



Toronto Stock Exchange: ARG

ANNUAL INFORMATION FORM

For year ended December 31, 2004

Dated: March 28, 2005

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PRELIMINARY NOTES

In this Annual Information Form, Amerigo Resources Limited, including all subsidiaries as the context requires, is referred to as the "Company". All information contained herein is as at March 28, 2005, unless otherwise stated.

Financial Statements

In 2003, the Company changed its financial year-end from February 28 to the more traditional date of December 31. Accordingly, the Company had a 10 month year ending December 2003, and its first full year with the new period ending December 31, 2004. All financial information in this Annual Information Form is prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

This Annual Information Form should be read in conjunction with the Company's consolidated audited financial statements and notes thereto, as well as with the management's discussion and analysis for the year ended December 31, 2004. The financial statements and management's discussion and analysis are available at www.amerigoresources.com and under the Company's profile on the SEDAR website at www.sedar.com.

Currency

All sums of money which are referred to in this Annual Information Form are expressed in lawful money of the United States, unless otherwise specified.

Incorporation by Reference

In addition to the financial statements discussed above, this Annual Information Form incorporates by reference a Technical Report entitled "Technical Review Of Operations At Minera Valle Central" dated May, 2003 (SEDAR filed on June 12, 2003). The Technical Report is available under the Company's profile on the SEDAR website at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Information Form contains "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. 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", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "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". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations; risks related to joint venture operations; actual results of planned expansion activities; changes in project parameters as plans continue to be refined, future prices of resources; possible variations in grade or recovery rates, accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed under "Describe the Business – Risk Factors". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Incorporation

Amerigo Resources Ltd. (the “Company”) was incorporated by registration of its memorandum and articles under the laws of the Province of British Columbia on January 23, 1984 under the name “Silent Canyon Resources Ltd.” Effective April 27, 1988 the Company changed its name from “Silent Canyon Resources Ltd.” to “Golden Adit Resources Ltd.”, consolidated its share capital on a 2:1 basis and subsequently increased its authorized capital to 20,000,000 common shares without par value. The Company then changed its name effective as of June 8, 1990 from “Golden Adit Resources Ltd.” to “First Northern Developments Inc.” Effective September 20, 1993, the Company then changed its name from “First Northern Developments Inc.” to “Consolidated First Northern Developments Inc.”, consolidated its share capital on a 2.65:1 basis and increased its authorized capital to 25,000,000 common shares without par value. Effective March 15, 1996 the Company then changed its name from “Consolidated First Northern Developments Inc.” to “Golden Temple Mining Corp.”, consolidated its share capital on a 5:1 basis and increased its authorized capital to 25,000,000 common shares without par value. The Company increased its authorized capital to 100,000,000 common shares without par value effective August 5, 1997. Effective March 8, 2002 the Company then changed its name from “Golden Temple Mining Corp.” to “Amerigo Resources Ltd.” and consolidated its share capital on a 4:1 basis. Effective September 11, 2002, the Company increased its authorized capital to 100,000,000 common shares without par value. Effective March 16, 2004, the Company increased its authorized capital to 200,000,000 common shares without par value. Also effective March 16, 2004, the Company amended its articles to provide for a rotating board of directors, divided into Class I, II and III, each class having a three year term.

On June 29, 2004 the Company transitioned to the *Business Corporations Act* (British Columbia), and on June 17, 2004 the shareholders of the Company approved the replacement of the Articles of the Company and an increase in the authorized capital to an unlimited number of common shares without par value.

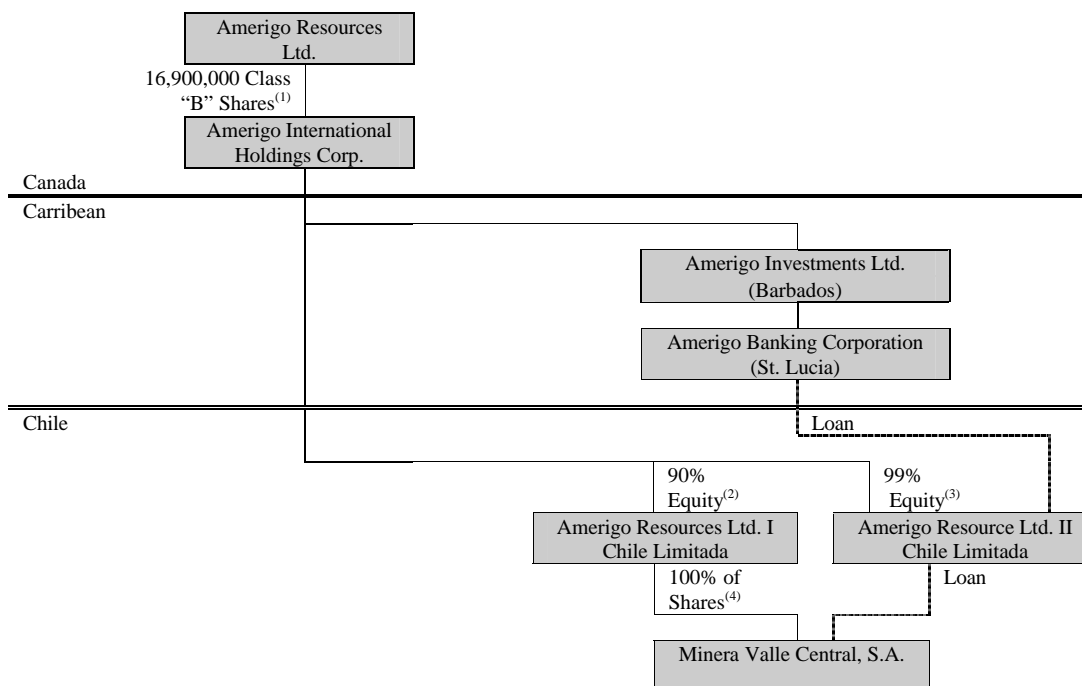
On December 19, 2003, the Company listed 21,146,819 warrants (the “Warrants”) on the TSX Venture Exchange under the symbol ARG.WT. The Warrants are exercisable at Cdn\$0.70 until June 20, 2005. On March 23, 2004 the Company’s common shares and Warrants became listed on the Toronto Stock Exchange and the Company voluntarily delisted from the TSX Venture Exchange.

The Company’s head and principal office is located at Suite 2684 – 1055 Dunsmuir Street, P.O. Box 49298, Vancouver, B.C. V7X 1L3. The Company’s registered and records office is located at Suite 2300 – 1055 Dunsmuir Street, P.O. Box 49122, Vancouver, B.C., V7X 1J1.

Intercorporate Relationships

The Company has six wholly owned subsidiaries. The Company has incorporated subsidiaries in Canada (Amerigo International Holdings Corporation, incorporated on June 20, 2003), Chile (Amerigo Resources Ltd. I Chile Limitada and Amerigo Resources Ltd. II Chile Limitada, both incorporated on June 20, 2003), St. Lucia (Amerigo Banking Corporation, incorporated on February 27, 2004) and Barbados (Amerigo Investments Ltd., incorporated on December 23, 2004). These latter subsidiaries were created for the purpose of acquiring and holding Minera Valle Central, S.A. (“MVC”), a Chilean copper producer, in a tax effective manner. MVC was incorporated under the laws of Chile on October 9, 1990. Amerigo Banking Corporation is licensed as a Bank under the laws of St. Lucia. See “Acquisition of Minera Valle Central S.A.”.

The following chart sets forth the name of the current active subsidiaries of the Company, its jurisdiction of incorporation and the Company’s current voting and equity interest therein. Unless otherwise indicated herein, the term the “Company” means collectively the Company and its subsidiaries.



- (1) These represent 100% of the Class B Common Shares. Directors of Amerigo Resources Ltd. indirectly hold 1,900,000 Class A Common Shares of Amerigo International Holdings Corp. See "Acquisition of Minera Valle Central S.A.".
- (2) The other equity owner (10%) is Amerigo Resources Ltd.
- (3) The other equity owner (1%) is Amerigo Resources Ltd.
- (4) Amerigo International Holdings Corp. holds the minimum number of shares of Minera Valle Central S.A. required by Chilean law.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History and Significant Acquisitions

Year Ended February 28, 2002

At the Annual General Meeting held on August 31, 2001, the shareholders elected a board comprised of three new directors: Roger Moss, Ian Gallie and Irene Wilson. After the meeting, the Board elected Roger Moss as President and Julie Lee as secretary. In October 2001, the Company settled an outstanding claim by issuing 200,000 common shares of the Company at a deemed price of Cdn\$0.60 per share as settlement of the debt.

The Company entered into an Option and Joint Venture Agreement dated January 22, 2002, in which the Company had the option to acquire from Falconbridge Limited an undivided 55% interest in the Island Copper Property, Sault Ste. Marie Mining Division, Ontario, Canada. The Company undertook a four-hole diamond drill program on the Island Copper Property during November and December of 2002. A total of 992 meters was drilled.

The Company held an extraordinary general meeting on January 30, 2002 at which the Company's shareholders approved a share consolidation on a 4:1 basis and a name change to the Company's current name.

In February 2002, the Company staked three claim blocks totaling 27,362 hectares in the Caniapiscau region of Quebec. This area lies in the Wemindji-Caniapiscau structural corridor, approximately 275 kilometers north of the Otish Mountains. Title to the claims was granted in May 2002.

In late February 2002, the Company staked the Bellevue property totaling 704 hectares in the Sault Ste. Marie Mining Division, Ontario, Canada.

Year Ended February 28, 2003

Under an Option Agreement dated March 8, 2002, the Company obtained an option to acquire from George Luciuk an undivided 100% interest in the Deroche property, Sault Ste. Marie Mining Division, Ontario, Canada.

The Company commenced trading as Amerigo Resources Ltd. on March 8, 2002.

On March 13, 2002, the Company completed a private placement of 500,000 units at a price of Cdn\$0.20 per unit (post-consolidated) for proceeds of Cdn\$100,000. Each unit consisted of one common share of the Company and one share purchase warrant exercisable to purchase an additional common share of the Company at a price of Cdn\$0.40 per share for a period of one year from the date of issuance.

The terms of a Purchase and Sale Agreement dated February 2, 2002 with International Croesus Ventures Inc. ("Croesus") pursuant to which the Company agreed to sell its seven Mexican mineral properties to Croesus for Cdn\$100,000, were amended by a new agreement dated May 27, 2002. Under the new agreement, the purchase price of the properties was changed to 300,000 common shares of Croesus. The transaction was completed on September 16, 2002.

On August 21, 2002, the Company completed a private placement of 2,125,000 units at a price of Cdn\$0.20 per unit for proceeds of Cdn\$425,000. Each unit consists of one common share of the Company and one share purchase warrant exercisable into an additional common share of the Company at a price of Cdn\$0.20 per share for a period of two years from the date of issuance.

Under an agreement dated September 11, 2002 the Company obtained from a group of three prospectors an option to acquire a 100% interest in the 3,232 hectare Coppercorp Property located approximately 85 kilometres north of Sault Ste. Marie, Ontario.

During the year ended February 28, 2003, the Company completed a 992 metre-drilling program of four holes to test the depth extent and continuity of previously outlined copper and gold mineralization as well as coincident chargeability and residual gravity anomalies on the Island Copper Property, Ontario. Limited sampling and mapping was carried out on the Coppercorp, Deroche and Bellevue Properties in Ontario in 2002. A detailed aeromagnetic survey (825 line kilometres) was flown over the four Company owned properties in early 2003. On the Coppercorp Property, several anomalies have been indicated and the Company intends to carry out a program of prospecting, mapping and sampling to follow up these anomalies in order to define first stage drill targets. Geological mapping and sampling will be undertaken on the Deroche and Bellevue Properties.

The Company completed an offering of flow through units at a price of Cdn\$0.23 per unit on December 31, 2002 for gross proceeds of Cdn\$163,500. Each flow-through unit consisted of one flow-through share of the Company and one half of a non-flow through share purchase warrant. Each full warrant is exercisable into one common share of the Company at a price of Cdn\$0.25 per share for a period of two years from the date of issuance.

Ten Months Ended December 31, 2003

In March 2003, the Company entered into a letter of intent with Steven G. Dean and Klaus M. Zeitler to acquire, by way of assignment, an option to purchase 100% of the outstanding shares and debt of MVC. MVC, a private Chilean company with a copper production facility near Santiago, Chile, has a contract with Corporacion Nacional del Cobre de Chile ("Codelco"), Chile's state-owned copper producer, to process copper tailings from the El Teniente mine in Chile through 2021. Mr. Dean and Dr. Zeitler acquired the option to purchase the shares and debt of MVC from a number of MVC's shareholders in Chile, and were entitled to exercise the option until June 30, 2003 by payment of \$16,600,000.

Irene Wilson resigned from the Board of Directors on April 1, 2003. Klaus M. Zeitler and Steven G. Dean were appointed to the board the same day.

In April 2003, the Company completed a Cdn\$250,000 private placement consisting of units at a price of Cdn\$0.16 per unit. Each unit consists of one common share of the Company and one-half of one warrant, with each full warrant entitling the holder to purchase an additional common share of the Company for two years at a price of Cdn\$0.32 per share.

On May 8, 2003, Roger Moss resigned from the Board of Directors, and Sidney Robinson was appointed to the Board in his place. Steven G. Dean was appointed Chairman of the Board, Klaus M. Zeitler was appointed President of the Company, and Roger Moss was appointed V.P. Exploration.

On June 24, 2003, the Company announced the closing of a private placement with total proceeds of Cdn\$25,979,100. 43,298,501 deposit receipts were issued at a price of Cdn\$0.60 each, convertible on or before July 15, 2003 into a unit consisting of one share and one-half of one warrant, with each full warrant exercisable until June 20, 2005 at Cdn\$0.70.

Effective July 3, 2003, the Company acquired 100% of the outstanding shares and debt of MVC.

On July 18, 2003, the Company announced the issuance of an additional 4,459,333 units, each consisting of one share and one-half of one warrant, with 1,650,000 of the warrants exercisable until June 20, 2005 at Cdn\$0.70 and 579,667 warrants exercisable until June 18, 2005 at Cdn\$0.70. The units were issued at Cdn\$0.60, for gross proceeds of Cdn\$2,675,600.

On December 19, 2003, 21,146,819 warrants were listed on the TSX Venture Exchange. Each warrant is exercisable into a common share of the Company until June 20, 2005 at an exercise price of Cdn\$0.70. The warrants trade under the symbol ARG.WT.

For the ten months ended December 31, 2003:

- The Company's Net Earnings After Tax for the ten months ended December 31, 2003 were \$1,546,502 (restated from \$1,881,013 due to retroactive application of new accounting standards, see the Company's Consolidated Financial Statements and Notes Thereto for the Twelve Months ended December 31, 2004) up from a Net Loss of \$62,334 in the previous year.
- In the six months after the acquisition of MVC (July – December, 2003), the Company sold 14.42 million pounds of copper for a cash cost before Codelco royalty of 56.7¢ per pound, and a total cost including smelter, refinery and other charges of 62.6¢ per pound. The average copper price received during the six-month period was 84.9¢ per pound.
- Operating profit before depreciation from MVC for the 10 months ended December 31, 2003 was \$2,648,465 (Restated).
- The copper price increased from \$0.776 (July 2003 average) to \$1.00 (December 2003 average) since the acquisition of MVC to the end of the fiscal year. Strong operating cashflows during the period funded capital expansion plans and substantially repaid the Enami Loans: only \$1,397,166 of the original \$2,471,124 loan amount remained owed by MVC as of December 31, 2003.
- During December, 2003, Amerigo entered into a new concentrate sales contract with ENAMI, the state-owned Chilean smelting and refining company, which reduced smelting and refining terms by 2 ¢/lb.
- Earnings per share were 3.75¢ (Basic, Restated) for the ten months ended December 31, 2003.

During the period, the Company changed its fiscal year-end from February 28 to December 31.

Year Ended December 31, 2004

Pursuant to an agreement with Nikos Explorations Ltd. (“Nikos”) dated January 15, 2004, the Company transferred its interest in the Coppercorp property, the Island Copper property and the Bellevue property. The Company received 5,000,000 common shares of Nikos upon TSX Venture Exchange acceptance of the transaction. The Nikos shares received on closing were valued at \$477,230 (the equivalent at closing of Cdn\$650,000, a value of Cdn\$0.13 per Nikos share, which was the share fair market value at the time the agreement with Nikos was executed). The Company holds the investment in Nikos as a long-term investment in its Consolidated Balance Sheet. A gain on disposition of \$146,259 was recorded in connection with this transaction. The Company will receive 5,000,000 additional Nikos common shares at the option of Nikos on or before June 30, 2005 if Nikos retains an interest in any of the properties.

On March 23, 2004, the Company’s common shares and warrants became listed on the Toronto Stock Exchange, and were voluntarily delisted from the TSX Venture Exchange.

On November 12, 2004, the company announced an agreement in principle with El Teniente to increase the rate of agreed extraction of feed material from the Colihues deposition site from 10,000 tonnes per day to 45,000 tonnes per day. Under the agreement MVC will pay a royalty for production from Colihues on a similar basis to the existing royalty arrangement for fresh tailings material, with the exception that a 3% royalty will be payable at copper prices below \$0.80 per pound, and increasing on a sliding scale, capped at 15% if the copper price is \$1.35 per pound or higher. Molybdenum production from this material will attract a royalty of a flat 10% of net revenue from molybdenum.

This agreement allowed the finalisation of Phase III expansion plans, including the proposed installation of 4 additional mills. Additional dredging and pumping equipment for the increased rate of recovery from the Colihues site will also be necessary.

During the year ended December 31, 2004:

- The Company’s Net Earnings after Tax for the year ended December 31, 2004 were \$10,941,198, up from Restated Net Earnings after Tax of \$1,546,502 in the ten months ended December 31, 2003.
- In the twelve month period ending December 31, 2004, the Company sold 30.49 million pounds of copper, for a cash cost before El Teniente royalty of \$21,213,185 or 69¢ per pound, and a total cost including smelter, refinery and other charges of \$27,245,685 or 88¢ per pound.
- Copper price increased 43% from \$1.00 (December 2003 average) to \$1.43 (December 2004 average).
- Earnings per share were 17¢ (Basic) for the twelve months ending December 31, 2004.

DESCRIPTION OF THE BUSINESS

General

The Company is in the business of processing copper tailings for the production of copper and locating other mineral-related development opportunities. Effective July 3, 2003, the Company acquired 100% of the outstanding shares and debt of MVC. MVC, a private Chilean company with a copper production facility near Santiago, Chile, that has a contract with Codelco, to process copper tailings from the El Teniente mine in Chile through at least 2021.

The Company has one employee at its head office in Vancouver. MVC has approximately 90 employees at its operation in Rancagua, Chile. The balance of the Company’s personnel are contractors, both at its head office and in Chile.

Risk Factors

An investment in securities of the Company involves significant risks which should be carefully considered by prospective investors before purchasing such securities. In addition to the other information set forth elsewhere in this Annual Information Form, the following risk factors should be carefully reviewed by prospective investors:

An investment in the securities of the Company should be considered speculative due to the nature of the business of the Company. In evaluating the securities of the Company, the following factors should be considered:

MVC Revenue is subject to supply of tailings from El Teniente.

The Company's operations at MVC are substantially dependent upon fresh tailings supplied under an agreement with El Teniente division of Codelco. The supply of tailings may be interrupted by mining events such as cave-ins, fires or natural disasters, or non-mining events such as falling commodity prices, changing environmental regulations, taxes or labour disputes. The El Teniente mine has operated almost continuously for 100 years and has advised the Company that it has sufficient reserves for several decades at present production rates. However, there is no guarantee that El Teniente operations will continue uninterrupted in the future. The Company does not have business interruption insurance.

Commodity Prices

The price of the Company's common shares and the Company's financial results may in the future be significantly adversely affected by declines in the price of copper. Copper prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major copper-producing and consuming countries throughout the world. The price of copper has fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Company's projects to be impracticable.

Depending on the price of copper, cash flow from operations may not be sufficient and the Company could be forced to discontinue plans for expansion or discontinue production altogether. Future expansion of the Company's projects is dependent on commodity prices that are adequate to make the expansion economic.

History of Profits or Dividends

The Company has had a history of profitability only since the acquisition of MVC in July, 2003. The Company has paid no dividends on its shares since incorporation and payment of dividends in the future is uncertain. The Company has positive working capital generated through MVC, and has utilized this working capital to expand the facility. However, there is no guarantee that the working capital generated will be sufficient to undertake all of the Company's expansion plans or be sufficient for future acquisitions. In that circumstance, the only additional sources of funds available to the Company are from the exercise of outstanding share purchase warrants and share purchase options, the sale of equity capital of the Company, debt finance, or the sale by the Company of an interest in any of its projects in whole or in part. There can be no assurance that any outstanding warrants or options will be exercised, or that the Company will be able to sell further equity capital or interests in its projects, on favourable terms or at all.

Operating and Development Risks

The Company's operations involve a degree of risk. The Company may become subject to liability for pollution, other accidents, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which it cannot insure, or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

There is a degree of uncertainty attributable to the calculation of volume and grade of Colihues tailings being processed. The Company's estimates of volume and grade are based on the historic records of Codelco. Until the tailings are actually processed, the tonnage and grades must be considered as estimates only.

Foreign Operations

The Company's operations are currently conducted in Chile, and as such the Company's operations are exposed to economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism; hostage taking; military repression; expropriation; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing leases, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Chile may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, new production royalties, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and expansion of production on its projects, may require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of facilities and conduct of operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in such operations may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could significantly adversely affect the business of the Company. Any operations involving the Company may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation often include provisions relating to restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that requires stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with environmental legislation and changes in such legislation has the potential to reduce the profitability of operations below an acceptable level. Stricter standards in environmental legislation may be imposed on the industry or the Company in the future, which could materially and adversely affect the business of the Company or its ability to develop its projects on an economic basis.

Competition for Acquisitions

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and far greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive resource projects on terms it considers acceptable.

Repatriation Of Earnings

There is no assurance that Chile or any of the countries in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

Currency Fluctuations

The operations of the Company in Chile or any of the countries in which the Company may operate are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Company.

Foreign Exchange Controls

The Company may be subject from time to time to foreign exchange controls in Chile and in other countries in which it may operate outside of Canada.

Uninsurable Risks

In the course of exploration, development and production of mineral projects, certain risks, and in particular, unexpected or unusual operating conditions including, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Price Volatility Of Public Stock

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company's projects.

Shares Reserved For Future Issuance

The Company has reserved shares for issuance. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional share purchase warrants and stock options. Any issue of shares currently reserved for future issuance may result in dilution to the existing shareholdings of investors.

Management

The business of the Company is highly dependent on the technical and financial ability of the management of the Company. Any change in management of the Company could therefore have a negative effect on the business of the Company. The Company does not have key person insurance in place.

Conflicts of Interest

Some of the directors and officers of the Company are, or may be, on the board of directors of other natural resource companies from time to time resulting in conflicts of interests. In addition, Steven G. Dean and Klaus M. Zeitler are

directors of the Company and receive a royalty dividend on all production by MVC. There is the potential for a conflict of interest between the interest of Mr. Dean and Dr. Zeitler and the interest of the Company. These conflicts will be resolved in accordance with the governing legislation regarding conflicts of interests.

MATERIAL PROJECT – MINERA VALLE CENTRAL

Acquisition of Minera Valle Central

Effective July 3, 2003, the Company acquired 100% of the outstanding shares and debt of MVC. MVC, a private Chilean company with a copper production facility near Santiago, Chile, has a contract with Codelco, to process copper tailings from the El Teniente mine in Chile through at least 2021.

Consideration for this acquisition was \$1,854,559 and the assumption of loans of \$18,145,411 due to former shareholders, of which \$16,600,000 was repaid at the time of the acquisition. The remaining loan balance of \$1,545,411 together with the acquisition price, totaling \$3,400,000, plus accrued interest, will be paid in cash or shares of Amerigo, three years after the acquisition if the average copper price is over \$0.82 per pound. Payment in cash or shares is at the option of the Company; however, if Amerigo elects to pay in shares, the vendor has the right to either receive the payment in shares at the then current market price or receive payment in cash within two years counted from the end of the three-year period plus interest at an annual rate of 5%. If the copper price is below \$0.82 per pound, the payment period will be extended to five years. Payment will be made in cash only plus interest at an annual rate of 5%.

The option to purchase MVC was originally acquired by Steven Dean and Klaus Zeitler and subsequently assigned to the Company. As consideration for the assignment of the option to the Company, Mr. Dean and Dr. Zeitler receive a royalty dividend on production paid through Amerigo International Holdings Corp. (“AIHC”). The share capital of AIHC is composed of Class A and Class B common shares. The company owns all of the issued and outstanding Class B shares of AIHC. The holders of Class A shares are not entitled to any dividend or to other participation in the profits of AIHC, 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 per pound, 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 the event of the liquidation, dissolution or winding-up of the Company, or other distribution of the assets of the Company among the members for the purpose of winding-up its affairs, each holder of Class A common shares will be entitled to receive in preference to and priority over any distribution to the Class B shareholders, a pro rata portion of the net present value of the royalty set out above. In all other respects, AIHC is controlled by the company and is a wholly-owned subsidiary for accounting purposes.

On a consolidated basis, the Company has long term debt owed to the vendors of MVC as set out above (\$3.4 million) and had long-term debt owed to a company with which the Company has a long-term smelting contract (\$1.40 million as of December 31, 2003, and repaid fully in April, 2004) as set out below. The Company has no other debt, other than current debt incurred in the ordinary course of business.

On June 17, 2004 the Company announced the construction of a processing plant to extract molybdenum from the copper concentrate produced by MVC. Based on a report received from consulting firm Castro Ingenieria Ltda., the Company believes that molybdenum recovery from the copper concentrates is feasible, using conventional processes. Capital expenditures are expected to be approximately \$2.1 million, with commissioning in March, 2005. The capital cost is particularly low as the molybdenum plant takes advantage of some existing equipment and infrastructure recently decommissioned from the MVC plant copper circuit.

Underlying Contracts with Codelco El Teniente

The El Teniente concentrator tailings are currently processed by MVC pursuant to a contract originally completed in 1991 and amended in 1996 and 2002. The tailings supply contract with Codelco El Teniente runs until at least 2021. Pursuant to the amendment made in 2002, MVC negotiated a supplementary source of higher grade tailings from the Colihues tailings impoundment which could be treated at up to 10,000 tonnes per day (“tpd”).

On November 12, 2004, the company announced an agreement in principle to increase the rate of agreed extraction of feed material from Colihues from 10,000 tonnes per day to 45,000 tonnes per day.

The contract with Codelco sets out that the supply of fresh El Teniente tailings is scheduled to increase to over 121,000 tpd in 2005, as set out in the following schedule, although the engineering estimates received are somewhat higher:

FUTURE FRESH TAILINGS PROJECTION TABLE

Year	Tons of Tailings (TPD)	Copper Grade (% Cu T)	Tons of Copper (fmt)	Year	Tons of Tailings (TPD)	Copper Grade (% Cu T)	Tons of Copper (fmt)
2001	94,207	0.15	52,632	2014	121,685	0.11	48,759
2002	95,129	0.15	52,827	2015	121,724	0.11	50,140
2003	110,664	0.15	58,982	2016	121,878	0.11	47,219
2004	121,677	0.12	52,668	2017	122,020	0.11	47,858
2005	121,694	0.11	50,289	2018	122,049	0.11	46,900
2006	121,709	0.12	52,504	2019	122,122	0.10	45,922
2007	121,591	0.12	51,123	2020	122,122	0.10	44,862
2008	121,539	0.12	52,572	2021	122,338	0.10	45,679
2009	121,454	0.13	55,113	2022	122,338	0.10	44,449
2010	121,468	0.13	55,637	2023	122,179	0.11	47,794
2011	121,477	0.12	53,746	2024	122,157	0.11	50,913
2012	121,617	0.11	49,667	2025	111,574	0.11	43,068
2013	121,606	0.11	48,381				

Codelco El Teniente has agreed to provide a total of 1,063,480 tonnes of fine copper for the period from January 1, 2001 to December 31, 2021. If the total copper content during the period falls below that amount by more than 10%, the term of the contract shall be extended by the proportion corresponding to the fine copper deficit exceeding such 10%. Otherwise, the contract terminates on December 31, 2021.

With respect to fresh tailings, a royalty is payable under 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 price 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.

MVC will pay a royalty for production from Colihues on a similar basis to the existing royalty arrangement for fresh tailings material, with the exception that a 3% royalty will be payable at copper prices below \$0.80 per pound, and increasing on a sliding scale, capped at 15% if the copper price is \$1.35 per pound or higher.

Molybdenum production will attract a royalty of a flat 10% of net revenue from molybdenum.

Royalty payments are priced at the average published 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.

Concentrate Sales Agreement with Empresa Nacional de Minería

All concentrate produced by the MVC operation is processed under smelting contracts with Empresa Nacional de Minería (“Enami”).

During 2004, with respect to the first 33,600 tonnes of concentrate production per year, the contract with Enami provided for customary terms and conditions with a current treatment charge of \$78 per tonne of concentrate and a refining charge of \$0.078 per pound of contained copper, and an increase in refining charges equal to 10% of the copper price over \$1.00 per pound. The balance of production was to be sold on the basis of a spot contract that has lower refining and treatment charges. Under price support agreements made between 1998 and 2002, Enami provided loans to MVC, of which approximately \$2.36 million was outstanding at the time of acquisition and of which \$1.40 million was outstanding at December 31, 2003. The loan was repaid in April, 2004.

The contract was renegotiated for 2005 such that all concentrate will be sold under a single contract. This contract provides for a treatment charge of \$120 per tonne of concentrate, a refining charge of \$0.12 per pound of contained copper, and an increase in refining charges equal to 10% of the copper price over \$1.00 per pound. This contract will be in effect until the end of 2008, but the treatment and refining charges will be adjusted annually based on prevailing market terms.

Minera Valle Central Operations

The following is the summary of a technical report prepared by AMEC International (Chile) S.A. dated May, 2003. The full report may be found with the Company’s filings at www.sedar.com and is incorporated by reference.

Amerigo Resources Ltd. (Amerigo) is arranging to purchase MVC. MVC is a private Chilean company that extracts copper from tailings discharged from Codelco’s El Teniente concentrators. The tailings are then returned to El Teniente’s tailings disposal system. AMEC International (Chile) S.A. (AMEC) was contracted by Amerigo to provide a review of the past and future operation of MVC.

MVC has a tailings supply contract with El Teniente expiring in 2021. It has also negotiated a supplementary source of higher grade tailings from the Colihues tailings impoundment. MVC plans to treat 10,000 tpd of tailings from Colihues, mixed with the fresh tailings from El Teniente. El Teniente currently supplies approximately 90,000 tpd of fresh tailings and this is scheduled to increase to 126,000 tpd in 2004 and to 130,000 tpd from 2005 on completion of its expansion program.

AMEC’s scope and hence also this report covers the technical and production aspects of the present and potential future operation. Legal, specific tax issues and economic analysis are not covered.

MVC’s operation is located in Region VI in central Chile, approximately 8 km east of the city of Rancagua. The site is 36 km west of the El Teniente mine and adjacent to the Colihues tailings impoundment. The Colihues impoundment was used from 1977 to 1987, El Teniente now deposits its tailings in the Carén impoundment that is 50 km east of the MVC site.

MVC first started recovering copper by reprocessing El Teniente tailings in 1992. The plant was expanded in 1997 and the current design capacity is 100,000 tpd.

El Teniente has been in operation since 1904 and is the world’s largest underground copper mine. Current production is around 90,000 tpd of ore (although it has been as high as 100,000 tpd) at an average grade of 1.16 %Cu. El Teniente has reported more than 3 billion tonnes in reserves and at the expanded production rate of 130,000 tpd of ore has more than 60 years life remaining. El Teniente has provided its production plan that shows it will produce 1,139 million tonnes of tailings over the next 25 years at an average grade of 0.112 %CuT (Total Copper) and 0.03 % Soluble Cu. AMEC recommends that the tonnage forecast be discounted by 3.5%. This will not significantly affect MVC’s production.

Production records from El Teniente indicate that there are 213 million tonnes of tailings in the Colihues impoundment at an average grade 0.26 %CuT. This represents a potentially significant additional supply of high grade tailings for MVC.

MVC plans to extract the tailings from the Colihues impoundment using a dredge pumps on floating platforms. Pilot dredging trials have been carried out where up to 4,000 tpd of tailings were extracted at a sulphide copper grade of 0.2% Cu.

The existing MVC process plant is well designed and maintained and is in good condition. In 2002 it produced 10,650 tonnes of copper in concentrate. AMEC has estimated that the plant could produce 12,160 tonnes per annum of copper in concentrate from the expanded El Teniente production (122,000 tpd at 0.12% total copper). No plant modifications would be required.

AMEC has estimated (at rough order of magnitude level) that improvements to the primary classification and flotation sections of the plant plus the installation of a circuit to reprocess rougher tailings could potentially increase production to 15,490 tpa of copper in concentrate at a capital cost of \$3 million. The treatment of 10,000 tpd of Colihues tailings would increase production to an estimated 19,470 tpa of copper in concentrate at an additional cost of \$4.7 million.

MVC reported total cash operating costs to cathode of 62.7¢ per pound for 2002. AMEC reviewed these costs and considers them reasonable. At the expanded production levels indicated above, AMEC has estimated the following operating costs.

- 12,160 tpa Cu in concentrate, 58.2¢/lb.
- 15,490 tpa Cu in concentrate, 53.4¢/lb.
- 19,470 tpa Cu in concentrate, 52.2¢/lb.

An environmental review was carried out. The MVC plant was put into operation before the current environmental regulations were enacted. It was not required to obtain an environmental permit at that time. However, for any planned expansion the entire plant must be submitted for approval. AMEC held discussions with the local environmental authority. The required permits can be obtained through the submission of an Environmental Impact Statement. This is a less exacting document than an Environmental Impact Assessment. Approval has already been received from the environmental authority (CONAMA) to treat Colihues tailings, however, approval will also be required from the National Service for Geology and Mining (SERNAGEOMIN) regarding stability aspects of the dam.

DIVIDENDS

Dividends

The Company has not paid any dividends on its common shares. The Board of Directors of the Company has not yet determined a dividend policy but consideration for such a policy will be given during 2005. Any decision to pay dividends on common shares in the future will be made by the Board of Directors on the basis of the earnings, financial requirements and other conditions existing at such time.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized share capital of the Company consists of an unlimited number of common shares. As at March 28, 2005, 70,934,784 common shares of the Company were issued and outstanding as fully paid and non-assessable shares.

The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each common share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the common shares, subject to the prior rights, if any, of the holders of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

The Company has a stock option plan pursuant to which the directors of the Company are authorized to grant options to directors, officers, employees and consultants of the Company and its subsidiaries on up to 6,347,367 common shares (being 10% of the issued and outstanding common shares at June 17, 2004). As at March 28, 2005, the following options were outstanding under the stock option plan:

Number of Options/Shares	Expiry Date	Exercise Price
340,000	April 2, 2008	Cdn\$0.36
760,000	October 15, 2008	Cdn \$1.23
75,000	May 11, 2009	Cdn \$1.55
150,000	October 5, 2009	Cdn \$2.00
1,185,000	January 7, 2010	Cdn \$1.60

As at March 28, 2005, the Company had outstanding warrants to acquire common shares of the Company as follows:

Number of Warrants/Shares	Expiry Date	Exercise Price
190,250	April 16, 2005	Cdn \$0.32
14,744,053	June 18, 2005	Cdn \$0.70

MARKET FOR SECURITIES

Trading Price and Volume

The Company's shares are listed for trading through the facilities of the TSX under the symbol "ARG". During the year ended December 31, 2004 and the month ended January 31, 2005, the Company's shares traded as follows:

Month	Volume (Daily average)	High (Cdn\$)	Low (Cdn\$)
February 2005	568,895	2.75	1.99
January 2005	218,285	2.10	1.60
December 2004	131,765	2.01	1.60
November 2004	138,981	2.14	1.87
October 2004	209,657	2.15	1.83
September 2004	355,104	2.05	1.48
August 2004	141,890	1.79	1.48
July 2004	162,245	1.99	1.58
June 2004	177,245	2.00	1.46
May 2004	269,609	1.80	1.30

Month	Volume (Daily average)	High (Cdn\$)	Low (Cdn\$)
April 2004	105,072	2.05	1.40
March 2004	441,474	2.35	1.91
February 2004	221,945	2.40	1.70
January 2004	293,995	2.27	1.70

Escrowed Securities

Designation of Class	Number of Securities in Escrow	Percentage of Class
Common Shares	42,216	0.06%

The escrowed securities are held by the Company's transfer agent on behalf of former officers and directors of the Company. The securities can only be released with the consent of the TSX, which requires an application by the Company. The Company has no present intention of making such an application.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, municipality of residence, positions held with the Company, and principal occupation of each director, officer and executive officer of the Company within the five preceding years as at the date of this Annual Information Form, is as follows:

Name, Municipality of Residence, and Position with the Company	Principal Occupation within the five preceding years	Period of Service as a Director or Officer	Number of Shares and % of Class
Steven G. Dean West Vancouver, B.C. Chairman & Director	Chairman of the Company, formerly President and a Director of Teck Cominco Limited (1999-July 2002), Founder and Chief Executive Officer of PacMin Mining Corporation Limited (1995-1999)	April 2003 to Present Class III Director ⁽³⁾	2,655,167 common shares, or 3.74%
Klaus M. Zeitler West Vancouver, B.C. President & Director	President of the Company and formerly Senior Vice President of Teck Cominco Limited (1997- 2002), Director of Teck Corp. (1981-1997) and Cominco Limited (1986-1996)	April 2003 to Present Class II Director ⁽²⁾	2,265,417 common shares, or 3.19%
Sidney Robinson Toronto, Ontario Independent Director	Corporate Director and Consultant; until January 1, 2004, Senior Partner of Torys LLP, Toronto.	May 2003 to Present Class III Director ⁽³⁾	390,000 common shares, or 0.55%
Robert Gayton West Vancouver, BC Independent Director	Chartered Accountant; financial consultant to the mineral exploration and technology industries since 1990.	August 2004 to Present Class I Director ⁽¹⁾	Nil
Ruston Goepel Vancouver, BC Independent Director	Senior Vice President of Raymond James Ltd.; formerly founding partner and CEO of Goepel Shields & Partners.	August, 2004 to Present Class II Director	100,000 common shares, or 0.14%

Name, Municipality of Residence, and Position with the Company	Principal Occupation within the five preceding years	Period of Service as a Director or Officer	Number of Shares and % of Class
Jeffrey Giesbrecht Vancouver, B.C. Corporate Secretary	Corporate and mining lawyer, Secretary of the Company, General Counsel to Western Silver Corporation from 1998 to present.	March 2003 to Present	Nil
Aurora Davidson Vancouver, B.C. Chief Financial Officer	Certified General Accountant; BSc in Business Administration from Alliant International University in San Diego, California. Chief Financial Officer to mineral exploration and technology companies.	December 2003 to Present	Nil

- (1) Class I directors have been elected to a term expiring after the Company's annual general meeting to be held in 2007.
(2) Class II directors have been elected to a term expiring after the Company's annual general meeting to be held in 2005.
(3) Class III directors have been elected to a term expiring after the Company's annual general meeting to be held in 2006.

Steven G. Dean is a Fellow of the Institute of Chartered Accountants of Australia, a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Canadian Institute of Mining, Metallurgy and Petroleum. He has extensive experience in mining, most recently as President of Teck Cominco Limited to July, 2002. He has also been Executive Director and Chief Financial Officer of Normandy Mining Ltd. from 1987 to 1994, and Chairman and Chief Executive Officer of PacMin Mining Corporation from 1995 to 1999. Both of these latter companies traded on the Australian Stock Exchange.

Klaus M. Zeitler received a Ph.D. in Economic Planning in Germany in 1967, and has been active in the mining industry ever since, most recently as Senior Vice President of Teck Cominco Limited from March, 1997 to November, 2002. He was also President and CEO of Inmet Mining Corp. from 1986 to 1996, and has been a director of Western Silver Corporation (TSX-WTC) since September, 2000. In addition to the above, Dr. Zeitler was Chairman and a director of Minnova from 1992 to 1993, and a director of Mount Isa Mines (MIM) in Australia and a director of Norddeutsche Affinerie AG (NA) in Germany.

Sidney Robinson was a senior partner at Torys LLP where he practiced corporate and mining law for over 30 years until he retired at the end of July 2004. He provided strategic and legal advice with respect to acquisitions, developments and financings to senior management and boards of directors of a number of Canadian and international mining companies. He sits on the boards of directors of a number of public and private corporations and has many years experience as a director of mining companies in Canada and in the United States.

Robert J. Gayton, F.C.A., graduated from the University of British Columbia in 1962 with a Bachelor of Commerce and in 1964 earned the chartered accountant (C.A.) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at the University of British Columbia in 1965, beginning 10 years in the academic world, including time at the University of California, Berkeley, earning a Ph.D. in Business. Dr. Gayton rejoined Peat Marwick Mitchell in 1974 and became a partner in 1976 where he provided audit and consulting services to private and public company clients for 11 years. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987. Dr. Gayton is a director of several public companies.

Ruston Goepel is Senior Vice President at Raymond James Ltd. He entered the investment business in 1968 specializing in institutional sales with Ryan Investments and Pemberton Securities Ltd. In 1989 he was a founding partner and CEO of Goepel Shields & Partners, a national securities dealer which was acquired by Raymond James Inc. -the 8th largest U.S. brokerage firm- in January 2001. Mr. Goepel is Chairman of the Business Council of British Columbia and a Director and Chairman of the Nominating and Governance Committee of the Vancouver 2010 Olympic Organizing Committee. Mr. Goepel is a past member of the Executive Committee of the Investment Dealers Association of Canada and a Past Governor of the Vancouver Stock Exchange. He is also a Director of a number of Canadian companies. Mr. Goepel was the recipient of the Queen's Jubilee Medal for Business Leadership and Community Service.

Jeffrey Giesbrecht is a member of the Law Society of British Columbia. He received a degree in Geological Engineering (Geophysics) in 1989, and has practiced corporate, mining and securities law since 1994. In addition to his role as Secretary of the Company, Mr. Giesbrecht is Vice-president, Legal to Western Silver Corporation.

Aurora Davidson holds a Certified General Accountant designation from the Certified General Accountants Association of British Columbia (2003) and a BSc in Business Administration from Alliant International University in San Diego, California (1990). Ms. Davidson has over 15 years of experience in financial and general business management having assisted private and public companies in the roles of Chief Financial Officer, Vice-president, Finance and Corporate Controller within the mineral exploration and technology sectors.

Directors' Term

In accordance with the Articles of the Company, Directors are elected for three year terms, or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Company or with the provisions of the *Business Corporations Act* (British Columbia).

Directors are divided into Class I, Class II, and Class III with terms expiring at the Annual General Meeting in 2005, 2006 and 2007, respectively.

Control of Securities

As at March 28, 2005, the directors and executive officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 5,410,584 common shares of the Company, representing approximately 7.64% of the issued and outstanding common shares of the Company. In addition, the director and executive officers of the Company as a group held incentive stock options and warrants for the purchase of an aggregate of 4,453,418 common shares in the capital of the Company, which options and warrants are exercisable at between Cdn\$0.32 and Cdn\$2.00 per common share and expire between April 16, 2005 and January 7, 2010.

Committees of the Board of Directors

The committees of the board of directors of the Company and the directors serving on each of the committees are described below:

Audit Committee

The members of the Company's audit committee are Robert Gayton (Chairman), Sidney Robinson and Ruston Goepel, all of whom are independent directors. The audit committee oversees the Company's financial reporting obligations, financial system and disclosures. It reviews the annual financial statements, monitors and assesses the integrity of the Company's internal control systems, meets with the Company's auditors and liaises between the board of directors and the auditors.

Nomination Committee

The members of the Company's nomination committee are Ruston Goepel (Chairman), Sidney Robinson and Robert Gayton, all of whom are independent directors. This committee is responsible for reviewing the performance of the Company's CEO, CFO and COO, the Board as a whole, and individual directors. The committee also oversees the orientation program for new recruits to the Board. In its report to the Board of Directors, the committee recommends nominees for election to the Board of Directors and from time to time recommends candidates to fill Board vacancies and newly created Director positions.

Compensation Committee

The members of the Company's compensation and nomination committee are Sidney Robinson (Chairman), Ruston Goepel and Robert Gayton, all of whom are independent directors. This committee is responsible for determining the compensation to be paid to the Company's executive officers and for reviewing the corporate goals and objectives of the executive officers.

Corporate Governance

The Board of Directors has approved a Corporate Governance Charter which provides that all members of the board are responsible for corporate governance matters. Accordingly, the Board as a whole is responsible for developing and implementing the Company's approach to corporate governance, including reviewing and adopting an insider trading policy. The Board's corporate governance mandate includes responsibility to develop, implement and monitor the Company's environmental and safety practices.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Robert Gayton and Jeffrey Giesbrecht were directors or officers of Newcoast Silver Mines Ltd. at the date of a Cease Trade Order issued by the British Columbia Securities Commission on September 30, 2003 and by the Alberta Securities Commission on October 31, 2003 for failure to file financial statements. The orders were revoked on October 23, 2003 and March 25, 2004 respectively.

Other than as disclosed above, none of the Company's directors or executive officers or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF or has been, within the ten years before the date of this AIF, a director or executive officer of any company, that while that person was acting in that capacity;
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of

interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms and such director will not participate in negotiating and concluding terms of any proposed transaction. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. See also "Description the Business – Risk Factors".

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The Company's audit committee has a charter (the "Audit Committee Charter") in the form attached to this AIF as Schedule "A".

Composition of the Audit Committee

The following are the members of the Company's Audit Committee:

Robert Gayton (Chairman)	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Sidney Robinson	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Ruston Goepel	Independent ⁽¹⁾	Financially literate ⁽¹⁾

(1) As defined by Multilateral Instrument 52-110 ("MI 52-110").

Relevant Education and Experience

A description of the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member may be found above under the heading "Directors and Officers: Name, Occupation and Security Holding".

External Auditor Services Fees (By Category)

The aggregate fees billed by the Company's external auditors in the 12 months ended December 31, 2004 are as follows:

Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
Cdn\$23,710	Nil	Nil	Cdn\$900

LEGAL PROCEEDINGS

Legal Proceedings

The Company is not a party to any material legal proceedings and is not aware of any such proceedings known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Interest of Management and Others in Material Transactions

Except as otherwise disclosed, no director, senior officer or principal shareholder of the Company, or any associate or affiliate of the foregoing, have had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this Annual Information Form that has materially affected or will materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

Transfer Agents and Registrars

The Company's transfer agent and registrar is Pacific Corporate Trust Company, 625 Howe Street, 10th Floor, Vancouver, British Columbia, V6C 3B8. The Company has appointed Pacific Corporate Services Ltd., 4 King Street West, Suite 1101, Toronto, Ontario, M5H 1B6 as its co-transfer agent and registrar.

MATERIAL CONTRACTS

Material Contracts

Contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company between January 1, 2002 and July 31, 2004 are listed below:

- (1) Warrant Indenture between the Company and Pacific Corporate Trust Company of Canada relating to the 24,033,332 warrants of the Company issued on July 8, 2003, exercisable at Cdn\$0.70 until June 20, 2005.
- (2) Acquisition agreement for the purchase of MVC dated July 3, 2003. See "Acquisition of Minera Valle Central".

INTERESTS OF EXPERTS

Names of Experts

PricewaterhouseCoopers LLP ("PWC") at Suite 700, 250 Howe Street, Vancouver, British Columbia, V6C 3S7, are the auditors for the Company. PWC certified the auditors' report on the annual financial statements of the Company for the year ended December 31, 2004.

Anthony Maycock of AMEC International (Chile) S.A, independent consultant and a "qualified person" for the purposes of National Instrument 43-101, is the author responsible for the preparation of a technical report dated May, 2003.

Interests of Experts

None of the experts named under "Names of Experts", when or after they prepared the statement, report or valuation, has received any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates (based on information provided to the Company by the experts) or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's Information Circular for its most recent annual general meeting of securityholders that involved the election of directors.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the 12 months ended December 31, 2004.

SCHEDULE "A"

Audit Committee Charter (Effective October 4, 2004)

A. AUDIT COMMITTEE PURPOSE

The Board of Directors of the Corporation has an overall responsibility to oversee the affairs of the Company for the benefit of the shareholders. The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Ensure the effectiveness of the overall process of identifying and addressing principal business risk and the adequacy of the related disclosure
- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance
- Monitor the independence and performance of the Company's independent auditors
- Provide an avenue of communications among the independent auditors, management and the Board of Directors
- Encourage adherence to, and continuous improvement of, the Company's policies, procedures and practices at all levels

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

B. AUDIT COMMITTEE COMPOSITION AND MEETINGS

Audit Committee members shall meet the requirements of the TSX. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent non-executive directors, free from any relationship that would interfere with the exercise of his or her independent judgement. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial expertise.

Audit Committee members shall be appointed by the Board. If the Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the independent auditors and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed.

C. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES - DETAIL

Review Procedures

1. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
2. Review the Company's annual audited financial statements and management discussion and analysis prior to filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgements.
3. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.
4. Review with financial management the Company's quarterly financial results and management discussion and analysis prior to the release of earnings. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors.

Independent Auditors

5. The independent auditors are accountable directly to the Audit Committee. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
6. Approve the fees and other significant compensation to be paid to the independent auditors, and pre-approve any non-audit services that the auditor may provide.
7. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditor's independence.
8. Review the independent auditors audit plan and engagement letter.
9. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors.
10. Consider the independent auditors' judgements about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

Other Audit Committee Responsibilities

11. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
12. Annually prepare a report to shareholders to be included in the Company's annual information circular. The Chairman of the Committee will review all disclosure documents to be issued by the Company relating to financial matters, including news releases, annual information forms and information circulars.
13. Establish a procedure for the: (i) confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and (ii) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.