

**Amerigo reports earnings of US\$11 million in 2004 up
from US\$1.5 million in 2003**

Production increases to 31 million pounds in 2004

Molybdenum plant to be completed ahead of schedule

**New agreement targets future annual production above
65 million pounds of copper**

Significant Events for the Year Ended December 31, 2004

- **Net earnings after tax** for the year ended December 31, 2004 were **US\$10,941,198**, 707% higher from earnings of \$1,546,502 in the ten months ended December 31, 2003. Earnings were higher due to higher copper prices and increased production.
- **Earnings per share** for the year ended December 31, 2004 were **US\$0.17** non-diluted. In the same period **cash flow from operations** was **US\$14,029,775**.
- **31.12 million pounds** of copper were **produced** in 2004, compared to 14.36 million pounds of copper produced in the period July to December 2003 after MVC was acquired.
- **Cash costs** before El Teniente royalty were higher at **US\$0.69** per pound in 2004 compared to US\$0.57 in fiscal 2003. The cost increase is mainly due to higher power and steel prices and below-budget production, which result in higher costs per pound. Amerigo expects cash costs to improve as copper production increases.

Total costs after royalty, depreciation and accretion were US\$0.88 per pound in the year ended December 31, 2004 compared to US\$0.63 in fiscal 2003.

The increase is mainly due to higher royalty payments at higher copper prices.

- **Earnings per share** were **US\$0.04** for the three months ended December 31, 2004. **Cash flow per share** was **US\$0.07** in the same period.
- Cash balances increased to **US\$8,239,089** at December 31, 2004 after capital expenditures of US\$4,837,277 in Q4.
- **Production under budget** - Lower sulphide grade material from El Teniente during Q2 and Q3 contributed to production being below budget in 2004.

Recovery of tailings from Colihues was also below budget in the year. MVC started to self-operate the Colihues extraction pond in Q4 following unsatisfactory performance by the subcontractor. Significant improvements are expected following the commissioning of new extraction equipment in Q1 2005.

- **New agreement for increased Colihues extraction** – During the year MVC entered into an agreement in principle with El Teniente to **increase the rate of agreed extraction of feed material** from the Colihues deposition site from the present 10,000 tonnes per day to 45,000 tonnes per day. Through 2005 and 2006 the Company expects to ramp up **annual production capacity** to approximately **65 million pounds of copper**. The Company is working with El Teniente to finalize a detailed agreement in the next few months.
- **Molybdenum plant commissioning ahead of schedule** - Construction for the **molybdenum plant is scheduled for completion in February 2005**, approximately 3 months ahead of schedule. Commissioning is expected to occur in March 2005. Production in excess of **500,000 pounds of molybdenum** in concentrates is anticipated for 2005, with an increase to 800,000 to 1,000,000 pounds in 2006. A 3-year sales agreement will be signed on February 22, 2005 with Molymet for a base treatment charge plus a price participation factor. A flat 10% royalty to Codelco will also be paid on MVC's net revenue received from the sale of molybdenum concentrates.
- **Warrants exercised** – Subsequent to December 31, 2004 and up to the date of this release, 4,273,000 of the Company's stock purchase warrants were exercised for proceeds of C\$2,934,200, strengthening Amerigo's ability to **fund ongoing capital expenditures**. The warrants had exercise prices ranging from C\$0.25 to C\$0.70

The information herein contained should be read in conjunction with the **Audited Consolidated Financial Statements and Management Discussion and Analysis** for the year ended December 31, 2004, available at the Company's website at www.amerigoresources.com and at www.sedar.com

Amerigo Resources Ltd.

Consolidated Financial Statements
December 31, 2004
(expressed in U.S. dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements, the Management Discussion and Analysis and the information contained in the company's annual filing of financial results have been prepared by the management of the company.

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's best estimates and judgements based on currently available information.

The Audit Committee of the Board of Directors, consisting of three independent members, meets periodically with management and the independent auditors to review the scope and result of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The company's independent auditors, who are appointed by the shareholders, conducted an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the financial statements.

A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable. Management conducts ongoing reviews and evaluation of these controls and report on their findings to management and the Audit Committee.

"Steven G. Dean"

STEVEN G. DEAN
Chairman

"Aurora Davidson"

AURORA DAVIDSON
Chief Financial Officer

February 17, 2005

AUDITORS' REPORT

To the Shareholders of Amerigo Resources Ltd.

We have audited the consolidated balance sheet of Amerigo Resources Ltd. as at December 31, 2004 and 2003 and the consolidated statements of operations and retained earnings and cash flows for the year ended December 31, 2004 and the ten month period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the year ended December 31, 2004 and the ten month period ended December 31, 2003 in accordance with Canadian generally accepted accounting principles.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, BC, Canada
January 28, 2005

Amerigo Resources Ltd.

Consolidated Balance Sheets

(expressed in U.S. dollars)

	December 31 2004	December 31 2003
	\$	\$
		(Restated)
Assets		
Current assets		
Cash and cash equivalents	8,239,089	4,366,419
Accounts receivable	3,383,211	2,098,557
Prepaid expenses	690,946	66,059
Plant supplies and inventory	1,153,105	532,656
	<u>13,466,351</u>	<u>7,063,691</u>
Investment in Nikos Explorations (Note 10)	477,230	-
Mineral property, plant and equipment - net (Note 5)	34,479,801	25,328,269
Future income tax (Note 12)	-	1,960,434
Other	46,563	32,026
	<u>48,469,945</u>	<u>34,384,420</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,143,076	1,949,547
El Teniente royalty payable (Note 7)	1,692,374	604,108
Due to related parties (Note 8)	46,264	188,739
	<u>4,881,714</u>	<u>2,742,394</u>
Note payable	3,400,000	3,400,000
Enami loan (Note 6)	-	1,397,166
Other payables	469,858	356,488
Asset retirement obligation (Note 2)	2,049,951	1,915,842
Future income tax (Note 12)	264,478	-
Minority interest	1,000	1,000
	<u>11,067,001</u>	<u>9,812,890</u>
Shareholders' Equity		
Capital stock	26,891,142	24,813,185
Capital stock to be issued	-	294,062
Value assigned to stock options (Note 9)	1,092,711	986,390
Shareholders' Equity (Deficit)	9,441,201	(1,499,997)
Cumulative translation adjustment	(22,110)	(22,110)
	<u>37,402,944</u>	<u>24,571,530</u>
	<u>48,469,945</u>	<u>34,384,420</u>
Subsequent event (Note 18)		

Approved by the Board of Directors

"Robert J. Gayton"

Director

"Ruston Goepel"

Director

Amerigo Resources Ltd.

Consolidated Statements of Operations

(expressed in U.S. dollars)

	Twelve months ended December 31, 2004 \$	Ten months ended December 31, 2003 \$ (Restated)
Copper sales, gross	41,583,363	12,243,150
Smelter, refinery and other charges	6,287,029	2,604,391
Net revenue	35,296,334	9,638,759
Costs		
Production costs	10,256,515	4,349,592
El Teniente royalty (Note 7)	4,771,005	604,108
Maintenance and services	3,163,183	1,287,363
Depreciation and amortization	1,127,386	442,135
Administration	912,861	414,434
Transportation	593,597	270,010
Asset retirement accretion cost	134,109	64,787
Cost of sales	20,958,656	7,432,429
Operating profit	14,337,678	2,206,330
Other expenses		
Transfer agent and filing fees	140,645	22,264
Salaries, consulting and professional fees	302,209	140,522
Office expense	169,137	68,893
Interest expense	102,661	125,898
Management fees	379,852	91,767
Stock based compensation	154,746	984,643
Insurance expense	39,383	10,147
Shareholder information	24,421	13,170
	1,313,054	1,457,304
Earnings before the undernoted items	13,024,624	749,026
Write-off of mineral properties (Note 11)	(49,529)	-
Gain on disposition of mineral properties (Note 10)	146,259	-
Interest income	211,041	68,689
Foreign exchange gain	321,158	151,189
Earnings before taxes and minority interest	13,653,553	968,904
Income tax expense, net of (tax recoveries)	2,245,523	(766,337)
Earnings before minority interest	11,408,030	1,735,241
Minority interest (Note 8)	466,832	188,739
Net earnings for the period	10,941,198	1,546,502
Retained earnings (deficit) – Beginning of period		
As previously reported	(1,165,486)	(3,046,499)
Accounting changes (Note 2)	(334,511)	-
As restated	(1,499,997)	(3,046,499)
Retained earnings (deficit) – end of period	9,441,201	(1,499,997)
Weighted average number of shares outstanding	63,373,131	41,236,533
Earnings per share		
Basic	0.1726	0.0375
Diluted	0.1258	0.0254

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Twelve months ended December 31, 2004 \$	Ten months ended December 31, 2003 \$ (Restated)
Cash flows from operating activities		
Net earnings for the period	10,941,198	1,546,502
Items not affecting cash -		
Income tax expense, net of (tax recoveries)	2,159,736	(766,337)
Depreciation and amortization	1,127,386	442,135
Asset retirement accretion cost	134,109	64,787
Stock-based compensation	154,746	984,643
Write-off of mineral properties	49,529	-
Gain on disposition of mineral properties	(146,259)	-
	<u>14,420,445</u>	<u>2,271,730</u>
Changes in non-cash working capital, net of effects of acquisition of subsidiary		
Accounts receivable	(1,284,654)	(1,397,171)
Prepaid expenses	(624,887)	(34,897)
Plant, supplies and inventory	(620,449)	42,668
Accounts payable	1,193,529	153,262
Due to related parties	(142,475)	188,739
El Teniente royalty payable	1,088,266	604,108
	<u>14,029,775</u>	<u>1,828,439</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Acquisition of subsidiary – net of cash acquired	-	(549,066)
Purchase of property, plant and equipment	(10,646,958)	(870,574)
	<u>(10,646,958)</u>	<u>(1,419,640)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of Enami loans	(1,397,166)	(1,073,958)
Repayment of former owner loans	-	(16,600,000)
Other	-	(37,500)
Issuance of shares for cash – net of issue costs	1,733,353	21,415,288
Other payables	113,370	33,708
	<u>449,557</u>	<u>3,737,538</u>
Net cash provided by financing activities		
Increase in cash and cash equivalents due to exchange rate changes	40,926	128,428
	<u>3,872,670</u>	<u>4,274,765</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents – Beginning of period	4,366,419	91,654
Cash and cash equivalents – End of period	<u>8,239,089</u>	<u>4,366,419</u>

Supplemental disclosure with respect to cash flows (Note 13)

Amerigo Resources Ltd.

Consolidated Statements of Shareholders' Equity

(expressed in U.S. dollars)

	Common shares No. of shares	Amount (\$)	(Cumulative Deficit)/ Retained Earnings (\$)	Value assigned to stock options (\$)	Cumulative Translation Adjustment (\$)	Capital stock to be issued (\$)	Total shareholders equity (\$)
Balance – Feb. 28, 2003	6,384,688	3,390,897	(3,046,499)	1,747	-	-	346,145
Issue of shares							
Private placements	49,320,333	20,851,590	-	-	-	-	20,851,590
Exercise of warrants	4,277,855	1,686,863	-	-	-	-	1,686,863
Exercise of stock options	165,000	24,506	-	-	-	-	24,506
Property option agreement	50,000	7,000	-	-	-	-	7,000
Issuing costs	-	(1,147,671)	-	-	-	-	(1,147,671)
Options granted	-	-	-	984,643	-	-	984,643
Cumulative translation adjustment	-	-	-	-	(22,110)	-	(22,110)
Capital stock to be issued	-	-	-	-	-	294,062	294,062
Net earnings for the period – Restated (Note 2)	-	-	1,546,502	-	-	-	1,546,502
Balance – Dec. 31, 2003	60,197,876	24,813,185	(1,499,997)	986,390	(22,110)	294,062	24,571,530
Issue of shares							
Exercise of warrants	4,767,195	1,934,553	-	-	-	-	1,934,553
Exercise of stock options	230,000	94,979	-	-	-	-	94,979
Options granted	-	-	-	154,746	-	-	154,746
Transfer of value on exercise of stock options	-	48,425	-	(48,425)	-	-	-
Capital stock to be issued	-	-	-	-	-	(294,062)	(294,062)
Net earnings for the period	-	-	10,941,198	-	-	-	10,941,198
Balance – December 31, 2004	65,195,071	26,891,142	9,441,201	1,092,711	(22,110)	-	37,402,944

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

1 Operations

Amerigo Resources Ltd. (“the company”) was incorporated under the laws of British Columbia, Canada.

The company is engaged in the mining business as a copper producer with operations in Chile.

2 Significant accounting policies

Generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with accounting principles generally acceptable in Canada.

Basis of presentation

These consolidated financial statements include the accounts of the company and its subsidiaries, Templo Dorado S.A. de C.V. (inactive), Amerigo International Holdings Corp., Amerigo Resources Ltd. Chile I Limitada, Amerigo Resources Ltd. Chile II Limitada, Minera Valle Central S.A. and Amerigo Banking Corporation. The results of the operations of these subsidiaries, except for Templo Dorado S.A. de C.V., were consolidated from July 1, 2003. All significant intercompany transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

The most significant estimates are related to the physical and economic lives of mineral assets and their recoverability.

Foreign currency translation

On June 1, 2003, the company changed its reporting currency to U.S. dollars. This change was made for consistency between the reporting currency of the company and its subsidiaries and was applied retroactively to March 1, 2003.

The company’s subsidiaries are considered integrated operations and are translated using the temporal method. Under this method, monetary assets and liabilities are translated into U.S. dollars at the balance sheet date rate of exchange, and non-monetary assets and liabilities at historical rates. Revenues and expenses are translated at appropriate transaction date rates. Gains and losses on translation are included in income.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid investments that are readily convertible into cash with maturities of three months or less when purchased. Interest earned is recognized immediately in operations.

Mineral property, plant and equipment

Plant and equipment are carried at cost. Assets used in commercial production are subject to depreciation on the basis described below:

Plant and infrastructure and major equipment are depreciated using the unit of production method over the lesser of the useful life of the asset or the estimated life of the mineral resource. Other fixed assets are depreciated over the useful life of the asset on a straight-line basis.

Unit of production method is defined as contained pounds of copper produced over estimated production under the tailings supply agreement. The tailings supply agreement has a term extending to the later of 2021 or the date at which a predetermined amount of copper in tailings from El Teniente has been delivered.

Asset retirement obligations

Minera Valle Central S.A. ("MVC") a wholly-owned copper producing company in Chile, is obligated through its operating contract with Corporación Nacional del Cobre de Chile ("Codelco") to remove the facilities and equipment that have been used in operations and to leave the land occupied by its operations clean and clear within six months of expiry of the contract or any extensions thereof. On January 1, 2004 the company adopted new accounting standards for site restoration obligations, which require the recognition of a liability for estimated future restoration costs and the recognition of periodic accretion expense on this liability. To this effect the company obtained an independent assessment of site restoration costs of \$3.5M, which was adjusted to reflect factors such as inflation, risk premiums and time value of money and which will be accreted over time as required by accounting pronouncements. The company obtained an independent assessment of asset recovery values and determined it was not necessary to make adjustments to prospective amortization charges.

The adoption of this standard required retroactive application with restatement to prior periods. On adoption, the company increased its property, plant and equipment by \$1,851,055 and recorded a corresponding asset retirement liability. The asset is being amortized on a straight-line basis. The company also recognized a future income tax asset of \$766,337, derived from applying a 40% tax rate to the \$1,915,842 asset retirement obligation. Upon recognizing the future income tax asset in the Balance Sheet, the company booked a corresponding future income tax recovery to 2003 earnings. The combined effect of the retroactive restatement in 2003 earnings was an increase in earnings of \$650,132 (a \$766,337 income tax recovery, a \$64,787 expense from the liability accretion and a \$51,418 expense from the asset amortization). At December 31, 2003 the asset retirement liability had been accreted to \$1,915,842. In the year ended December 31, 2004, the company recorded asset retirement accretion costs of \$134,109 and asset retirement amortization charges of \$102,836. At December 31, 2004 the asset retirement liability had been accreted to \$2,049,951 and the associated future income tax asset had been adjusted to \$730,193.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

Plant supplies and inventory

Plant supplies are valued at the lower of cost and replacement cost. Concentrate inventory is valued at the lower of cost and net realizable value.

Gross copper sales

All copper produced by the company is sold under two sales agreements with Chile's Empresa Nacional de Minería ("Enami" or the "smelter") which provide that the sale price is the market price at the end of the third month after delivery. Accordingly, all copper delivered by the company to the smelter in one quarter is sold at market prices prevailing in the following quarter.

Commencing on January 1, 2004 the company adopted new accounting recommendations to account for changes in prices of copper during the settlement period. The effect of this new accounting standard is to increase the sensitivity of the company's reported revenue to increases and decreases in copper prices. In a period of rising copper prices, not only will the company record higher revenue for copper delivered in the period, but it will also record favourable adjustments to revenue for copper delivered in the prior period. Similarly, in a period of declining copper prices, the company will be required to record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

Contractual right

At the time of the acquisition of MVC, the company assigned the excess of the purchase price over the fair value of the tangible assets acquired to the contract between MVC and Codelco to process the tailings of the El Teniente mine. This contractual right is amortized using the unit of production method.

Income taxes

The company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Stock option plan

Effective January 1, 2004, the company adopted the new accounting standard for stock based compensation under which the fair value method of accounting for stock options granted to employees and directors is followed. The adoption of this standard allowed retroactive application with restatement to prior periods. The effect of the retroactive restatement to 2003 earnings was a reduction in earnings of \$984,643.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

Earnings per share

Earnings per common share are calculated using the weighted average number of common shares outstanding during each period. Diluted earnings per common share are calculated using the treasury stock method, which assumes that stock options are only exercised when the exercise price is below the average market price during the period, and that the company will use the proceeds to purchase its common shares at their average market price during the period.

3 Acquisition of Minera Valle Central S.A.

On July 3, 2003, the company, through a subsidiary, acquired all of the issued and outstanding shares of MVC, a Chilean copper producer that has a contract with Chile's state owned copper producer Codelco through 2021 to process the tailings from the El Teniente mine in Chile.

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

This acquisition was accounted for using the purchase method and results of operations have been consolidated since the date of acquisition. The following table summarizes the purchase price allocation based on final allocation of the fair values of the assets acquired and liabilities assumed.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

	\$
Net assets acquired	
Cash	31,110
Accounts receivable	688,337
Inventory	575,324
Other assets	159,979
Property, plant and equipment	15,810,675
Future income tax assets	2,471,495
Contractual right	8,609,361
	<u>28,346,281</u>
Liabilities assumed	
Loan from former shareholders	(18,230,846)
Enami loan	(2,471,124)
Accounts payable	(1,779,739)
Accrued liabilities	(322,780)
Asset retirement obligation	(1,851,055)
Future income tax liabilities	(1,256,002)
	<u>25,911,546</u>
Total liabilities acquired	<u>25,911,546</u>
Net assets acquired	<u>2,434,735</u>
Consideration	
Note payable issued to vendor	1,854,559
Acquisition costs	
Legal and other related costs	377,568
Stamp duties	202,608
	<u>2,434,735</u>

4 Plant supplies and inventory

	December 31, 2004	December 31, 2003
	\$	\$
Plant supplies	1,028,955	484,276
Concentrate inventory	124,150	48,380
	<u>1,153,105</u>	<u>532,656</u>

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

5 Mineral property, plant and equipment

	December 31, 2004 \$	December 31, 2003 \$
Plant and infrastructure	16,501,788	8,356,464
Machinery and equipment	9,188,691	6,643,320
Contractual rights	8,029,185	8,029,185
Asset retirement obligations	1,851,055	1,851,055
Office furniture, equipment and other assets	862,717	906,454
	36,433,436	25,786,478
Accumulated depreciation	(1,953,635)	(826,249)
	34,479,801	24,960,229
Mineral properties – Canada	-	368,040
	34,479,801	25,328,269

Three of the company's mineral properties in Canada were sold (Note 10) and the remaining two properties were written off (Note 11) during the year ended December 31, 2004.

Mineral properties in Canada consisted of:

	December 31, 2003 Balance \$	Deferred exploration \$	Sale of properties \$	Write-off of properties \$	December 31, 2004 Balance \$
Island Copper, Ontario	176,989	724	(177,713)	-	-
Coppercorp, Ontario	123,445	4,395	(127,840)	-	-
Bellevue, Ontario	18,077	-	(18,077)	-	-
Deroche, Ontario	12,517	-	-	(12,517)	-
Caniapiscau, Ontario	37,012	-	-	(37,012)	-
	368,040	5,119	(323,630)	(49,529)	-

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

	February 28, 2003	Deferred	December 31, 2003
	Balance	exploration	Balance
	\$	\$	\$
Island Copper, Ontario	131,866	45,123	176,989
Coppercorp, Ontario	67,322	56,123	123,445
Bellevue, Ontario	12,368	5,709	18,077
Deroche, Ontario	5,930	6,587	12,517
Caniapiscau, Quebec	37,012	-	37,012
	<u>254,498</u>	<u>113,542</u>	<u>368,040</u>

6 Enami loans

Prior to being acquired by Amerigo, MVC entered into a series of loan agreements with a Chilean state owned company, Enami.

The loans were fully repaid in the year ended December 31, 2004.

7 El Teniente Royalty payable

MVC has a contract with Codelco through at least 2021 to process the tailings from the El Teniente mine in Chile. As part of the terms and conditions of the contract, MVC pays a royalty to Codelco – El Teniente based on 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.

Royalty payments are priced at the average LME price for the third month following delivery, and invoiced by El Teniente on a monthly basis within the first 30 days of the third month following the month of delivery of the tailings; payment to El Teniente is effected within 10 days of receipt of invoices. Accordingly, the royalties to El Teniente have been classified as current liabilities.

8 Related party transactions

a) Minority Interest

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

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements December 31, 2004 and 2003

(expressed in U.S. dollars)

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

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

During the year ended December 31, 2004, a royalty dividend of \$466,832 was paid or accrued to the Amerigo International Class A shareholders on the basis described above. The royalty dividend is shown as Minority Interest in the Consolidated Statement of Operations. At December 31, 2004 \$46,264 of this amount was payable.

b) Management fees

During the year ended December 31, 2004 the company paid or accrued \$379,852 in management fees to certain directors and officers of the company. Included in accounts payable and accrued liabilities at December 31, 2004 are \$199,272 of management fees payable to certain directors and officers of the company.

c) Directors fees and remuneration to officers

During the year ended December 31, 2004 the company paid or accrued \$39,034 in directors fees to independent directors and \$91,093 in consulting fees to certain officers of the company. Directors fees and consulting fees to officers are categorized as Salaries, Consulting and Professional Fees in the company's consolidated financial statements.

- d)** At December 31, 2004 two officers of the company acted one as a director and the other as an officer of Nikos Explorations Ltd. ("Nikos") (Note 10). At the time of the disposition of mineral properties described in Note 10, no officers or directors of the company served as directors or officers of Nikos.

9 Capital stock

Authorized - Unlimited common shares without par value

a) Summary of capital stock issued in the period

In the year ended December 31, 2004 the company received \$1,934,553 from the exercise of 4,767,195 share purchase warrants at exercise prices ranging from Cdn\$0.20 to Cdn\$0.70 per share purchase warrant. A total of \$294,062 of these proceeds were received in December 2003 and recorded as Capital Stock to be Issued in the December 31, 2003 Balance Sheet.

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Notes to Consolidated Financial Statements December 31, 2004 and 2003

(expressed in U.S. dollars)

Also in the year ended December 31, 2004 the company received \$94,979 from the exercise of 230,000 stock options at exercise prices ranging from Cdn\$0.20 to Cdn\$1.23 per stock option.

b) Stock options

Stock option plan

The company established a stock option plan (the Plan) on April 2, 2003. The Board of Directors of the company (the Board) administers the Plan, whereby it may from time to time grant options to purchase common shares of the company to directors, officers, key employees and certain other persons who provide services to the company or its subsidiaries. The maximum aggregate number of common shares issuable under the Plan will not exceed 5,194,569 and the aggregate number of common shares reserved for issuance to any one person under the Plan in any 12-month period must not exceed 5% of the outstanding common shares of the company, on a non-diluted basis. The exercise price of an option is determined by the Board and shall be no less than the closing price of the common shares on the Exchange on the day preceding the date of grant, less the maximum discount permitted by the policies of the Exchange subject to the minimum exercise price per common share permitted by the Exchange. Options must be exercised within a five year period from the date of grant. Vesting periods are determined by the Board.

A summary of the company's stock options at December 31, 2004 and December 31, 2003 and the changes for the twelve and ten month periods ending on those dates is presented below:

	Twelve months ended December 31, 2004		Ten months ended December 31, 2003	
	Outstanding options	Weighted average exercise price Cdn\$	Outstanding options	Weighted average exercise price Cdn\$
Balance – start of period	1,680,000	0.96	320,000	0.20
Granted	225,000	1.85	1,525,000	1.04
Exercised	(230,000)	0.54	(165,000)	0.20
Expired	-	-	-	-
Balance – end of period	<u>1,675,000</u>	1.14	<u>1,680,000</u>	0.96

On May 11, 2004 the company granted stock options to purchase an aggregate of 75,000 common shares to one senior officer, with an exercise price of Cdn\$1.55 per share, expiring on May 11, 2009. The company recorded a stock-based compensation of \$41,153 associated with this option grant.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements December 31, 2004 and 2003

(expressed in U.S. dollars)

On October 5, 2004 the company granted stock options to purchase an aggregate of 150,000 common shares to two directors, with an exercise price of Cdn\$2.00 per share, expiring on October 5, 2009. The company recorded a stock-based compensation of \$113,593 associated with this option grant.

Value assigned to stock options

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Balance – beginning of period	986,390	1,747
Options granted	154,746	984,643
Transfer to capital stock on exercise of stock options	(48,425)	-
Balance – end of period	<u>1,092,711</u>	<u>986,390</u>

The company estimated that the weighted average fair value of the options granted during the ten months ended December 31, 2003 was \$0.65 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	0%
Expected stock price volatility	148.50%
Risk-free interest rate	2.60%
Expected life of options	5 years

The company estimated that the fair value of 75,000 options granted during the twelve months ended December 31, 2004 was \$0.55 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	0%
Expected stock price volatility	51.6%
Risk-free interest rate	4.00%
Expected life of options	5 years

The company estimated that the fair value of 150,000 options granted during the twelve months ended December 31, 2004 was \$0.76 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	0%
Expected stock price volatility	50%
Risk-free interest rate	4.10%
Expected life of options	5 years

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

The following stock options were outstanding and exercisable as at December 31, 2004:

Range of exercise prices Cdn\$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price Cdn\$
0.36 to 2.00	<u>1,675,000</u>	3.80 years	1.14

c) Warrants

During the year ended December 31, 2004, 4,767,195 warrants with exercise prices ranging from Cdn\$0.20 to Cdn\$0.70 were exercised for net proceeds of \$1,934,553, of which \$294,062 were received in December 2003.

Share purchase warrants outstanding at December 31, 2004:

Number of warrants	Exercise price per warrant Cdn\$	Expiry date
80,000	0.25	February 12, 2005
371,500	0.32	April 16, 2005
<u>19,872,516</u>	0.70	June 18 and 20, 2005
<u>20,324,016</u>		

Each warrant entitles the holder to purchase one common share of the company.

10 Disposition of mineral properties

On January 2004 the company entered into an agreement to sell a 100% interest in three Canadian exploration properties to Nikos for consideration on closing of 5,000,000 shares of Nikos, and contingent consideration of a further 5,000,000 Nikos common shares in the event Nikos retains the mineral properties on June 30, 2005. The Nikos shares received on closing were valued at \$477,230 (the equivalent at closing of C\$650,000, a value of C\$0.13 per Nikos share, which was the share fair market value at the time the agreement with Nikos was executed). The company has recorded the investment in Nikos as a long-term investment in its Consolidated Balance Sheet. The company recorded a gain on disposition of \$146,259 on disposition of these properties.

11 Write-off of mineral properties

During the year ended December 31, 2004 and following the disposition of three of its mineral properties (Note 10), the company recorded a write-off of \$49,529, being the full book value of its two remaining Canadian mineral properties.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

12 Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	Twelve months ended December 31, 2004	Ten months ended December 31, 2003
Combined federal and provincial statutory tax rate	35.62%	40%
Income tax at statutory rates	4,863,396	827,901
Difference in foreign tax rates	(3,104,422)	(531,467)
Benefit of Canadian deductible temporary differences not recognized	659,293	89,225
Benefit of Chilean tax losses	-	(495,155)
Other non deductible items, Canada	57,844	7,164
Other non deductible items, Chile	71,053	102,332
Provision for Chilean deductible temporary difference	36,144	(766,337)
Other	(337,785)	-
Income tax expense (recovery)	<u>2,245,523</u>	<u>(766,337)</u>

Future income taxes are provided for temporary differences. The significant components of future income tax assets and liabilities at December 31, 2004 and December 31, 2003 are as follows:

	December 31, 2004 (\$)	December 31, 2003 (\$)
Future income tax asset		
Unused tax losses, Canada	891,008	732,513
Unused tax losses, Chile	618,542	2,686,917
Resource assets, Canada	475,975	272,208
Plant and equipment, Canada	7,566	-
Other intangible assets, Canada	289,465	-
Other deductible temporary differences, Chile	744,688	779,613
	<u>3,027,244</u>	<u>4,471,251</u>
Less valuation allowance, Canada	(1,664,014)	(1,004,721)
Less valuation allowance, Chile	(14,495)	(13,276)
Future income tax asset, net of valuation allowance	<u>1,348,735</u>	<u>3,453,254</u>
Future income tax liability		
Plant and equipment, Chile	(1,613,213)	(1,492,820)
Net future tax asset (liability)	<u>(264,478)</u>	<u>1,960,434</u>

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December 31, 2004 and 2003

(expressed in U.S. dollars)

As at December 31, 2004, the company has non-capital losses and cumulative exploration, development and depletion expenses in Canada of approximately \$2,502,000 and \$1,336,000 respectively carried forward for tax purposes and which are available to reduce taxable income in future years. The non-capital losses expire in the years presented below:

	\$
2005	397,000
2006	147,000
2007	142,000
2008	105,000
2010	607,000
2014	1,104,000
	<hr/>
	<u>2,502,000</u>

The Canadian resource pools consist of the following amounts. The cumulative exploration, development and depletion expenses can be carried forward indefinitely.

	\$
Earned depletion base	20,000
Cumulative Canadian Exploration Expenses	935,000
Foreign Exploration and Development Expenses	381,000
	<hr/>
	<u>1,336,000</u>

As at December 31, 2004 the company has unused tax losses in Chile of approximately \$3,638,000 which can be carried forward indefinitely for Chilean tax purposes.

13 Supplemental Disclosure with Respect to Cash Flows

	Twelve months ended December 31, 2004 (\$)	Ten months ended December 31, 2003 (\$)
Issuance of shares for mineral properties	-	7,000
Mineral properties for minority interest	-	1,000
Note payable on acquisition	-	1,854,559
Proceeds from sale of mineral properties	477,230	-
Cash paid during the year for interest	102,512	686,711
Cash paid during the year for income taxes	85,787	932

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

	December 31, 2004 (\$)	December 31, 2003 (\$)
Cash	4,377,285	3,129,736
Cash equivalents	3,861,804	1,236,683
	<u>8,239,089</u>	<u>4,366,419</u>

14 Financial Instruments

Fair value of financial instruments

The company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, El Teniente royalty payable and notes payable. The fair value of these financial instruments approximates their carrying value. The fair value of the Nikos shares at December 31, 2004 was C\$0.185 per share.

The company is not exposed to significant interest and credit risks arising from these financial instruments but is exposed to currency risk derived from exchange rate fluctuations of the Chilean peso to the U.S. dollar that could have a material effect on the company's business, financial condition and results of operations. The company has not entered into foreign currency contracts or other instruments to mitigate this risk.

Concentration of credit risk

Concentration of credit risk in trade accounts receivable resides with one customer. Since this customer is a Chilean state company, the company does not require collateral and has estimated that no allowances are required to allow for potential credit losses, as the risk of non-performance is remote.

15 Segmented information

As at December 31, 2004, the company's assets are located mainly in Chile and its revenues arise from its Chilean operations. The company's sales to one customer represent 100% of reported revenue.

16 Commitments

MVC has certain commitments to sell copper concentrate to Enami on a yearly basis for each year from 2005 to 2008.

Amerigo Resources Ltd.

Notes to Consolidated Financial Statements
December 31, 2004 and 2003

(expressed in U.S. dollars)

17 Guarantees

As required by contract, MVC has provided Codelco with a guarantee in the form of letter of credit with Banco de Chile in the amount of UF 4,500 or approximately \$139,800 at December 31, 2004, renewable on February 5, 2006. UF refers to “Unidades de Fomento” an indexed monetary unit utilized in Chile.

18 Subsequent event

Subsequent to December 31, 2004, the Company received an aggregate of C\$2,886,200 for the exercise of 4,153,000 stock purchase warrants, with exercise prices ranging from C\$0.32 to C\$0.70.