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Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Nine Months Ended September 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 October 29, 2007, and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at September 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 old and fresh tailings from El Teniente, the world's largest underground copper mine.

Significant events

- **Net earnings after tax** for the quarter ended September 30, 2007 were **$6,581,887,** 20% lower than earnings of $8,251,071 in Q3-2006, principally as a result of an increase of $6,353,383 in power costs due to high peak tariffs in Chile during the quarter.

- **Earnings per share** for the quarter ended September 30, 2007 were **7¢** fully diluted, compared to fully diluted earnings per share of 9¢ in Q3-2006.

- The Company recorded **$3,393,858** into **other comprehensive income** in Q3-2007 from the fair value **appreciation of the Candente**Resource Corp. ("Candente") **investment** during the quarter. Other comprehensive income is not a component of net earnings.

- Compared to Q2-2007, earnings decreased by 36% or $3,750,800. Factors affecting earnings between Q3-2007 and Q2-2007 are lower copper and molybdenum production due to an unusually extended cold spell in Chile and a month-long violent strike by the workers of subcontractors of Codelco, and to adjustments of $390,985 to smelter and refinery costs that were mistakenly understated in Q2-2007.

- **Production** in Q3-2007 was **8.05 million pounds of copper** and **153,295 pounds of molybdenum.** Production increased 71% in copper and decreased 6% in molybdenum from Q3-2006, a quarter affected by temporary plant shutdowns and restricted tailings flow to MVC. Compared to Q2-2007, production decreased 14% for copper and 25% for moly due to bad weather in Chile and a long strike action by the workers of subcontractors of Codelco.

- After the end of Q3-2007, MVC commenced processing additional tailings in the amount of 10,000 to 15,000 tonnes per day which should result in higher production in Q4-2007. It is planned to further increase tailings throughput in 2008 in accordance with MVC's current contractual arrangements.

- **Cash flow from operating activities** was **$4,797,409** or 5¢ per share in Q3-2007, compared to $8,699,696 or 9¢ per share in Q3-2006; the decrease in cash flow from operating activities is due primarily to an increase in receivables in Q3-2007 due to higher sales in the quarter.

- **Dividend** – On July 30, 2007 the Company declared a dividend of **$5,802,371**or Cdn 6.5¢ per share that was paid 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.

- **Gross copper selling price was $3.59/lb** after settlement adjustments. **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 $3.21/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 **$1.78/lb** in Q3-2007, compared to cash costs of $1.03/lb in Q3-2006. 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 terms negotiated for 2007.

- **Total costs** (the aggregate of cash costs, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for Q3-2007 were **$2.49/lb** compared to $1.84/lb in Q3-2006. The increase in total costs was driven fundamentally by higher cash costs, mitigated by lower unit costs for El Teniente royalties due to the timing effect of higher copper production in Q3-2007.

- The Company has taken the **strategic decision** to become substantially **energy self-sufficient by mid-2008**, pending receipt of environmental approval to operate two used 10 megawatt generators. The project will have an **estimated cost** of **$9M**.

- **Capital plant additions** in Q3-2007 were **$4,496,776**, for initial costs related to the self-generation power project, ongoing mill refurbishing, Colihues capital expenditures and improvements to the rougher circuit. Cash payments for **capital expenditures** in the quarter were **$1,184,716**, funded from operating cash flow.

- **Cash balance** was **$26,378,172** at September 30, 2007 after dividend payments of $11,089,289, an investment of $8,581,681 in Candente and payments of $8,401,863 for capital expenditures on a year-to-date basis.

Results of Operations – Q3-2007

Revenue

Total revenue in Q3-2007 was $28,536,864, which includes copper revenue of $25,477,106 and molybdenum revenue of $3,059,758. Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased from Q3-2006 due to an increase of 60% in quarterly sales volume and to lower smelter and refinery costs, despite lower average gross copper prices. In Q3-2007 the Company sold 3,601 tonnes or 7.94 million pounds of copper, up from 4.98 million pounds sold in Q3-2006.

During Q3-2007, the Company's gross copper selling price was $3.59/lb (Q3-2006: $3.67/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 quarterly realized copper price was $3.21/lb in Q3-2007, compared to a realized copper price of $3.04/lb in Q3-2006. 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.

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.

Molybdenum revenue in Q3-2007 was $3,059,758, lower than revenue of $4,627,908 in Q3-2006 due to lower sales volume and the effect of settlement adjustments. In Q3-2007 the Company sold 131,575 pounds of molybdenum at a gross moly selling price of $28.36/lb, compared to 200,219 pounds sold in Q3-2006 at a gross selling price of $28.19/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 Q3-2007 the Company recorded $312,461 of negative settlement adjustments in molybdenum revenue, compared to positive settlement adjustments of $336,936 in Q3-2006.

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 Q3-2007 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.

Production

In Q3-2007, the Company produced 3,653 tonnes or 8.05 million pounds of copper and 153,295 pounds of molybdenum. Production in the quarter was affected by bad weather which reduced the flow of tailings from El Teniente and by a lengthy strike action by the workers of subcontractors of Codelco. Molybdenum production was further affected by low molybdenum grades in copper concentrates.

In Q3-2006 copper production was 2,140 tonnes or 4.72 million pounds of copper and 163,497 pounds of molybdenum, as MVC faced restricted flow of fresh tailings; Q3-2007 production increased 71% for copper and decreased 6% for moly compared to Q3-2006. Copper production increased with respect to Q3-2006 due to restoration of full fresh tailings flow at MVC; molybdenum production decreased due to low molybdenum grades in copper concentrates.

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 Q3-2006 to Q3-2007 ($/lb of copper produced) were as follows:

	Q3-2007	Q2-2007	Q1-2007	Q4-2006	Q3-2006
Cu and Mo production	1.72	1.43	1.19	1.14	1.24
By-product credits	(0.38)	(0.59)	(0.41)	(0.40)	(0.98)
Smelter & refinery [1]	0.38	0.29	0.61	0.59	0.67
Administration	0.03	0.03	0.05	0.07	0.07
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	**$1.78**	**$1.19**	**$1.47**	**$1.43**	**$1.03**

[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, moly by-product credits and smelter/refinery costs.

Comparing Q3-2007 with Q3-2006, cash cost increased by $0.75/lb. The most significant variance is a reduction of molybdenum by-product credits of $0.60/lb due to the effect of lower total credits distributed over more units of copper production; moly by-product credits were $3,059,758 in Q3-2007 and $4,627,908 in Q3-2006, the reduction is due to lower moly sales volume due to low molybdenum grades in copper concentrates in Q3-2007.

The second variance of importance is an increase in production costs of $0.48/lb mainly due to a very significant increase in power costs and to a much lesser degree, an increase in grinding balls cost. These cost increases were 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.

In each of the months of Q3-2007, kWh costs showed a decreasing trend, after the highest kWh costs in the Company's history were recorded in June 2007. The kWh cost in Q3-2007 was $0.2086 (inclusive of marginal charges), compared to a kWh cost of $0.0692 in Q3-2006. 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 power supply projects currently under construction in Chile. In light of this situation, and to secure MVC's power supply, the Company has taken the strategic decision to become substantially energy self-sufficient by mid-2008, pending receipt of environmental approval to operate two used 10 megawatt generators on the basis of heavy oil fuel, which will reduce kWh costs.

A third variance affecting cash cost is a reduction of $0.29/lb in smelter and refinery costs due to significantly improved terms negotiated with Enami for 2007.

The Company's total costs from Q3-2006 to Q3-2007 ($/lb of copper produced) were as follows:

	Q3-2007	Q2-2007	Q1-2007	Q4-2006	Q3-2006
Cash cost	1.78	1.19	1.47	1.43	1.03
El Teniente royalty	0.58	0.57	0.46	0.52	0.69
Amortization/accretion	0.12	0.08	0.09	0.05	0.11
Stock-based compensation	0.01	0.01	0.01	0.01	0.01
Total Cost	**$2.49**	**$1.85**	**$2.03**	**$2.01**	**$1.84**

Comparing Q3-2007 with Q3-2006, total cost increased by $0.65/lb. The major change is an increase of $0.75/lb in cash cost, followed by a decrease of $0.11/lb in El Teniente royalty. El Teniente royalty, when expressed on a unit basis, is lower in Q3-2007 due to the timing effect of higher quarterly production. There was also an increase of $0.01/lb in amortization/accretion.

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 and maintenance costs. In Q3-2007, production costs were $13,834,774 compared to production costs of $5,863,091 in Q3-2006, an increase of $7,971,683.

The most significant contributing factor to the production cost increase between the two quarters was power costs, which increased $6,353,383 in Q3-2007 with respect to Q3-2006. Grinding balls cost increased by $687,400 between the two quarters due to higher steel costs. Other production costs increased marginally due to increased production in the quarter, but were lower than in Q3-2006 on a unit basis. Maintenance costs increased by $211,566 in Q3-2007 compared to Q3-2006 as a result of mill repair costs. Molybdenum production costs were slightly lower in aggregate in Q3-2007 compared to Q3-2006 although higher on a unit basis due to lower production in Q3-2007.

In Q3-2007 the El Teniente royalty was $4,654,187 compared to $3,271,047 in Q3-2006. 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 $293,726 in Q3-2007, compared to $318,970 in Q3-2006; amortization cost increased to $888,627 in Q3-2007 from $451,207 in Q3-2006 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 $253,368 in Q3-2007 are higher than costs of $151,245 in Q3-2006 due to higher sales volume, and stock-based compensation expense for options granted to MVC employees was $63,706 in Q3-2007, comparable to an expense of $55,938 in Q3-2006.

Costs not related to MVC's production operations are identified as "Other Expenses" and were in aggregate $802,925 in Q3-2007 and $819,217 in Q3-2006. The most significant expenses in the quarter were stock-based compensation of $295,172 (Q3-2006: $187,633); office and general expenses of $273,159 (Q3-2006: $271,242) and salaries, management and professional fees of $229,861 (Q3-2006: $228,619). Stock-based compensation expense increased due to a higher number of options granted in 2007. Other expenses remain at levels comparable to Q3-2006 with the exception of interest expense, which was significantly higher in Q3-2006 due to servicing of a short-term bank loan in Chile.

Non-operating items in Q3-2007 included interest income of $376,051 (Q3-2006: $212,726); a foreign exchange gain of $63,361 (Q3-2006: $619,399); other income of $19,072 (Q3-2006: $28,917) and an investment loss of $9,386 for Amerigo's proportional share of the loss recorded in an investment over which Amerigo has significant influence and is therefore accounted for under the equity method. .

The Company recorded income tax expense net of recoveries of $1,431,578 in Q3-2007, from income tax on MVC earnings. In Q3-2006, income tax expense was slightly higher at $1,492,571 due to higher MVC earnings.

Operating Cash Flows

In Q3-2007, the Company's activities generated operating cash flow of $4,797,409 (or 5¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of $8,699,696 or 9¢ per share in Q3-2006. The decrease in cash flow from operating activities is due primarily to an increase in receivables in Q3-2007 due to higher sales in the quarter.

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

Net earnings during the nine months ended September 30, 2007 ("YTD-2007") were $22,465,856 ($0.24 per share), compared to $25,302,447 ($0.27 per share) in the nine months ended September 30, 2006 ("YTD-2006").

Total revenue YTD-2007 was $78,719,695 derived from the sale of 10,561 tonnes or 23.28 million pounds of copper and 481,390 pounds of molybdenum. This compares to total revenue of $64,260,553 YTD-2006 from the sale of 8,343 tonnes or 18.39 million pounds of copper, 552,588 pounds of moly and 2,665 tonnes processed under 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.

Cash cost and total cost YTD-2007 were $1.47/lb and $2.12/lb respectively, compared to cash cost of $1.12/lb and total cost of $1.72/lb in YTD-2006. These costs include smelter and refinery costs of $0.40/lb (YTD-2006: $0.60/lb) and El Teniente royalty costs of $0.54/lb (YTD-2006: $0.52/lb)

"Other Expenses" YTD-2007 were $2,477,939, compared to $2,272,412 in YTD-2006.

Non-operating items YTD-2007 include a foreign exchange gain of $1,034,327 (YTD-2006: $1,081,381), interest income of $1,022,546 (YTD-2006: $484,509), a gain on fair value adjustments to financial instruments of $711,591 ($nil in YTD-2006), other income of $85,853 (YTD-2006: $75,815) and investment loss of $209,700 ($nil in YTD-2006).

Income tax expense YTD-2007 was $4,294,542, compared to $4,535,150 in YTD-2006.

Summary of Quarterly Results

	Qtr. Ended Sept. 30, 2007	**Qtr. Ended June 30, 2007**	**Qtr. ended March 31, 2007**	**Qtr. ended Dec, 31, 2006**
Total revenue	$28,536,864	$32,011,648	$18,171,183	$19,944,732
Net income	6,581,887	10,332,687	5,551,282	13,981,236
Earnings per share	0.0696	0.1093	0.0593	0.1490
Diluted earnings per share	0.0694	0.1076	0.0583	0.1475

	Qtr. ended Sept. 30, 2006	**Qtr. Ended June 30, 2006**	**Qtr. ended March 31, 2006**	**Qtr. ended Dec. 31, 2005**
Total revenue	$19,739,861	$27,482,949	$17,037,743	$19,459,021
Net income	8,251,071	12,444,608	4,606,768	5,208,566
Earnings per share	0.0877	0.1322	0.0524	0.0604
Diluted earnings per share	0.0868	0.1285	0.0515	0.0588

Liquidity and Capital Resources

Amerigo's cash and cash equivalents on September 30, 2007 were $26,378,172 compared to $28,567,850 at June 30, 2007 and $26,574,059 on December 31, 2006. The Company's working capital at September 30, 2007 was $27,093,319, compared to $28,845,201 on June 30, 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 nine months ended September 30, 2007, options to purchase a total of 1,089,500 shares 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, options to purchase a total of 1,760,000 shares 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, June 30 and September 30, Amerigo recorded in aggregate a stock-based compensation expense of $1,015,918 of which $178,075 was charged to Costs as the options were granted to MVC employees and $837,843 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 nine months ended September 30, 2007, 207,500 options at a weighted average price of Cdn$2.21 expired unexercised.

As of September 30, 2007, Amerigo had options outstanding to purchase a total of 3,365,000 shares (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 nine months ended September 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	July	$3.6169
February	2.5748	May	3.4846	August	3.4081
March	2.9268	June	3.3910	September	3.4695

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations, Future Income Tax Liabilities and Minority Interest) at September 30, 2007 were $8,756,426, compared to $8,092,733 on June 30, 2007 and $7,204,755 on December 31, 2006.

On February 24, 2007 the Board of Directors of 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 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.

Investing Activities

Total cash payments for capital expenditures YTD-2007 were $8,401,863, funded from operating cash flow. Capital plant additions YTD-2007 were $7,680,155, including $2,216,300 of capital expenditures incurred in connection with MVC's self-generation power project. The self-generation power project is preliminarily estimated to have a total cost of $9M, distributed between 2007 and 2008.

The other major capital items were work in progress for Colihues engineering studies, improvements to the rougher circuit and mill refurbishing. The Company estimates that total capital expenditures in 2007, excluding the self-generation power project, will be $10.6M, substantially in line with the annual capital expenditures budget. In addition, there will be capital expenditures of approximately $4.4M for the purchase of the two used generators.

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 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, and at September 30, 2007 totalled $4,358,033. Given that the investment has been designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income in the Company's Balance Sheet until the investment is sold or management determines that an other than temporary impairment in the value of the investment has occurred, at which time gains or losses will be transferred into earnings.

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 nine months ended September 30, 2007.

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

b) Directors’ fees and remuneration to officers

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

c) At September 30, 2007 one of Amerigo’s officers acted as an officer and another as a director of Nikos Explorations Ltd., a company in which Amerigo holds a substantial shareholding.

d) At September 30, 2007, one of Amerigo’s directors acted as a director of Candente, a company in which Amerigo holds an investment.

Contingency

In the third quarter of 2007, the Chilean Internal Revenue Services ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the commercial years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately $1.15M. Although the Company believes there is no merit to this matter, its final outcome cannot be predicted with certainty. The Company has retained legal counsel to prepare a response to SII in accordance with Chilean law. The Company's legal counsel has confirmed that, in their opinion, if the SII claim is ultimately upheld, the Company will have a claim for indemnification from the sellers of MVC, pursuant to the terms of the MVC purchase and sale agreement, for losses incurred to the MVC purchase date of July 2003.

Critical Accounting Estimates

There were no changes to the Company’s critical accounting estimates during the nine months ended September 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 September 30, 2007, the Company had no hedging relationships.

Comprehensive Income (Section 1530): The standard requires the presentation of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses related to self-sustaining operations, all of 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 October 30, 2007, Amerigo has outstanding 94,532,744 common shares and 2,942,500 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 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.