

AMERIGO RESOURCES LTD.

Consolidated Financial Statements

February 28, 2003 and 2002

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ELLIS FOSTER

CHARTERED ACCOUNTANTS

1650 West 1st Avenue
Vancouver, BC Canada V6J 1G1
Telephone: (604) 734-1112 Facsimile: (604) 714-5916
E-Mail: generaldelivery@ellisfoster.com

AUDITORS' REPORT

To the Shareholders of

AMERIGO RESOURCES LTD.

We have audited the consolidated balance sheets of **Amerigo Resources Ltd.** as at February 28, 2003 and February 28, 2002 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 February 28, 2003 and February 28, 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.



Vancouver, Canada
April 26, 2003, except as to notes 11(f) and (g)
which are as of May 6, 2003

Chartered Accountants

EF

A partnership of incorporated professionals

*An independently owned and operated member of Moore Stephens North America Inc., a member of Moore Stephens International Limited
- members in principal cities throughout the world*

AMERIGO RESOURCES LTD.

Consolidated Balance Sheets
February 28, 2003 and 2002

	2003	2002
ASSETS		
Current		
Cash and cash equivalents	\$ 136,958	\$ 3,887
Receivables	19,499	7,290
Prepaid expenses	5,215	-
	161,672	11,177
Mineral interests (Note 4)	380,298	88,638
	\$ 541,970	\$ 99,815
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 24,724	\$ 81,396
Loan (Note 6)	-	50,000
	24,724	131,396
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 5b)	5,067,018	4,337,655
Share subscriptions received in advance	-	90,000
Contributed surplus	2,610	-
Deficit	(4,552,382)	(4,459,236)
	517,246	(31,581)
	\$ 541,970	\$ 99,815

Continued operation (Note 1)

Approved by the Directors:

"Roger Moss"
Roger Moss, President

"Ian E. Gallie"
Ian E. Gallie, Director

AMERIGO RESOURCES LTD.Consolidated Statements of Operations and Deficit
Years ended February 28, 2003 and 2002

	2003	2002
Revenue		
Interest and sundry income	\$ 1,530	\$ 5,997
Expenses		
Financing costs	15,000	-
General prospecting	29,561	82,258
Management fees	55,954	46,233
Office and sundry	12,267	15,566
Professional fees	47,542	42,494
Promotion and travel	13,336	2,047
Rent	5,828	5,816
Stock based compensation	2,610	-
Shareholder information	8,927	6,815
Telephone	4,835	1,636
Transfer agent and filing fees	24,509	13,975
Foreign exchange loss	528	-
	220,897	216,840
Operating loss	(219,367)	(210,843)
Accounts payable written off	8,653	-
Recovery of mineral interest written off (Note 4b)	117,568	(71,232)
Litigation settlement	-	(6,000)
Capital assets written off	-	(3,094)
Loss for the year	(93,146)	(291,169)
Deficit, beginning of year	(4,459,236)	(4,168,067)
Deficit, end of year	\$ (4,552,382)	\$ (4,459,236)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.11)
Weighted average number of common shares outstanding, basic and diluted	\$ 4,482,941	\$ 2,635,257

AMERIGO RESOURCES LTD.Consolidated Statements of Cash Flows
Years ended February 28, 2003 and 2002

	2003	2002
Cash flows from (used in) operating activities		
Loss for the year	\$ (93,146)	\$ (291,169)
Adjustment for items not involving cash:		
- shares issued for financing cost	10,000	
- stock based compensation	2,610	
- litigation settlement	-	6,000
- capital assets written off	-	3,094
- mineral interest written off	-	71,232
	(80,536)	(210,843)
Change in non-cash working capital:		
- receivables	(12,209)	(6,071)
- prepaid expenses	(5,215)	7,126
- accounts payable and accrued liabilities	(56,672)	49,882
	(154,632)	(159,906)
Cash flows from (used in) financing activities		
Proceeds from shares issued and subscribed for cash, net of issuing costs	563,363	90,000
Loan (Note 6)	(50,000)	50,000
Due from related party	-	4,418
	513,363	144,418
Cash flows used in investing activities		
Mineral interest acquisition and exploration costs	(225,660)	(88,638)
Decrease (increase) in cash and cash equivalents		
	133,071	(104,126)
Cash and cash equivalents, beginning of year	3,887	108,013
Cash and cash equivalents, end of year	\$ 136,958	\$ 3,887

Non-cash Financing Activities (note 9)

AMERIGO RESOURCES LTD.

Notes to Consolidated Financial Statements
February 28, 2003 and 2002

1. Continued Operations

The Company was incorporated under the laws of British Columbia, Canada and its principal business activities include acquisition and exploration of mineral properties.

These consolidated financial statements have been prepared on a going-concern basis that assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The continued operations of the Company and the recoverability of amounts shown for mineral interests are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

2. Change in Accounting Policies

During the year, the Company adopted a new standard for the accounting for *Stock-based compensation and other stock-based payments* ("CICA 3870"), as recommended by the Canadian Institute of Chartered Accountants.

As permitted by the CICA 3870, the Company adopted the intrinsic value method for stock-based compensation granted to employees of the Company which compensation cost is recognized for stock options granted at prices below the market price of the underlying common share on the date of grant. The Company is required to provide pro-forma information with regard to its net income as if the compensation cost for the Company's stock option plan had been determined in accordance with the fair value based method prescribed in the CICA Handbook, Section 3870.

For stock options awards granted to non-employees and all direct awards of stocks, the Company applies the fair value method. The fair value of stock options is determined by the *Black-Scholes Option Pricing Model* with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of direct awards of stocks is determined by the market price of the Company's stock.

3. Significant Accounting Policies

(a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned inactive subsidiary, Templo Dorado S.A. de C.V. ("Templo"), a company incorporated in Mexico. All significant inter-company balances and transactions have been eliminated.

(b) 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.

AMERIGO RESOURCES LTD.

Notes to Consolidated Financial Statements

February 28, 2003 and 2002

3. Significant Accounting Policies (continued)

(c) Cash Equivalents

Cash equivalents usually consist of highly liquid investments that are readily convertible into cash with maturities of three months or less when purchased.

(d) Foreign Currency Translations

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date for monetary items and at exchange rates prevailing at the transaction dates for non-monetary items. Revenues and expenses are translated at the average exchange rates prevailing during the year except for amortization, which is translated at historical exchange rates. Gains and losses on translations are included in operations for the year.

(e) Mineral Interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold.

On the commencement of commercial production, net costs will be charged to operations on the unit-of-production method by project based upon estimated recoverable reserves.

The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. Management reviews the carrying values of mineral interests, on a property-by-property basis, at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future writedowns of capitalized property carrying values.

(f) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

(g) Earnings (Loss) Per Share

Basic loss per share is calculated using the weighted average number of common shares issued and outstanding during the year. The Company has adopted the treasury method in the calculation of diluted earnings per share. The effects of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted losses per share are the same.

AMERIGO RESOURCES LTD.

Notes to Consolidated Financial Statements
February 28, 2003 and 2002

3. Significant Accounting Policies (continued)

(h) Income Taxes

The Company follows the liability method of accounting for income taxes in accordance with Section 3465, Income Taxes, of *The Handbook of the Canadian Institute of Chartered Accountants*. 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. The effect on future income tax assets and liabilities of a change in income tax rates is included in the period that includes the enactment date.

4. Mineral Interests

	2003			
	Balance February 28, 2002	Additions		Balance February 28, 2003
		Acquisitions	Deferred exploration costs	
Canada				
Island Copper, Ontario	\$ 28,356	\$ 66,000	\$102,692	\$197,048
Coppercorp, Ontario	-	70,000	30,600	100,600
Bellevue, Ontario	5,145	-	13,337	18,482
Deroche, Ontario	-	6,000	2,861	8,861
Caniapiscau, Quebec	55,137	-	170	55,307
Total	\$88,638	\$142,000	\$149,660	\$380,298

	2002				
	Balance beginning of year	Additions		Mineral interest written off	Balance end of year
		Acquisitions	Deferred exploration costs		
Canada					
Island Copper, Ontario	\$ -	\$ -	\$ 28,356	\$ -	\$ 28,356
Bellevue, Ontario	-	5,145	-	-	5,145
Caniapiscau, Quebec	-	55,137	-	-	55,137
	-	60,282	28,356	-	\$88,638
Mexico					
Carmen, Kabah, El Gordo	\$118,157	-	-	(\$18,157)	\$100,000
- Option payments received	(100,000)	-	-	-	(100,000)
Dios Me Ayuda	53,075	-	-	(53,075)	-
	71,232	-	-	(\$71,232)	-
Total	\$ 71,232	\$60,282	\$28,356	(\$71,232)	\$88,638

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Notes to Consolidated Financial Statements
February 28, 2003 and 2002

4. Mineral Interests (continued)

a. Canada

Island Copper

The Company holds the option to acquire, from Falconbridge Limited, an undivided 55% interest in the Island Copper property near Sault Ste. Marie. To earn the interest the Company must spend 250,000 on exploration and issue 200,000 shares to Falconbridge over a three-year period.

Upon earning an undivided 55% interest in the Property, a 55%:45% joint venture will be formed with terms governing said joint venture usual to the mining industry. Alternatively Falconbridge may exercise a one-time option to increase its interest in the property to 65% ("bump up") by electing, within 90 days of the Company having earned its 55% interest, to complete a bankable feasibility study on the property. If, based upon the outcome of the bankable feasibility study, a production decision is made Falconbridge shall have 90 days to exercise a one-time option to increase its interest further to 75% by arranging for mine financing. During fiscal year 2003, the Company issued 100,000 shares at \$0.20 per share to Falconbridge.

In the fiscal year 2003, a \$10,000 environmental bond was posted with Falconbridge. Once the Company has completed work on the property, this money will be reimbursed following favorable inspection of the property by Falconbridge.

Coppercorp

On September 11, 2002 the Company entered into an option agreement with a group of three prospectors from the Sault Ste. Marie area to earn a 100% interest in the 3,232 hectare Coppercorp property. The Company paid the vendors \$30,000 and issued 200,000 shares at \$0.20 per share on signing the agreement, and must issue a further 400,000 shares and pay \$70,000 over four years to earn the interest. The Company may, at its option, issue shares of equivalent value in lieu of cash payments, or pay an equivalent amount of cash in lieu of issuing shares. The Company has also agreed to spend \$50,000 per year on exploration over the four-year period.

Bellevue

The Bellevue Property, consisting of 44 claim units (approximately 704 hectares), was staked during February 2002. The property is situated in Aweres and Van Koughnet Townships, and adjoins the Island Copper Property to the East and South.

Deroche

Under an agreement dated March 8, 2002, the Company is earning a 100% interest in two claim blocks in Deroche Township from Mr. George Lucuik. To earn the interest the Company has issued 30,000 shares at \$0.20 per share and must spend \$30,000 in exploration over two years.

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Notes to Consolidated Financial Statements
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4. Mineral Interests (continued)

Caniapiscou

Three claim blocks comprising the Caniapiscou Property in Quebec were staked in February 2002. The claim blocks are made up of 553 cells that cover a total area of 27,360 ha.

b. Mexico

During 2002 all seven of the Company's Mexican properties (El Varal, Chankol, El Gordo, Kabah, Santa Isabel, Madunfo and Madunfo I) which were previously written-down to zero were sold to International Croesus Ventures Corp. for 300,000 shares of International Croesus. These 300,000 shares of International Croesus were subject to a one-year hold period and were exchanged for 250,000 free trading shares of International Croesus. The free trading shares were sold on the market for net proceeds of \$117,568.

5. Share Capital

(a) Authorized: 100,000,000 common shares without par value

(b) Issued:

	Shares	Amount
Balance, February 28, 2001	10,475,276	4,331,655
Issuance of shares for litigation settlement at \$0.03 per share	200,000	6,000
Four to one share consolidation on January 30, 2002	(8,006,457)	-
Balance, February 28, 2002	2,668,819	4,337,655
Issued for cash:		
Private placement at \$0.20 per share (note 5c)	2,625,000	525,000
Private placement at \$0.23 per share (note 5c)	710,869	163,500
Issued for other consideration:		
Property acquisitions (note 4a)	330,000	66,000
Financing costs (note 9)	50,000	10,000
	6,384,688	5,102,155
Issuing cost	-	(35,137)
Balance, February 28, 2003	6,384,688	\$ 5,067,018

(c) Private placement

On March 13, 2002, the Company completed a private placement of 500,000 units at \$0.20 per unit for proceeds of \$100,000. Each unit consisted of one common share and one warrant, each warrant entitles the holder to purchase one additional common share at \$0.40 per share to March 14, 2003.

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Notes to Consolidated Financial Statements
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5. Share Capital (continued)

On August 21, 2002, the Company completed a private placement of 2,125,000 units at \$0.20 per unit for proceeds of \$425,000. Each unit consisted of one common share and one warrant, each warrant entitles the holder to purchase one additional common share at \$0.20 per share to August 20, 2004. A finders' fee of \$27,375 was paid and 182,500 share purchase warrants were issued.

On December 31, 2002, the Company completed a private placement of 710,869 flow-through units at \$0.23 per unit with warrant attached for proceeds of \$163,500. Each unit consisted of one flow-through common share and one-half non-flow-through common share purchase warrant, each warrant entitles the holder to purchase one additional common share at \$0.25 per share to February 12, 2005. A finder's fee of \$7,762 was paid and 62,100 share purchase warrants were issued.

(d) Stock options

In June 2002, the Company granted stock options to purchase an aggregate of 320,000 common shares to employees and a consultant with an exercise price \$0.20 per share and expire on June 19, 2007. The Company adopts the intrinsic value method for options granted to employees and the fair value method for options granted to consultants. As at February 28, 2003, the Company recorded \$2,610 stock-based compensation and contributed surplus.

Stock options outstanding and exercisable at February 28, 2003:

	Shares	Weighted Average Exercised Price
Options outstanding at February 28, 2002	-	\$ -
Granted	320,000	\$0.20
Options outstanding and exercisable at February 28, 2003	320,000	\$0.20

The weighted average fair value of the options granted during the year ended February 28, 2003 was estimated at \$0.17 by using the Black-Scholes Option Pricing Model with the following weighted average assumptions: risk-free interest rate of 5.5%, dividend yield of 0%, volatility of 128.94% and expected lives of 5 years.

At February 28, 2003, weighted average remaining contractual life of the stock options is 4.50 years.

As required under CICA Handbook, Section 3870, the Company will disclose the pro-forma effect of its stock-based compensation for the stock options granted to employees under the fair value method. Had the Company recognized compensation expense for stock options granted to its employees, the following would have been its effect on the Company's net loss:

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Notes to Consolidated Financial Statements
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5. Share Capital (continued)

	February 28, 2003
Net (loss) for the year:	
- as reported	\$(93,146)
- pro-forma	(146,210)
Basic and diluted (loss) per share	
- as reported	\$(0.02)
- pro-forma	\$(0.03)

(e) Share purchase warrants outstanding at February 28, 2003:

Number of Warrants	Exercise Price Per Warrant	Expiry Date
500,000	\$0.40	March 14, 2003 (Expired)
2,307,500	\$0.20	August 20, 2004
417,534	\$0.25	February 12, 2005

Each warrant entitles the holder to one common share of the Company.

(f) Escrow Shares

In the fiscal year 2003, no shares were released from escrow. A balance of 42,216 common shares remained in escrow (42,216 – 2002). The release of these shares is subject to the direction of the regulatory authorities.

6. Loan

In the fiscal year 2003, the Company repaid a \$50,000 loan with \$2,500 interest to Endeavour Mining Capital Corp.

7. Income Taxes

(a) A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

	2003	2002
Statutory income tax rate	(40%)	(45%)
Tax losses not benefited	40%	45%
Effective tax rate	-	-

(b) As at February 28, 2003, the Company has non-capital losses and cumulative exploration, development and depletion expenses of approximately \$2,015,000 and \$881,000 respectively carried forward for tax purposes and are available to reduce taxable income of future years. The cumulative exploration, development and depletion expenses can be carried forward indefinitely. The non-capital losses expire commencing in 2004 to 2010 as follows:

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Notes to Consolidated Financial Statements
February 28, 2003 and 2002

7. Income Taxes (continued)

2004	\$508,000
2005	674,000
2006	176,000
2007	215,000
2008	168,000
2009	140,000
2010	134,000
Total	\$2,015,000

Future income tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements, as their realization is uncertain.

8. Related Party Transactions

The Company incurred the following expenses to corporations controlled by its directors:

	2003	2002
Management fees	\$55,954	\$69,000
General prospecting	21,239	-
Deferred exploration	18,807	-
Rent	-	3,500
	\$96,000	\$72,500

9. Non-cash Financing Activities

In the fiscal year 2003, the Company issued 330,000 common shares at \$0.20 per share for property acquisitions (Note 4a), and 50,000 common shares at \$0.20 per share for financing costs.

10. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivable, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their respective carrying values due to the short-term nature of these financial statements. The Company is not exposed to significant interest, currency and credit risks arising from these financial instruments.

AMERIGO RESOURCES LTD.

Notes to Consolidated Financial Statements
February 28, 2003 and 2002

11. Subsequent Events

(a) On March 14, 2003, 75,000 warrants were exercised at \$0.40 per unit netting the Company \$30,000 and 425,000 warrants expired without being exercised.

(b) On March 17, 2003 the Company acquired an option to purchase approximately 95% of the outstanding shares and debt of Minera Valle Central S.A.(MVC). On March 19, 2003 the Company acquired the option to purchase an additional 5% of the outstanding shares and debt of MVC. MVC is a private Chilean company and has a contract with Chile's state owned copper producer, Corporation Nacional del Cobre de Chile (Codelco), through 2021 to process tailings from the El Teniente mine. The MVC plant has operated since 1992 and during 2002 produced 35,000 tonnes of copper concentrate and 10,000 tonnes of copper. The MVC plant processes approximately 90,000 tonnes of tailings per day. MVC also has the contractual right to dredge a former tailings site of the El Teniente Mine and increase the tailings processed by 10,000 tonnes per day. In addition, Codelco will complete the mine expansion in September 2003 and this will increase fresh tailings supply from 90,000 to approximately 120,000 tonnes per day.

The option has been assigned to the Company by Steven G. Dean and Klaus Zeitler. The option to purchase MVC may be exercised by the Company until June 30, 2003 by payment of US\$16,600,000. The balance of the purchase price, US\$3,400,000, will be paid in cash or shares of the Company in three years if the average copper price is over US\$0.82 per pound, or in five years if the average price of copper is under US\$0.82 per pound. Payment of cash or shares is at the option of the Company.

As consideration for the assignment of the option to the Company, upon exercise of the option by the Company, Mr. Dean and Dr. Zeitler will receive either 7.5 million shares of the Company or a royalty on production of MVC, being US\$0.01 per pound if the copper price is below US\$0.80 per pound, and US\$0.015 per pound if the copper price is above US\$0.80 per pound.

On April 9, 2003 the TSX Venture Exchange conditionally accepted the acquisition of MVC. Final acceptance of the transaction will be subject to the Company obtaining financing to fund the purchase price and receipt of the approval of the majority of the shareholders of the Company.

(c) On April 1, 2003, Steven Dean and Klaus Zeitler joined the Board of Directors. Irene Wilson resigned from the Board to accommodate the appointments. Jeff Giesbrecht was appointed Corporate Secretary of the Company.

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Notes to Consolidated Financial Statements
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11.Subsequent Events (continued)

(d) On April 2, 2003, the Company announced it had granted incentive stock options to purchase 340,000 common shares to two directors and one senior officer of the Company exercisable at \$0.36 for five years. These options were issued pursuant to a Stock Option Plan and may not be exercised until shareholders approve the Plan at the Company's next annual meeting.

(e) On April 16, 2003, the Company completed a private placement of \$250,000 consisting of Units at \$0.16 each. Each unit consists of one common share of the Company and one-half of one warrant, with each full warrant entitling the holder to purchase an additional common share for two years at \$0.32.

(f) On April 9, 11 and May 5, 2003, 525,000 warrants were exercised netting the Company \$105,000.

(g) On May 2, 2003, the Company announced a private placement of approximately \$ 42 million Co-Led by Salman Partners Inc. and CIBC World Markets Inc. on a best efforts basis. The private placement will be comprised of common shares and share purchase warrants. Completion of the private placement is subject to TSX Venture Exchange acceptance and the approval of the majority of shareholders of the Company.