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Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Six Months Ended June 30, 2008

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 24, 2008 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the notes thereto prepared as at June 30, 2008 and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2007.

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

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

Significant Events

- **Net earnings after tax in Q2-2008** were **$6,218,444** compared to $10,332,687 in Q2-2007. Earnings were affected by lower production mainly due to interruptions to the supply of fresh tailings and by high power costs.

- **Net earnings** in the **six months ended June 30, 2008** were **$12,601,456**, compared to $15,883,969 in the comparative period, notwithstanding unprecedented power costs in the current year.

- **Earnings per share** for the quarter were **7¢**, compared to earnings per share of 11¢ in Q2-2007.

- **Cash flow from operating activities** was **$8,136,753** or 9¢ per share in Q2-2008, compared to $12,409,777 or 13¢ per share in Q2-2007.

- **Production** in Q2-2008 was **7.08 million pounds of copper** and **147,508 pounds of molybdenum**, a decrease of 24% in copper production and 28% in molybdenum production from Q2-2007 due mainly to interruptions to the supply of fresh tailings to MVC as a result of strike actions of workers of El Teniente subcontractors during the quarter.

- The Company's **copper selling price** before smelter, refinery and other charges in Q2-2008 was **$3.80/lb**; in addition, quarterly revenue included **$1,945,866** of **positive settlement adjustments** to prior quarters' sales, mainly quantity adjustments.

- Power costs in Q2-2008 were **$9,002,362**, compared to $7,821,020 in Q2-2007. Power costs represented 60% of cash costs in Q2-2008, a significantly higher percentage of total costs than for copper producers with traditional mine operating costs, including mining and other costs not related to power supply.

- **Cash cost** (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was **$2.11/lb** in Q2-2008, compared to $1.19/lb in Q2-2007. Power costs are the single most important component of the increase in cash cost.

- **Total cost** (the aggregate of cash cost, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for the quarter ended June 30, 2008 was **$3.02/lb** compared to $1.85/lb in Q2-2007. The increase in total cost was driven fundamentally by higher cash costs and affected to a lesser degree by higher royalties to El Teniente and higher amortization charges.

- In Q2-2008 the Company **obtained environmental approvals** in Chile to operate two **10 megawatt generators**. The project's estimated capital cost is $19 million; the units are expected to be operational in Q4-2008.

- Cash payments for capital expenditures in Q2-2008 were **$5,672,077**, funded from operating cash flow.

- **Cash balance** was **$11,192,995** at June 30, 2008 after $12,542,672 of cash payments for capital expenditures, $6,018,524 in dividend payments and further investment of $2,129,981 in a TSX issuer in the six months ended June 30, 2008.

- The Company recorded **$875,419** as **other comprehensive loss** in Q2-2008 from the **fair value adjustments of two strategic investments** during the quarter. Other comprehensive loss is not a component of net earnings.

- **Dividends** – Subsequent to quarter end, the Company's board of directors declared a dividend of Cdn 6.5¢ per share, payable on September 5, 2008 to shareholders of record as of August, 22, 2008.

Results of Operations – Quarter Ended June 30, 2008 ("Q2-2008")

Revenue

Total Q2-2008 revenue of $31,164,236 included copper revenue of $26,526,887 and molybdenum revenue of $4,637,349. Copper and molybdenum revenues are net of smelter, refinery and roasting charges. In Q2-2007 the Company's revenue was $32,011,648, which included copper revenue of $26,497,957 and molybdenum sales of $5,513,691.

Copper revenue increased marginally from Q2-2007 due to higher copper prices, which offset a 20% decrease in sales volume between the comparative periods. In Q2-2008 the Company sold 3,234 tonnes or 7.13 million pounds of copper, down from 8.93 million pounds sold in Q2-2007. The Company's copper selling price before smelter, refinery and other charges and settlement adjustments to prior quarters' production was **$3.80/lb** in Q2-2008 (Q2-2007: $3.29/lb). Additionally, $1,945,866 in positive settlement adjustments to prior quarters' sales were recorded into revenue during the quarter (Q2-2007: $222,324 in negative settlement adjustments to prior quarters' sales). The positive settlement adjustments in Q2-2008 were mainly from adjustments by the smelter to the amount of copper concentrates delivered by MVC in Q1-2008.

The Company's treatment and refinery charges in Q2-2008 are lower than in Q2-2007; however transportation charges are higher in 2008 than in 2007. Even though MVC does not ship concentrates overseas, the smelter participates in the Company's cost savings from overseas shipping. MVC's total treatment, refinery and transportation charges are therefore lower than those of producers that ship overseas.

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 in 2008 sets the Company's copper sale price at the average market price for the fourth month after delivery ("M+4"). 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 and second following quarters. However, where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and the Company receives a sale price calculated for the originally scheduled month of delivery until the quota is met or vice-versa. The Company believes that this pricing arrangement is standard in the industry.

Molybdenum revenue in Q2-2008 was $4,637,349; from the sale of 143,048 pounds of molybdenum at a selling price before roasting charges and settlement adjustments to prior quarters' production of $34.12/lb, compared to 203,383 pounds sold in Q2-2007 at a gross selling price of $30.20/lb. In Q2-2008 the Company also recorded positive settlement adjustments to prior quarters' molybdenum sales of $634,556 (Q2-2007: positive settlement adjustments of $477,719).

Molybdenum produced by the Company is sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which provides that the sale price is the average market price for the first ("M+1"), second ("M+2") or third ("M+3") month after delivery, with each delivery period nominated at the election of Molymet in the month preceding the elected month. Throughout Q2-2008 the sale price nominated by Molymet was M+3.

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

In normal supply conditions, sales of copper and molybdenum are provisionally priced at the time of sale based on the prevailing copper forward market price or the current molybdenum market price, as specified in the sales contracts. Variations between the price recorded at the time of sale and the actual final price received from the smelter or the roaster are caused by changes in copper and molybdenum market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The Company's reported revenue is therefore very sensitive to increases and decreases in copper and molybdenum prices. In a period of rising prices, not only will the Company record higher revenue for deliveries in the period, but it will also record favourable adjustments to revenue for copper and molybdenum delivered in prior periods. Similarly, in a period of declining prices, the Company will record lower revenues for current deliveries and negative adjustments to revenue from prior periods' deliveries.

Production

In Q2-2008, the Company produced 3,212 tonnes or 7.08 million pounds of copper compared to 4,224 tonnes or 9.31 million pounds of copper produced in Q2-2007, a 24% decrease in copper production mainly due to interruptions to the supply of fresh tailings to MVC as a result of the strike actions of workers of El Teniente subcontractors during the quarter.

The Company processed old tailings at an approximate rate of 13,500 tonnes per day during the quarter. It is planned to further increase tailings throughput in the second half of 2008 in accordance with MVC's contractual arrangements.

In Q2-2008 molybdenum production was 147,508 lbs, compared to 204,647 lbs produced in Q2-2007. Molybdenum production was also affected by interruptions to the supply of fresh tailings to MVC

Cash Cost and Total Cost

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

The Company's cash costs from Q2-2007 to Q2-2008 ($/lb of copper produced) were as follows:

	Q2-2008	Q1-2008	Q4-2007	Q3-2007	Q2-2007
Cu and Mo production	2.31	2.54	1.63	1.72	1.43
By-product credits	(0.65)	(0.49)	(0.47)	(0.38)	(0.59)
Smelter & refinery [1]	0.35	0.36	0.34	0.38	0.29
Administration	0.07	0.06	0.06	0.03	0.03
Transportation	0.03	0.04	0.04	0.03	0.03
Cash Cost	**$2.11**	**$2.51**	**$1.60**	**$1.78**	**$1.19**

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

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

In Q2-2008, cash cost was $2.11/lb, compared to a cash cost of $1.19/lb in Q2-2007. The most significant variance in cash cost came from a $0.88/lb increase in production costs, driven mostly by increases between the two comparative periods of $0.43/lb in power costs, $0.09/lb in grinding balls and $0.35/lb from all other costs combined.

Power is MVC's most significant cost. In Q2-2008, MVC incurred power costs of $9,002,362, or $0.2462/kWh, compared to $7,821,020 or $0.1963/kWh in Q2-2007. In Q2-2008, power costs represented 60% of the Company's cash cost (Q2-2007: 71% of cash costs). While power costs were unquestionably high during Q2-2008, increased levels of rainfall in Chile and the resulting mobilization of additional hydro-electric energy sources by MVC's energy provider contributed to a significant decrease in costs from those recorded in the preceding quarter ($0.3268/kwh). The cost of $0.2462/kWh recorded in Q2-2008 is an average cost in a declining price curve.

Power costs are expected to remain high in Chile in the foreseeable future due to the ongoing impact of reduced gas supply from Argentina. This has forced Chile to adopt diesel-based power production, which has resulted in increased energy production costs that are expected to continue at least until the completion of major power supply projects currently in the permitting stage or under construction in Chile.

In light of this situation, and to secure MVC's power supply, the Company made the strategic decision in 2007 to become substantially energy self-sufficient and to limit the Company's exposure to high power costs through the purchase of two 10 megawatt generators that will operate on heavy oil fuel. (See ***Investing Activities***).

Also affecting cash costs is a $0.06/lb increase in smelter and refinery costs due to an understatement of these costs by $0.05/lb in Q2-2007 (refer to footnote [1]) and an increase of $0.04/lb to administration costs due to higher insurance and other costs at MVC.

There was also an increase of molybdenum by-product credits of $0.06/lb, despite lower total molybdenum sales in Q2-2008 compared to Q2-2007, as lower copper production in Q2-2008 resulted in higher per unit credits.

The Company's total costs from Q2-2007 to Q2-2008 ($/lb of copper produced) were as follows:

	Q2-2008	Q1-2008	Q4-2007	Q3-2007	Q2-2007
Cash cost	2.11	2.51	1.60	1.78	1.19
El Teniente royalty	0.75	0.66	0.61	0.58	0.57
Amortization/depreciation/accretion	0.16	0.17	0.19	0.12	0.08
Stock-based compensation	0.00	0.00	0.00	0.01	0.01
Total Cost	**$3.02**	**$3.34**	**$2.40**	**$2.49**	**$1.85**

Total cost in Q2-2008 was $3.02/lb, compared to total cost of $1.85/lb in Q2-2007. The most significant impact on total cost is a $0.92/lb increase in cash cost, followed by a $0.18/lb increase from El Teniente royalty due to higher copper prices and a $0.08/lb increase in amortization due to MVC's higher asset base.

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

Operating Costs and Expenses

Production costs include copper and molybdenum production costs and maintenance costs. In Q2-2008, production costs were $16,325,965 compared to production costs of $13,295,084 in Q2-2007, an increase of $3,030,881 in production costs. The major cost specific increases between the two quarters were $1,181,342 in power costs and $389,470 for grinding balls.

In Q2-2008 the El Teniente royalty was $5,319,664 compared to $5,291,091 in Q2-2007. Increased royalties to El Teniente were the result of higher copper prices in the quarter, mitigated by lower sales volume.

Amortization cost was $1,081,028 in Q2-2008, compared to $791,439 in Q2-2007 due to a higher asset base at MVC.

Administration expenses were $517,731 in Q2-2008, compared to $334,735 in Q2-2007 due to higher insurance and other costs overall; transportation costs decreased to $227,114 in Q2-2008 from $281,015 in Q2-2007, due to lower copper sales volume. Stock-based compensation for options granted to MVC employees was $59,674 in Q2-2007 and $nil in 2008 as no options were granted or vested to MVC staff in 2008.

Costs not related to MVC's production operations are identified as "Other Expenses" and were $861,489 in Q2-2008 and $825,764 in Q2-2007, an increase of $35,725. The most significant of these expenses in Q2-2008 were salaries, management and professional fees of $316,955 (Q2-2007: $239,936) and office and general expenses of $306,717 (Q2-2007: $286,962), followed by stock-based compensation of $121,419 (Q2-2007: $292,375) and interest expense of $116,398 (Q2-2007: $6,491). The increase in salaries, management and professional fees was due to higher legal fees, office and general expenses increased due to higher shareholder communication costs and travel expenses, stock-based compensation expense decreased due to a lower number of options granted in 2008 and interest expense increased in connection with short-term bank debt.

Non-operating items in Q2-2008 included a foreign exchange gain of $300,918 (Q2-2007: $740,369), interest income of $140,046 (Q2-2007: $371,666), other income of $67,724 (Q2-2007: $28,159) and an investment loss of $5,408 (Q2-2007: loss of $38,413). In Q2-2007, the Company also recorded a gain on fair value adjustments to financial instruments of $269,676.

The Company recorded income tax expense net of recoveries of $906,973 in Q2-2008, compared to income tax expense net of recoveries of $1,967,709 in Q2-2007. Taxes were lower in the quarter as earnings before tax were lower in Q2-2008.

Operating Cash Flows

In Q2-2008, the Company's activities generated operating cash flow of $8,136,753 (or 9¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of $12,409,777 or 13¢ per share in Q2-2007. Cash flow from operations decreased in Q2-2008 in very close correlation to the lower level of earnings posted in the quarter.

Results of Operations – Year-to-date June 30, 2008

Net earnings during the six months ended June 30, 2008 ("YTD-2008") were $12,601,456 ($0.13 per share), compared to $15,883,969 ($0.17 per share) in the six months ended June 30, 2007 ("YTD-2007").

Total revenue YTD-2008 was $67,097,701 derived from the sale of 6,775 tonnes or 14.94 million pounds of copper and 300,787 pounds of molybdenum. This compares to total revenue of $50,182,831 YTD-2007 from the sale of 6,960 tonnes or 15.34 million pounds of copper and 307,936 pounds of molybdenum.

Cash cost and total cost YTD-2008 were $2.32/lb and $3.19/lb respectively, compared to cash cost of $1.30/lb and total cost of $1.92/lb in YTD-2007. These costs include smelter and refinery costs of $0.35/lb (YTD-2007: $0.42/lb) and El Teniente royalty costs of $0.70/lb (YTD-2007: $0.52/lb)

"Other Expenses" YTD-2008 were $1,918,262 compared to $1,675,014 in YTD-2007.

Non-operating items YTD-2008 include a foreign exchange gain of $368,235 (YTD-2007: $970,966), interest income of $294,394 (YTD-2007: $646,495), other income of $142,088 (YTD-2007: $66,781) and investment loss of $30,122 ($200,314 in YTD-2007). In YTD-2007 the Company also posted a gain on fair value adjustments to financial instruments of $711,591.

Income tax expense YTD-2008 was $2,448,765 compared to $2,862,964 in YTD-2007.

Summary of Quarterly Results

	QE June 30, 2008	QE March 31, 2008	QE Dec. 31, 2007	QE Sept. 30, 2007
Total revenue	$31,164,236	$35,933,465	$26,974,854	$28,536,864
Net income	6,218,444	6,383,012	1,816,498	6,581,887
Earnings per share	0.0660	0.0677	0.0122	0.0696
Diluted earnings per share	0.0660	0.0668	0.0122	0.0694

	QE June 30, 2007	QE March 31, 2007	QE Dec. 31, 2006	QE 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

Liquidity and Capital Resources

The Company's cash and cash equivalents at June 30, 2008 were $11,192,995, compared to $10,959,717 at March 31, 2008 and $16,712,630 at December 31, 2007; working capital at June 30, 2008 was $11,852,658 compared to $11,693,685 at March 31, 2008 and $15,512,204 at December 31, 2007.

Cash and cash equivalents increased by $233,278 in Q2-2008. While earnings in the quarter were $6,218,444, the effect of changes in non-cash working capital, particularly realized accounts receivable contributed to operating cash flow of $8,136,753 in Q2-2008. The Company made payments of $5,672,077 for plant and equipment and bought additional shares of a TSX issuer at a cost of $1,976,801. During the quarter, the Company also bought $254,597 of shares back for cancellation under its normal course issuer bid.

In order to maintain adequate levels of cash and among other things, finance timing differences between accounts receivable and accounts payable, in Q1-2008 the Company obtained a Chilean Peso $2,500,000,000 (approximately $5.5 million) short-term bank loan from a Chilean bank at a per annum rate of 8.04%. The loan is expected to be fully paid in Q3-2008.

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 six months ended June 30, 2008, Amerigo purchased and cancelled 333,100 shares at a total cost of $669,521. The premium on the purchase of shares for cancellation amounted to $473,961 and was applied against Retained Earnings. Subsequent to June 30, 2008, a further 56,400 shares were purchased for cancellation.

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at June 30, 2008 were $12,745,946 compared to $13,444,445 at March 31, 2008 and $11,971,476 on December 31, 2007.

The changes in the value of the Company's Asset Retirement Obligation are limited to accretion expense of $167,555 in the six months ended June 30, Q2-2008. The Company's future income tax liability increased $654,139 in the six months ended June 30, 2008, mainly to account for differences between the carrying and tax values of MVC's plant and equipment.

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

The Company's copper sales are dependent on sales volumes and market prices for copper. Average LME cash copper prices in the period January to June 2008 were the following:

January	$3.2028	March	$3.8280	May	$3.8024
February	$3.5778	April	$3.9394	June	$3.7469

On February 23, 2008 the Board of Directors of 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.

As of June 30, 2008 Amerigo had 4,420,000 outstanding share purchase options (with exercise prices ranging from Cdn$1.60 to Cdn$2.71). During the six months ended June 30, 2008, 1,055,000 options were granted at an exercise price of Cdn$2.13 per share. No options were exercised during this period.

Stock-based compensation is recognized as options vest. The 1,055,000 options granted in 2008 vest in four equal installments, on March 20, April 1, July 1 and October 1, 2008. Amerigo recorded in aggregate a stock-based compensation expense of $243,012 for the options that vested in the six months ended June 30, 2008.

Investing Activities

Capital plant increased by $4,355,788 in Q2-2008 and by $10,886,037 on a YTD basis. Capital expenditures on a YTD basis have included $7,687,293 on the self-generation power project. Other major capital projects are in connection with old tailings extraction, increase of rougher circuit recovery and pre-classification of fresh tailings.

All required environmental approvals for the operation of the generators are now in place and the units are expected to be operational in Q4-2008.

The project is estimated to have a total cost of $19 million, of which approximately $13.6 million has been incurred to June 30, 2008. The capital cost of the project will be higher than originally estimated due to a number of factors:

- transportation costs were substantially higher than originally estimated due to higher marine freight charges and to the logistics of transporting the 200-tonne generators by land in Chile, which required reinforcing certain roads and bridges;

- the cost of meeting heightened Chilean environmental standards including the supply of auxiliary equipment to allow for changes to the operation of the motors from diesel to heavy fuel oil, which will represent significant fuel cost savings when the units are operational;

- significantly increased foundations requirements together with exponential increases to the costs of construction and raw materials.

Notwithstanding its increased capital cost, the power generation project's cost of $950,000/megawatt of installed capacity is well within costs of other similar oil-based power projects.

Total cash payments for capital expenditures were $5,672,077 in Q2-2008 and $12,542,672 on an annual basis, funded from operating cash flow.

In Q2-2008, the Company acquired for investment purposes a further 1,333,334 units in Candente Resource Corp., an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges at a cost of $1,976,801, bringing the total cost of the investment to $15,861,986. The units acquired in Q2-2008 included 1,333,334 common shares and 666,667 warrants, each warrant providing the holder with the right to purchase an additional common share of the issuer at a price of $2.00 on or before June 26, 2010. Adjustments to fair market value are required at each balance sheet date; at June 30, 2008 these adjustments totaled ($909,430), of which ($5,117,416) were recorded in the six months ended June 30, 2008. 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/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.

In November 2007, Amerigo acquired for investment purposes 4,015,000 units in Los Andes Copper Ltd., an issuer listed on the TSX Venture Exchange. The units included 4,015,000 common shares and 2,007,500 warrants, each warrant providing the holder with the right to purchase an additional common share at a price of $0.75 on or before November 24, 2008. The aggregate cost of the investment was $2,063,308. Adjustments to fair market value are required at each balance sheet date; at June 30, 2008 these adjustments totaled ($75,883), of which ($263,665) were recorded in the six months ended June 30, 2008. The investment was designated as "available for sale" for accounting purposes.

Transactions with Related Parties

a) Non-controlling interests

A detailed description of Non-Controlling Interests is provided in the Company's Consolidated Financial Statements for the quarter ended June 30, 2008.

During the six months ended June 30, 2008, royalty dividends totalling $262,903 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (Six months ended June 30, 2007: $278,871). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statements of Operations and Comprehensive Income. At June 30, 2008, $57,904 of this amount remained outstanding (December 31, 2007: $61,735).

b) Directors' fees and remuneration to officers

During the six months ended June 30, 2008 the Company paid or accrued $313,901 in fees to companies associated with certain directors and officers of Amerigo (Six months ended June 30, 2007: $317,765). In the same period, Amerigo paid or accrued $52,253 in directors' fees to independent directors (Six months ended June 30, 2007: $46,163). 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 June 30, 2008, an aggregate amount of $34,058 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 June 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 June 30, 2008, two of Amerigo's directors acted as directors of Candente Resource Corp., a company in which Amerigo holds an investment.

e) At June 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.

Contingencies

In Q3-2007, the Chilean Internal Revenue Services ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the commercial years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately $1.15 million. Although the Company believes there is no merit to the 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 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 Q4-2007, 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 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.

Subsequent Events
On July 24, 2008, the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share payable on September 5, 2008 to shareholders of record as of August 22, 2008.

Critical Accounting Estimates
There were no changes to the Company's critical accounting estimates during the three and six months ended June 30, 2008. The most significant estimates are related to the physical and economic lives of contractual rights, property, plant and equipment and their recoverability.

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

The Company estimates the recoverable value of plant and equipment at the end of its contract with Codelco will be at least $3,500,000.

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

Changes in Accounting Policies, Including Initial Adoption

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

Capital Disclosures - (Section 1535)
This Section establishes standards for disclosing information about an entity's capital and how it is managed.

Inventories – (Section 3031)
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.

Financial Instruments – Disclosures - (Section 3862)
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.

Internal Controls over Financial Reporting
Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2008 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") approved a strategic plan which requires public companies to converge with International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. The Company will therefore be required to have comparative financial information prepared under IFRS as of January 1, 2010. The Company is assessing the impact of convergence of Canadian GAAP and IFRS.

Other MD&A Requirements

As of July 24, 2008, Amerigo has 93,983,244 common shares outstanding and 3,892,500 exercisable options (at prices ranging from Cdn$1.60 to Cdn$2.71).

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

Cautionary Statement on Forward Looking Information

This Report contains "forward-looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans, future commercial production and the timing for processing additional tailings. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "schedule", "estimates" "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to restricted tailings flow, restricted operations from Colhues, copper and molybdenum price fluctuations, power cost 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.