



**Toronto Stock Exchange: ARG**

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**ANNUAL INFORMATION FORM**

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**For year ended December 31, 2006**

**Dated: March 27, 2007**

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## **PRELIMINARY NOTES**

In this Annual Information Form, Amerigo Resources Ltd., including all subsidiaries as the context requires, is referred to as the “Company”. All information contained herein is as at December 31, 2006, unless otherwise stated.

### **Financial Statements**

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, 2006. The financial statements and management’s discussion and analysis are available at [www.amerigoresources.com](http://www.amerigoresources.com) and under the Company’s profile on the SEDAR website at [www.sedar.com](http://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.

### **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 resources, the realization of mineral resource 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; 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 “Description of 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**

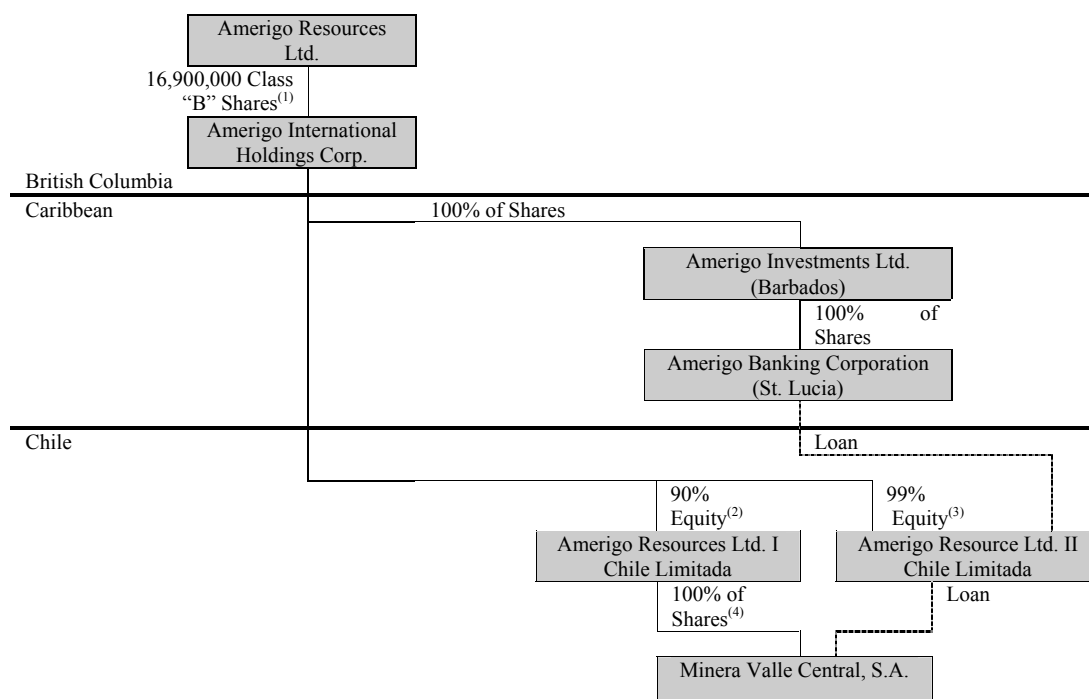
Amerigo Resources Ltd. was incorporated by registration of its memorandum and articles pursuant to the laws of the Province of British Columbia on January 23, 1984 under the name “Silent Canyon Resources Ltd.” Effective April 27, 1988, the Company changed its name from “Silent Canyon Resources Ltd.” 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 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 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 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 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.

The Company’s head and principal office is located at Suite 3083 – 595 Burrard Street, P.O. Box 49298, Bentall III, 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 subsidiaries in Canada (Amerigo International Holdings Corp., incorporated on June 20, 2003), Chile (Amerigo Resources Ltd. I Chile Limitada and Amerigo Resources Ltd. II Chile Limitada, both formed on June 20, 2003), St. Lucia (Amerigo Banking Corporation, incorporated on February 27, 2004) and Barbados (Amerigo Investments Ltd., incorporated on December 23, 2004). The foreign 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.

The following chart sets forth the names of the current active subsidiaries of the Company, their respective jurisdictions of incorporation or formation, as the case may be, and the Company’s current voting and equity interest therein.



- (1) These represent 100% of the Class B Common Shares. A director of the Company and associates of directors of the Company indirectly hold 1,900,000 Class A Common Shares of Amerigo International Holdings Corp. See "Description of the Business – General - Royalties".
- (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 December 31, 2004

Pursuant to an agreement with Nikos Explorations Ltd. ("Nikos") dated January 15, 2004 (the "Nikos Agreement"), the Company transferred its interest in the Coppercorp property, the Island Copper property and the Bellevue property to Nikos and the Company received 10,000,000 common shares of Nikos in exchange, one-half in 2004 and one-half in 2005. The Company holds the investment in Nikos as a long-term investment. A gain on disposition of \$146,259 was recorded in 2004 and of \$427,455 in 2005 in connection with this transaction. Under accounting policies the Company has since June 30, 2005 been considered to have significant influence over Nikos, and therefore currently uses the equity method to account for its investment in Nikos.

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

On April 7, 2004, Phase 1 of the MVC plant expansion, consisting of the installation and commissioning of additional classification and flotation equipment, was completed. This phase represented an aggregate investment of \$2,475,000, \$525,000 below the original budget estimate. Phase 2 of the MVC plant expansion commenced with a focus on increasing copper production by achieving a higher rate of extraction from the Colihues tailings impoundment.

In June 2004, the Board of Directors approved the construction of a processing plant to extract molybdenum from copper concentrate produced at MVC. In July 2004, MVC purchased 4 refurbished mills as part of the MVC plant expansion.

On November 12, 2004, the Company announced an agreement in principle with the El Teniente division of Codelco to increase the rate of extraction of feed material from the Colihues deposition site from 10,000 tpd to 45,000 tpd. Under the agreement, MVC must pay a royalty to Codelco for production from Colihues as it does for fresh tailings material. This agreement with Codelco allowed the finalization of Phase 3 expansion plans, including the installation of the 4 additional mills and the acquisition of additional flotation and copper recovery equipment.

In the twelve month period ending December 31, 2004, the Company produced 31.12 million pounds of copper and sold 30.49 million pounds of copper, for a cash cost before El Teniente royalty of \$21,213,185 or \$0.69 per pound, and a total cost including smelter, refinery and other charges of \$27,245,685 or \$0.88 per pound.

The Company's net earnings for the year ended December 31, 2004 were \$10,049,614 (restated from net earnings of \$10,941,198 to account for the elimination under Canadian GAAP of certain Chilean future income tax assets), or \$0.16 per share (Basic), up from net earnings after tax of \$799,921 (as restated), or \$0.02 per share (Basic) in the ten months ended December 31, 2003, based on revenue net of smelter and refinery charges of \$35,241,609.

During the year, the price of copper increased 43% from \$1.00 per pound (December 2003 average) to \$1.43 per pound (December 2004 average). The agreements for the sale of the Company's concentrate establish delivery schedules of monthly sales quotas and sets the Company's copper sale price at the average market price for the third month after delivery ("M+3"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following quarter. Sales are provisionally priced using forward copper prices for the expected date of final settlement, 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 the copper price. In a period of rising prices, not only will the Company record higher revenue for deliveries in the period, but it will also record favorable adjustments to revenue for copper 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. Because of the rising copper price, the Company recorded positive adjustments of \$1,980,021 for copper delivered in 2003 and settled in 2004.

#### Year Ended December 31, 2005

Throughout 2005, the Company undertook significant plant expansions in MVC without relying on additional equity or debt funding. For the year, capital expenditures were \$26,682,309. In addition to expanding its copper plant during 2005, the Company completed its molybdenum production plant in the second quarter of 2005. Total capital cost of the molybdenum plant was recovered from less than 3 months of operating profit.

The Company's net earnings for the year ended December 31, 2005 were \$17,992,467, up from net earnings (restated) of \$10,049,614 for the year ended December 31, 2004.

During 2005, MVC produced 29.88 million pounds of copper and 631,843 pounds of molybdenum from its processing facility. The Company generated revenues, net of smelter, refinery and roasting charges, of \$52,910,575 for the fiscal year from the sale of 28.92 million pounds of copper at an average gross price

of \$1.73 per pound (which include settlement adjustments of \$869,551 for copper delivered in 2004 and settled in 2005), and from the sale of 651,071 pounds of molybdenum at an average gross price of \$26.40.

During fiscal 2005, the Company signed a tolling agreement with Codelco's Chuquicamata division to process certain of Codelco's molybdenum-copper bulk concentrates at MVC's plant. In 2005, revenue for the tolling arrangement was \$5,417,507.

For the purpose of determining cash and total costs, which are conventions used in the mining industry, the Company considers the effect of smelter, refinery and other charges and the effect of molybdenum by-product and tolling credits in its cost structure. Accordingly cash cost is 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.

Smelter and refinery costs in 2005 were \$11,286,250. Since MVC does not ship concentrate overseas, smelter and refinery charges include the participation by the smelter in MVC's cost savings for shipping. Cash costs were \$17,878,647 or \$0.60 per pound in fiscal 2005. On a quarterly basis, cash costs per pound were \$0.91 in Q1; \$0.59 in Q2; \$0.22 in Q3; and \$0.67 in Q4. The variance in cash costs results mainly from the impact of the value of the molybdenum-by product credits on a quarterly basis. Total costs are defined by the Company as the aggregate of cash costs, Codelco royalty, depreciation and amortization and asset retirement accretion costs. In fiscal 2005, total costs were \$27,947,280 or \$0.94/lb.

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

During the year, the price of copper increased 45% from \$1.43 per pound (December 2004 average) to \$2.08 per pound (December 2005 average). Molybdenum sales were priced at a gross price of \$35.80/lb at the end of the second quarter of 2005, a gross price \$32.40/lb at the end of the third quarter of 2005 and a gross price of \$25.95/lb at the end of the fourth quarter of 2005. Molybdenum production was 155,726 lbs during the second quarter of 2005, 230,167 lbs in the third quarter of 2005 and 245,950 lbs during the fourth quarter of 2005. Despite the increase in molybdenum production during the fourth quarter of 2005, the published price of molybdenum of \$25.95/lb in December, the lowest in 2005, required that all production during the fourth quarter of 2005 be adjusted to that provisional price. Sales during the third quarter of 2005 had been booked at \$32.40/lb at September 30, 2005 and were settled at lower prices in the fourth quarter of 2005. These negative adjustments of approximately \$1.7 million during the fourth quarter of 2005 further reduced the molybdenum-by product credits and increased cash and total costs.

On September 1, 2005, the Company paid its first dividend to shareholders of record as of August 19, 2005 of Cdn\$0.045 per share, for a total of \$3,152,777.

On November 10, 2005, the Company announced its intention to effect a normal course issuer bid through the facilities of the TSX. Under the issuer bid, the Company was entitled to purchase up to 7,845,154 common shares during the one-year period commencing on November 14, 2005 and ending on November 13, 2006. The Company did not acquire any of its common shares in 2005 pursuant to the bid.



Year Ended December 31, 2006

During 2006, capital expenditures totalled \$31,943,881, mainly for the construction of two thickeners and an industrial water recovery system required to meet Chilean environmental regulations. Capital expenditures were funded substantially from operating cash flow.

The Company's net earnings for the year ended December 31, 2006 were \$39,283,683, up from net earnings of \$17,992,467 for the year ended December 31, 2005, based on revenue of \$82,054,432 for the year.

During 2006, MVC produced 24.67 million pounds of copper and 674,549 pounds of molybdenum from its processing facility. The Company generated revenues, net of smelter, refinery and roasting charges, of \$82,054,432 for the fiscal year from the sale of 24.91 million pounds of copper at an average gross price of \$3.33 per pound (which includes settlement adjustments of \$284,510 for copper delivered in 2005 and settled in 2006), and from the sale of 697,171 pounds of molybdenum at an average gross price of \$24.34.

During fiscal 2006, the Company earned revenues of \$2,150,853 pursuant to a tolling agreement with Codelco's Chuquicamata division to process certain of Codelco's molybdenum-copper bulk concentrates at MVC's plant.

Smelter and refinery costs were \$14,734,204 in 2006. Since MVC does not ship concentrate overseas, smelter and refinery charges include the participation by the smelter in MVC's cost savings for shipping. Cash costs were \$29,638,036 or \$1.20 per pound in fiscal 2006. On a quarterly basis, cash costs per pound were \$1.39 in Q1; \$0.90 in Q2; \$1.03 in Q3; and \$1.43 in Q4. The most significant increase (\$0.36/lb) in cash cost arose from copper and molybdenum unit production costs, as a result of lower production, the effect on costs of a stronger Chilean peso and higher steel and energy costs. Total costs are defined by the Company as the aggregate of cash costs, Codelco royalty, depreciation and amortization and asset retirement accretion costs. In fiscal 2006, total costs were \$44,404,803 or \$1.80/lb. The most significant impact on total cost was a \$0.60/lb increase in cash cost, followed by a \$0.24/lb increase from El Teniente royalty, due mainly to higher copper prices.

During the year, the price of copper increased 47% from \$2.08 per pound (December 2005 average) to \$3.05 per pound (December 2006 average). In 2006, the Company produced 11,189 tonnes or 24.67 million pounds of copper compared to 13,552 tonnes or 29.88 million pounds of copper produced in 2005, a 17% decrease. Production was below budget following various temporary plant shutdowns and El Teniente's decision to restrict the tailings flow between MVC and El Teniente's Caren tailings impoundment from mid-August 2006 to early January 2007, due to environmental concerns, both with respect to the volume of water in the tailings being sent to Caren and the structural condition of the Cachapoal 2 bridge that forms part of the tailings launder downstream from MVC. Fresh tailings were diverted to Colihues during this period. In May 2006, the same environmental concerns had prompted El Teniente to ask MVC to temporarily stop processing tailings from Colihues. As of the date of this Annual Information Form, the Colihues restrictions are still in place.

Molybdenum sales were priced at a gross price of \$22.42/lb at the end of the first quarter of 2006, \$24.92/lb at the end of the second quarter of 2006, \$26.85/lb at the end of the third quarter of 2006 and \$24.58/lb at the end of the fourth quarter of 2006. Molybdenum production was 176,967 lbs during the first quarter of 2006, 203,548 lbs during the second quarter of 2006, 163,497 lbs in the third quarter of 2006 and 130,538 lbs during the fourth quarter of 2006.

On February 14, 2006 the Company declared a dividend payable on April 7, 2006 to shareholders of record as of March 31, 2006 of Cdn\$0.045 per share, and on July 31, 2006 declared an additional

dividend of Cdn\$0.045 per share, payable on September 1, 2006 to shareholders of record as of August 18, 2006. As a result, the Company paid a total of \$7,449,203 in dividends during 2006.

On November 10, 2005, the Company announced its intention to effect a normal course issuer bid through the facilities of the TSX. Under the issuer bid, the Company was entitled to purchase up to 7,845,154 common shares during the one-year period commencing on November 14, 2005 and ending on November 13, 2006. The Company renewed its normal course issuer bid effective the one year period commencing on November 14, 2006 and ending on November 13, 2007, pursuant to which the Company's board has authorized the acquisition of 2,612,815 of Amerigo's common shares. During the year ended December 31, 2006, Amerigo purchased and cancelled 712,600 shares at a total cost of \$1,131,443, 186,100 of which were purchased pursuant to the original bid and 526,500 were purchased pursuant to the renewed bid.

#### Current Financial Year

On February 24, 2007, the Company's board of directors declared a dividend payable on April 4, 2007 to shareholders of record as of March 27, 2007 of Cdn\$0.065 per share.

#### *Projected Capital Expenditures*

In 2007, the Company has budgeted for a total of approximately \$10.3 million in capital expenditures.

### **DESCRIPTION OF THE BUSINESS**

#### **General**

Since July 3, 2003, the Company, through its wholly-owned Chilean subsidiary MVC, has been in the business of processing copper tailings for the production of copper concentrate in Chile. During the spring of 2005, the Company completed the construction of a molybdenum plant in Chile and has also produced molybdenum concentrate since then.

As of December 31, 2006, the Company had one employee at its head office in Vancouver and MVC had approximately 100 employees at its operation in Rancagua, Chile. The Company also retains contractors in Chile and Vancouver. All aspects of the Company's business require specialized skill and knowledge. Such skills and knowledge include the areas of tailings processing, engineering and accounting. The Company has found that it can locate and retain employees and contractors with such skills and knowledge.

#### Minera Valle Central, S.A.

MVC, with its production facilities located 8 kilometres east of Rancagua, Chile and 90 kilometres south of Santiago, Chile, has a tailings supply contract with Codelco, Chile's state-owned copper producer, to process copper tailings discharged from the concentrators used in connection with the El Teniente mine in Chile through at least 2021. The Company also has an agreement with Codelco to process a supplementary source of tailings from the Colihues tailings impoundment located adjacent to MVC's facilities.

MVC's copper production facility commenced operations in 1992 and is currently treating approximately 130,000 tonnes per day ("tpd") of fresh tailings.

### Underlying Contracts with Codelco

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 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 tpd.

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

The contract with Codelco sets out the following schedule containing a projection (as of January 2001) for the future supply of fresh El Teniente tailings:

#### **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 has agreed to provide a total of 1,063,480 tonnes of fine copper from the supply of fresh tailings from El Teniente 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 will 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 pays 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 is 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. The Colihues royalty is calculated using half the volume of tailings extracted from Colihues, at an assumed copper grade of 0.32% and an assumed recovery rate of 40%.

Molybdenum production attracts a royalty of a flat 10% of net revenue received from the sale of molybdenum concentrates.

Royalty payments are priced at the average LME published price for the month of delivery of the tailings, and invoiced by El Teniente 3 months following the month of delivery. Royalties are payable within 10 days of receipt of invoice.

#### Concentrate Sales Agreement with Empresa Nacional de Minería (“Enami”)

All concentrate produced by the MVC operation is processed under smelting contracts with 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 the Company’s acquisition of MVC and of which \$1.40 million was outstanding at December 31, 2003. The loan was repaid in full in April 2004.

The contract was renegotiated for 2005 such that all concentrate is sold under a single contract. This contract is an "evergreen" contract, automatically renewed each year if not terminated in the year, but must be modified annually such that the total treatment and refining charges paid by the Company are adjusted to the rates set out in the annually negotiated CRU terms, CIF Japan and applicable freight rates for the year. The contract can be terminated on three years notice.

In 2005 the Company paid 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. In 2006, the contract was amended to provide for a treatment charge of \$122 per tonne of concentrate, a refining charge of \$0.122 per pound of contained copper and an increase in refining charges equal to 10% of the copper price over \$1.00 per pound. Due to production restrictions in 2006, MVC sold significantly less copper than estimated under the original 2006 concentrate supply quota with Enami. To address this matter, MVC and Enami agreed to lower the supply quotas for September, October, November and December 2006, and to maintain smelter and refinery charges at 2006 CRU pricing levels until MVC meets the 2006 revised quota, expected for April 2007. The Company and Enami have yet to modify the contract to take into account the CRU terms negotiated for 2007. The Company anticipates that such modification will take place in the near future, as the Company's production moves closer to fulfilling the revised 2006 quota.

#### Other Royalties

In addition to the royalties payable to Codelco, the Company’s subsidiary, Amerigo International Holdings Corp. (“Amerigo International”), pays a monthly royalty dividend to the holders of Class A shares of Amerigo International. This royalty was negotiated when Messrs. Dean and Zeitler assigned the option to acquire MVC (the “Option”) to the Company in an agreement completed in March 2003 (the “Assignment Agreement”) and approved by shareholders in June 2003. Under the Assignment Agreement, Messrs. Dean and Zeitler could either receive 7,500,000 common shares of the Company, or a royalty on all production by MVC. Messrs. Dean and Zeitler subsequently elected in May 2003 to receive the royalty as consideration for the assignment of the Option.

During 2005 it was brought to the attention of the Company’s board of directors that, by virtue of a mutual mistake in documentation among the Company and Messrs. Dean and Zeitler, the description of

the royalty was incomplete. Based on independent legal advice from external counsel, the Company agreed to take the steps necessary to rectify the description of the royalty to reflect the original intent and agreement of the parties. As a result, the documentation was amended to reflect that the royalty is calculated on a copper equivalent basis to thereby recognise the inclusion of other metals in addition to copper, and the shareholders of Amerigo International agreed to amend the articles of Amerigo International to effect this and several other amendments in connection with the rectification. The royalty dividend is equal to the following:

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

The Class A shares of Amerigo International are owned indirectly by associates of Steven Dean and by Klaus Zeitler and an associate of Mr. Zeitler. Messrs. Dean and Zeitler are directors and officers of the Company. 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 dividend set out above. In all other respects, Amerigo International is controlled by the Company and is a wholly-owned subsidiary for accounting purposes.

### **Risk Factors**

An investment in the securities of the Company should be considered speculative due to the nature of the business of the Company and 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 given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risks could have a materially adverse effect upon the Company, its business and future prospects. In addition, other risks and uncertainties not presently known by management of the Company could impair the Company and its business in the future.

#### MVC revenue is subject to supply of tailings from El Teniente and extraction from Colihues

The Company's operations at MVC are substantially dependent upon fresh tailings supplied under an agreement with the El Teniente division of Codelco. During 2006, Codelco reduced the flow of fresh tailings to MVC and prohibited MVC from processing tailings from the Colihues tailings impoundment for a period of approximately 4 months, while a bridge which forms part of Codelco's tailings launder was reinforced. This had an adverse affect on the Company's production and financial results. Codelco has also continued to prohibit the Company from processing tailings from Colihues and informed the Company that the flow of fresh tailings will be stopped for an additional period during Q2 2007 in order for additional repairs to be made to the bridge. In future, the Company may encounter similar or more severe interruptions in the flow of fresh tailings and tailings from Colihues for similar or different reasons or 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 Codelco 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.

The Company is investigating several alternative methods for extraction of tailings from the Colihues impoundment. There is no guarantee that the Company will be able to successfully extract tailings from Colihues at the rate of 45,000 tpd, agreed to in principle with Codelco. In addition, there is a degree of uncertainty attributable to the calculation of the inferred mineral resource tonnage and grade of the Colihues tailings being processed, which calculation is contained in the technical report prepared by Roger Moss, Ph.D., P.Geo., and Raúl Poblete de la Cerda dated March 11, 2006 and referenced under the heading “Minera Valle Central Operations” below. Although the inferred mineral resource figure has been carefully prepared by a mining expert, these amounts are estimates only. There are no guarantees with respect to the amounts of copper and molybdenum that the Company will extract from the fresh tailings or those from Colihues.

### Fluctuating Metal Prices

The price of the Company’s common shares and the Company’s financial results may in the future be significantly and adversely affected by declines in the price of copper and molybdenum. Copper and molybdenum 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, speculative activities, increased production due to new extraction developments and improved extracting and production methods, and the political and economic conditions of major copper-producing and consuming countries throughout the world. The prices of copper and molybdenum have 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. The Company does not presently have a metals hedging policy nor has it conducted any metals hedging in the past.

Depending on the price of copper and molybdenum, cash flow from operations may not be sufficient and the Company may not be able to fund any future expansion plans or may be forced to discontinue production altogether.

### 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 only recently begun paying dividends on its shares and, although the Board of Directors of the Company has approved a policy of paying semi-annual dividends averaging at least one-third of reported net earnings over a period of years, payment of dividends in the future is dependent upon, among other things, the Company’s cash flow and short term and long term needs and objectives, and therefore cannot be guaranteed. 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 any future expansion plans or be sufficient for future acquisitions. In that circumstance, the only additional sources of funds available to the Company are from the sale of equity capital of the Company, the sale of its investments in other reporting issuers, if any, debt financing or the exercise of outstanding share purchase options. There can be no assurance that the Company will be able to sell further equity capital or its investments, or raise debt capital, on favourable terms or at all, or that any outstanding options will be exercised.

### Operating and Development Risks

The Company’s operations involve a degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. 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.

### 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 the conduct of its 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 includes 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 have the potential to reduce the profitability of operations below an acceptable level. Stricter standards in environmental legislation may be imposed on the industry, the Company or El Teniente 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 against both the Canadian and US dollar, 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 share purchase warrants and additional 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 interests 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.

## **Minera Valle Central Operations**

The following is the summary from a technical report (the "Technical Report") prepared by Roger Moss, Ph.D., P.Geo., and Raúl Poblete de la Cerda, General Manager of MVC, dated March 11, 2006. The full Technical Report may be found with the Company's filings at [www.sedar.com](http://www.sedar.com), and sections 4.0, 5.0, 9.0, 10.0, 11.0, 12.0, 13.0 and 14.0 of the Technical Report, and the subsections contained therein, are specifically incorporated by reference herein.

"Minera Valle Central S.A. (MVC), a wholly-owned subsidiary of Amerigo Resources Ltd. (Amerigo), is a Chilean company that extracts copper and molybdenum from tailings discharged from CODELCO's El Teniente concentrators. The tailings are then returned to El Teniente's tailings disposal system. Roger Moss, Ph.D., P.Geo., was retained by Amerigo to provide a review of the past and future operation of MVC, to review the historical estimates regarding the Colihues tailings impoundment and to determine if such estimates could be classified as current mineral resources under National Instrument 43-101.

MVC currently has 15 years remaining on its tailings supply contract with El Teniente. It has also negotiated a supplementary source of higher grade tailings from the Colihues tailings impoundment. MVC has the right to treat up to 45,000 tonnes per day (tpd) of tailings from Colihues, mixed with the fresh tailings from El Teniente. El Teniente currently supplies approximately 130,000 tpd of fresh tailings.

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 9 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 to 100,000 tpd in 1997 and, in 2004-2005, expanded again to its present capacity of 200,000 tpd.

El Teniente has been in operation since 1904 and is the world's largest underground copper mine. Current production is approximately 130,000 tpd of ore at an average grade of 1.16%Cu. El Teniente has reported more than 3 billion tonnes in reserves and at the present production rate of 130,000 tpd of ore has

more than 60 years life remaining. El Teniente's production plans include the production of 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. Based on historical performance, the authors recommend that this tonnage forecast be discounted by 3.5%, which will not significantly affect MVC's production.

An inferred resource of 213,697,056 tonnes at a grade of 0.262% CuT and 0.01% Mo, current as of March 7, 2006, has been calculated for the tailings in the Colihues impoundment. This represents a significant additional supply of high grade tailings for MVC.

MVC plans to extract the tailings from the Colihues impoundment using hydraulic monitors (currently operated by Fraser Alexander), with the backup of a "submersible miner" and dredge pumps on a floating platform. At present the system extracts tailings at the rate of 13,000 tpd, and is projected to expand to a capacity of 45,000 tpd by the end of 2007.

The existing MVC process plant is well designed and maintained and is in good condition. In 2005, it produced 13,552 tonnes of copper in concentrate and 631,843 pounds of molybdenum in concentrate.

MVC estimates that with the present fresh tailings conditions, the projected extraction rate from the Colihues dam (45,000 tpd) and the expansion of the grinding and flotation plant facilities, production of fine copper in concentrates could be increased on an annualized basis to a total of 30,000 tons per annum by the end of 2007.

MVC reported total cash operating costs to cathode (including royalty payments to the El Teniente Division of Corporacion Nacional del Cobre de Chile (CODELCO)) of US\$0.906 per pound for 2005. Dr. Moss has reviewed these costs and considers them reasonable.

At present, the plant has all the necessary environmental permits for the grinding and flotation plant expansion, and for the molybdenum plant. The permits for the construction of the industrial water recovery systems (thickeners) are in the approval process.

It is recommended that additional sampling of the Colihues tailings, especially in the central and western portions, be undertaken to increase the confidence in the resource. This will improve the knowledge of grade continuity and should allow an increase in the resource category to indicated or measured.

It is also recommended that alternative methods of tailings extraction from the Colihues dam be evaluated, bearing in mind the environmental impact of each of the methods. Continued optimization of the metallurgical processes such as the proposed construction of thickeners during 2006 will allow MVC to achieve the most efficient and economical means of copper and molybdenum recovery."

As of the date of this Annual Information Form, the Company is not treating any tailings from the Colihues tailings impoundment. El Teniente is in the process of reinforcing a bridge which forms part of its tailings launder leading from the Company's plant to the Caren tailings impoundment, the ultimate resting place for the tailings processed by the Company. As a result, the Company's target of 30,000 tons per annum of copper production on an annualized basis by the end of 2007 is dependent upon El Teniente increasing the capacity of the bridge and providing approval to the Company for recommencing extraction of in situ tailings from Colihues. The two industrial water recovery systems have been completed and are now in operation.

## **DIVIDENDS**

In August 2005, the Board of Directors of the Company approved a policy of paying semi-annual dividends. The Company's dividend policy is, under normal circumstances and after taking into account

the Company's cash flow, short term and long term needs and objectives, to declare and pay dividends on the Common Shares averaging at least one-third of reported net earnings over a period of years. The declaration of each dividend, however, is in the discretion of the Board of Directors which reserves the right to adjust or terminate the declaration and payment of dividends from time to time according to the prevailing business environment and cash needs of the Company. A material decline in the prices of copper and/or molybdenum and/or in the amount of copper and/or molybdenum extracted from the fresh tailings or from the Colihues tailings could prevent the Company from paying dividends in the future.

Pursuant to the Company's dividend policy, on September 1, 2005, the Company paid its first dividend of Cdn\$0.045 per common share to shareholders of record as of August 19, 2005. On February 14, 2006 the Company declared a dividend of Cdn\$0.045 per share payable on April 7, 2006 to shareholders of record as of March 31, 2006, and on July 31, 2006 declared a dividend of Cdn\$0.045 per share, payable on September 1, 2006 to shareholders of record as of August 18, 2006. As a result, the Company paid a total of \$7,449,203 in dividends during 2006. Subsequent to the most recently completed financial year, the Board of Directors of the Company declared a dividend of Cdn\$0.065 per Common Share payable on April 4, 2007 to shareholders of record as of March 27, 2007.

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares. As at March 26, 2007, 94,490,244 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 rolling maximum 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 10% of the issued and outstanding common shares of the Company. As at March 26, 2007, options to purchase a total of 3,435,000 were outstanding under the stock option plan:

Number of Options/Shares	Expiry Date	Exercise Price
150,000	October 5, 2009	Cdn\$2.00
75,000	January 7, 2010	Cdn\$1.60
80,000	August 30, 2010	Cdn\$1.77
1,270,000	February 21, 2011	Cdn\$2.71
150,000	August 4, 2011	Cdn\$2.43
1,760,000	February 28, 2012	Cdn\$2.23

## 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 period from January 1, 2006 through to February 28, 2007, the Company's shares traded as follows:

Month	Volume (Daily average)	High (Cdn\$)	Low (Cdn\$)
February 2007	299,700	2.32	2.01
January 2007	284,200	2.29	1.93
December 2006	636,400	2.24	1.69
November 2006	265,500	2.12	1.75
October 2006	226,600	2.12	1.70
September 2006	155,500	2.07	1.61
August 2006	183,100	2.50	1.80
July 2006	194,400	2.37	1.96
June 2006	162,400	2.29	1.80
May 2006	611,900	2.57	2.10
April 2006	439,000	2.76	2.25
March 2006	411,700	2.78	2.23
February 2006	390,300	3.18	2.42
January 2006	661,300	2.85	2.18

### Escrowed Securities

Designation of Class	Number of Securities in Escrow	Percentage of Class
Common Shares	42,216	0.045%

The escrowed securities are held by the Company's transfer agent, Pacific Corporate Trust Company, 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, province and country of residence, positions held with the Company, and principal occupation of each director and executive officer of the Company within the five preceding years as at the date of this Annual Information Form, is as follows:

Name, Province and Country 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 <sup>(4)</sup>
<b>Steven G. Dean</b> British Columbia, Canada Chairman & Director	Chairman of the Company, formerly President and a Director of Teck Cominco Limited (1999-July 2002).	April 2003 to Present, Class III Director <sup>(3)</sup>	2,818,450 common shares, or 2.98%
<b>Klaus M. Zeitler</b> British Columbia, Canada President & Director	President of the Company and formerly Senior Vice President of Teck Cominco Limited (1997-2002)	April 2003 to Present, Class II Director <sup>(2)</sup>	3,283,751 common shares, or 3.47%
<b>Sidney Robinson</b> Ontario, Canada Independent Director	Corporate Director and Consultant; until January 1, 2004, Senior Partner of Torys LLP, Toronto.	May 2003 to Present, Class III Director <sup>(3)</sup>	653,000 common shares, or 0.69%
<b>Robert Gayton</b> British Columbia, Canada Independent Director	Chartered Accountant; financial consultant to the mineral exploration and technology industries since 1990.	August 2004 to Present, Class I Director <sup>(1)</sup>	10,000 common shares, or 0.01%
<b>Ruston Goepel</b> British Columbia, Canada 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 <sup>(2)</sup>	100,000 common shares, or 0.10%
<b>Michael Kuta</b> British Columbia, Canada Corporate Secretary	Corporate and mining lawyer, General Counsel and Secretary of the Company and Spur Ventures Inc., formerly in private practice of law (2004-2005) and Vice-President, Corporate Development, Searchlight Systems Ltd. (2002-2004).	August 2005 to Present	186,800 common shares, or 0.19%
<b>Aurora Davidson</b> British Columbia, Canada Chief Financial Officer	Certified General Accountant; Chief Financial Officer to mineral exploration and technology companies.	January 2004 to Present	75,000 common shares, or 0.07%
<b>Olav Langelaar</b> British Columbia, Canada Vice President, Corporate Development	Vice President, Corporate Development of the Company; former Manager of Corporate Finance and Insurance with Placer Dome.	July 2006 to Present	62,500 common shares, or 0.06%

- (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 2008.
- (3) Class III directors have been elected to a term expiring after the Company's annual general meeting to be held in 2009.
- (4) As a group, all directors and executive officers beneficially own, directly or indirectly, or exercise control or direction over, a total of 7,189,501 common shares, representing 7.60% of the issued and outstanding common shares of the Corporation as at March 26, 2007. In addition, as a group all directors and executive officers beneficially own, directly or indirectly, or exercise control or direction over, 1,900,000 Class A Common Shares of Amerigo International Holdings Corp., representing 100% of the shares of that class.

**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. Since 2003 Mr. Dean has been the Chairman and a director of Spur Ventures Inc., a company listed on the TSX Venture Exchange, and a director of GRD NL, a company

listed on the Australian Stock Exchange. He has also been an Executive Director and Chief Financial Officer of the Normandy Mining Group 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.

**Dr. Klaus M. Zeitler** received his professional education at Karlsruhe University from 1959 to 1966 and obtained a PHD in economic planning. Dr. Zeitler is a member of the Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association. Dr. Zeitler financed, built and managed base metal and gold mines worldwide (Europe, Africa, North America, South America, Pacific) with a total investment value of \$4 billion. Dr. Zeitler was a managing director of Metallgesellschaft AG, a German metals conglomerate and in 1986 founded and was a director and CEO of Metall Mining, later Inmet, a Toronto Stock Exchange listed company with assets of over \$1 billion and base metal and gold mines in different parts of the world. After having been a director of Teck and Cominco for many years, Dr. Zeitler joined Teck in 1997 as Senior Vice President and had responsibilities for the exploration and development of mines in Peru, Mexico and the USA. Since his retirement in 2002 from Teck Cominco and in addition to being President and a director of Amerigo, Dr. Zeitler has been actively involved as a director in various junior base and precious metal companies.

**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. in January 2001. Mr. Goepel is past 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.

**Michael Kuta** is a member of the British Columbia and Canadian Bar Associations. Mr. Kuta has more than 20 years experience in corporate commercial, securities and taxation law, in both private and public practice. Mr. Kuta was an associate lawyer at Thorsteinssons LLP, Tax Lawyers, Vice-President, Law at The Loewen Group and InsulPro Industries, and Director, Content Development for the Thomson Corporation. Mr. Kuta has experience in domestic and international business acquisitions and combinations and finance. He has an HBA (Honours in Business Administration) degree from the University of Western Ontario, and an LLB from the University of British Columbia. Mr. Kuta is also General Counsel and Corporate Secretary for Spur Ventures Inc., a company listed on the TSX, and for

Ospraie Gold Ltd., a private gold investment company, and is secretary of GHG Resources Ltd., and a director of Nikos Explorations Ltd. and SNS Silver Corp., all companies listed on the TSX Venture Exchange.

**Aurora Davidson** holds a Certified General Accountant designation from the Certified General Accountants Association of British Columbia and a BSc in Business Administration from Alliant International University in San Diego, California. 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.

**Olav Langelaar** has an honors degree in Mechanical Engineering from the University of Waterloo and MBA from The Richard Ivey School of Business in London ON. Mr. Langelaar has in excess of 17 years of international experience in the mining industry encompassing design and engineering, construction, commissioning, operations and financing. After spending 7 years in operations with Cominco, Agrium, Cameco and the Kumtor Operating Company (now Centerra Gold), Mr. Langelaar joined MacQuarie Bank's North American mergers and acquisitions team. Subsequently he joined Placer Dome's Strategic Development Group where he was involved in the Timmins Camp consolidation with Kinross, the acquisition of AurionGold and the North Mara Mine in Tanzania. His last role at Placer Dome was as Manager of Corporate Finance and Insurance, where he was involved in raising nearly US\$1B in various debt and equity instruments prior to its takeover by Barrick.

#### Directors' Term

In accordance with the Articles of the Company, each Director is elected for a three-year term, 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 2007, 2008 and 2009, respectively.

#### **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 senior management, 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.

### Disclosure Policy Committee

The objective of the Company's Corporate Disclosure Policy is to ensure that communications to the investing public about the Company and its subsidiaries are timely, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements. In accordance with the terms of the Corporate Disclosure Policy, the board approved the formation of a disclosure policy committee that is responsible for overseeing the Corporation's disclosure practices. The disclosure policy committee consists of the Corporation's Chairman, Steven Dean; President, Klaus Zeitler; and Corporate Secretary, Michael Kuta.

### 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 was director or officer of Newcastle Silver Mines Ltd. as of the dates of Cease Trade Orders issued by the British Columbia Securities Commission on September 30, 2003 and by the Alberta Securities Commission on October 10 (interim) and 31 (final), 2003 for failure to file financial statements. The orders were revoked on October 31, 2003 in British Columbia and March 25, 2004 in Alberta.

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;
- (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; or
- (c) has been subject to:
  - (i) any penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **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 of the Business – Risk Factors – Conflicts of Interest".

### **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 <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Sidney Robinson	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Ruston Goepel	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

(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 last two fiscal years are as follows:

Fee Summary	2006	2005
Audit Fees	\$32,500	\$31,500
Audit of Subsidiary	\$36,400	\$17,360
Quarterly Reviews	\$19,500	\$-
Consultations	\$6,000	\$-
Procedures done on prospectus	\$55,126	\$-
<b>Total Audit Services</b>	<b><u>\$149,526</u></b>	<b><u>\$48,860</u></b>
Tax Services	\$-	\$4,400
Other Services	\$-	\$2,200
<b>Total tax and other services</b>	<b>\$-</b>	<b>\$6,600</b>

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not a party to any material legal proceedings and is not aware of any such proceedings known to be contemplated. There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the last financial year or by a court or regulatory authority that would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreement with a court relating to securities legislation or with a securities regulatory authority during the last financial year.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, no director, executive 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**

The Company's transfer agent and registrar is Pacific Corporate Trust Company, 510 Burrard Street, 2<sup>nd</sup> Floor, Vancouver, British Columbia, V6C 3B9. 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**

There are no contracts, 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 during the financial year ended December 31, 2006, or between January 1, 2002 and December 31, 2005 that are still in effect.

## **INTERESTS OF EXPERTS**

### **Names of Experts**

PricewaterhouseCoopers LLP ("PWC") of 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, 2006. PWC is independent from the Company in accordance with the rules of professional conduct in British Columbia.

Dr. Roger Moss, Ph.D., P.Geo., and Raúl Poblete de la Cerda, General Manager of MVC, prepared the Technical Report (please refer to Minera Valle Central Operations, above).

### **Interests of Experts**

Dr. Moss held less than one percent of the Company's outstanding common shares and no options to purchase common shares in the capital of the Company when he was involved in preparing the Technical Report. Mr. Poblete held 223,788 shares in the Company and options to purchase a total of 113,000 common shares in the Company at a price of \$2.71 per share as of the date of the Technical Report and subsequently received an additional option to purchase 120,000 common shares at a price of \$2.23 per share in February of 2007. Other than as set out above, neither Roger Moss or Raúl Poblete de la Cerda, when or after they prepared the Technical Report, has received or is about to receive 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 them) 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 relating to the Company may be found on SEDAR at [www.sedar.com](http://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, 2006.

## SCHEDULE "A"

### **AUDIT COMMITTEE CHARTER**

(Effective October 4, 2004)

#### A. AUDIT COMMITTEE PURPOSE

The Board of Directors of the Amerigo Resources Ltd. (the "Company") 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; and
- 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.