

Amerigo Resources Ltd.

Condensed Consolidated Interim Financial Statements
For the quarter and six months ended June 30, 2012
Unaudited
(expressed in U.S. dollars)

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position - Unaudited

(expressed in U.S. dollars)

| | | June 30, 2012 | December 31, 2011 |
|--|--------------|--------------------------|------------------------------|
| | Notes | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 7,591,947 | 20,819,467 |
| Trade and other receivables | | 20,351,204 | 18,885,945 |
| Prepaid expenses | | 399,950 | 380,797 |
| Inventories | 5 | 13,749,804 | 9,564,669 |
| | | <u>42,092,905</u> | <u>49,650,878</u> |
| Non-current assets | | | |
| Investments | 6 | 5,900,409 | 8,722,744 |
| Property, plant and equipment | 8 | 150,958,494 | 138,638,900 |
| Intangible assets | 9 | 7,521,056 | 7,726,251 |
| Other non-current assets | | 640,680 | 590,846 |
| Total assets | | <u>207,113,544</u> | <u>205,329,619</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 21,660,150 | 21,338,603 |
| El Teniente royalties payable | 7 | 11,539,892 | 9,523,714 |
| Current income tax liabilities | | 805,724 | 667,573 |
| Royalties to related parties | 11 | 607,384 | 646,214 |
| Borrowings | 10 | 3,365,917 | 3,854,551 |
| | | <u>37,979,067</u> | <u>36,030,655</u> |
| Non-current liabilities | | | |
| Borrowings | 10 | - | 764,598 |
| Trade and other payables | | 3,987,472 | 2,538,590 |
| Royalties to related parties | 11 | 4,634,037 | 5,141,220 |
| Asset retirement obligation | | 6,113,654 | 6,841,707 |
| Deferred income tax liability | | 14,264,271 | 15,031,235 |
| Total liabilities | | <u>66,978,501</u> | <u>66,348,005</u> |
| Equity | | | |
| Share Capital | 12 | 77,513,839 | 77,513,839 |
| Other reserves | | 6,204,706 | 5,484,972 |
| Retained earnings | | 51,442,630 | 53,519,770 |
| Accumulated other comprehensive income | | 4,973,868 | 2,463,033 |
| Total equity | | <u>140,135,043</u> | <u>138,981,614</u> |
| Total equity and liabilities | | <u>207,113,544</u> | <u>205,329,619</u> |
| Subsequent events | 20 | | |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved by the Board of Directors

"Robert Gayton"
Director

"Ruston Goepel"
Director

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income - Unaudited

(expressed in U.S. dollars)

| | Notes | Quarter ended June 30, | | Six months ended June 30. | |
|---|-------|------------------------|-------------|---------------------------|--------------|
| | | 2012 | 2011 | 2012 | 2011 |
| | | \$ | \$ | \$ | \$ |
| Revenue | | 40,013,267 | 38,294,635 | 90,512,771 | 83,810,135 |
| Cost of sales | 14 | 40,091,974 | 34,824,206 | 87,459,285 | 74,217,633 |
| Gross (loss) profit | | (78,707) | 3,470,429 | 3,053,486 | 9,592,502 |
| Other expenses | | | | | |
| General and administration | 15 | 1,188,962 | 1,583,245 | 2,539,486 | 2,915,864 |
| Other expenses (gains) | 17 | 223,908 | (550,821) | (770,020) | (1,008,407) |
| | | 1,412,870 | 1,032,424 | 1,769,466 | 1,907,457 |
| Operating (loss) profit | | (1,491,577) | 2,438,005 | 1,284,020 | 7,685,045 |
| Finance (gain) expense | 16 | (41,474) | 340,782 | (156,637) | 529,300 |
| Gain on sale of investments | 6 | - | - | - | (9,750,931) |
| | | (41,474) | 340,782 | (156,637) | (9,221,631) |
| (Loss) profit before tax | | (1,450,103) | 2,097,223 | 1,440,657 | 16,906,676 |
| Income tax (recovery) expense | | (447,849) | 211,341 | 132,637 | 3,366,508 |
| (Loss) profit for the period | | (1,002,254) | 1,885,882 | 1,308,020 | 13,540,168 |
| Cumulative translation adjustment | | (2,970,981) | 4,334,866 | 4,811,131 | (379,563) |
| Unrealized gains on investments, net of taxes | | (3,084,818) | (3,799,569) | (2,300,296) | (2,411,144) |
| Transfer of other comprehensive income on sale of investments, net of taxes | | - | - | - | (8,371,680) |
| Other comprehensive (loss) income | | (6,055,799) | 535,297 | 2,510,835 | (11,162,387) |
| Comprehensive (loss) income | | (7,058,053) | 2,421,179 | 3,818,855 | 2,377,781 |
| Weighted average number of shares outstanding basic | | 172,290,344 | 172,073,146 | 172,290,344 | 171,799,245 |
| Weighted average number of shares outstanding diluted | | 173,494,048 | 174,661,530 | 173,494,048 | 174,387,629 |
| (Loss) earnings per share | | | | | |
| Basic | | (0.01) | 0.01 | 0.01 | 0.08 |
| Diluted | | (0.01) | 0.01 | 0.01 | 0.08 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Cash Flows - Unaudited

(expressed in U.S. dollars)

| | Quarter ended June 30, | | Six months ended June 30, | |
|---|------------------------|-------------|---------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | \$ | \$ | \$ | \$ |
| Cash flows from operating activities | | | | |
| (Loss) profit for the period | (1,002,254) | 1,885,882 | 1,308,020 | 13,540,168 |
| Adjustment for items not affecting cash: | | | | |
| Gain on investment | - | - | - | (9,750,931) |
| Depreciation and amortization | 3,904,898 | 3,457,313 | 7,935,005 | 6,816,195 |
| Deferred income tax expense | (647,536) | 211,341 | (160,714) | 3,366,508 |
| Share-based payments | 375,560 | 754,337 | 719,734 | 1,280,573 |
| Other | 1,012,100 | 280,112 | 981,988 | 1,218,242 |
| | 3,642,768 | 6,588,985 | 10,784,033 | 16,470,755 |
| Changes in non-cash working capital | | | | |
| Trade, other receivables and advances | 1,533,630 | 8,711,263 | (928,481) | (3,750,359) |
| Inventories | (5,133,917) | (3,603,901) | (3,888,398) | (4,576,393) |
| Trade and other payables | 663,637 | (1,251,333) | 212,545 | 2,076,916 |
| El Teniente royalty payables | (436,369) | (1,017,652) | 1,674,084 | (1,935,076) |
| Net cash from operating activities | 269,749 | 9,427,362 | 7,853,783 | 8,285,843 |
| Cash flows from investing activities | | | | |
| Purchase of plant and equipment | (7,663,484) | (5,234,948) | (16,264,521) | (8,592,505) |
| Proceeds from sale of plant and equipment | - | - | - | 21,365 |
| Proceeds from sale of investments | - | - | - | 10,405,571 |
| Net cash from investing activities | (7,663,484) | (5,234,948) | (16,264,521) | 1,834,431 |
| Cash flows from financing activities | | | | |
| Net repayments | (841,088) | (2,022,344) | (1,194,470) | (5,846,981) |
| Dividends | (3,385,160) | (3,559,174) | (3,385,160) | (3,559,174) |
| Issuance of shares on exercise of share options | - | 243,399 | - | 264,992 |
| Net cash from financing activities | (4,226,248) | (5,338,119) | (4,579,630) | (9,141,163) |
| Net (decrease) increase in cash and cash equivalents | (11,619,983) | (1,145,705) | (12,990,368) | 979,111 |
| Effect of exchange rate changes on cash | 36,225 | (215,190) | (237,152) | (209,552) |
| Cash and cash equivalents – Beginning of period | 19,175,705 | 37,175,251 | 20,819,467 | 35,044,797 |
| Cash and cash equivalents - End of period | 7,591,947 | 35,814,356 | 7,591,947 | 35,814,356 |

Supplementary cash flow information (Note 18)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Changes in Equity - Unaudited

(expressed in U.S. dollars)

| | Share capital | | Other reserves | Accumulated other comprehensive income | Retained earnings | Total equity |
|--|------------------|------------|----------------|--|-------------------|--------------|
| | Number of shares | Amount | | | | |
| | | \$ | | | | |
| Balance January 1, 2011 | 171,510,344 | 77,166,170 | 3,804,484 | 29,368,678 | 51,669,516 | 162,008,848 |
| Issue of shares- | | | | | | |
| Exercise of share options | 780,000 | 347,669 | (82,677) | - | - | 264,992 |
| Share-based payments | - | - | 1,280,573 | - | - | 1,280,573 |
| Cumulative translation adjustment | - | - | - | (379,563) | - | (379,563) |
| Unrealized losses on investments (net of tax recoveries of \$1,130,857) | - | - | - | (2,411,144) | - | (2,411,144) |
| Transfer of other comprehensive income on sale of investments(net of tax of (\$2,092,920)) | - | - | - | (8,371,680) | - | (8,371,680) |
| Net earnings for the period | - | - | - | - | 13,540,168 | 13,540,168 |
| Dividends | - | - | - | - | (3,559,174) | (3,559,174) |
| Balance June 30, 2011 | 172,290,344 | 77,513,839 | 5,002,380 | 18,206,291 | 61,650,510 | 162,373,020 |
| Share-based payments | - | - | 482,592 | - | - | 482,592 |
| Cumulative translation adjustment | - | - | - | (14,018,275) | - | (14,018,275) |
| Unrealized losses on investments (net of tax of \$184,786) | - | - | - | (1,724,983) | - | (1,724,983) |
| Net loss for the period | - | - | - | - | (4,839,650) | -4,839,650 |
| Dividends | - | - | - | - | (3,291,090) | (3,291,090) |
| Balance December 31, 2011 | 172,290,344 | 77,513,839 | 5,484,972 | 2,463,033 | 53,519,770 | 138,981,614 |
| Balance January 1, 2012 | 172,290,344 | 77,513,839 | 5,484,972 | 2,463,033 | 53,519,770 | 138,981,614 |
| Share-based payments | - | - | 719,734 | - | - | 719,734 |
| Cumulative translation adjustment | - | - | - | 4,811,131 | - | 4,811,131 |
| Unrealized losses on investments (net of tax recoveries of \$522,039) | - | - | - | (2,300,296) | - | (2,300,296) |
| Net earnings for the period | - | - | - | - | 1,308,020 | 1,308,020 |
| Dividends | - | - | - | - | (3,385,160) | (3,385,160) |
| Balance June 30, 2012 | 172,290,344 | 77,513,839 | 6,204,706 | 4,973,868 | 51,442,630 | 140,135,043 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
June 30, 2012

(expressed in U.S. dollars)

1 General Information

Amerigo Resources Ltd. (the "Company") is a company incorporated pursuant to the laws of British Columbia, Canada and its shares are listed for trading on the Toronto Stock Exchange ("TSX"), the OTCQX stock exchange in the United States and the Lima Stock Exchange. The address of the Company's principal office is Suite 1950 – 400 Burrard Street, Vancouver, British Columbia.

The Company is a producer of copper and molybdenum concentrates with operations in Chile. Its operating subsidiary Minera Valle Central S.A. ("MVC") has contracts with Corporacion Nacional del Cobre de Chile ("Codelco"), Chile's state-owned copper producer, to process tailings through 2021 from El Teniente, the world's largest underground copper mine.

These condensed consolidated interim financial statements were authorised for issue by the board of directors on August 1, 2012.

2 Basis of presentation and statement of compliance

The Company is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2011.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

3 Accounting Policies

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2011.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
June 30, 2012

(expressed in U.S. dollars)

5 Inventories

| | June 30, 2012 | December 31, 2011 |
|--|------------------|----------------------|
| | \$ | \$ |
| Plant supplies and consumables at cost | 8,877,260 | 5,697,799 |
| Concentrate inventories at cost | 4,872,544 | 3,866,870 |
| | 13,749,804 | 9,564,669 |

The write-down of inventories recognised in operating expenses amounted to \$nil (December 31, 2011: \$nil).

6 Available-for-sale financial assets

| | June 30, 2012 | December 31, 2011 |
|----------------------------|------------------|----------------------|
| | \$ | \$ |
| Beginning of period | 8,722,744 | 25,583,511 |
| Exchange differences | 9,083 | 245,285 |
| Disposals | - | (11,119,240) |
| Changes in fair value | (2,831,418) | (5,986,812) |
| End of period | 5,900,409 | 8,722,744 |

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited June 30, 2012

(expressed in U.S. dollars)

Available-for-sale financial assets include the following:

| | June 30, 2012 | December 31, 2011 |
|-----------------------|--------------------------|------------------------------|
| | \$ | \$ |
| Candente Copper Corp. | 3,184,063 | 5,527,254 |
| Candente Gold Corp. | 360,309 | 499,158 |
| Los Andes Copper Ltd. | 2,196,834 | 2,519,688 |
| Cobrizza Metals Corp. | 159,203 | 176,644 |
| | 5,900,409 | 8,722,744 |

- a) During the year ended December 31, 2011, the Company sold 5,000,000 Candente Copper Corp. (“Candente Copper”) shares, and recognized a gain of \$9,750,931 in earnings. At June 30, 2012, Candente Copper’s closing share price was Cdn\$0.56 and the fair value of the Company’s approximately 5% investment in Candente Copper was \$3,184,063. During the six months ended June 30, 2012, the Company recorded other comprehensive loss of \$2,343,191 (2011: other comprehensive loss of \$1,820,966) for the changes in fair value of this investment.
- b) At June 30, 2012, Candente Gold Corp. (“Candente Gold”) had a closing share price of Cdn\$0.17 and the fair value of the Company’s approximately 4% investment in Candente Gold was \$360,309. During the six months ended June 30, 2012, the Company recorded other comprehensive loss of \$138,849 (2011: other comprehensive loss of \$1,030,766) for the changes in the fair value of this investment.
- c) At June 30, 2012, Los Andes Copper Ltd. (“Los Andes”) had a closing share price of Cdn\$0.28 and the fair value of the Company’s approximately 5% investment was \$2,196,834. During the six months ended June 30, 2012, the Company recorded other comprehensive loss of \$322,854 (2011: other comprehensive loss of \$690,269) for the changes in the fair value of this investment.
- d) On October 6, 2011, the Company received a total of 1,157,656 shares of Cobrizza Metals Corp. (“Cobrizza”), an issuer listed on the TSX, following Cobrizza’s spinout from Candente Copper. At June 30, 2012, Cobrizza’s closing share price was Cdn\$0.14 and the fair value of the Company’s approximately 4% investment in Cobrizza was \$159,203. The Company recorded other comprehensive loss of \$17,441 for the decrease in the fair value of this investment during the six months ended June 30, 2012 (2011: \$nil).

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
June 30, 2012

(expressed in U.S. dollars)

7 El Teniente royalty payable

MVC has a contract with Codelco – El Teniente (“DET”) until 2021 to process tailings from the current production of the El Teniente mine in Chile (“fresh tailings”). MVC pays a royalty to DET on copper and molybdenum concentrates produced by MVC. The amount of the copper royalty on fresh tailings is determined pursuant to a formula that considers both the price of copper and the copper content in the fresh tailings. No royalties are payable on fresh tailings if the copper price is below \$0.80/lb (for copper content in fresh tailings between 0.09% and 0.1499%); if the copper price is between \$0.80/lb and \$0.95/lb, the royalty varies on a sliding scale from 0% to 10%; if the copper price is between \$0.95/lb and \$1.30/lb, the royalty varies on a sliding scale from 10% to 13.5%; and if the copper price is \$1.30/lb or higher, a maximum royalty of 13.5% is payable.

Royalty payments for copper concentrates production are calculated using the LME Price for copper for the month of delivery of the tailings, and invoiced by DET in Chilean Pesos (“CLP”) using the higher of either the “Dolar Acuerdo” or the “Dolar Observado” exchange rates, on a monthly basis within 30 days of the end of the third month following the month of delivery of the tailings. Payment to DET is made within 10 days of receipt of invoices. Accordingly, the price base used for the calculation of the El Teniente royalty is, in most instances, not the same price base used for the pricing of copper concentrate sales.

Adjustments to the El Teniente royalty are recorded on a monthly basis for changes in copper concentrate deliveries during the settlement period.

MVC also pays to DET a royalty of 10% of MVC’s net revenue received from the sale of molybdenum concentrates produced from fresh tailings.

The El Teniente royalties are recorded as a component of cost of sales.

During the quarter ended June 30, 2009, MVC reached an agreement with DET providing MVC the right to process tailings from the Colihues tailings impoundment (“old tailings”). The agreement provides for a sliding scale copper royalty on old tailings that is 3% if the LME Price is less than \$0.80/lb, and rises to approximately 30% at an LME Price of \$4.27/lb, but also contains a provision that the parties will review and potentially adjust the formula where the LME Price remains lower than \$1.95/lb or higher than \$4.27/lb for three consecutive months. For molybdenum prices lower than \$35/lb, the royalty on old tailings is 11.9% and for molybdenum prices greater than or equal to \$35/lb, the royalty is 12.4%. The agreement further provides that in December of each year the parties will revise the formula's grade and recovery parameters if necessary.

As at June 30, 2012, royalties payable to El Teniente were \$11,539,892 (December 31, 2011: \$9,523,714), representing approximately three months of royalties.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited June 30, 2012

(expressed in U.S. dollars)

8 Property, plant and equipment

| | Plant and infrastructure \$ | Machinery and equipment and other assets \$ | Total \$ |
|---------------------------------------|-----------------------------------|--|--------------------|
| Year ended December 31, 2011 | | | |
| Opening net book amount | 113,352,478 | 27,321,165 | 140,673,643 |
| Exchange differences | (11,056,710) | (2,508,032) | (13,564,742) |
| Additions | 20,708,643 | 5,029,752 | 25,738,395 |
| Disposals | - | (36,335) | (36,335) |
| Depreciation charge | (11,492,306) | (2,679,755) | (14,172,061) |
| Closing net book amount | 111,512,105 | 27,126,795 | 138,638,900 |
| At December 31, 2011 | | | |
| Cost | 164,135,741 | 49,111,576 | 213,247,317 |
| Accumulated depreciation | (52,623,636) | (21,984,781) | (74,608,417) |
| Net book amount | 111,512,105 | 27,126,795 | 138,638,900 |
| Six months ended June 30, 2012 | | | |
| Opening net book amount | 111,512,105 | 27,126,795 | 138,638,900 |
| Exchange differences | 3,950,012 | 915,678 | 4,865,690 |
| Additions | 12,533,148 | 2,372,814 | 14,905,962 |
| Depreciation charge | (6,137,789) | (1,314,269) | (7,452,058) |
| Closing net book amount | 121,857,476 | 29,101,018 | 150,958,494 |
| At June 30, 2012 | | | |
| Cost | 182,171,656 | 52,978,345 | 235,150,001 |
| Accumulated depreciation | (60,314,180) | (23,877,327) | (84,191,507) |
| Net book amount | 121,857,476 | 29,101,018 | 150,958,494 |

Included in property, plant and equipment as asset under construction at June 30, 2012 was \$14,209,962 (December 31, 2011: \$9,646,007) related to a pilot plant to treat oxide material.

\$190,477 (December 31, 2011: \$160,006) of interest was capitalised during the period and is included in property, plant and equipment at June 30, 2012.

In connection with one of the bank loans described in Note 10, MVC has provided collateral on machinery and equipment valued at approximately \$4,010,000.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited June 30, 2012

(expressed in U.S. dollars)

9 Intangible assets

| | \$ |
|---|-----------|
| Net book amount, December 31, 2010 | 9,233,924 |
| Exchange differences | (859,120) |
| Charged to earnings | (648,553) |
| Net book amount, December 31, 2011 | 7,726,251 |
| Exchange differences | 482,947 |
| Charged to earnings | (688,142) |
| Net book amount, June 30, 2012 | 7,521,056 |

10 Borrowings

| | June 30, 2012 \$ | December 31, 2011 \$ |
|---|------------------------|----------------------------|
| Bank loans (Note 10(a), (b), (c) and (d)) | 3,365,917 | 4,619,149 |
| Less: Short-term debt and current portion of long-term debt | (3,365,917) | (3,854,551) |
| | - | 764,598 |

- a) In October 2009, MVC obtained from a Chilean bank a loan denominated in Unidades de Fomento (“UF”), the Chilean indexed monetary unit. The principal amount of this loan was UF167,600 (the equivalent of CLP 3,500,000,000 or \$6,508,957 at the loan grant date), and was repaid in full during the quarter ended December 31, 2011.
- b) In November 2010, MVC obtained from the same bank described in note 10(a) an additional loan denominated in U.S. dollars in the principal amount of \$4,000,000 to assist with the financing of MVC’s investment in a pilot plant to treat oxide material. The balance of this loan and accrued interest at June 30, 2012 was \$1,001,950 (December 31, 2011: \$2,004,160). Borrowing costs of \$190,477 on this loan have been capitalized, at a capitalization rate of 100%.

This loan is repayable in eight equal quarterly instalments of \$500,000 from March 15, 2011 to October 15, 2012, provides for interest at an annual rate of 4.68%, and requires MVC to meet certain interest coverage, debt to equity and bank debt to EBITDA ratios at June 30 and December 31 in each year during the term of the loan. MVC was in compliance with all debt covenants at June 30, 2012.

Amerigo Resources Ltd.

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(expressed in U.S. dollars)

- c) In December 2008, MVC obtained a \$5,000,000 loan from a Chilean bank. In May 2009, the loan was converted into a CLP loan and on May 12, 2010 it was restructured as a three year loan.

The principal amount of this loan is CLP2,858,250,000 and is repayable in 36 equal monthly instalments of CLP79,395,833 from June 2010 to May 2013. The loan agreement provides for interest at a variable rate of Chilean Association of Banks and Financial Institutions Tasa Bancaria ("TAB") plus 2.5%. Concurrently with the loan agreement, the Company entered into an interest rate swap ("IRS") through which it fixed the rate of the loan to an annual rate of 9.96%. The Company has recognized the IRS in the balance sheet at fair value with changes in its fair value recognized in earnings. MVC provided the bank with security in certain machinery and equipment with a value of approximately \$4,010,000 as collateral. The balance of the loan and accrued interest at June 30, 2012 was the CLP equivalent of \$1,755,857 (December 31, 2011: \$2,614,989).

- d) In January 2012, Minera Valle Central Generacion S.A. ("MVC Generacion"), a wholly-owned subsidiary, obtained from a Chilean bank a working capital loan of CLP 301,000,000 (the equivalent of \$615,555 at the loan grant date). This loan was repayable on July 25, 2012, paid interest at the rate of 0.65% per month and was renewed for a further three-month term subsequent to June 30, 2012 (Note 20). The balance of the loan and accrued interest at June 30, 2012 was the CLP equivalent of \$608,110 (December 31, 2011: \$nil).

- e) In July 2011, MVC entered into an agreement with a Chilean bank to secure a revolving working capital line of credit for up to \$20 million or its equivalent in CLP (the "Line of Credit"). The Line of Credit has a term to July 4, 2014 and provides for interest at a variable rate of TAB plus an applicable margin for borrowings in CLP and interest at a variable rate of LIBOR-30 days plus a Banco de Chile margin plus an applicable margin, for borrowings in US dollars. Current borrowing rates would be 0.62% per month on CLP draws and 2.85% per annum on US dollar draws. The Line of Credit requires MVC to meet minimum quarterly equity, debt to equity and maximum debt ratios. MVC was in compliance with these covenants at June 30, 2012. No funds have been drawn down on this line of credit.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
June 30, 2012

(expressed in U.S. dollars)

11 Related party transactions

(a) Royalties to related parties

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International").

Amerigo International is wholly-owned by Amerigo except for certain outstanding Class A shares which are owned indirectly by the President and Chief Executive Officer, an associate of the President and Chief Executive Officer, a former director and an associate of a former director of Amerigo, and were issued in order to structure a tax-efficient manner of paying the royalty obligation (the "Royalty") owing to the director and former director, who transferred to the Company an option to purchase MVC.

In accordance with the articles of Amerigo International, the holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a total royalty dividend, if declared by the directors of Amerigo International, in an amount equal to the amount of the Royalty.

The Royalty is calculated as follows:

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

The Royalty is a derivative financial instrument. This liability is measured at fair value, with changes in fair value recorded in profit for the period.

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the six months ended June 30, 2012, royalties totalling \$411,841 were paid or accrued to the Amerigo International Class A shareholders on production in the period (2011: \$333,336). At June 30, 2012, \$62,203 of this amount remained outstanding (December 31, 2011: \$74,967).

(b) Purchases of goods and services

The Company's related parties consist of companies owned by executive officers and directors, as follows:

| | <u>Nature of transactions</u> |
|-----------------------------------|-------------------------------|
| Zeitler Holdings Corp. | Management |
| Michael J. Kuta Law Corporation | Management |
| Delphis Financial Strategies Inc. | Management |

The Company incurred the following fees in connection with companies owned by executive officers and directors. Transactions have been measured at the exchange amount which is determined on a cost recovery basis.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
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(expressed in U.S. dollars)

| | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|------------------------------|--|--|
| Management fees and salaries | 360,646 | 361,130 |

(c) Key management compensation

The remuneration of directors and other members of key management during the six months ended June 30, 2012 and 2011 was as follows:

| | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|--|--|--|
| Salaries, management and directors' fees | 471,967 | 459,094 |
| Share-based payments | 697,519 | 1,239,868 |
| | 1,169,486 | 1,698,962 |

Share-based payments are in respect of options vested to key management personnel, with the fair value determined in accordance with the Black-Scholes option-pricing model.

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(expressed in U.S. dollars)

12 Equity

a) Share capital

Authorised share capital consists of an unlimited number of common shares without par value.

b) Share options

The weighted average fair value of the share options granted in the period was estimated at Cdn\$0.28 per option (2011: Cdn\$0.45) at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

| | 2012 | 2011 |
|---------------------------------|--------|--------|
| | \$ | \$ |
| Weighted average share price | 0.73 | 1.28 |
| Weighted average exercise price | 0.73 | 1.28 |
| Dividend yield | 5.51% | 3.16% |
| Risk free interest rate | 1.25% | 2.29% |
| Expected life (years) | 3.66 | 3.61 |
| Expected volatility | 71.73% | 67.93% |

Outstanding share options:

| | June 30, 2012 | | December 31, 2011 | |
|-------------------------------|---------------|---------------------------------------|-------------------|---------------------------------------|
| | Share options | Weighted average exercise price Cdn\$ | Share options | Weighted average exercise price Cdn\$ |
| At start of the period | 10,070,000 | 1.25 | 9,010,000 | 1.38 |
| Granted | 3,900,000 | 0.73 | 3,200,000 | 1.28 |
| Exercised | - | - | (780,000) | 0.33 |
| Expired | (1,670,000) | 2.23 | (1,360,000) | 2.69 |
| At end of the period | 12,300,000 | 0.95 | 10,070,000 | 1.25 |
| Vested and exercisable | 10,000,000 | 1.01 | 10,070,000 | 1.25 |

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Information relating to share options outstanding at June 30, 2012 is as follows:

| Outstanding share options | Vested share options | Price range Cdn\$ | Weighted average exercise price on outstanding options Cdn\$ | Weighted average exercise price on vested options \$ | Weighted average remaining life of outstanding options (years) |
|---------------------------|----------------------|-------------------|--|--|--|
| 1,700,000 | 1,000,000 | 0.31-0.69 | 0.42 | 0.35 | 3.09 |
| 3,165,000 | 3,165,000 | 0.70-0.74 | 0.70 | 0.70 | 2.67 |
| 3,200,000 | 1,600,000 | 0.75-0.95 | 0.77 | 0.77 | 4.68 |
| 3,200,000 | 3,200,000 | 0.96-1.73 | 1.28 | 1.28 | 3.71 |
| 1,035,000 | 1,035,000 | 1.74-2.13 | 2.13 | 2.13 | 0.72 |
| 12,300,000 | 10,000,000 | | 0.95 | 1.01 | 3.36 |

Further information about share options is as follows:

| | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|-------------------------------|-----------------------------------|-----------------------------------|
| Total compensation recognized | 719,734 | 1,249,845 |

All option pricing models take into account, as a minimum, the following factors:

- The exercise price of the option;
- The life of the option;
- The current price of the underlying shares;
- The expected volatility of the share price;
- The dividends expected on the shares (if appropriate); and
- The risk-free interest rate for the life of the option.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited June 30, 2012

(expressed in U.S. dollars)

c) Earnings per share

(i) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the period.

| | June 30, 2012 | June 30, 2011 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Profit for the period | 1,308,020 | 13,540,168 |
| Weighted average number of shares (000's) | 172,290,344 | 171,799,245 |
| Basic earnings per share | 0.01 | 0.08 |

(ii) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. Potentially dilutive shares relate to the exercise of outstanding share purchase options.

| | June 30, 2012 | June 30, 2011 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Profit for the period | 1,308,020 | 13,540,168 |
| Weighted average number of ordinary shares in issue | 172,290,344 | 171,799,245 |
| Effect of dilutive securities: | | |
| Share options | 1,203,704 | 2,588,384 |
| Weighted average diluted shares outstanding | 173,494,048 | 174,387,629 |
| Diluted earnings per share | 0.01 | 0.08 |

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13 Segment information

Operating segments are based on the reports reviewed by the board of directors that are used to make strategic decisions. The Company has one operating segment, the production of copper concentrates with the production of molybdenum concentrates as a by-product.

The geographic distribution of non-current assets is as follows:

| | Property, plant and equipment | | Other | |
|--------|-------------------------------|----------------------|------------------|----------------------|
| | June 30, 2012 | December 31, 2011 | June 30, 2012 | December 31, 2011 |
| Chile | 150,606,018 | 138,250,167 | 12,965,111 | 15,779,857 |
| Canada | 352,476 | 388,736 | 1,097,034 | 1,259,984 |
| | 150,958,494 | 138,638,903 | 14,062,145 | 17,039,841 |

All of the Company's revenues are to external customers and originate in Chile.

The Company's sales to one customer represent 76% of reported revenue (2011: 93 %).

14 Cost of sales

| | Quarter ended June 30, 2012 \$ | Quarter ended June 30, 2011 \$ | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|-------------------------------|--|--|---|---|
| Direct production costs | 24,887,489 | 19,631,156 | 55,116,585 | 43,827,726 |
| El Teniente royalty | 9,589,069 | 10,440,175 | 21,273,448 | 20,991,977 |
| Depreciation and amortization | 3,904,898 | 3,457,313 | 7,935,005 | 6,816,195 |
| Administration | 1,273,960 | 946,857 | 2,379,615 | 1,861,953 |
| Transportation | 436,558 | 348,705 | 754,632 | 719,782 |
| Total cost of sales | 40,091,974 | 34,824,206 | 87,459,285 | 74,217,633 |

Amerigo Resources Ltd.

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(expressed in U.S. dollars)

15 General and administration expenses

| | Quarter ended June 30, 2012 \$ | Quarter ended June 30, 2011 \$ | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|--|--|--|---|---|
| Office and general expenses | 253,394 | 285,087 | 714,619 | 548,404 |
| Salaries, management and professional fees | 371,085 | 390,613 | 693,292 | 753,551 |
| Share-based payments | 375,560 | 754,337 | 719,734 | 1,280,573 |
| Royalties to related parties | 188,923 | 153,208 | 411,841 | 333,336 |
| Total general and administration | 1,188,962 | 1,583,245 | 2,539,486 | 2,915,864 |

16 Finance expense

| | Quarter ended June 30, 2012 \$ | Quarter ended June 30, 2011 \$ | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|--|--|--|---|---|
| Interest charges | 138,878 | 182,318 | 268,028 | 395,867 |
| Interest rate swap-change in fair value | (34,477) | 203,053 | (55,501) | 201,556 |
| Asset retirement obligation accretion cost | 72,576 | 111,519 | 164,085 | 223,038 |
| Royalty accretion adjustment | (218,451) | (156,108) | (533,249) | (291,161) |
| Total finance expense | (41,474) | 340,782 | (156,637) | 529,300 |

17 Other gains

| | Quarter ended June 30, 2012 \$ | Quarter ended June 30, 2011 \$ | Six months ended June 30, 2012 \$ | Six months ended June 30, 2011 \$ |
|------------------------------|--|--|---|---|
| Foreign exchange loss (gain) | 411,271 | (281,440) | (408,960) | (576,199) |
| Other gains | (187,363) | (269,381) | (361,060) | (432,208) |
| Total other gains | 223,908 | (550,821) | (770,020) | (1,008,407) |

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
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18 Supplementary cash flow information

| | 2012 | 2011 |
|--|-----------|---------|
| | \$ | \$ |
| (a) Interest and taxes paid | | |
| Interest paid | 126,588 | 106,569 |
| Income tax paid | 639,821 | 831,593 |
| (b) Other | | |
| Increase in accounts payable related to the acquisition of plant and equipment | (473,373) | 232,146 |
| Cash paid during the period for royalty dividends to non-controlling interests | 424,606 | 380,756 |

19 Commitments

The Company has entered into a joint lease agreement together with an unrelated corporation for the lease of office premises in Vancouver. The commencement date of the lease was August 1, 2011, for a five year term. The Company's share of basic rent commitments for the remaining term of the contract is approximately Cdn\$502,816.

20 Subsequent events

On July 25, 2012, the Company renewed a CLP 301,000,000 working capital loan described in Note 10(d). The loan is due on October 19, 2012 and bears interest at the rate of 0.59% per month.