

Amerigo Resources Ltd.

Consolidated Financial Statements

September 30, 2007

Unaudited

(expressed in U.S. dollars)

Amerigo Resources Ltd.

Consolidated Balance Sheets (Unaudited)

(expressed in U.S. dollars)

	September 30, 2007 \$	December 31, 2006 \$
Assets		
Current assets		
Cash and cash equivalents	26,378,172	26,574,059
Marketable securities (Note 3)	-	777,457
Accounts receivable	17,700,876	11,693,247
Prepaid expenses	454,261	209,271
Plant supplies and inventory	4,580,985	2,526,911
	<u>49,114,294</u>	<u>41,780,945</u>
Investments (Note 9)	13,934,961	1,204,947
Mineral property, plant and equipment - net (Note 4)	89,111,542	83,414,103
Contractual right - net (Note 5)	7,560,811	7,880,319
Other	30,593	23,734
	<u>159,752,201</u>	<u>134,304,048</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	17,232,793	13,066,490
El Teniente royalty payable (Note 8)	4,735,938	3,623,917
Due to minority shareholders (Note 6(a))	52,244	42,857
	<u>22,020,975</u>	<u>16,733,264</u>
Other payables	691,365	586,408
Asset retirement obligation	2,466,039	2,346,989
Future income tax	5,598,022	4,270,358
Minority interest (Note 6(a))	1,000	1,000
	<u>30,777,401</u>	<u>23,938,019</u>
Shareholders' Equity		
Capital stock (Note 7)	57,027,036	55,026,997
Value assigned to stock options (Note 7(b))	2,111,454	1,603,180
Retained earnings	65,500,387	53,757,962
Accumulated other comprehensive income (Note 9(a))	4,335,923	(22,110)
	<u>128,974,800</u>	<u>110,366,029</u>
	<u>159,752,201</u>	<u>134,304,048</u>

Contingency (Note 11)

Approved by the Board of Directors

"Ruston Goepel"

Director

Director

Amerigo Resources Ltd.

Consolidated Statements of Operations and Comprehensive Income (Unaudited)

(expressed in U.S. dollars)

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue	28,536,864	19,739,861	78,719,695	62,109,700
Other revenue	-	-	-	2,150,853
Total revenue	28,536,864	19,739,861	78,719,695	64,260,553
Costs				
Production costs	13,834,774	5,863,091	34,668,098	21,256,317
El Teniente royalty (Note 8)	4,654,187	3,271,047	12,837,116	9,342,746
Depreciation and amortization	888,627	451,207	2,255,800	1,277,849
Administration	293,726	318,970	921,182	962,593
Transportation	253,368	151,245	726,281	538,557
Stock-based compensation (Note 7(b))	63,706	55,938	178,075	164,953
Asset retirement accretion cost	39,682	39,684	119,050	113,859
Cost of sales	20,028,070	10,151,182	51,705,602	33,656,874
Operating profit	8,508,794	9,588,679	27,014,093	30,603,679
Other expenses				
Stock-based compensation (Note 7(b))	295,172	187,633	882,843	494,440
Office and general expenses	273,159	271,242	868,361	664,701
Salaries, management and professional fees	229,861	228,619	713,892	858,726
Interest expense	4,733	131,723	12,843	254,545
	802,925	819,217	2,477,939	2,272,412
Earnings before the undernoted items	7,705,869	8,769,462	24,536,154	28,331,267
Foreign exchange gain	63,361	619,399	1,034,327	1,081,381
Interest income	376,051	212,726	1,022,546	484,509
Other income	19,072	28,917	85,853	75,815
Investment loss (Note 9(b))	(9,386)	-	(209,700)	-
Gain on fair value adjustments to financial instruments	-	-	711,591	-
Gain on settlement of debt	-	202,027	-	202,027
Earnings before taxes & minority interest	8,154,967	9,832,531	27,180,771	30,174,999
Income tax expense, net of tax recoveries	1,431,578	1,492,571	4,294,542	4,535,150
Earnings before minority interest	6,723,389	8,333,960	22,886,229	25,639,849
Minority interest (Note 6(a))	141,502	88,889	420,373	337,402
Net earnings for the period	6,581,887	8,251,071	22,465,856	25,302,447
Other comprehensive income	3,393,858	-	4,358,033	-
Comprehensive income	9,975,745	8,251,071	26,823,889	25,302,447
Weighted average number of shares outstanding, basic	94,532,744	94,084,192	94,212,068	92,065,066
Weighted average number of shares outstanding, diluted	94,845,818	95,067,057	94,525,142	93,047,931
Earnings per share				
Basic	0.07	0.09	0.24	0.27
Diluted	0.07	0.09	0.24	0.27

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows (Unaudited)

(expressed in U.S. dollars)

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash flows from operating activities				
Net earnings for the period	6,581,887	8,251,071	22,465,856	25,302,447
Items not affecting cash -				
Depreciation and amortization	888,627	451,207	2,255,800	1,277,849
Future income tax asset	603,500	172,163	1,327,664	(31,652)
Stock-based compensation	358,878	243,571	1,060,918	659,393
Asset retirement accretion cost	39,682	39,684	119,050	113,859
Amortization of future income tax asset	15,378	12,514	46,423	46,992
Investment loss	9,386	-	209,700	-
Unrealized/(realized) foreign exchange gains	33,482	-	(86,186)	-
Other receivables	(4,067)	(2,900)	(6,859)	(1,121)
Gain on fair value adjustments to financial instruments	-	-	(711,591)	-
Gain on settlement of debt	-	(202,027)	-	(202,027)
	8,526,753	8,965,283	26,680,775	27,165,740
Changes in non-cash working capital				
Accounts receivable	(3,975,426)	4,485,955	(6,007,629)	(506,867)
Prepaid expenses	200,161	144,284	(244,990)	(116,435)
Plant, supplies and inventory	(754,102)	(45,622)	(2,054,074)	22,453
Accounts payable	1,265,366	(970,831)	4,888,012	(73,443)
Due to related parties	(4,200)	(23,545)	9,387	(37,633)
El Teniente royalty payable	(481,653)	(205,328)	1,112,021	71,800
Other payables	20,510	86,479	104,957	132,608
Note and interest payable	-	(3,736,979)	-	(3,736,979)
Net cash provided by operating activities	4,797,409	8,699,696	24,488,459	22,921,244
Cash flows from investing activities				
Purchase of plant & equipment	(1,184,716)	(9,946,500)	(8,401,863)	(22,563,429)
Proceeds from the sale of marketable securities	-	-	1,941,092	-
Purchase of investments	-	(1,438,463)	(8,581,681)	(12,764,483)
Net cash used in investing activities	(1,184,716)	(11,384,963)	(15,042,452)	(35,327,912)
Cash flows from financing activities				
Payment of dividends	(5,802,371)	(3,818,896)	(11,089,289)	(7,449,203)
Issuance of shares for cash – net of issue costs	-	-	1,447,395	15,479,972
Proceeds from bank for short-term debt	-	43,931	-	3,751,489
Purchase of share capital for cancellation	-	(18,382)	-	(139,254)
Net cash provided by financing activities	(5,802,371)	(3,793,347)	(9,641,894)	11,643,004
Increase in cash and cash equivalents due to exchange rate changes	-	76,692	-	372,442
Net increase in cash and cash equivalents	(2,189,678)	(6,401,922)	(195,887)	(391,222)
Cash and cash equivalents – Start of period	28,567,850	18,964,216	26,574,059	12,953,516
Cash and cash equivalents – End of period	26,378,172	12,562,294	26,378,172	12,562,294
Supplemental cash flow information				
Cash paid for interest	4,698	606,153	12,546	635,922
Cash paid for income tax	1,614,415	(6,618)	4,912,908	3,329,207
Change in accounts payable related to the acquisition of property, plant and equipment	(3,312,060)	-	721,708	-

Amerigo Resources Ltd.

Consolidated Statements of Shareholders' Equity (Unaudited)

(expressed in U.S. 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
Issue of shares						
Exercise of stock options	1,089,500	1,447,395	-	-	-	1,447,395
Options granted	-	-	-	1,060,918	-	1,060,918
Transfer of value on exercise of stock options	-	552,644	-	(552,644)	-	-
Unrealized gains on available for sale instruments (negligible tax effect) (Note 9)	-	-	-	-	4,358,033	4,358,033
Dividends paid	-	-	(11,089,289)	-	-	(11,089,289)
Net earnings for the period	-	-	22,465,856	-	-	22,465,856
Balance –						
Sept. 30, 2007	94,532,744	57,027,036	65,500,387	2,111,454	4,335,923	128,974,800

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements (Unaudited)

(expressed in U.S. dollars)

1 Significant accounting policies

The financial statements of Amerigo Resources Ltd. (“Amerigo”) together with its subsidiaries (collectively, the “Company”) have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial statements and therefore do not include all of the information and notes required for annual financial statements. These statements follow the same accounting policies and methods of application as the most recent annual financial statements, except as described in Note 2. Accordingly, they should be read in conjunction with Amerigo’s audited financial statements for the year ended December 31, 2006.

2 Adoption of new accounting standards

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 it has no derivatives, including embedded derivatives.

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

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(expressed in U.S. dollars)

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
	<hr/> 41,780,945		<hr/> 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
	<hr/> 134,304,048		<hr/> 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
	<hr/> 16,733,264		<hr/> 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
	<hr/> 23,938,019		<hr/> 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)
	<hr/> 110,366,029		<hr/> 110,731,887
	<hr/> 134,304,048		<hr/> 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.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements (Unaudited)

(expressed in U.S. dollars)

3 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 2), 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.

4 Mineral property, plant and equipment

	Sept. 30, 2007 \$	December 31, 2006 \$
Plant and infrastructure	49,399,028	46,848,139
Machinery and equipment and other assets	45,311,569	40,182,303
	94,710,597	87,030,442
Accumulated depreciation and amortization	(5,599,055)	(3,616,339)
	<u>89,111,542</u>	<u>83,414,103</u>

5 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 right, 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.

	Sept. 30, 2007 \$	December 31, 2006 \$
Contractual right	9,394,146	9,394,146
Accumulated amortization	(1,833,335)	(1,513,827)
	<u>7,560,811</u>	<u>7,880,319</u>

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Notes to Consolidated Financial Statements (Unaudited)

(expressed in U.S. dollars)

6 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 nine months ended September 30, 2007, royalty dividends totalling \$420,373 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (Nine months ended September 30, 2006: \$337,402). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations and Comprehensive Income. At September 30, 2007 \$52,244 of this amount remained outstanding.

b) Directors fees and remuneration to officers

During the nine months ended September 30, 2007 the Company paid or accrued \$468,054 in fees to companies associated with certain directors and officers of Amerigo (Nine months ended September 30, 2006: \$553,747). Included in these fees are bonuses of \$43,902 to senior management (Nine months ended September 30, 2006: \$210,804). In the same period, Amerigo paid or accrued \$69,072 in directors' fees to independent directors (Nine months ended September 30, 2006: \$96,188). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At September 30, 2007, an aggregate amount of \$48,592 was due to directors and officers for directors' fees and reimbursement of expenses in the ordinary course of business.

- c) At September 30, 2007 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company in which Amerigo holds a substantial shareholding.
- d) At September 30, 2007 one of Amerigo's directors acted as a director of Candente Resource Ltd., a company in which Amerigo holds an investment.

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Notes to Consolidated Financial Statements (Unaudited)

(expressed in U.S. dollars)

7 Capital stock

Authorized – Unlimited common shares without par value.

a) Summary of capital stock issued in the period

During the nine months ended September 30, 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.

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 2,612,815 of its common shares during the one-year period ending on November 13, 2007. There were no Amerigo shares purchased and cancelled under the normal course issuer bid in the nine months ended September 30, 2007. Amerigo was entitled to purchase for cancellation up to 7,845,154 of its common shares during the one-year period ending on November 13, 2006. 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.

b) 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.

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Notes to Consolidated Financial Statements (Unaudited)

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A summary of the Company's stock options at September 30, 2007 and December 31, 2006 and the changes for the periods ending on those dates is presented below:

	Nine months ended Sept. 30, 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
Forfeited	(207,500)	2.21	-	-
Exercised	<u>(1,089,500)</u>	1.54	<u>(930,000)</u>	1.15
Outstanding	<u>3,365,000</u>	2.38	<u>2,902,000</u>	2.14
Exercisable	<u>2,942,500</u>	2.40	<u>2,802,000</u>	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 vest in four equal quarterly instalments, on March 31, June 30, September 30 and December 31, 2007; 52,500 options expired prior to vesting. Amerigo recorded stock-based compensation expense of \$1,015,918 for this grant in the nine months ended September 30, 2007, of which \$178,075 was charged to Cost of Sales in respect of the options granted to MVC employees and \$837,843 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 expired 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.

In the nine months ended September 30, 2007, 207,500 options at a weighted average price of Cdn\$2.21 expired unexercised.

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 \$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.

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(expressed in U.S. dollars)

Value assigned to stock options

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

	Nine months ended September 30, 2007	Year ended December 31, 2006
Expected dividend yield	4.89%	3.35%
Expected stock price volatility	75.66%	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 September 30, 2007:

Range of exercise prices Cdn\$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price Cdn\$
1.60 to 2.40	1,572,500	4.01 years	2.15
2.40 to 2.71	1,370,000	3.43 years	2.69
	<u>2,942,500</u>		

c) 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.

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Notes to Consolidated Financial Statements (Unaudited)

(expressed in U.S. dollars)

8 El Teniente Royalty

MVC has a contract with Codelco through at least the year 2021 to process the tailings from the El Teniente mine in Chile. MVC pays a royalty to Codelco – El Teniente on copper 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 Investments

	Sept. 30, 2007 \$	December 31, 2006 \$
Available for sale investment – Common shares of a TSX issuer	12,939,714	-
Equity instrument – Common shares of a TSX-V issuer	995,247	1,204,947
	<u>13,934,961</u>	<u>1,204,947</u>

a) Investment in common shares of a TSX issuer

At various dates during May and June 2007, Amerigo acquired for investment purposes 6.9 million common shares of an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. The aggregate cost of the

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(expressed in U.S. dollars)

investment was \$8,581,681. Adjustments to fair market value are required at each balance sheet date; at September 30, 2007 these adjustments totalled \$4,358,033. 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 September 30, 2007, the issuer's closing share price was Cdn\$1.86 per share and the fair market value of the investment was \$12,939,714.

b) 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 September 30, 2007, Amerigo held 11,666,667 common shares and 1,666,667 warrants of the issuer, which collectively represent approximately 26% of the issuer's issued and outstanding share capital (including the common shares issuable on the exercise of the warrants).

The investment is accounted for using the equity method, given that Amerigo has significant influence over this investment. An investment loss of \$209,700 was recorded in the nine months ended September 30, 2007, of which \$93,309 corresponds to losses incurred by the issuer in 2006 and recorded by management in 2007. At September 30, 2007, the issuer's closing share price was Cdn\$0.18 per share.

10 Segmented information

As at September 30, 2007, 83% of the Company's assets are located in Chile, 14% in Canada and 3% in other locations. All of the Company's revenues arise from its Chilean operations. The Company's sales to one customer represent 86 % of reported revenue.

11 Contingency

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.