Amerigo RESOURCES LTD. 3083 Three Bentall Centre, 595 Burrard Street Box 49298 Vancouver B.C. Canada V7X 1L3 **P** + 1.604.681.2802 **F** + 1.604.682.2802

Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter Ended March 31, 2006

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 (the "Company"), is prepared as of May 2, 2006 and should be read in conjunction with Amerigo's unaudited consolidated financial statements and the notes thereto prepared as at March 31, 2006 and Amerigo's audited consolidated financial statements and the notes thereto for the year ended December 31, 2005.

Results of Operations

For the quarter ended March 31, 2006

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 tailings from El Teniente, the world's largest underground copper mine.

In the quarter ended March 31, 2006 ("Q1-2006"), net earnings after tax were $4,606,768 ($0.0524 per share, non-diluted; $0.0515 per share, diluted), 180% higher than in the quarter ended March 31, 2005 ("Q1-2005") and 11% lower than in the quarter ended December 31, 2005 ("Q4-2005").

Earnings increased in Q1-2006 compared to Q1-2005 due to stronger revenue from higher copper prices and from molybdenum sales and revenue pursuant to a tolling agreement, both of which were nil in Q1-2005.

When compared to Q4-2005, earnings in Q1-2006 declined despite higher copper revenue, due to lower molybdenum sales and lower tolling revenue.

Sale and delivery of copper and molybdenum

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"), which provides 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 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, second, or third month after delivery, with each delivery period nominated at the election of Molymet. During Q1-2006 the sale price nominated by Molymet was the average market price of the third month after delivery.

Revenue recognition and reporting

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 an 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.

Revenue for the sale of copper and molybdenum concentrates during Q1- 2006 was $16,352,741, net of copper smelter and refinery charges and molybdenum roaster charges. Revenue was derived from the sale of 7.44 million pounds of copper at a realized copper price of $1.97/lb and a gross copper selling price of $2.50/lb, and from the sale of 127,719 pounds of molybdenum at an average gross price of $22.46/lb and settlement adjustment of ($645,724) for moly delivered in Q4-2005 and settled in Q1-2006. Moly delivered during Q1-2006 was recognized at a price before roasting charges of $22.42/lb at March 31, 2006.

The Company has a tolling agreement with Codelco’s Chuquicamata division to process certain of Codelco’s molybdenum-copper bulk concentrates at MVC’s plant. This revenue is recognized when the processing is completed, the amounts to be received are known and collection is reasonably assured. In Q1-2006, revenue for the tolling agreement was $685,002, shown as Other Revenue in Amerigo’s statement of operations.

Total revenue during Q1-2006 was $17,037,743. When compared to Q1-2005, revenue increased significantly from $8,398,280 due to higher copper sales and prices, and also from molybdenum sales and Chuquicamata tolling fees. Molybdenum sales and tolling fees commenced on Q2-2005.

Despite higher copper sales and prices, revenue decreased from $19,459,021 in Q4-2005, due to reductions of $2,243,401 in molybdenum sales and $2,650,323 in Chuquicamata tolling fees. Molybdenum sales decreased both from lower molybdenum market prices and a decrease in sales of 113,204 pounds. Chuquicamata tolling revenue was down as only 858 tonnes of concentrates were processed in Q1-2006, compared to 4,166 tonnes processed in Q4-2005.

Production

In Q1-2006, the Company produced 6.75 million pounds or 3,061 tonnes of copper and 176,967 pounds of molybdenum, which is below budget on a year-to-date basis. In Q1-2005, copper production was 7.49 million pounds or 3,398 tonnes and there was no molybdenum production. In Q4-2005, production was 7.73 million pounds or 3,506 tonnes of copper and 245,950 pounds of molybdenum.

Several factors contributed to the production shortfall in Q1-2006, including a longer than anticipated annual maintenance shutdown at El Teniente for a total of 12 days in January and March, which included repairs on El Teniente’s tailings channel; a minor fire at MVC’s plant which caused a two day plant shutdown in March; various partial and complete shutdowns at the MVC plant to integrate equipment as part of the plant expansion; lower recoveries on oxidized near surface dry material from Colihues extracted using the newly commissioned monitoring system, and the fact that the first hydraulic monitor was only functional toward the end of the quarter. These combined factors translated into reduced plant capacity of close to 20% during the quarter. Also, molybdenum content in the tailings was lower than expected, reflecting the areas from which El Teniente is mining. It is uncertain at this point whether this trend will continue.

Subsequent to Q1-2006, the MVC plant was shutdown for a number of days following a construction incident at El Teniente's tailings operations. Based on El Teniente's original communication on the likely duration of the shutdown, MVC brought forward certain maintenance work that prevented the plant from operating at full capacity once the flow of fresh tailings to MVC was restored. Management has estimated a Q2-2006 production shortfall of approximately 500 tonnes of copper and 30,000 pounds of molybdenum in connection with this incident.

The tolling arrangement with the Chuquicamata division of Codelco was further extended in early 2006 and a total of 858 tonnes were processed in March 2006. In Q4-2005 4,166 tonnes of concentrates were processed and nil tones in Q1-2005.

Cash Cost and Total Cost

Cash costs and total costs are conventions used in the mining industry. Cash costs are defined by the Company as the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits (molybdenum sales and tolling fees minus their associated production costs), administration and transportation costs. Total costs are defined by the Company as the aggregate of cash costs, El Teniente royalty, depreciation and amortization and asset retirement accretion costs.

Smelter and refinery costs in Q1-2006 were $3,973,846. Since MVC does not ship concentrate overseas, smelter and refinery charges include the participation by the smelter in MVC's cost savings for shipping and the effect of copper price participation in these costs.

Cash costs were $9,368,166 or $1.39/lb in Q1-2006, as compared to $0.91/lb in Q1-2005 and $0.67/lb in Q4-2005.

In comparing cash costs from Q1-2005 to Q1-2006, the major driver for the variance was lower production due to the high percentage of fixed costs in the MVC cost structure. As MVC increases production, unit costs will be driven down. Also contributing to the increase in cash costs from Q1-2005 are higher smelter and refinery costs due to the effect of the copper price participation on these costs, and higher production and maintenance costs overall.

The increase in cash costs compared to Q4-2005 results mainly from the decrease in value of the moly-by product credits and the net tolling fee benefit. The moly by-product credit is affected by lower moly sales and market prices and by higher molybdenum unit production costs due to lower molybdenum content in the El Teniente tailings.

The Company considers molybdenum to be a by-product of its copper production and for the purpose of calculating cash and total costs the net benefit derived from molybdenum is treated as a credit to cash costs. Costs are therefore impacted by settlement adjustments to the molybdenum net benefit. In periods of rising moly prices, there will be positive settlement adjustments resulting in higher molybdenum by-product credits to production and lower costs, while the opposite will occur in periods of declining moly prices.

Molybdenum sales were recorded into revenue at a price before roasting charges of $22.42/lb at the end of Q1-2006, down from the published molybdenum price of $25.95/lb used in the preceding quarter. Accordingly, Q4-2005 moly deliveries were settled at lower prices in Q1-2006. These negative adjustments to 2005 sales of approximately $645,724 in Q1-2006 further reduced the moly-by product credits and increased cash and total costs per pound of copper produced.

In Q1-2006 total costs were $12,409,925 or $1.84/lb, up from total costs of $1.14/lb in Q1-2005 and $1.11 in Q4-2005. When comparing Q1-2006 to Q1-2005 total costs, in addition to the increased cash costs as discussed above, we have to consider an increase in El Teniente royalty due to increased copper prices and the molybdenum royalty, and to a lesser degree the effect of higher amortization costs from the higher asset base at MVC. When comparing Q1-2006 to Q4-2005 total costs, significantly all of the variance results from higher cash costs.

Operating Costs and Expenses

Production costs include copper and molybdenum production costs, maintenance costs and Chuquicamata tolling costs. In Q1-2006, production costs were $7,246,857 compared to production costs of $3,771,742 in Q1-2005 and $8,778,891 in Q4-2005.

In Q1-2005 there were no molybdenum or Chuquicamata tolling costs, which explains a significant part of the $3,475,115 production cost increase compared to Q1-2006. Other cost increases are driven by a difference of 162 tonnes of copper delivered between the two quarters, higher maintenance costs and higher production costs mostly for electricity and grinding balls.

Production costs in Q1-2006 decreased $1,532,034 from production costs in Q4-2005 due to a significantly lower tolling volume for the Chuquicamata contract.

In Q1-2006 the El Teniente royalty was $2,607,462 compared to $1,407,948 in Q1-2005 and $2,980,792 in Q4-2005. The royalty increases or decreases as a function of copper and molybdenum prices and sales. While copper prices and sales increased in Q1-2006 compared to Q1-2005 and Q4-2005, molybdenum sales and prices were lower in Q1-2006 than in Q4-2005, resulting in lower royalty costs. The difference is further accentuated when comparing Q1-2006 to Q1-2005, given there were no molybdenum sales in Q1-2005 and the copper price was significantly lower then.

Costs not related to MVC's operations are identified as "Other Expenses" and were $852,337 in Q1-2006. The most significant expenses in the quarter were Management Fees of $267,748, Stock-based Compensation of $203,598 and Office Expense of $102,645. Management Fees increased in Q1-2006 as they include a performance bonus paid to senior management of $210,804. Stock-based compensation was lower than in Q1-2005 as the cost will be recognized over 2006 as options vest. Options granted in February 2006 vest on a quarterly basis starting with Q1-2006, as opposed to options granted in 2005 which vested fully at the time of grant. Office Expenses increased in Q1-2006 from higher non-MVC administrative expenses incurred in Chile, higher travel expense and higher rent expense.

Non-operating items in Q1-2006 include Interest Income of $107,092, a Foreign Exchange Expense of $42,107 and Other Income of $10,785.

The Company recorded income tax expense net of recoveries of $699,514 in Q1-2006, from income tax on earnings generated in MVC.

Operating Cash Flows

In Q1-2006, the Company's activities contributed to operating cash flow of $4,085,418, which includes the effect of changes in non-cash working capital accounts.

Summary of Quarterly Results

	Qtr. ended March 31, 2006	**Qtr. ended Dec. 31, 2005**	**Qtr. ended Sept. 30, 2005**	**Qtr. ended June 30, 2005**
Total revenue	$17,037,743	$19,459,021	$17,702,172	$12,768,609
Net income	4,606,768	5,208,566	6,503,415	4,635,764
Earnings per share	0.0524	0.0604	0.0757	0.0607
Diluted earnings per share	0.0515	0.0588	0.0735	0.0525

	Qtr. ended March 31, 2005	Qtr. ended Dec. 31, 2004	Qtr. ended Sept. 30, 2004	Qtr. ended June 30, 2004
Total revenue	$8,398,280	$10,225,588	$9,059,574	$6,912,455
Net income	1,644,722	1,687,323	2,960,651	1,625,458
Earnings per share	0.0237	0.0262	0.0463	0.0256
Diluted earnings per share	0.0186	0.0194	0.0340	0.0188

Liquidity and Capital Resources

Amerigo's cash and cash equivalents on March 31, 2006 were $15,453,290, compared to $12,953,516 on December 31, 2005.

During Q1-2006 Amerigo received net proceeds of $14,608,577 from the issuance of 7 million shares of the Company and $925,698 from the exercise of stock options. In terms of investing activities, Amerigo purchased 26,863,000 shares and 11,532,000 warrants of Chariot Resources Limited ("Chariot") at a fair market value of $10,307,046 and allocated $6,798,049 to capital expenditures in MVC. The capital expenditures were funded from operating cash flow.

The Company's working capital on March 31, 2006 was $8,196,214 compared to $8,236,363 on December 31, 2005. The Company continues to be able to generate sufficient cash resources in the short and long-term to maintain existing operations and fund ongoing capital requirements.

The Company's gross copper sales are dependent on sales volumes and prevailing market prices for copper. Month-end LME 3-month forward per-pound copper prices in 2006 have been the following:

January	$2.1945
February	2.1591
March	2.4812
April	3.2187

The Company's long-term debt (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at March 31, 2006 was $6,752,505 compared to $6,933,480 on December 31, 2005.

The Company owes $3.4M and interest thereon to the vendors of MVC pursuant to a note payable issued in connection with the acquisition of MVC by the Company. The note, together with accrued interest, is payable on or before July 1, 2006 either in cash or by delivery of the number of shares of Amerigo that is calculated by dividing the total amount of principal and interest outstanding at July 1, 2006 by the average trading price of Amerigo's shares on the Toronto Stock Exchange during the 30 days prior to July 1, 2006. Payment in cash or shares is at the option of the Company; however, if the Company chooses to pay in shares, the vendors may elect to receive the payment in cash, together with interest at an annual rate of 5%, on or before July 1, 2008.

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

As of March 31, 2006 Amerigo had 2,702,000 outstanding share purchase options (with exercise prices ranging from Cdn$1.23 to Cdn$2.71). During Q1-2006, 930,000 options were exercised for net proceeds of $925,698 and Amerigo granted 1,335,000 options. Stock-based compensation is recognized as options vest. The options granted in Q1-2006 vest over the year on a quarterly basis at the end of each quarter starting with Q1-2006, and the Company recognized a stock-based compensation expense of $203,598 in Q1-2006.

Investing Activities

The Company's capital expenditures in Q1-2006 have centered on the final stages of the mill expansion project, equipment for the extraction of tailings from Colihues and initial work for two thickeners and an industrial water recovery system being built in order to satisfy Chilean environmental regulations coming into effect in September 2006.

The total mill expansion and ancillary costs initiated in 2004 and now almost fully complete were $5.5M higher than the original $20.6M budget, a 27% increase over the term of the project. This resulted mainly from the appreciation of the Chilean peso with respect to the U.S. dollar through the duration of the project from Pesos$645: $1 to Pesos $515: $1, an appreciation of 26%. The expansion was paid from operating cash flows.

Maintenance expenditures for plant and equipment during Q1-2006 were $1,533,240. These expenditures were met from MVC operating cashflow and are a component of production costs in the quarter.

Transactions with Related Parties

a) Minority Interest

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

The holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a total royalty dividend calculated as follows:

- $0.01 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is under $0.80, or
- $0.015 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is $0.80 or more.

During the three months ended March 31, 2006, a royalty dividend of $127,580 was paid or accrued to the Amerigo International Class A shareholders on the basis described above. The royalty dividend is shown as Minority Interest in the Consolidated Statement of Operations. At March 31, 2006, $47,156 of this amount was payable.

b) Management fees

During Q1-2006, the Company paid or accrued $267,748 in management fees to certain directors and officers of Amerigo. Included in management fees are bonus payments of $210,804 to senior management.

c) Directors fees and remuneration to officers

During Q1-2006, Amerigo paid or accrued $49,907 in directors' fees and directors' expenses to independent directors, and $27,863 in consulting fees to certain officers of Amerigo. Directors' fees and consulting fees to officers are categorized as Salaries, Consulting and Professional Fees in Amerigo's consolidated financial statements.

d) At March 31, 2006 an officer of Amerigo acted as a director and another acted as an officer of Nikos Explorations Ltd. (“Nikos”), a company to which Amerigo sold its Canadian mineral properties in fiscal 2004. At the time of the disposition of mineral properties to Nikos, none of Amerigo’s officers or directors served as directors or officers of Nikos.

Critical Accounting Estimates

There were no changes to the Company’s critical accounting estimates or accounting policies during Q1-2006.

Other MD&A Requirements

As of May 2, 2006, Amerigo has 94,155,844 common shares outstanding.

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 Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words “believe,” “anticipates,” “expects” and similar expressions are intended to identify such forward-looking statements. The Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the Company’s Annual Information Form under “Item 4 - Narrative Description of the Business” and Item 6 - Management’s Discussion and Analysis”. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.