

**Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Six Months Ended June 30, 2007**

All figures expressed in US Dollars except where noted

The following discussion and analysis of the results of operations and financial position of Amerigo Resources Ltd. ("Amerigo") together with its subsidiaries (collectively, the "Company"), is prepared as of July 30, 2007, and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at June 30, 2007 and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2006.

Company Overview

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

Significant events

- **Cash flow from operating activities** was **\$12,409,777** or 13¢ per share in Q2-2007, compared to \$10,347,913 or 11¢ per share in Q2-2006.
- **Production** in Q2-2007 was **9.31 million pounds of copper** and **204,647 pounds of molybdenum**, the **highest quarterly copper production** in the Company's history. Production increased 42% in copper and 1% in molybdenum from Q2-2006 as the full flow of fresh tailings was re-established in the first week of April.
- **Dividend** – On July 30, 2007 the Company declared a dividend of **\$5,776,565** or Cdn 6.5¢ per share, payable on August 31, 2007 to shareholders of record as of August 22, 2007. 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.
- **Net earnings after tax** for the quarter ended June 30, 2007 were **\$10,332,687**, 17% lower than earnings of \$12,444,608 in Q2-2006 as a result of higher cost of sales overall primarily related to higher power costs in Chile and lower copper prices.
- **Earnings per share** for the quarter ended June 30, 2007 were **11¢** fully diluted, compared to fully diluted earnings per share of 13¢ in Q2-2006.
- **Gross copper selling price** was **\$3.27/lb** after settlement adjustments, compared to an LME average price of \$3.47/lb during the quarter. **Realized copper price** (copper revenue net of smelter and refinery charges and including settlement adjustments to prior quarter sales divided by copper pounds sold in the quarter) was **\$2.97/lb**.

- **Cash costs** (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty were **\$1.19/lb** in Q2-2007, compared to cash costs of \$0.90/lb in Q2-2006. The increase in cash costs was caused by lower molybdenum by-product credits and higher power costs, mitigated by higher production levels and a significant reduction in smelter and refinery costs pursuant to the rate negotiated for 2007.
- **Total costs** (the aggregate of cash costs, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for Q2-2007 were **\$1.85/lb** compared to \$1.51/lb in Q2-2006. The increase in total costs was driven fundamentally by higher cash costs and higher El Teniente royalties due to higher prices.
- **Investment in Candente** - Amerigo acquired just below **10%** of the issued and outstanding shares of **Candente Resource Corp.** ("Candente") at a **cost of \$8,581,681** in Q2-2007.
- **Capital plant additions** in Q2-2007 were **\$1,440,804**, for ongoing mill refurbishing, Colihues engineering studies and civil works. Cash payments for **capital expenditures** in the quarter were **\$1,688,749** funded from operating cash flow.
- **Cash balance** was **\$28,567,850** at June 30, 2007 after an investment of \$8,581,681 in Candente, dividend payments of \$5,286,918 and payments of \$7,217,147 for capital expenditures on a year-to-date basis.

Results of Operations – Q2-2007

Revenue

Total revenue in Q2-2007 was \$32,011,648, which includes copper revenue of \$26,497,957 and molybdenum revenue of \$5,513,691. Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased from Q2-2006 due to an increase of 49% in quarterly sales volume and to lower smelter and refinery costs, despite lower average copper prices. In Q2-2007 the Company sold 4,051 tonnes or 8.93 million pounds of copper, up from 5.98 million pounds sold in Q2-2006. The Company's quarterly realized copper price was \$2.97/lb in Q2-2007, compared to a realized copper price of \$3.52/lb in Q2-2006. Realized copper price is calculated by dividing quarterly copper revenue (net of smelter and refinery charges and including settlement adjustments to the prior quarter's sales) by the number of pounds of copper sold in the quarter.

During Q2-2007, the Company's gross copper selling price was \$3.27/lb (Q2-2006: \$4.15/lb). Gross copper selling price is calculated by dividing copper revenue (before smelter and refinery charges and including settlement adjustments to the prior quarter's sales) by the number of pounds of copper sold in the quarter. The Company's gross copper selling price in Q2-2007 of \$3.27/lb was lower than the average LME cash copper price of \$3.47/lb, due to settlement in the quarter of 2006 quotas priced at lower copper prices and to provisional pricing using M+3 prices which are lower than average cash prices.

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. The Company believes that this pricing arrangement is standard in the industry.

In 2006, due to production restrictions, MVC sold significantly less copper than estimated under the original 2006 concentrate supply quota with Enami. To address this issue, MVC and Enami agreed to lower the supply quotas for September to December 2006, and to maintain smelter and refinery charges at 2006 pricing until MVC met the 2006 quota, which occurred in April 2007. Smelter and refinery terms negotiated for 2007 include considerably lower treatment and refinery charges and the elimination of copper price participation with the smelter. The effect of the 2007 terms in cash and total costs is evident as of Q2-2007.

Molybdenum prices continued to increase in Q2-2007; the June 2007 average dealer oxide molybdenum price was \$32.25/lb, compared to a price of \$27.54/lb in March 2007.

Molybdenum revenue in Q2-2007 was \$5,513,691, higher than revenue of \$4,952,708 in Q2-2006 despite lower sales volume due to higher molybdenum prices and the effect of positive settlement adjustments to Q1-2007 sales. In Q2-2007 the Company sold 203,383 pounds of molybdenum at a gross moly selling price of \$33.06/lb, compared to 224,649 pounds sold in Q2-2006 at a gross selling price of \$26.89/lb. Gross molybdenum selling prices are calculated by dividing moly revenue (before roasting charges and including settlement adjustments to the prior quarter's sales) by the number of pounds of moly sold in the quarter. In Q2-2007 the Company recorded \$477,719 of positive settlement adjustments in molybdenum revenue, compared to positive settlement adjustments of \$385,109 in Q2-2006.

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 Q2-2007 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.

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

The Company had a tolling agreement with Codelco's Chuquicamata division to process at Codelco's option certain of Chuquicamata's molybdenum-copper bulk concentrates at MVC's plant. In Q2-2007 no Chuquicamata concentrates were processed by the Company, in contrast to 1,807 tonnes processed in Q2-2006, which resulted in tolling revenue of \$1,465,851. Tolling revenue was recognized when the processing was completed, the amounts to be received were known and collection was reasonably assured.

Production

In Q2-2007, the Company produced 4,224 tonnes or 9.31 million pounds of copper and 204,647 pounds of molybdenum, achieving the highest quarterly copper production results in the Company's history. Results are above the Company's YTD production budget. Production restrictions at Colihues remain in place.

In Q2-2006 copper production was 2,981 tonnes or 6.57 million pounds of copper and 203,548 pounds of molybdenum, as MVC faced plant shutdowns and restricted flow of fresh tailings; Q2-2007 production increased 42% for copper and 1% for moly compared to Q2-2006.

The Company remains committed to attain its goals of annualized production rates of 60 million pounds of copper and 1 million pounds of molybdenum by the end of 2007, subject to approval to recommence operations at Colihues.

Cash Cost and Total Cost

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

The Company's cash costs from Q2-2006 to Q2-2007 (\$/lb of copper produced) were as follows:

	Q2-2007	Q1-2007	Q4-2006	Q3-2006	Q2-2006
Cu and Mo production	1.43	1.19	1.14	1.24	1.24
By-product credits	(0.59)	(0.41)	(0.40)	(0.98)	(0.99)
Smelter & refinery	0.29	0.61	0.59	0.67	0.57
Administration	0.03	0.05	0.07	0.07	0.05
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	\$1.19	\$1.47	\$1.43	\$1.03	\$0.90

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

Comparing Q2-2007 with Q2-2006, cash cost increased by \$0.29/lb. The most significant variance is a reduction of molybdenum by-product credits of \$0.40/lb due to the effect of lower credits distributed over more units of copper production; moly by-product credits were \$5,513,691 in Q2-2007 and \$6,418,559 in Q2-2006, the reduction is due to lower moly sales volume and \$nil tolling fees from Chuquicamata in Q2-2007.

The second most significant variance is a reduction of \$0.28/lb in smelter and refinery costs due to significantly improved terms negotiated with Enami for 2007, which have placed unit treatment costs at effectively half the level recorded in Q2-2006. Reduced smelter and refinery costs became effective once the 2006 copper delivery quota was met in early April, therefore the full effect from the improved smelter and refinery terms is not seen in Q2-2007 as 2006-level charges still applied in the early part of the quarter.

A third variance is in production costs which increased \$0.19/lb in Q2-2007 compared to Q2-2006, mainly due to a significant increase in power costs, which was however mitigated by lower unit costs for other copper production costs, maintenance costs and molybdenum production costs, which were lower on a per unit basis due to increased copper production.

Power costs continued to increase in Q2-2007, reaching historically high levels, a situation affecting Chile's industrial and residential power subscribers due to the ongoing impact of reduced gas supply from Argentina to Chile, which has forced Chile to adopt diesel-based power production, heavily increasing energy production costs. The kWh cost in Q2-2007 was \$0.1963 (inclusive of marginal charges), compared to a kWh cost of \$0.0688 in Q2-2006. Power costs are expected to remain high through 2007.

The Company's total costs from Q2-2006 to Q2-2007 (\$/lb of copper produced) were as follows:

	Q2-2007	Q1-2007	Q4-2006	Q3-2006	Q2-2006
Cash cost	1.19	1.47	1.43	1.03	0.90
El Teniente royalty	0.57	0.46	0.52	0.69	0.53
Amortization/depreciation	0.08	0.09	0.05	0.11	0.07
Stock-based compensation	0.01	0.01	0.01	0.01	0.01
Total Cost	\$1.85	\$2.03	\$2.01	\$1.84	\$1.51

Comparing Q2-2007 with Q2-2006, total cost increased by \$0.34/lb. In addition to the \$0.29 increase in cash cost, El Teniente royalty increased by \$0.04/lb and amortization increased by \$0.01/lb.

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

Operating Costs and Expenses

Production costs include copper and molybdenum production costs, maintenance costs and when applicable, Chuquicamata tolling costs. In Q2-2007, production costs were \$13,295,084 compared to production costs of \$8,146,369 in Q2-2006, an increase of \$5,148,715.

The most significant contributing factor to the production cost increase between the two quarters was power costs, which increased \$5,260,560 in Q2-2007 with respect to Q2-2006. Other production costs increased marginally due to increased production in the quarter, but were lower than in Q2-2006 on a unit basis. Maintenance costs increased slightly in Q2-2007 compared to Q2-2006 as a result of higher costs for spare parts and labour. Molybdenum production costs were significantly lower in Q2-2007 compared to Q2-2006 for essentially the same levels of production, due mainly to lower costs of materials and reagents.

In Q2-2007 the El Teniente royalty was \$5,291,091 compared to \$3,464,237 in Q2-2006. The royalty increases or decreases as a function of copper and molybdenum prices and sales. The royalty increased mainly due to higher copper sales volume.

Administration expenses were \$334,735 in Q2-2007, compared to \$309,964 in Q2-2006; amortization cost increased to \$791,439 in Q2-2007 from \$429,432 in Q2-2006 due mainly to a higher asset base at MVC and to increased production, as amortization is calculated using the units of production method. Transportation costs of \$281,015 in Q2-2007 are higher than costs of \$182,273 in Q2-2006 due to higher sales volume, and stock-based compensation expense for options granted to MVC employees was \$59,674 in Q2-2007, comparable to an expense of \$55,639 in Q2-2006.

Costs not related to MVC's production operations are identified as "Other Expenses" and were in aggregate \$825,764 in Q2-2007 and \$654,234 in Q2-2006. The most significant expenses in the quarter were stock-based compensation of \$292,375 (Q2-2006: \$156,585); salaries, management and professional fees of \$239,936 (Q2-2006: \$252,996) and office and general expenses of \$177,484 (Q2-2006: \$95,769). Stock-based compensation expense increased due to a higher number of options granted in 2007, salaries, management and professional fees decreased due to lower advisory fees and office and general expenses increased from general office expenses, higher travel expenses and general expenses incurred in Chile not connected with MVC's operations.

Non-operating items in Q2-2007 included a quarterly gain on fair value adjustments to financial instruments of \$269,676, in connection with adjustments to the value of marketable securities sold in May 2007 (\$nil in 2006); interest income of \$371,336 (Q2-2006: \$164,691); a foreign exchange gain of \$740,369 (Q2-2006: \$504,089); other income of \$28,159 (Q2-2006: \$36,113) and an investment loss of \$38,413 for Amerigo's proportional share of the loss recorded in Nikos Explorations Ltd., an investment over which Amerigo has significant influence and which is therefore accounted for under the equity method. The considerable

foreign exchange gain is substantially of a realized nature and resulted from favourable conversion rates of Canadian funds held by Amerigo. The increase in interest income is the result of the higher average cash balances held by the Company in Q2-2007.

The Company recorded income tax expense net of recoveries of \$1,967,709 in Q2-2007, from income tax on MVC earnings. In Q2-2006, income tax expense was higher at \$2,343,065 due to higher MVC earnings.

Operating Cash Flows

In Q2-2007, the Company's activities generated operating cash flow of \$12,409,777 (or 13¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of \$10,347,913 or 11¢ per share in Q2-2006.

Results of Operations – Year-to-date June 30, 2007

Net earnings during the six months ended June 30, 2007 ("YTD-2007") were \$15,883,969 (\$0.17 per share), compared to \$17,051,376 (\$0.19 per share) in the six months ended June 30, 2006 ("YTD-2006").

Total revenue YTD-2007 was \$50,182,831 derived from the sale of 6,960 tonnes or 15.34 million pounds of copper and 307,936 pounds of molybdenum. This compares to total revenue of \$44,520,692 YTD-2006 from the sale of 6,086 tonnes or 13.42 million pounds of copper, 352,368 pounds of moly and 2,665 Chuquicamata tonnes processed.

Cash cost and total cost YTD-2007 were \$1.30/lb and \$1.92/lb respectively, compared to cash cost of \$1.15/lb and total cost of \$1.67/lb in YTD-2006. These costs include smelter and refinery costs of \$0.42/lb (YTD-2006: \$0.58/lb) and El Teniente royalty costs of \$0.52/lb (YTD-2006: \$0.46/lb)

"Other Expenses" YTD-2007 were \$1,675,014, compared to \$1,453,195 in 2006.

Non-operating items YTD-2007 include a foreign exchange gain of \$970,966 (YTD-2006: \$461,982), gain on fair value adjustments to financial instruments of \$711,591 (\$nil in YTD-2006), interest income of \$646,495 (YTD-2006: \$271,783), other income of \$66,781 (YTD-2006: \$46,898) and investment loss of \$200,314 (\$nil in YTD-2006).

Income tax expense YTD-2007 was \$2,862,964, compared to \$3,042,579 in 2006.

Summary of Quarterly Results

	Qtr. Ended June 30, 2007	Qtr. ended March 31, 2007	Qtr. ended Dec, 31, 2006	Qtr. ended Sept. 30, 2006
Total revenue	\$32,011,648	\$18,171,183	\$19,944,732	\$19,739,861
Net income	10,332,687	5,551,282	13,981,236	8,251,071
Earnings per share	0.1093	0.0593	0.1490	0.0877
Diluted earnings per share	0.1076	0.0583	0.1475	0.0868

	Qtr. Ended June 30, 2006	Qtr. ended March 31, 2006	Qtr. ended Dec. 31, 2005	Qtr. ended Sept. 30, 2005
Total revenue	\$27,482,949	\$17,037,743	\$19,459,021	\$17,702,172
Net income	12,444,608	4,606,768	5,208,566	6,503,415
Earnings per share	0.1322	0.0524	0.0604	0.0757
Diluted earnings per share	0.1285	0.0515	0.0588	0.0735

Liquidity and Capital Resources

Amerigo's cash and cash equivalents on June 30, 2007 were \$28,567,850 compared to \$28,743,136 at March 31, 2007 and \$26,574,059 on December 31, 2006. The Company's working capital at June 30, 2007 was \$28,845,201, compared to \$26,790,250 on March 31, 2007 and \$25,047,681 on December 31, 2006. The Company continues to be able to generate sufficient cash resources in the short and long-term to maintain existing operations and to evaluate and pursue further investment opportunities.

During the six months ended June 30, 2007, 1,089,500 stock options at a weighted average exercise price of Cdn\$1.54 per share were exercised by employees, officers or directors of the Company, for aggregate proceeds of \$1,447,395.

On February 28, 2007, a total of 1,760,000 share purchase options were granted at an exercise price of \$2.23 per share. Stock-based compensation is recognized as options vest. The options granted in Q1-2007 vest in four equal installments, on March 31, June 30, September 30 and December 31, 2007; 52,500 options expired prior to vesting. For the options vested on March 31 and June 30, Amerigo recorded in aggregate a stock-based compensation expense of \$657,040, of which \$114,369 was charged to Costs as the options were granted to MVC employees and \$542,671 was charged to Other Income and Expenses. Amerigo also recorded stock-based compensation expense of \$45,000 charged to Other Expenses in connection with 200,000 options granted in 2006 with a vesting schedule that went into 2007; 25,000 of these options expired prior to vesting. In the six months ended June 30, 2007, 207,500 options at a weighted average price of Cdn\$2.21 expired unexercised.

As of June 30, 2007, Amerigo had 3,365,000 outstanding share purchase options (with exercise prices ranging from Cdn\$1.60 to Cdn\$2.71).

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 six months ended June 30, 2007.

The Company's gross copper sales are dependent on sales volumes and market prices for copper. Average LME cash copper prices in 2007 have been the following:

January	\$2.5717	April	\$3.5228
February	2.5748	May	3.4846
March	2.9268	June	3.3910

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations, Future Income Tax Liabilities and Minority Interest) at June 30, 2007 were \$8,092,733, compared to \$7,599,687 on March 31, 2007 and \$7,204,755 on December 31, 2006.

On February 24, 2007 Amerigo declared a semi-annual dividend of Cdn\$0.065 per share paid on April 4, 2007 to shareholders of record as of March 27, 2007, for a total of \$5,286,918.

Investing Activities

Capital plant additions in the six months ended June 30, 2007 were \$3,183,379. The major capital items were work in progress for mill refurbishing, Colihues engineering studies, final commissioning of the industrial water recovery system and civil works for new maintenance, laboratory and service installations at MVC. In the same period, the Company made cash payments of \$7,217,147 for capital expenditures, funded from operating cash flow. The Company estimates that total capital expenditures in 2007 will be \$10.5M, substantially in line with the annual capital expenditures budget.

In Q2-2007, Amerigo acquired for investment purposes 6.9 million common shares of Candente, an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges and that is currently developing the Cañariaco copper project in Peru. The investment by Amerigo represents just below 10% of Candente's issued and outstanding shares. The aggregate cost of the investment was \$8,581,681. Adjustments to fair market value are required at each balance sheet date; at June 30, 2007 these adjustments totalled \$964,175. Given that the investment was designated as "available for sale", 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.

Also in Q2-2007, 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, 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".

Transactions with Related Parties

a) Minority Interest

A detailed description of Minority Interest is provided in the Company's Unaudited Consolidated Financial Statements for the six months ended June 30, 2007.

During the six months ended June 30, 2007, royalty dividends totalling \$278,871 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (Six months ended June 30, 2006: \$248,513). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations and Comprehensive Income. At June 30, 2007, \$56,444 of this amount remained outstanding.

b) Directors' fees and remuneration to officers

During the six months ended June 30, 2007 the Company paid or accrued \$317,765 in fees to companies associated with certain directors and officers of Amerigo (Six months ended June 30, 2006: \$422,718). Included in these fees are bonuses of \$43,902 to senior management (Six months ended June 30, 2006: \$210,804). In the same period, Amerigo paid or accrued \$46,163 in directors' fees to independent directors (Six months ended June 30, 2006: \$69,547). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At June 30, 2007, an aggregate amount of \$31,318 was due to directors and officers for management fees, directors' fees and for reimbursement of expenses in the ordinary course of business.

c) At June 30, 2007 one of Amerigo's officers acted as an officer and another as a director of Nikos.

d) At June 30, 2007, one of Amerigo's directors acted as a director of Candente.

Subsequent Events

In accordance with Amerigo's stated policy, on July 30, 2007 the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share, payable on August 31, 2007 to shareholders of record as of August 22, 2007.

Critical Accounting Estimates

There were no changes to the Company's critical accounting estimates during the six months ended June 30, 2007.

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 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 March 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.

Other MD&A Requirements

As of July 30, 2007, Amerigo has outstanding 94,532,744 common shares and 2,520,000 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 resuming operations at Colihues. 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, 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.