

Amerigo Reports Net Earnings of **US\$3,776,182** up 271% against prior 3-month quarter

Significant Events for the Quarter Ended March 31, 2004

- **Net earnings after tax** for the three months ended March 31, 2004 were **US\$3,776,182**, up 271% from earnings of **US\$1,017,089** in the quarter ended November 30, 2003 (which is the prior full three-month quarter). The increase in earnings primarily results from higher copper prices.
- **MVC's cashflow from operations** for the 3 months ended March 31, 2004 was **US\$4,974,058**.
- **Earnings per share** were **US6c** for the three months ended March 31, 2004.
- In the first three months of 2004 **Amerigo sold 6.61 million pounds** of copper for a cash cost before Codelco royalty of **US64c** per pound, and a total cost after royalty, depreciation and asset retirement accretion cost of **US80c** per pound. Production costs were higher than normal due to plant interruptions in connection with commissioning of MVC's expansion project as well as scheduled and unscheduled maintenance at El Teniente.
- **Copper price** has **increased** by 76% from **\$0.776** (July 2003 average) to **\$1.365** (March 2004 average) since the acquisition of MVC. Strong operating cashflows during the period have funded capital expansion plans and have fully repaid the **Enami loans**: the original **US\$2,471,124** loan amount was repaid in March 2004.
- **Production expansion plans** are on track. Phase 1, the installation and commissioning of additional classification and flotation equipment, was completed on time and under budget on April 7, 2004, which will allow for budgeted 2004 production of **16,000 tonnes** of refined copper.

- **Further production increases** – Planning is well underway for Stage 2 of the expansion which will increase copper production further in 2005 to an annual level of approximately 20,000 tonnes. Both stages of expansion position Amerigo well to take advantage of current higher prices due to strong demand from China and improving economies in other parts of Asia, the US, and Europe.

This Stage 2 production increase will be generated from the higher rate of extraction from the Colihues tailings project from the present 2,000 tonnes of plant feed per day trial operation to a fully commercial rate of 10,000 tonnes per day. Further studies to examine the potential to increase production from Colihues beyond this rate are being conducted.

- **New accounting pronouncements** – On January 1, 2004, Amerigo adopted three new accounting pronouncements: to account for changes in prices of copper during the settlement period; to measure and record an asset retirement obligation for MVC that will be accreted over time and to expense stock options issued to employees and directors.

Amerigo Resources Ltd.

Consolidated Financial Statements

March 31, 2004

(expressed in U.S. dollars)

Not audited or reviewed by external auditors

Amerigo Resources Ltd.

Consolidated Balance Sheet

(expressed in U.S. dollars)

	March 31 2004 \$	December 31 2003 \$
Assets		
Current assets		
Cash and cash equivalents	5,275,648	4,366,419
Accounts receivable	4,403,210	2,098,557
Prepaid expenses	207,603	66,059
Plant supplies and inventory	743,416	532,656
	<u>10,629,877</u>	<u>7,063,691</u>
Deferred charges	20,177	32,026
Mineral property, plant and equipment - net	26,179,067	25,328,269
Future income tax	913,468	1,194,097
	<u>37,742,589</u>	<u>33,618,083</u>
Liabilities		
Current liabilities		
Accounts payable	1,994,245	1,949,547
El Teniente royalty payable	1,233,903	604,108
Due to related parties	38,377	188,739
	<u>3,266,525</u>	<u>2,742,394</u>
Notes payable	3,400,000	3,400,000
Enami loan	-	1,397,166
Other payables	423,973	356,488
Asset retirement obligation	1,948,236	1,915,842
Minority interest	1,000	1,000
	<u>9,039,734</u>	<u>9,812,890</u>
Shareholders' Equity		
Capital stock	26,736,073	25,320,892
Capital stock to be issued	-	294,062
Contributed surplus	478,683	478,683
Shareholders' Equity (Deficit)	1,509,848	(2,266,334)
Cumulative translation adjustment	(21,749)	(22,110)
	<u>28,702,855</u>	<u>23,805,193</u>
	<u>37,742,589</u>	<u>33,618,083</u>

Approved by the Board of Directors

"Steven G. Dean"

Director

"Ian Gallie"

Director

Amerigo Resources Ltd.

Consolidated Statement of Retained Earnings

(expressed in U.S. dollars)

	For the three months ended March 31, 2004	For the ten months ended December 31, 2003
	\$	\$
Balance as at the beginning of the period	(1,165,486)	(3,046,499)
Adjustment on adoption of new accounting standard for asset retirement obligations	(116,205)	-
Adjustment on adoption of new accounting standard for expensing of stock options	(984,643)	-
Balance as at the beginning of the period as restated	(2,266,334)	(3,046,499)
Adjustment on adoption of new accounting standard for asset retirement obligations	-	(116,205)
Adjustment on adoption of new accounting standard for expensing of stock options	-	(984,643)
Net earnings	3,776,182	1,881,013
Balance as at the end of the period	1,509,848	(2,266,334)

Amerigo Resources Ltd.

Consolidated Statement of Operations

(expressed in U.S. dollars)

	Three months ended March 31, 2004	Three months ended February 28, 2003 \$
Revenue	10,238,720	14,047
Costs		
Production costs	2,066,818	-
Smelter refinery and other charges	1,182,611	-
El Teniente royalty	940,196	-
Maintenance and services	721,785	-
Depreciation and amortization	246,738	-
Administration	231,540	-
Transportation	121,712	-
Asset retirement accretion cost	32,393	-
Cost of sales	5,543,793	-
Operating profit	4,694,927	14,047
Other income and expenses		
Transfer agent and filing fees	138,475	2,186
Salaries, consulting and professional fees	99,864	6,928
Interest expense	73,619	-
Interest income	(69,630)	-
Management fees	45,734	11,309
Office expense	38,020	14,253
Insurance expense	10,912	-
Shareholder information	8,387	3,210
Financing costs	-	10,038
Stock based compensation	-	1,747
General prospecting	-	1,306
Foreign exchange expense	227,899	-
	573,280	50,977
Earnings (loss) before taxes and minority interest	4,121,647	(36,930)
Income tax expense, net of tax recoveries	243,760	-
Earnings (loss) before minority interest	3,877,887	-
Minority interest	101,705	-
Net earnings (loss) for the period	3,776,182	(36,930)
Deficit - Beginning of period		
As previously reported	(1,165,486)	(3,009,569)
Accounting change	(1,100,848)	-
As restated	(2,266,334)	(3,009,569)
Retained earnings (Deficit) – End of period	1,509,848	(3,046,499)
Weighted average number of shares outstanding	61,635,466	6,139,833
Earnings (loss) per share		
Basic	0.0613	(0.0060)
Diluted	0.0435	(0.0039)

Amerigo Resources Ltd.
Consolidated Statements of Cash Flows
March 31, 2004

(expressed in U.S. dollars)

	Three months ended March 31, 2004	Three months ended February 28, 2003
	\$	\$
Cash flows from operating activities		
Net earnings (loss) for the period	3,776,182	(36,930)
Items not affecting cash –		
Depreciation and amortization	246,738	-
Income tax expense net of recoveries	243,760	-
Asset retirement accretion cost	32,393	-
Share subscriptions received in advance	-	60,229
Shares issued for financing costs	-	6,692
Stock based compensation	-	1,747
	<u>4,299,073</u>	<u>31,738</u>
Changes in non-cash working capital - net of effects of acquisition of subsidiary		
Accounts receivable	(2,304,653)	(7,571)
Prepaid expenses	(141,544)	(1,186)
Plant, supplies and inventory	(210,760)	-
Accounts payable	44,698	94
Other current accounts payable	(150,362)	-
El Teniente royalty payable	629,795	-
Net cash used in operating activities	<u>2,166,247</u>	<u>23,075</u>
Cash flows from investing activities		
Purchase of mineral property, plant and equipment	(1,113,878)	(70,572)
Net cash used in investing activities	<u>(1,113,878)</u>	<u>(70,572)</u>
Cash flows from financing activities		
Repayment of Enami loans	(1,397,166)	-
Repayment of other loans	-	(33,460)
Issuance of shares for cash - net of share issue costs	1,119,002	43,993
Other payables	67,485	-
Net cash provided by financing activities	<u>(210,679)</u>	<u>10,533</u>
Effect of exchange rate changes on cash and cash equivalents	<u>67,539</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>909,229</u>	<u>(36,964)</u>
Cash and cash equivalents - Beginning of period	<u>4,366,419</u>	<u>128,618</u>
Cash and cash equivalents - End of period	<u>5,275,648</u>	<u>91,654</u>
Supplemental cash flow information		
Interest paid	16,487	-
Taxes paid	-	-

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

March 31, 2004

(expressed in U.S. dollars)

1 Comparative period

As a result of Amerigo's year-end change from February 28 to December 31, the comparative period in the Statements of Operations and Statements of Cash Flows is for the 3 months ended February 28, 2003.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial information and therefore do not include all of the information and notes required for annual financial statements. These interim financial statements and notes thereto should be read in conjunction with the company's audited financial statements for the ten months ended December 31, 2003.

During the quarter ended March 31, 2003, Amerigo Resources Limited ("Amerigo" or "the company") adopted new accounting standards related to recognition of an asset retirement obligation, expensing of stock options and revenue recognition, as outlined below.

Asset retirement obligations

Minera Valle Central S.A. ("MVC") a wholly-owned copper producing company in Chile, is obligated through its operating contract with Corporación Nacional del Cobre de Chile (Codelco) to remove the facilities and equipment that have been used in operations and to leave the land occupied by its operations clean and clear within six months of expiry of the contract or any extensions thereof. On January 1, 2004 the company adopted new accounting standards for site restoration obligations, which require the recognition of a liability for estimated future restoration costs and the recognition of periodic accretion expense on this liability. To this effect the company has obtained an independent assessment of site restoration costs of \$3.5M, which has been adjusted to reflect factors such as inflation, risk premiums and time value of money, and which will be accreted over time as required by accounting pronouncements. The company will also obtain an independent assessment of asset recovery values during the second quarter of 2004 and, if required, will proceed to make any necessary adjustments to prospective amortization charges.

Revenue

The company has a refining and smelting agreement for part of its copper concentrate production for a period from 2004 to 2007 which provides for copper production to be priced at T+3, meaning at the copper price prevailing at the delivery date plus 3 months. Commencing on January 1, 2004 the company adopted new accounting recommendations to account for changes in prices of copper during the settlement period.

Stock options

The company established a stock option plan (the Plan) on April 2, 2003. The Board of Directors of the company administers the Plan, whereby it may from time to time grant options to purchase common shares of the company to directors, officers, key employees and certain other persons who provide services to the company or its subsidiaries. Effective January 1, 2004, the company adopted the new accounting standard for stock based compensation under which the fair value method of accounting for stock options granted to

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements

March 31, 2004

(expressed in U.S. dollars)

employees and directors is followed. Accordingly, compensation expense was recorded for options granted prior to 2004 on a retroactive basis to retained earnings to show the effect of compensation expense associated with stock option grants to employees and directors.

3 Enami loans

MVC entered into a series of agreements with the Chilean state owned company, Empresa Nacional de Minería (Enami), under the terms of which Enami lent money to MVC for working capital purposes in 1998, 2001 and 2002. These loans were fully repaid in the quarter ended March 31, 2004.

4 Due to related parties

The share capital of Amerigo International Holdings Corp. (Amerigo International) is composed of Class A and Class B common shares. The company owns all of the issued and outstanding Class B shares of Amerigo International. The holders of 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 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 produced by MVC or any successor entity to MVC if the price of copper is \$0.80 or more.

In all other respects, Amerigo International is controlled by the company and is a wholly-owned subsidiary for accounting purposes.

The amount included as Minority Interest in the company's Balance Sheet represents the book value of the Class A shares.

As at March 31, 2004 \$38,377 was accrued for the March 2004 dividend described above, which was subsequently paid in the ordinary course of business. The class A shares are owned indirectly by certain directors and officers of the company.