTER

Net earnings after tax in the three months ended December 31, 2007 ("Q4-2007") were $1,816,498, compared to net earnings of $13,981,236 in the three months ended December 31, 2006 ("Q4-2006").

The major variance in earnings in the quarter is from non-operating gains, as in 2006 the Company recorded a gain on sale of investment of $8,530,377. Q4-2007's results as compared to Q4-2006 were also negatively affected by lower copper prices, including negative settlement adjustments to prior quarters' sales of $3,810,182, increase of $6,539,791 in power costs and year-end adjustments to MVC's amortization costs.

Revenue

Total revenue during Q4-2007 was $26,974,854, which includes copper revenue of $22,486,568 (Q4-2006: $17,317,506) and molybdenum revenue of $4,488,286 (Q4-2006: $2,627,226).

Copper revenue increased in Q4-2007 due a 44% increase in production and lower smelter and refinery charges, partially offset by lower copper prices which affected the revenue for the quarter and also resulted in negative settlement adjustments of $3,810,182 to prior quarters' sales. In Q4-2007 the Company sold 4,477 tonnes or 9.87 million pounds of copper, up from 6.52 million pounds sold in Q4-2006. The Company's quarterly realized copper price was $2.28/lb in Q4-2007, compared to $2.66/lb in Q4-2006. During Q4-2007, the Company's gross copper selling price was $2.61/lb (Q4-2006: $3.25/lb).

Molybdenum revenue in Q4-2007 was higher than in Q4-2006 due to higher sales volume and stronger molybdenum prices. In Q4-2007 the Company sold 172,374 pounds of molybdenum at a gross molybdenum selling price of $31.75/lb, compared to 144,583 pounds sold in Q4-2006 at a gross selling price of $22.16/lb.

Production

In Q4-2007, the Company produced 4,318 tonnes or 9.52 million pounds of copper and 157,630 pounds of molybdenum compared to copper production of 3,007 tonnes or 6.63 million pounds of copper and 130,538 pounds of molybdenum in Q4-2006. Q4-2006 production was lower due to restricted tailings flow to MVC.

Cash Cost and Total Cost

Cash cost in Q4-2007 was $1.60/lb compared to $1.43 in Q4-2006:

	Q4-2007	Q4-2006
Cu and Mo production	1.63	1.14
Smelter & refinery	0.34	0.59
Administration	0.06	0.07
Transportation	0.04	0.03
By-product credits	(0.47)	(0.40)
Cash Cost	**$1.60**	**$1.43**

The increase in cash cost resulted mainly from higher production costs (namely power), mitigated by lower smelter and refinery costs and higher molybdenum by-product credits.

The Company's total cost in Q4-2007 was $2.32/lb, compared to $2.01/lb in Q4-2006:

	Q4-2007	Q4-2006
Cash cost	1.60	1.43
El Teniente royalty	0.61	0.52
Amortization/depreciation	0.19	0.05
Stock-based compensation	—	0.01
Total Cost	**$2.40**	**$2.01**

In addition to the impact of a higher cash cost, the Teniente royalty affected total cost in Q4-2007 compared to Q4-2006, as did an increase in amortization and depreciation, which in Q4-2007 included year-end adjustments to MVC's amortization costs.

Operating Costs and Expenses

In Q4-2007, production costs were $15,546,717 (Q4-2006: $7,567,573). The $7,979,144 increase in production costs came mainly from a $6,539,791 increase in power costs. Other production costs increased due to higher production levels in the quarter.

In Q4-2007 the El Teniente royalty was $5,836,784 compared to $3,433,644 in Q4-2006. The main factor driving the increase in royalty costs was higher copper sales volume in Q4-2007.

Amortization cost increased to $1,831,045 in Q4-2007 from $340,575 in Q4-2006, which included $755,139 in year-end adjustments. Administration expenses were $548,577 in Q4-2007 compared to $447,388 in Q4-2006.

Costs not related to MVC's production operations are identified as "Other Expenses" and were $856,834 in Q4-2007 and $868,506 in Q4-2006. The most significant expenses in Q4-2007 were salaries, management and professional fees of $716,010 (2006: $436,979), which were higher due to accrued senior management performance bonuses, and audit and tax advisory fees.

Non-operating items in Q4-2007 included a foreign exchange gain of $314,009 (2006: expense of $589,213), interest income of $249,468 (2006: $275,727), other income of $211,897 (2006: $37,006) and an investment loss of $14,873 (2006: $nil). In Q4-2006 the Company also recorded a gain on sale of investment of $8,530,377.

The Company recorded income tax expense net of recoveries of $790,681 in Q4-2007 (2006: $1,155,419). Tax as a percentage of earnings was lower in Q4-2006 as there was no tax expense or tax payable associated with the gain on sale 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 $3,500,000.

As required by accounting standards, Amerigo has calculated an asset retirement obligation based on a quoted market price of $6,200,000 provided by an independent third party in 2007. Management current estimates required to calculate the asset retirement obligation include projected annual inflation rates in Chile of 4.5% per annum and a market risk premium of 8%. The present value of the asset retirement obligation at the time of adoption was estimated to be $1,851,055 (revised to $4,787,273 in 2007), which will be systematically accreted to a 2021 value of approximately $12,344,146.

CHANGES IN ACCOUNTING POLICIES, INCLUDING INITIAL ADOPTION

ACCOUNTING CHANGES

Effective January 1, 2007, the Company adopted the revised CICA Section 1506 "Accounting Changes", which requires that (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Financial Instruments

Effective January 1, 2007, the Company adopted the new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

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 to measure the recorded amounts. It also specifies how financial instruments gains or losses should be presented. Effective January 1, 2007, the Company's marketable securities were classified as "held for trading" and recorded at fair value on the Balance Sheet. Fair value is determined directly by reference to published price quotations in the active market where the securities are traded. Changes in the fair value of these instruments are reflected in income and included in shareholders' equity on the Balance Sheet. The Company also determined that the only derivatives it has are the embedded derivatives arising from variations in copper and molybdenum market prices between the time of delivery of concentrates and final settlement of the corresponding accounts receivable.

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. At December 31, 2007, the Company had no hedging relationships.

Comprehensive Income (Section 1530): The standard requires the presentation of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on "available for sale" investments, gains and losses on certain derivative instruments and foreign currency gains and losses related to self-sustaining operations, all of which are not included in the calculation of net earnings until realized. Comprehensive income is being disclosed as a component in the Company's Statement of Shareholders' Equity.

The effect on the Company's Balance Sheet of adopting these standards as at January 1, 2007 was an increase in the balances of marketable securities and retained earnings of $365,858.

ACCOUNTING PRONOUNCEMENTS

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the interim period ended March 31, 2008 and is considering the impact this will have on the company's financial statements.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- Qualitative information about the Company's objectives, policies and processes for managing capital,
- Summary quantitative data about what it manages as capital.
- Whether the Company complied during a reporting period with externally imposed capital requirements to which it is subject,
- In instances where the Company did not comply with externally imposed capital requirements, the consequences of such non-compliance.

Section 3031 – Inventories

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862 – Financial Instruments – Disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements to enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

- designating financial assets and liabilities as held for trading;
- designating financial assets as available-for-sale; and
- determination of when an impairment is recorded against the related financial asset or when an allowance account is used.

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 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 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 Offer 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, 2007.

There were no changes in the Company's internal control over financial reporting during the year ended December 31, 2007 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 23, 2008, Amerigo has 94,372,744 common shares outstanding and 3,365,000 exercisable options (at prices ranging from Cdn$1.60 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 processing additional tailings. 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 Colhues, 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, MVC
Michael J. Kuta, Corporate Secretary
Aurora G. Davidson, Chief Financial Officer

SHARES LISTED
Toronto Stock Exchange (Symbol ARG)

SHARES ISSUED
(at December 31, 2007): **94,372,744**
Fully Diluted: **97,737,744**

TRANSFER AGENT
Pacific Corporate Trust Company
Toronto, Ontario and Vancouver, British Columbia

LEGAL COUNSEL
Gowlings LLP
Vancouver, British Columbia

AUDITORS
PricewaterhouseCoopers LLP
Vancouver, British Columbia

HEAD OFFICE
3083 Three Bentall Centre
Box 49298
595 Burrard Street
Vancouver, BC V7X 1L3
t. 604.681.2802
f. 604.682.2802

CONTACT
Michael Kuta, General Counsel & Corporate Secretary
t. 604.697.6201
questions@amerigoresources.com

www.amerigoresources.com

Amerigo Resources Ltd.

www.amerigoresources.com

ARG:TSX