

Amerigo Resources Ltd.

Consolidated Interim Financial Statements

September 30, 2008

Unaudited

(expressed in U.S. dollars)

Amerigo Resources Ltd.

Consolidated Balance Sheets (Unaudited)

(expressed in U.S. dollars)

	September 30, 2008 \$	December 31, 2007 \$
Assets		
Current assets		
Cash and cash equivalents	4,258,600	16,712,630
Accounts receivable	14,257,272	16,901,271
Prepaid expenses	345,488	106,289
Plant supplies and inventory	5,182,091	4,231,984
	<u>24,043,451</u>	<u>37,952,174</u>
Investments (Note 9)	8,479,043	21,171,455
Property, plant and equipment - (Note 3)	113,170,366	98,136,625
Contractual right - net (Note 4)	7,078,254	7,437,823
Other	47,578	40,864
	<u>152,818,692</u>	<u>164,738,941</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	14,344,145	16,635,329
El Teniente royalty payable (Note 5)	6,166,026	5,742,906
Bank loan (Note 6)	4,553,065	-
Due to non-controlling interests (Note 7(a))	68,321	61,735
	<u>25,131,557</u>	<u>22,439,970</u>
Other payables	1,321,117	1,003,500
Asset retirement obligation	5,038,605	4,787,273
Future income tax	6,228,098	6,180,703
Non-controlling interests (Note 7 (a))	1,000	1,000
	<u>37,720,377</u>	<u>34,412,446</u>
Shareholders' Equity		
Capital stock (Note 8)	56,345,311	56,933,105
Value assigned to stock options (Note 8(c))	2,315,103	1,949,218
Retained earnings	56,460,011	67,070,515
Accumulated other comprehensive income (loss) (Note 9 (a)(b))	(22,110)	4,373,657
	<u>115,098,315</u>	<u>130,326,495</u>
	<u>152,818,692</u>	<u>164,738,941</u>

Contingencies (Note 13)

Approved by the Board of Directors

“Robert Gayton” _____ Director

“Ruston Goepel” _____ Director

Amerigo Resources Ltd.

Consolidated Statements of Operations and Comprehensive Income (Unaudited)

(expressed in U.S. dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	\$	\$		\$
Revenue	29,915,602	28,536,864	97,013,303	78,719,695
Costs				
Production costs	19,368,515	13,834,774	55,501,073	34,668,098
El Teniente royalty (Note 5)	6,631,296	4,654,187	17,097,521	12,837,116
Depreciation & amortization	1,453,941	888,627	3,815,186	2,255,800
Administration	910,159	293,726	1,920,188	921,182
Transportation	315,692	253,368	819,080	726,281
Asset retirement accretion cost	83,777	63,706	251,332	178,075
Stock-based compensation (Note 8(c))	-	39,682	-	119,050
Cost of sales	28,763,380	20,028,070	79,404,380	51,705,602
Operating profit	1,152,222	8,508,794	17,608,923	27,014,093
Other expenses				
Salaries, management & professional fees	266,608	295,172	909,165	882,843
Office and general expenses	356,114	273,159	1,167,153	868,361
Stock-based compensation (Note 8(c))	122,873	229,861	365,885	713,892
Interest expense	116,608	4,733	338,262	12,843
	862,203	802,925	2,780,465	2,477,939
Earnings before the under-noted items	290,019	7,705,869	14,828,458	24,536,154
Write-down of investments (Note 9(a)(b))	(12,237,741)	-	(12,237,741)	-
Foreign exchange gain	813,688	63,361	1,182,013	1,034,327
Interest income	102,946	376,051	397,340	1,022,546
Other income	54,916	19,072	197,004	85,853
Investment loss (Note 9(c))	(42,363)	(9,386)	(72,485)	(209,700)
Gain on fair value adjustments to financial instruments	-	-	-	711,591
Earnings (loss) before taxes and non-controlling interests	(11,018,535)	8,154,967	4,294,589	27,180,771
Income tax expense, net of tax recoveries	(802,082)	1,431,578	1,646,683	4,294,542
Earnings (loss) before non-controlling interests	(10,216,453)	6,723,389	2,647,906	22,886,229
Non-controlling interests (Note 7(a))	190,974	141,502	453,877	420,373
Net earnings (loss)	(10,407,427)	6,581,887	2,194,029	22,465,856
Other comprehensive income (Note 9(a)(b))	-	3,393,858	-	4,358,033
Comprehensive income (loss)	(10,407,427)	9,975,745	2,194,029	26,823,889
Weighted average number of shares outstanding, basic	93,790,354	94,532,744	94,094,778	94,212,068
Weighted average number of shares outstanding, diluted	93,790,354	94,845,818	94,094,778	94,525,142
Earnings (loss) per share				
Basic	(0.11)	0.07	0.02	0.24
Diluted	(0.11)	0.07	0.02	0.24

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows (Unaudited)

(expressed in U.S. dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash flows from operating activities				
Net earnings (loss)	(10,407,427)	6,581,887	2,194,029	22,465,856
Items not affecting cash -				
Write-down of investments	12,237,741	-	12,237,741	-
Depreciation and amortization	1,453,941	888,627	3,815,186	2,255,800
Stock-based compensation	122,873	358,878	365,885	1,060,918
Accrued interest on bank loan	42,546	-	42,546	-
Asset retirement accretion cost	83,777	39,682	251,332	119,050
Amortization of future income tax asset	18,514	15,378	52,245	46,423
Investment loss	42,363	9,386	72,485	209,700
Other receivables	(9,194)	(4,067)	(6,714)	(6,859)
Unrealized foreign exchange (gain)/loss	(165,220)	33,482	(780,994)	(86,186)
Future income tax	(606,744)	603,500	47,395	1,327,664
Gain on fair value adjustments to financial instruments	-	-	-	(711,591)
	2,813,170	8,526,753	18,291,136	26,680,775
Changes in non-cash working capital				
Accounts receivable	3,783,054	(3,975,426)	2,643,999	(6,007,629)
Prepaid expenses	40,684	200,161	(239,199)	(244,990)
Plant, supplies and inventory	(798,831)	(754,102)	(950,107)	(2,054,074)
Accounts payable	99,994	1,265,366	(2,305,012)	4,888,012
El Teniente royalty payable	1,540,961	(481,653)	423,120	1,112,021
Interest on short-term debt	(215,700)	-	(215,700)	-
Due to non-controlling interest	10,417	(4,200)	6,586	9,387
Other payables	364,841	20,510	317,617	104,957
Net cash provided by operating activities	7,638,590	4,797,409	17,972,440	24,488,459
Cash flows from investing activities				
Purchase of plant and equipment	(5,985,103)	(1,184,716)	(18,527,776)	(8,401,863)
Purchase of investments	(1,883,600)	-	(4,013,581)	(8,581,681)
Sale of investments	-	-	-	1,941,092
Net cash used in investing activities	(7,868,703)	(1,184,716)	(22,541,357)	(15,042,452)
Cash flows from financing activities				
Purchase of share capital for cancellation	(919,807)	-	(1,589,328)	-
Proceeds from short-term bank loan	-	-	5,507,214	-
Payment of dividends	(5,784,475)	(5,802,371)	(11,802,999)	(11,089,289)
Issuance of shares for cash	-	-	-	1,447,395
Net cash provided by (used in) financing activities	(6,704,282)	(5,802,371)	(7,885,113)	(9,641,894)
Net increase (decrease) in cash and cash equivalents	(6,934,395)	(2,189,678)	(12,454,030)	(195,887)
Cash and cash equivalents – Beginning of period	11,192,995	28,567,850	16,712,630	26,574,059
Cash and cash equivalents – End of period	4,258,600	26,378,172	4,258,600	26,378,172

Supplemental disclosure with respect to cash flows (Note 12)

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 (Loss)	Shareholders' equity
	No. of shares	Amount				
		(\$)	(\$)	(\$)	(\$)	(\$)
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
Exercise of stock options	1,089,500	1,447,395	-	-	-	1,447,395
Shares repurchased	(160,000)	(93,931)	(246,370)	-	-	(340,301)
Options vested	-	-	-	898,682	-	898,682
Transfer of value on exercise of stock options	-	552,644	-	(552,644)	-	-
Unrealized gains on “available for sale” instruments (Note 9)	-	-	-	-	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
Shares repurchased	(1,001,200)	(587,794)	(1,001,534)	-	-	(1,589,328)
Options vested	-	-	-	365,885	-	365,885
Realized losses on “available for sale” instruments (Note 9)	-	-	-	-	(4,395,767)	(4,395,767)
Dividends paid	-	-	(11,802,999)	-	-	(11,802,999)
Net earnings for the period	-	-	2,194,029	-	-	2,194,029
Balance – September 30, 2008	93,371,544	56,345,311	56,460,011	2,315,103	(22,110)	115,098,315

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

September 30, 2008

(expressed in U.S. dollars)

1 Operations

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, 2007. In the opinion of management, all of the adjustments necessary to fairly present the consolidated financial statements set forth herein have been made.

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. The Company also holds investments in corporations with copper and gold resources in Peru, Chile and Mexico.

2 Adoption of new accounting standards

Effective January 1, 2008 the Company adopted the following new accounting standards:

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity’s capital and how it is managed. Disclosure is presented in Note 11.

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. The adoption of this policy had no effect on the Company’s financial statements.

Section 3862 – Financial Instruments – Disclosures

This Section requires additional disclosures to enable users of the Company’s financial statements to evaluate the significance of financial instruments to the Company’s financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from the Company’s financial instruments. Disclosure is presented in Note 10.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
September 30, 2008

(expressed in U.S. dollars)

3 Property, plant and equipment

	September 30, 2008 \$	December 31, 2007 \$
Plant and infrastructure	53,285,286	50,431,227
Machinery and equipment and other assets	70,717,924	55,030,380
	124,003,210	105,461,607
Accumulated depreciation and amortization	(10,832,844)	(7,324,982)
	<u>113,170,366</u>	<u>98,136,625</u>

4 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 is amortized using the units of production method.

	September 30, 2008 \$	December 31, 2007 \$
Contractual right	9,394,146	9,394,146
Accumulated amortization	(2,315,892)	(1,956,323)
	<u>7,078,254</u>	<u>7,437,823</u>

5 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

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

September 30, 2008

(expressed in U.S. dollars)

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.

6 Bank loan

In February 2008 the Company obtained a short-term loan of Chilean Pesos \$2,500,000,000 (approximately \$5,500,000 at the time the loan was granted) from a Chilean bank. The loan bore interest at a monthly rate of 0.67% and matured on September 22, 2008. The loan was renewed at a monthly rate of 0.87% and matures on December 15, 2008. The balance of the loan and accrued interest at September 30, 2008 was the Chilean Peso equivalent of \$4,553,065.

7 Related party transactions

a) Non-controlling interests

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 Non-Controlling Interests 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, 2008, royalty dividends totalling \$453,877 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (nine months ended September 30, 2007: \$420,373). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statements of Operations and Comprehensive Income. At September 30, 2008, \$68,321 of this amount remained outstanding (December 31, 2007: \$61,735).

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
September 30, 2008

(expressed in U.S. dollars)

b) Directors fees and remuneration to officers

During the nine months ended September 30, 2008 the Company paid or accrued \$490,407 in fees to companies associated with certain directors and officers of Amerigo (Nine months ended September 30, 2007: \$468,054). In the same period, Amerigo paid or accrued \$72,241 in directors' fees to independent directors (Nine months ended September 30, 2007: \$69,072). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's Consolidated Statements of Operations and Comprehensive Income. At September 30, 2008, an aggregate amount of \$24,411 was due to directors and officers for fees, bonuses and reimbursement of expenses in the ordinary course of business (December 31, 2007: \$450,729).

c) At September 30, 2008 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) At September 30, 2008 two of Amerigo's directors acted as directors of Candente Resource Corp., a company in which the Company holds an investment.

e) At September 30, 2008 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.

8 Capital stock

Authorized - Unlimited common shares without par value

a) **Summary of capital stock issued in the period**

No shares were issued during the nine months ended September 30, 2008.

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.

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 nine months ended September 30, 2008, Amerigo purchased and cancelled 1,001,200 shares at a total cost of \$1,589,328. The premium on

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
September 30, 2008

(expressed in U.S. dollars)

the purchase of shares for cancellation amounted to \$1,001,534 and was applied against Retained Earnings.

There were no Amerigo shares purchased and cancelled under the normal course issuer bid in the nine months ended September 30, 2007.

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, but can 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 and 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 September 30, 2008 and December 31, 2007 and the changes for the nine-month and twelve-month periods ending on those dates is presented below:

	Nine months ended September 30, 2008		Twelve months ended December 31, 2007	
	Outstanding options	Weighted average exercise price Cdn\$	Outstanding options	Weighted average exercise price Cdn\$
Balance – start of period	3,365,000	2.38	2,902,000	2.14
Granted	1,055,000	2.13	1,760,000	2.23
Exercised	-	-	(1,089,500)	1.54
Cancelled	-	-	(207,500)	2.21
Outstanding	<u>4,420,000</u>	2.32	<u>3,365,000</u>	2.38
Exercisable	<u>4,156,250</u>	2.33	<u>3,365,000</u>	2.38

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements September 30, 2008

(expressed in U.S. dollars)

On March 20, 2008, Amerigo granted stock options to purchase an aggregate of 1,055,000 common shares to directors, officers and employees of the Company, with an exercise price of Cdn\$2.13 per share, expiring on March 20, 2013. The options vest in four equal quarterly instalments, on March 20, April 1, July 1 and October 1, 2008.

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, September 30, September 30 and December 31, 2007; 52,500 options were cancelled prior to vesting.

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

	September 30, 2008	December 31, 2007
	\$	\$
Balance – beginning of period	1,949,218	1,603,180
Options granted	365,885	898,682
Transfer to capital stock on exercise of stock options	-	(552,644)
Balance – end of period	<u>2,315,103</u>	<u>1,949,218</u>

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

	2008	2007
Expected dividend yield	6.10%	4.89%
Expected stock price volatility	47.29%	47.67%
Risk-free interest rate	2.91%	4.04%
Expected life of options	2.3 years	2.21 years

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
September 30, 2008

(expressed in U.S. dollars)

The following stock options were outstanding and exercisable as at September 30, 2008:

Range of exercise prices Cdn\$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price Cdn\$
1.60 to 2.40	2,786,250	3.48 years	2.16
2.40 to 2.71	1,370,000	2.43 years	2.69
	<u>4,156,250</u>		

d) Dividends

On February 27, 2008 Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share paid on April 2, 2008 to shareholders of record as of March 25, 2008, for a total of \$6,018,524. On July 24, 2008, the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share paid on September 5, 2008 to shareholders of record as of August 22, 2008, for a total of \$5,784,475.

On February 24, 2007 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 of Directors of Amerigo 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.

9 Investments

	September 30, 2008 \$	December 31, 2007 \$
Available for sale investment – Common shares of a TSX issuer	5,717,573	17,939,991
Available for sale investment – Common shares of a TSX-V issuer	1,853,581	2,251,090
Available for sale investments	7,571,154	20,191,081
Equity investment – Common shares of a TSX-V issuer	907,889	980,374
	<u>8,479,043</u>	<u>21,171,455</u>

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

September 30, 2008

(expressed in U.S. dollars)

a) Investment in common shares of a TSX issuer

At various dates during 2007 and 2008, the Company acquired for investment purposes 10.8 million common shares of an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges, at an aggregate cost of \$15,861,986. Adjustments to fair value are required at each balance sheet date. Given that the investment is 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 (Loss) 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, 2008 the issuer’s closing share price was Cdn\$0.55 per share, and the fair market value of the Company’s approximately 13% investment in this issuer was \$5,717,573. Management determined that the decline in market value of this investment met the characteristics of an “other than temporary impairment” and adjustments to fair value of \$10,144,414 were recorded in earnings.

Subsequent to September 30, 2008 and to the date of preparation of these financial statements, the closing share price of this investment had declined further to Cdn\$0.20 per share, bringing the fair value of the investment down to \$1,827,750.

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

At various dates during 2007 and 2008, the Company acquired for investment purposes 8 million common shares of an issuer listed on the TSX Venture Exchange, at an aggregate cost of \$3,946,908. Adjustments to fair value are required at each balance sheet date, as the investment is designated as “available for sale” for accounting purposes.

At September 30, 2008 the issuer’s closing share price was Cdn\$0.24 per share, and the fair market value of the Company’s approximately 4% investment in this issuer was \$1,853,581. Management determined that the decline in market value of this investment met the characteristics of an “other than temporary impairment” and adjustments to fair value of \$2,093,328 were recorded in earnings.

Subsequent to September 30, 2008 and to the date of preparation of these financial statements, the closing share price of this investment had declined further to Cdn\$0.11 per share, bringing the fair value of the investment down to \$746,846.

c) Equity investment in common shares of a TSX-V issuer

In fiscal 2004 Amerigo entered into an agreement to sell a 100% interest in three Canadian exploration

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

September 30, 2008

(expressed in U.S. dollars)

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 shares of the issuer at a cost of \$268,200. At September 30, 2008, Amerigo held 11,666,667 common shares of the issuer, which represent approximately 26% of the issuer's issued and outstanding common shares at that date.

Amerigo accounts for this investment using the equity method, given that Amerigo is considered to have significant influence over this investment. An investment loss of \$72,485 was recorded in the nine months ended September 30, 2008. At September 30, 2008 this issuer's closing share price was Cdn\$0.09 per share and Amerigo held approximately 26% of the issued and outstanding shares of the issuer.

Subsequent to September 30, 2008 and to the date of preparation of these financial statements, the share price of this equity investment declined further to \$Cdn0.015 per share, bringing the fair value of the investment to \$148,243, which is below its carrying value.

10 Accounting for Financial Instruments

Fair Values

The Company's financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, El Teniente royalty payable and short-term bank loan. In management's opinion, the fair value of these financial instruments equals their carrying value. The Company's investments in common shares of a TSX issuer and common shares of a TSX-V issuer are classified as "available for sale" for accounting purposes.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company has an Investment Policy which requires that cash and cash equivalents can only be deposited in Permitted Investments with certain minimum credit ratings.

Foreign Exchange Risk

The Company faces foreign exchange risk exposures arising from transactions denominated in foreign currencies. The Company's main foreign exchange risks arise with respect to the Canadian dollar and the Chilean Peso. Copper and molybdenum sales are denominated in US dollars, and the majority of operating expenses are in Chilean Pesos. The Company has elected not to actively manage this exposure at this time.

Commodity Price Risk

The Company faces commodity price risk arising from changes to the market prices for copper and molybdenum from the time of delivery of concentrates to the time of final price settlement. The Company has elected not to actively manage this exposure at this time.

Interest Rate Risk

Included in the results of operation of the Company are interest income on US Dollar, Canadian Dollar and Chilean Peso cash and cash equivalents. The Company also has an outstanding short-term bank loan in Chilean Pesos. The Company's interest rate risk mainly arises from the interest rate impact on its cash and cash equivalents, and to a lesser degree, the interest rate impact on current debt. The Company's preference is to

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

September 30, 2008

(expressed in U.S. dollars)

borrow at fixed rates. Cash and cash equivalents receive interest based on market interest rates. As at September 30, 2008, with other variables unchanged, a 1% change in Prime rates would have had an insignificant impact on net earnings, and no effect on Comprehensive Income.

11 Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk.

Under normal operating conditions, the Company maintains a limited amount of debt, if any. Debt will usually be of a short-term nature, obtained from commercial banks to cover working capital timing requirements.

12 Supplemental Disclosure with Respect to Cash Flows

	Nine months ended September 30, 2008 (\$)	Nine months ended September 30, 2007 (\$)
Cash paid during the period for interest	272,345	12,546
Cash paid during the period for income taxes	4,113,902	4,912,908
Change in accounts payable related to the acquisition of plant and equipment	13,825	721,708
	September 30, 2008 (\$)	December 31, 2007 (\$)
Cash	2,589,761	2,553,334
Cash equivalents	1,668,839	14,159,296
	4,258,600	16,712,630

13 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 \$1.15 million. Although the Company believes there is no merit to this assessment, the final outcome of this matter cannot be predicted with certainty. The Company retained legal counsel to prepare a response to SII in accordance with Chilean law and is awaiting the SII's determination on this matter. The Company's legal counsel has confirmed

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

September 30, 2008

(expressed in U.S. dollars)

that, in their opinion, if the SII claim is ultimately upheld, the Company will have a claim for full indemnification from the sellers of MVC pursuant to the terms of the MVC purchase and sale agreement for losses incurred prior to the MVC purchase date of July 2003.

In the fourth quarter of 2007, the SII issued a tax assessment to MVC for adjustments, 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 MVC does not exploit under the definition of the Chilean Income Tax Law. Even if the mining royalty tax applied to MVC, there would have been no tax payable in 2006 as MVC's production levels that year fell below the threshold prescribed by the SII for this tax. MVC has also retained legal counsel to prepare a response to the SII on this matter.

No amounts have been recorded by the Company in respect of these matters.