Amerigo RESOURCES LIMITED

Suite 2684, Four Bentall Centre
Box 49298, 1055 Dunsmuir Street
Vancouver, BC V7X 1L3
CANADA

Q3 2004 Net Earnings increase by 82% to US$2,960,651 Operating Cash Flow is US$3,612,139

Significant Events for the Quarter Ended September 30, 2004

- **Net earnings after tax** for the three months ended September 30, 2004 were **US$2,960,651,** 82% higher from earnings reported in the preceding quarter. Earnings were higher due to higher copper prices at quarter end.

- **Earnings** for the nine months to September 30, 2004 were **US$8,362,291** or **US$0.13** non-diluted. In the same period **operating cash flow** was **US$9,478,737** and total production was 22.34 million pounds of copper.

- **Cash flow from operations** in the three months ended September 30, 2004 was **US$3,612,139,** down from US$3,700,531 in the second quarter. See MD&A for details on calculation.

- **Cash costs** before El Teniente royalty were higher at **US$0.73** per pound in the third quarter compared to US$0.59 in the second quarter and US$0.64 in the first quarter of 2004. The cost increase is mainly due to higher power and steel prices and below-budget production, which result in higher costs per pound. Amerigo expects cash costs to improve significantly as it moves to achieve budgeted production of copper and molybdenum in 2005. Cash costs in the month of September were US$0.64.

  Total costs after royalty, depreciation and accretion were **US$0.92** per pound in the three months ended September 30, 2004. Actual total production costs are below budget due to below budget production.

- **Earnings per share** were **US$0.05** for the three months ended June 30, 2004. **Cash flow per share** was **US$0.06** in the same period.

- Cash balances have increased to **US$8,106,233** at September 30, 2004.

- **Production under budget -** Continued lower sulphide grade material from El Teniente contributed to production being below budget and practically at the same volume as in the second quarter. As of the second half of October, sulphide grade materials in tailings from El Teniente have normalized.

Recovery of tailings from Colihues in the third quarter was also below budget. MVC has been dissatisfied with the performance of the subcontractor for the Colihues tailings project and terminated their contract on October 31, 2004. MVC is confident that under a different arrangement involving pumps most suited for the process, performance will improve significantly. However, improvements before the first quarter of 2005 will be limited until new pumps are fully operational.

- **Molybdenum processing plant update -** Engineering for the molybdenum processing plant has been finalized and the equipment has been ordered. Commissioning is expected in the first half of 2005.

- **Further production increases -** Work continues on schedule for the next stage of expansion. In July 2004 MVC purchased 4 used mills with a capacity of 140% of the presently installed mills to accelerate the implementation of the expansion process. Negotiations with El Teniente are progressing with respect to an increase of tailings supply from Colihues beyond the present limit of 10,000 tpd. Until these negotiations are finalized, the precise nature of the next expansion is under review to accommodate potential increased Colihues feed.

Amerigo Resources Ltd.

Consolidated Financial Statements
September 30, 2004
(expressed in U.S. dollars)
Not audited or reviewed by external auditors

Amerigo Resources Ltd.

Consolidated Balance Sheets (Unaudited)

(expressed in U.S. dollars)

	September 30 2004 $	December 31 2003 $
Assets		
Current assets		
Cash and cash equivalents	8,106,233	4,366,419
Accounts receivable	2,830,408	2,098,557
Prepaid expenses	245,522	66,059
Plant supplies and inventory	1,061,771	532,656
	12,243,934	7,063,691
Deferred charges	49,048	32,026
Mineral property, plant and equipment - net (Note 3)	30,430,222	25,328,269
Future income tax	-	1,194,097
	42,723,204	33,618,083
Liabilities		
Current liabilities		
Accounts payable	1,637,352	1,949,547
El Teniente royalty payable (Note 8)	1,421,725	604,108
Due to related parties (Note 4)	43,056	188,739
	3,102,133	2,742,394
Note payable	3,400,000	3,400,000
Enami loan	-	1,397,166
Other payables	429,203	356,488
Asset retirement obligation (Note 2)	2,013,023	1,915,842
Future income tax	173,880	-
Minority interest	1,000	1,000
	9,119,239	9,812,890
Shareholders' Equity		
Capital stock (Note 5)	27,010,282	25,320,892
Capital stock to be issued	-	294,062
Value assigned to stock options (Note 5)	519,836	478,683
Shareholders' Equity (Deficit)	6,095,957	(2,266,334)
Cumulative translation adjustment	(22,110)	(22,110)
	33,603,965	23,805,193
	42,723,204	33,618,083

Approved by the Board of Directors

"Steven G. Dean" Director

"Robert J.Gayton" Director

Amerigo Resources Ltd.

Consolidated Statements of Operations (Unaudited)

(expressed in U.S. dollars)

	Three months ended September 30, 2004 $	Three months ended August 31, 2003 $	Nine months ended September 30, 2004 $	Nine months ended August 31, 2003 $
Revenue	10,762,727	3,536,211	29,219,601	3,550,258
Costs				
Production costs	2,957,633	1,288,446	7,249,970	1,288,446
Smelter, refinery and other charges	1,690,824	911,638	4,163,173	911,638
El Teniente royalty (Note 8)	1,092,879	-	3,151,346	-
Maintenance and services	732,581	372,084	2,125,784	372,084
Depreciation and amortization	288,951	149,358	813,305	149,358
Administration	216,525	110,751	654,140	110,751
Transportation	148,311	84,736	408,642	84,736
Asset retirement accretion cost	32,393	-	97,180	-
Cost of sales	7,160,097	2,917,013	18,663,540	2,917,013
Operating profit	3,602,630	619,198	10,556,061	633,245
Other expenses and (income)				
Transfer agent and filing fees	1,854	13,184	138,377	18,599
Salaries, consulting and professional fees	53,038	45,085	189,289	65,473
Office expense	29,062	2,410	126,534	27,997
Interest expense	2,094	41,505	101,882	41,505
Management fees	40,690	18,900	130,341	42,577
Stock based compensation	-	-	41,153	1,747
Insurance expense	7,553	-	27,744	-
Shareholder information	5,743	990	20,629	10,006
Financing costs	-	-	-	10,038
General prospecting	-	-	-	1,306
	140,034	122,074	775,949	219,248
Earnings before the undernoted items	3,462,596	497,124	9,780,112	413,997
Writedown of mineral properties (Note 7)	-	-	(49,529)	-
Gain on disposition of mineral properties (Note 6)	-	-	146,259	-
Interest income	42,763	11,920	172,623	12,107
Foreign exchange gain	383,421	73,706	62,497	73,706
Earnings before taxes and minority interest	3,888,780	582,750	10,111,962	499,810
Income tax expense, net of tax recoveries	810,800	-	1,414,652	-
Earnings before minority interest	3,077,980	582,750	8,697,310	499,810
Minority interest (Note 4)	117,329	45,437	335,019	45,437
Net earnings for the period	2,960,651	537,313	8,362,291	454,373
Retained earnings (deficit) – Beginning of period				
As previously reported	3,135,306	(3,201,903)	(1,165,486)	(3,009,569)
Accounting changes	-	109,394	(1,100,848)	-
As restated	3,135,306	(3,092,509)	(2,266,334)	(3,009,569)
Retained earnings (deficit) – end of period	$6,095,957	$(2,555,196)	$6,095,957	$(2,555,196)
Weighted average number of shares outstanding	63,876,143	42,886,820	62,997,155	18,837,003
Earnings per share				
Basic	$0.0463	$0.0125	$0.1327	$0.0241
Diluted	$0.0340	$0.0114	$0.0961	$0.0111

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows (Unaudited)

(expressed in U.S. dollars)

	Three months ended Sept. 30, 2004 $	Three months ended August 31, 2003 $	Nine months ended Sept. 30, 2004 $	Nine months ended August 31, 2003 $
Cash flows from operating activities				
Net earnings for the period	2,960,651	537,313	8,362,291	454,373
Items not affecting cash -				
Income tax expense, net of recoveries	798,341	-	1,342,228	-
Depreciation and amortization	288,951	149,358	813,305	149,358
Asset retirement accretion cost	32,393	-	97,180	-
Stock-based compensation	-	-	41,153	1,747
Writedown of mineral properties	-	-	49,529	-
Share subscriptions received in advance	-	-	-	60,229
Shares issued for financing costs	-	-	-	6,692
Gain on disposition of mineral properties	-	-	(146,259)	-
	4,080,336	686,671	10,559,427	672,399
Changes in non-cash working capital, net of effects of acquisition of subsidiary				
Accounts receivable	(734,683)	(260,818)	(731,851)	(277,120)
Prepaid expenses	(16,061)	(2,691)	(179,463)	(1,498)
Plant, supplies and inventory	(108,987)	(90,246)	(529,115)	(90,246)
Accounts payable	50,112	(446,274)	(312,195)	(363,148)
Due to related parties	6,283	-	(145,683)	-
El Teniente royalty payable	335,139	-	817,617	-
Net cash flow from (used in) operating activities	3,612,139	(113,358)	9,478,737	(59,613)
Cash flows from investing activities				
Acquisition of subsidiary – net of cash acquired	-	(319,376)	-	(428,770)
Purchase of property, plant and equipment	(3,803,885)	(42,020)	(5,809,681)	(145,187)
Net cash used in investing activities	(3,803,885)	(361,396)	(5,809,681)	(573,957)
Cash flows from financing activities				
Repayment of Enami loans	-	(92,857)	(1,397,166)	(92,857)
Repayment of former owner loans	-	(16,600,000)	-	(16,600,000)
Deferred charges	-	(37,500)	(41,230)	(37,500)
Issuance of shares for cash – net of issue costs	265,539	19,566,148	1,393,211	19,906,714
Other payables	18,482	51,332	72,715	51,332
Net cash provided by financing activities	284,021	2,887,123	27,530	3,194,229
Effect of exchange rate changes on cash and cash equivalents	(30,989)	286,734	43,228	286,916
Net increase in cash and cash equivalents	61,286	2,699,103	3,739,814	2,847,575
Cash and cash equivalents – Beginning of period	8,044,947	277,090	4,366,419	128,618
Cash and cash equivalents – End of period	$8,106,233	$2,976,193	$8,106,233	$2,976,193
Supplemental cash flow information -				
Issuance of shares for mineral properties	-	8,783	-	8,783
Mineral properties for minority interest	-	1,000	-	1,000
Note payable on acquisition	-	1,854,589	-	1,854,589
Interest paid	2,094	-	101,882	-
Taxes paid	72,424	-	72,424	-

Amerigo Resources Ltd.

Consolidated Statements of Shareholders' Equity (Unaudited)

(expressed in U.S. dollars)

	Common shares No. of shares	Common shares Amount ($)	(Cumulative Deficit)/ Retained Earnings ($)	Value assigned to stock options ($)	Cumulative Translation Adjustment ($)	Capital stock to be issued ($)	Total shareholders equity ($)
Balance – Feb. 28, 2003	6,384,688	3,390,897	(3,046,499)	1,747	-	-	346,145
During the year ended December 31, 2003 -							
Issue of shares							
Private placements	49,320,333	20,851,590	-	-	-	-	20,851,590
Exercise of warrants	4,277,855	1,686,863	-	-	-	-	1,686,863
Exercise of stock options	165,000	24,506	-	-	-	-	24,506
Property option agreement	50,000	7,000	-	-	-	-	7,000
Issuing costs	-	(1,147,671)	-	-			(1,147,671)
Options granted	-	-	-	984,643			984,643
Transfer of value on exercise of stock options	-	507,707	-	(507,707)	-	-	-
Cumulative translation adjustment	-	-	-	-	(22,110)	-	(22,110)
Capital stock to be issued	-	-	-	-	-	294,062	294,062
Adjustment on adoption of new accounting standard for asset retirement obligations	-	-	(116,205)	-	-	-	(116,205)
Adjustment on adoption of new accounting standard for expensing of stock options	-	-	(984,643)	-	-	-	(984,643)
Net earnings for the period	-	-	1,881,013	-	-	-	1,881,013
Balance – Dec. 31, 2003	60,197,876	25,320,892	(2,266,334)	478,683	(22,110)	294,062	23,805,193
During the nine months ended September 30, 2004							
Issue of shares							
Exercise of warrants	4,061,151	1,594,411	-	-	-	-	1,594,411
Exercise of stock options	230,000	94,979	-	-	-	-	94,979
Options granted	-	-	-	41,153	-	-	41,153
Capital stock to be issued	-	-	-	-	-	(294,062)	(294,062)
Net earnings for the period	-	-	8,362,291	-	-	-	8,362,291
Balance – Sept. 30, 2004	64,489,027	27,010,282	6,095,957	519,836	(22,110)	-	33,603,965

(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 comprised of the 3 months and 9 months ended August 31, 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 nine months ended September 30, 2004, Amerigo Resources Limited ("Amerigo" or "the company") adopted new accounting standards to account for asset retirement obligations, 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 obtain an independent assessment of asset recovery values and, if required, will proceed to make any necessary adjustments to prospective amortization charges.

Revenue

All copper produced by the Company is sold under two sales agreements with Chile's Empresa Nacional de Minería ("Enami" or the "smelter") which provide that the sale price is the market price at the end of the third month after delivery. Accordingly, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following quarter. The Company believes that this pricing arrangement is a standard industry term for 2004.

Commencing January 1, 2004 a new accounting standard required the Company to take into revenue on the date of delivery of copper concentrates to the smelter an amount based on the LME three month forward price for copper. Adjustments to recorded revenue are subsequently made at the end of each month to reflect changes in future copper prices until the sale price is settled. The effect of this new accounting standard is to increase the sensitivity of the Company's reported revenue to increases and decreases in copper prices. In a period of rising copper prices, not only will the Company ultimately record higher revenue for copper delivered in the period, but it will also record favourable adjustments to revenue for copper delivered in the prior period. Similarly, in a period of declining copper prices, the Company will be required to record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

(expressed in U.S. dollars)

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 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 Mineral property, plant and equipment

	September 30, 2004 $	December 31, 2003 $
Plant and infrastructure	9,518,400	8,356,464
Machinery and equipment	11,422,780	6,643,320
Contractual rights	8,029,185	8,029,185
Asset retirement obligations	1,851,055	1,851,055
Office furniture, equipment and other assets	1,196,938	906,454
	32,018,358	25,786,478
Accumulated depreciation	(1,588,136)	(826,249)
	30,430,222	24,960,229
Mineral properties – Canada	-	368,040
	30,430,222	25,328,269

4 Due to related parties

The company holds its interest in MVC through its subsidiary Amerigo International Holdings Corp. ("Amerigo International"). Amerigo International is controlled by the company and is a wholly-owned subsidiary, except for certain outstanding Class A shares which are shown on the company's Balance Sheet as Minority Interest at their book value of $1,000. The class A shares are owned indirectly by certain directors and officers of the company.

(expressed in U.S. dollars)

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 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.

As at September 30, 2004 $43,056 was accrued for the month of September 2004 as a dividend on the basis described above, which has been subsequently paid in the ordinary course of business.

5 Capital stock

Authorized
Unlimited common shares without par value

Issued and outstanding

	Shares	**Amount $**
Balance - February 28, 2003	6,384,688	3,390,897
Private placement at Cdn$0.16 per share	1,562,500	183,070
Private placement at Cdn$0.60 per share	47,757,833	20,668,520
Exercise of warrants	4,277,855	1,686,863
Exercise of stock options	165,000	24,506
Property option agreement	50,000	7,000
Issuing costs	-	(1,147,671)
Transfer of value on exercise of stock option	-	507,707
Balance – December 31, 2003	60,197,876	25,320,892
Exercise of warrants	4,061,151	1,594,411
Exercise of stock options	230,000	94,979
Balance – September 30, 2004	64,489,027	27,010,282

a) Summary of capital stock issued in the period

The company received $1,594,411 from the exercise of 4,061,151 share purchase warrants at exercise prices ranging from Cdn$0.20 to Cdn$0.70 per share purchase warrant. A total of $294,062 of these proceeds were received in December 2003 and recorded as Capital Stock to be Issued in the December 31, 2003 Balance Sheet.

(expressed in U.S. dollars)

The company received $94,979 from the exercise of 230,000 share purchase stock options at exercise prices ranging from Cdn$0.20 to Cdn$1.23 per share purchase stock option.

b) Stock options

Stock option plan

The company established a stock option plan (the Plan) on April 2, 2003. The Board of Directors of the company (the Board) 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. The maximum aggregate number of common shares issuable under the Plan will not exceed 5,194,569 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 the outstanding common shares of the company, on a non-diluted basis. The exercise price of an option is determined by the Board and shall be no less than the closing price of the common shares on the Exchange on the day preceding the date of grant, less the maximum discount permitted by the policies of the Exchange subject to the minimum exercise price per common share permitted by the Exchange. 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, 2004 and December 31, 2003 and the changes for the nine and ten month periods ending on those dates is presented below:

	Nine months ended September 30, 2004		**Ten months ended December 31, 2003**	
	Outstanding options	**Weighted average exercise price Cdn$**	**Outstanding options**	**Weighted average exercise price Cdn$**
Balance – start of period	1,680,000	0.96	320,000	0.20
Granted	75,000	1.55	1,525,000	1.04
Exercised	(230,000)	0.54	(165,000)	0.20
Expired	-	-	-	-
Balance – end of period	1,525,000	1.05	1,680,000	0.96

(expressed in U.S. dollars)

The following stock options were outstanding and exercisable as at September 30, 2004:

Range of exercise prices Cdn$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price Cdn$
0.20 to 1.55	1,525,000	3.95 years	1.05

On May 11, 2004 the company granted stock options to purchase an aggregate of 75,000 common shares to one senior officer, with an exercise price of Cdn$1.55 per share, expiring on May 11, 2009. The company recorded a stock-based compensation of $41,153 associated with this option grant.

Value assigned to stock options

	September 30, 2004	December 31, 2003
Balance – beginning of period	478,683	1,747
Options granted	41,153	984,643
Transfer to capital stock on exercise of stock options	-	(507,707)
Balance – end of period	519,836	478,683

c) **Warrants**

During the period ended September 30, 2004, 4,061,151 warrants with exercise prices ranging from Cdn$0.20 to Cdn$0.70 were exercised for net proceeds of $1,594,411, $294,062 of which were received in December 2003.

Share purchase warrants outstanding at September 30, 2004:

Number of warrants	Exercise price per warrant Cdn$	Expiry date
225,000	0.25	February 12, 2005
426,500	0.32	April 16, 2005
20,378,559	0.70	June 18 and 20, 2005
21,030,059		

Each warrant entitles the holder to purchase one common share of the company.

(expressed in U.S. dollars)

6 Disposition of exploration interests

In Quarter 2 - 2004 the company received regulatory approval to sell a 100% interest in three Canadian mineral properties to Nikos Explorations Ltd. ("Nikos") for consideration on closing of 5,000,000 common shares of Nikos and contingent consideration of a further 5,000,000 Nikos common shares in the event Nikos retains the mineral properties on June 30, 2005. The company recorded a gain on disposition of $146,259 in that period.

7 Writedown of mineral properties

During the second quarter of 2004 the company recorded a writedown of $49,529, being the full value of its two remaining Canadian mineral properties.

8 El Teniente Royalty

MVC has a contract with Codelco through 2021 to process the tailings from the El Teniente mine in Chile pursuant to which MVC pays a royalty to Codelco – El Teniente based on 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 prices is between $0.95 and $1.30 the royalty is 10%; and if the copper price is $1.30 or higher, the maximum royalty of 13.5% is payable.

Royalty payments are priced at the average LME price for the third month following delivery, and invoiced by El Teniente on a monthly basis within the first 30 days of the third month following the month of delivery of the tailings; payment to El Teniente is effected within 10 days of receipt of invoices. Accordingly, the royalties to El Teniente have been classified as current liabilities.