

Amerigo Resources Ltd.

**Condensed Consolidated Interim Financial Statements
For the quarter and nine months ended September 30, 2012**

Unaudited

(expressed in U.S. dollars)

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position - Unaudited

(expressed in U.S. dollars)

		September 30, 2012	December 31, 2011
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		35,648,835	20,819,467
Trade and other receivables		13,378,947	18,885,945
Prepaid expenses		312,545	380,797
Inventories	5	13,757,784	9,564,669
		<u>63,098,111</u>	<u>49,650,878</u>
Non-current assets			
Investments	6	5,900,708	8,722,744
Property, plant and equipment	8	159,368,328	138,638,900
Intangible assets	9	7,738,777	7,726,251
Other non-current assets		679,749	590,846
Total assets		<u>236,785,673</u>	<u>205,329,619</u>
Liabilities			
Current liabilities			
Trade and other payables		35,811,968	21,338,603
El Teniente royalties payable	7	21,600,902	9,523,714
Current income tax liabilities		39,578	667,573
Royalties to related parties	11	609,515	646,214
Borrowings	10	2,500,590	3,854,551
		<u>60,562,553</u>	<u>36,030,655</u>
Non-current liabilities			
Borrowings	10	-	764,598
Severance provisions		4,308,752	2,538,590
Royalties to related parties	11	4,508,233	5,141,220
Asset retirement obligation		6,230,600	6,841,707
Deferred income tax liability		17,638,355	15,031,235
Total liabilities		<u>93,248,493</u>	<u>66,348,005</u>
Equity			
	12		
Share Capital		77,513,839	77,513,839
Other reserves		6,418,491	5,484,972
Retained earnings		47,253,683	53,519,770
Accumulated other comprehensive income		12,351,167	2,463,033
Total equity		<u>143,537,180</u>	<u>138,981,614</u>
Total equity and liabilities		<u>236,785,673</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

"George Ireland"

Director

Amerigo Resources Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income - Unaudited

(expressed in U.S. dollars)

	Notes	Quarter ended September 30,		Nine months ended September 30.	
		2012	2011	2012	2011
		\$	\$	\$	\$
Revenue		44,230,998	41,958,747	134,743,769	125,768,882
Cost of sales	14	46,284,812	38,815,312	133,744,097	113,032,945
Gross (loss) profit		(2,053,814)	3,143,435	999,672	12,735,937
Other expenses					
General and administration	15	627,568	2,956,514	3,167,054	5,872,378
Other (gains) expenses	17	(1,033,483)	1,025,709	(1,803,503)	17,302
		(405,915)	3,982,223	1,363,551	5,889,680
Operating (loss) profit		(1,647,899)	(838,788)	(363,879)	6,846,257
Finance expense (gain)	16	125,794	184,535	(30,843)	713,835
Gain on sale of investments	6	-	-	-	(9,750,931)
		125,794	184,535	(30,843)	(9,037,096)
(Loss) profit before tax		(1,773,693)	(1,023,323)	(333,036)	15,883,353
Income tax expense		2,415,254	171,176	2,547,891	3,537,684
(Loss) profit for the period		(4,188,947)	(1,194,499)	(2,880,927)	12,345,669
Cumulative translation adjustment		7,198,428	(14,323,211)	12,009,559	(14,702,774)
Unrealized gains (losses) on investments, net of taxes		178,871	(2,084,993)	(2,121,425)	(4,496,137)
Transfer of other comprehensive income on sale of investments, net of taxes		-	-	-	(8,371,680)
Other comprehensive income (loss)		7,377,299	(16,408,204)	9,888,134	(27,570,591)
Comprehensive income (loss)		3,188,352	(17,602,703)	7,007,207	(15,224,922)
Weighted average number of shares outstanding basic		172,290,344	172,290,344	172,290,344	171,964,140
Weighted average number of shares outstanding diluted		172,290,344	172,290,344	172,290,344	172,380,558
(Loss) earnings per share					
Basic		(0.02)	(0.01)	(0.02)	0.07
Diluted		(0.02)	(0.01)	(0.02)	0.07

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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash flows from operating activities				
(Loss) profit for the period	(4,188,947)	(1,194,499)	(2,880,927)	12,345,669
Adjustment for items not affecting cash:				
Gain on sale of investment	-	-	-	(9,750,931)
Depreciation and amortization	4,050,887	3,501,761	11,985,892	10,317,956
Bad debt expense	-	1,534,141	-	1,534,141
Deferred income tax expense	2,577,526	294,222	2,416,812	3,660,730
Share-based payments	213,785	348,964	933,519	1,629,537
Other	54,205	79,124	1,036,193	1,297,366
	2,707,456	4,563,713	13,491,489	21,034,468
Changes in non-cash working capital				
Trade, other receivables and advances	8,092,942	5,351,307	7,164,461	1,600,948
Inventories	717,003	(2,252,016)	(3,171,395)	(6,828,409)
Trade and other payables	12,699,234	(1,795,845)	12,911,779	281,071
El Teniente royalty payables	9,133,549	1,449,787	10,807,633	(485,289)
Net cash from operating activities	33,350,184	7,316,946	41,203,967	15,602,789
Cash flows from investing activities				
Purchase of plant and equipment	(4,605,712)	(4,503,714)	(20,870,233)	(13,096,219)
Proceeds from sale of plant and equipment	-	-	-	21,365
Proceeds from sale of investments	-	-	-	10,405,571
Net cash from investing activities	(4,605,712)	(4,503,714)	(20,870,233)	(2,669,283)
Cash flows from financing activities				
Net repayments	(1,150,647)	(2,023,795)	(2,345,117)	(7,870,776)
Dividends	-	-	(3,385,160)	(3,559,174)
Issuance of shares on exercise of share options	-	-	-	264,992
Net cash from financing activities	(1,150,647)	(2,023,795)	(5,730,277)	(11,164,958)
Net increase (decrease) in cash and cash equivalents	27,593,825	789,437	14,603,457	1,768,548
Effect of exchange rate changes on cash	463,063	(2,342,985)	225,911	(2,552,537)
Cash and cash equivalents – Beginning of period	7,591,947	35,814,356	20,819,467	35,044,797
Cash and cash equivalents - End of period	35,648,835	34,260,808	35,648,835	34,260,808

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	-	-	1,629,537	-	-	1,629,537
Cumulative translation adjustment	-	-	-	(14,702,774)	-	(14,702,774)
Unrealized losses on investments (net of tax recoveries of \$1,130,857)	-	-	-	(4,496,137)	-	(4,496,137)
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	-	-	-	-	12,345,669	12,345,669
Dividends	-	-	-	-	(3,559,174)	(3,559,174)
Balance September 30, 2011	172,290,344	77,513,839	5,351,344	1,798,087	60,456,011	145,119,281
Share-based payments	-	-	133,628	-	-	133,628
Cumulative translation adjustment	-	-	-	304,936	-	304,936
Unrealized losses on investments (net of tax of \$184,786)	-	-	-	360,010	-	360,010
Net loss for the period	-	-	-	-	(3,645,151)	(3,645,151)
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	-	-	933,519	-	-	933,519
Cumulative translation adjustment	-	-	-	12,009,559	-	12,009,559
Unrealized losses on investments (net of tax recoveries of \$700,611)	-	-	-	(2,121,425)	-	(2,121,425)
Net loss for the period	-	-	-	-	(2,880,927)	(2,880,927)
Dividends	-	-	-	-	(3,385,160)	(3,385,160)
Balance September 30, 2012	172,290,344	77,513,839	6,418,491	12,351,167	47,253,683	143,537,180

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
September 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 November 5, 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
September 30, 2012

(expressed in U.S. dollars)

5 Inventories

	September 30, 2012	December 31, 2011
	\$	\$
Plant supplies and consumables at cost	9,583,882	5,697,799
Concentrate inventories	4,173,902	3,866,870
	13,757,784	9,564,669

The write-down of inventories recognised in operating expenses amounted to \$360,882 (December 31, 2011: \$nil).

6 Available-for-sale financial assets

	September 30, 2012	December 31, 2011
	\$	\$
Beginning of period	8,722,744	25,583,511
Exchange differences	217,570	245,285
Disposals	-	(11,119,240)
Changes in fair value	(3,039,606)	(5,986,812)
End of period	5,900,708	8,722,744

Amerigo Resources Ltd.

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

(expressed in U.S. dollars)

Available-for-sale financial assets include the following:

	September 30, 2012 \$	December 31, 2011 \$
Candente Copper Corp.	2,943,340	5,527,254
Candente Gold Corp.	394,980	499,158
Los Andes Copper Ltd.	2,444,654	2,519,688
Cobrizza Metals Corp.	117,734	176,644
	5,900,708	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 September 30, 2012, Candente Copper's closing share price was Cdn\$0.50 and the fair value of the Company's approximately 5% investment in Candente Copper was \$2,943,340. During the nine months ended September 30, 2012, the Company recorded other comprehensive loss of \$2,583,914 (2011: other comprehensive loss of \$3,081,307) for the changes in fair value of this investment.
- b) At September 30, 2012 the fair value of the Company's approximately 4% investment in Candente Gold Corp. ("Candente Gold") was \$394,980 based on Candente Gold's closing share price of Cdn\$0.18. During YTD-2012 the Company recorded other comprehensive loss of \$104,178 (2011: other comprehensive loss of \$1,490,066) for the changes in the fair value of this investment.
- c) At September 30, 2012 the fair value of the Company's approximately 5% investment in Los Andes Copper Ltd. ("Los Andes") was \$2,444,654 based on Los Andes' closing share price of Cdn\$0.30. During YTD-2012 the Company recorded other comprehensive loss of \$75,034 (2011: other comprehensive loss of \$1,478,192) 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 September 30, 2012, Cobrizza's closing share price was Cdn\$0.10 and the fair value of the Company's approximately 4% investment in Cobrizza was \$117,734. The Company recorded other comprehensive loss of \$58,910 for the decrease in the fair value of this investment during the nine months ended September 30, 2012 (2011: \$nil).

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
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(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 with respect to the processing 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.

From time to time the Company may enter into short term modifications to the legal structure of the royalty arrangements with El Teniente. The Company's view is that these arrangements do not change the nature of the underlying Royalty arrangement.

As at September 30, 2012, royalties payable to El Teniente were \$21,600,902 (December 31, 2011: \$9,523,714), representing approximately six months of royalties. The higher amount of royalties payable was caused by delays in the issuance of El Teniente royalty invoices.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
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(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
Nine months ended September 30, 2012			
Opening net book amount	111,512,105	27,126,795	138,638,900
Exchange differences	11,053,492	2,586,839	13,640,331
Additions	14,708,997	3,662,430	18,371,427
Depreciation charge	(9,277,260)	(2,005,070)	(11,282,330)
Closing net book amount	127,997,334	31,370,994	159,368,328
At September 30, 2012			
Cost	195,216,527	57,201,869	252,418,396
Accumulated depreciation	(67,219,193)	(25,830,875)	(93,050,068)
Net book amount	127,997,334	31,370,994	159,368,328

Included in property, plant and equipment as asset under construction at September 30, 2012 was \$15,306,538 (December 31, 2011: \$9,646,007) related to a pilot plant to treat oxide material.

Total interest of \$200,470 was capitalised to September 30, 2012 (December 31, 2011: \$160,006) and is included in property, plant and equipment at September 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
September 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	716,087
Charged to earnings	(703,561)
Net book amount, September 30, 2012	7,738,777

10 Borrowings

	September 30, 2012	December 31, 2011
	\$	\$
Bank loans (Note 10(a), (b), (c) and (d))	2,500,590	4,619,149
Less: Short-term debt and current portion of long-term debt	(2,500,590)	(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). This loan 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 September 30, 2012 was \$500,000 (December 31, 2011: \$2,004,160). Total borrowing costs of \$200,470 on this loan have been capitalized, at a capitalization rate of 100%.

This loan was repayable in eight equal quarterly instalments of \$500,000 from March 15, 2011 to December 15, 2012, provided for interest at an annual rate of 4.68%, and required 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 September 30, 2012.

Amerigo Resources Ltd.

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

(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 it 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 September 30, 2012 was the CLP equivalent of \$1,357,139 (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) at an interest rate of 0.59% per month. This loan was repayable on October 19, 2012, but was renewed for a further three-month term subsequent to September 30, 2012 (Note 20). The balance of the loan and accrued interest at September 30, 2012 was the CLP equivalent of \$643,451 (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. For borrowings in CLP, this loan provides for interest at a variable rate of TAB plus an applicable margin, and for borrowings in US dollars provides for interest at a variable rate of LIBOR-30 days plus applicable margin. Current borrowing rates would be 0.64% per month on CLP draws and 0.15% per month 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 September 30, 2012. No funds have been drawn down on this line of credit.

Amerigo Resources Ltd.

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(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 Amerigo's President and Chief Executive Officer, an associate of the President and Chief Executive Officer, a former director of Amerigo and an associate of that former director. The Class A shares were issued as part of a tax-efficient structure for the payment of the royalty (the "Royalty") granted in exchange for the transfer to the Company of 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 nine months ended September 30, 2012, royalties totalling \$621,267 were paid or accrued to the Amerigo International Class A shareholders on production in the period (2011: \$535,949). At September 30, 2012, \$63,063 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 and in respect of salaries paid to an officer. 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)

	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Management fees and salaries	605,507	498,813

(c) Key management compensation

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

	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Salaries, management and directors' fees	793,649	656,588
Share-based payments	902,691	1,578,614
	1,696,340	2,235,202

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.

Amerigo Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited
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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%
Pre-vest forfeiture rate	0%	0%
Expected life (years)	3.66	3.61
Expected volatility	71.73%	67.93%

Outstanding share options:

	September 30, 2012		December 31, 2011	
	Share	Weighted	Share	Weighted
	options	average	options	average
		exercise		exercise
		price		price
		Cdn\$		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	10,800,000	0.99	10,070,000	1.25

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Information relating to share options outstanding at September 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	2.84
3,165,000	3,165,000	0.70-0.74	0.70	0.70	2.42
3,200,000	2,400,000	0.75-0.95	0.77	0.77	4.43
3,200,000	3,200,000	0.96-1.73	1.28	1.28	3.46
1,035,000	1,035,000	1.74-2.13	2.13	2.13	0.47
12,300,000	10,800,000		0.95	0.99	3.11

Further information about share options is as follows:

	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Total compensation recognized	933,519	1,629,537

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 price of the underlying shares at the time of grant;
- 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.

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(expressed in U.S. dollars)

c) (Loss) earnings per share

(i) Basic

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

	September 30, 2012 \$	September 30, 2011 \$
(Loss) profit for the period	(2,880,927)	12,345,669
Weighted average number of shares	172,290,344	171,964,140
Basic (loss) earnings per share	(0.02)	0.07

(ii) Diluted

Diluted (loss) earnings per share is computed similar to basic (loss) earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

	September 30, 2012 \$	September 30, 2011 \$
(Loss) profit for the period	(2,537,744)	12,345,669
Weighted average number of ordinary shares in issue	172,290,344	171,964,140
Effect of dilutive securities:		
Share options	-	416,418
Weighted average diluted shares outstanding	172,290,344	172,380,558
Diluted (loss) earnings per share	(0.01)	0.07

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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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Chile	159,007,456	138,250,164	13,094,604	15,779,857
Canada	360,872	388,736	1,224,630	1,259,984
	159,368,328	138,638,900	14,319,234	17,039,841

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

The Company's sales to one customer represent 87% of reported revenue (2011: 93 %).

14 Cost of sales

	Quarter ended September 30, 2012 \$	Quarter ended September 30, 2011 \$	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Direct production costs	30,056,883	23,082,385	85,173,468	66,910,111
El Teniente royalty	10,178,780	10,817,627	31,452,228	31,809,604
Depreciation and amortization	4,050,887	3,501,761	11,985,892	10,317,956
Administration	1,515,213	1,010,817	3,894,828	2,872,770
Transportation	483,049	402,722	1,237,681	1,122,504
Total cost of sales	46,284,812	38,815,312	133,744,097	113,032,945

Amerigo Resources Ltd.

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15 General and administration expenses

	Quarter ended September 30, 2012 \$	Quarter ended September 30, 2011 \$	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Office and general expenses	371,267	527,042	1,085,886	1,075,446
Salaries, management and professional fees	515,835	343,754	1,209,127	1,097,305
Share-based payments	213,785	348,964	933,519	1,629,537
Royalties to related parties	209,426	202,613	621,267	535,949
Bad debt (recovery) expense	(682,745)	1,534,141	(682,745)	1,534,141
Total general and administration	627,568	2,956,514	3,167,054	5,872,378

16 Finance expense

	Quarter ended September 30, 2012 \$	Quarter ended September 30, 2011 \$	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Interest charges	197,600	210,615	465,628	606,482
Interest rate swap-change in fair value	(33,328)	14,314	(88,829)	215,870
Asset retirement obligation accretion cost	86,054	111,519	250,139	334,557
Royalty accretion adjustment	(124,532)	(151,913)	(657,781)	(443,074)
Total finance expense	125,794	184,535	(30,843)	713,835

17 Other (gains) expenses

	Quarter ended September 30, 2012 \$	Quarter ended September 30, 2011 \$	Nine months ended September 30, 2012 \$	Nine months ended September 30, 2011 \$
Foreign exchange (gain) loss	(899,798)	1,181,474	(1,308,758)	605,275
Other gains	(133,685)	(155,765)	(494,745)	(587,973)
Total other gains	(1,033,483)	1,025,709	(1,803,503)	17,302

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18 Supplementary cash flow information

	2012	2011
	\$	\$
(a) Interest and taxes paid		
Interest paid	206,341	167,799
Income tax paid	2,164,671	1,930,630
(b) Other		
Increase in accounts payable related to the acquisition of plant and equipment	(1,637,558)	813,759
Cash paid during the period for royalty dividends to non-controlling interests	633,172	539,190

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\$491,822.

20 Subsequent events

- On October 19, 2012, the Company renewed a \$615,555 (CLP 301,000,000) working capital loan described in Note 10(d). The loan is due on January 17, 2013 and bears interest at the rate of 0.63% per month.
- On November 5, 2012, Amerigo declared a semi-annual dividend of Cdn\$0.02 per share, payable on November 29, 2012 to shareholders of record as of November 19, 2012.