

# **Amerigo Resources Ltd.**

## **Consolidated Financial Statements**

**September 30, 2006**

**Unaudited**

(expressed in U.S. dollars)

# Amerigo Resources Ltd.

## Consolidated Balance Sheets (Unaudited)

(expressed in U.S. dollars)

	September 30 2006 \$	December 31 2005 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,562,294	12,953,516
Accounts receivable	9,774,477	9,267,610
Prepaid expenses	754,772	638,337
Plant supplies and inventory	2,369,564	2,392,017
	<u>25,461,107</u>	<u>25,251,480</u>
<b>Investment in Nikos Explorations</b> (Note 7)	1,204,947	936,747
<b>Investment in Chariot Resources</b> (Notes 8 and 10)	12,496,283	-
<b>Mineral property, plant and equipment</b> - net (Note 2)	74,011,180	52,725,600
<b>Contractual right</b> – net (Note 3)	7,981,671	8,305,083
<b>Other</b>	21,661	20,540
	<u>121,176,849</u>	<u>87,239,450</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	9,833,377	9,906,820
Bank loan (Note 9)	3,751,489	-
El Teniente royalty payable (Note 6)	3,277,325	3,205,525
Due to related parties (Note 4)	22,156	59,789
Note and interest payable (Note 9)	-	3,842,983
	<u>16,884,347</u>	<u>17,015,117</u>
<b>Other payables</b>	702,528	569,920
<b>Asset retirement obligation</b>	2,307,306	2,193,448
<b>Future income tax</b>	4,137,460	4,169,112
<b>Minority interest</b> (Note 4(a))	1,000	1,000
	<u>24,032,641</u>	<u>23,948,597</u>
<b>Shareholders' Equity</b>		
<b>Capital stock</b> (Note 5)	55,390,954	39,451,043
<b>Value assigned to stock options</b> (Note 5(c))	1,370,406	1,219,194
<b>Retained earnings</b>	40,404,958	22,642,726
<b>Cumulative translation adjustment</b>	(22,110)	(22,110)
	<u>97,144,208</u>	<u>63,290,853</u>
	<u>121,176,849</u>	<u>87,239,450</u>
<b>Subsequent Events</b> (Note 10)		

Approved by the Board of Directors

“Robert J. Gayton” \_\_\_\_\_ Director

“Ruston Goepel” \_\_\_\_\_ Director

# Amerigo Resources Ltd.

## Consolidated Statements of Operations (Unaudited)

(expressed in U.S. dollars)

	Three months ended September 30, 2006 \$	Three months ended September 30, 2005 \$	Nine months ended September 30, 2006 \$	Nine months ended September 30, 2005 \$
<b>Revenue, net of smelter and refinery charges</b>	19,739,861	15,788,460	62,109,700	36,786,879
Other revenue	-	1,913,712	2,150,853	2,082,182
<b>Total revenue</b>	19,739,861	17,702,172	64,260,553	38,869,061
<b>Costs</b>				
Production costs	5,863,091	6,440,386	21,256,317	15,448,714
El Teniente royalty (Note 6)	3,271,047	2,294,314	9,342,746	5,457,070
Administration	318,970	277,335	962,593	771,827
Depreciation and amortization	451,207	343,362	1,277,849	964,362
Transportation	151,245	158,794	538,557	478,095
Stock-based compensation (Note 5(c))	55,938	-	164,953	149,085
Asset retirement accretion cost	39,684	37,087	113,859	106,409
<b>Cost of sales</b>	10,151,182	9,551,278	33,656,874	23,375,562
	9,588,679	8,150,894	30,603,679	15,493,499
<b>Other expenses</b>				
Office and general expenses	241,462	37,270	461,994	131,416
Salaries, management and professional fees	228,619	117,530	858,726	465,284
Stock-based compensation (Note 5(c))	187,633	40,329	494,440	396,004
Interest expense	131,723	70,945	254,545	429,530
Insurance expense	14,042	11,798	40,555	34,199
Shareholder information	8,277	4,637	68,910	49,302
Transfer agent and filing fees	7,461	5,769	93,242	72,794
	819,217	288,278	2,272,412	1,578,529
<b>Earnings before the undernoted items</b>	8,769,462	7,862,616	28,331,267	13,914,970
Foreign exchange gain	619,399	1,098,029	1,081,381	1,694,631
Interest income	212,726	124,757	484,509	237,836
Gain on settlement of debt (Note 9)	202,027	-	202,027	-
Other income	28,917	11,250	75,815	39,970
Gain on disposition of mineral properties	-	-	-	427,455
<b>Earnings before taxes &amp; minority interest</b>	9,832,531	9,096,652	30,174,999	16,314,862
<b>Income tax expense, net of tax recoveries</b>	1,492,571	2,418,269	4,535,150	3,082,959
	8,339,960	6,678,383	25,639,849	13,231,903
<b>Minority interest</b> (Note 4(a))	88,889	174,968	337,402	448,002
<b>Net earnings for the period</b>	8,251,071	6,503,415	25,302,447	12,783,901
<b>Retained earnings – beginning of period</b>	35,984,108	14,083,522	22,642,726	7,803,036
<b>Dividends</b> (Note 5(d))	(3,818,896)	(3,152,777)	(7,449,203)	(3,152,777)
<b>Premium on purchase of share capital for cancellation</b> (Note 5(b))	(11,330)	-	(91,017)	-
<b>Retained earnings – end of period</b>	40,404,953	17,434,160	40,404,953	17,434,160
<b>Weighted average number of shares outstanding, basic</b>	94,084,192	85,927,137	92,065,066	76,141,711
<b>Weighted average number of shares outstanding, diluted</b>	95,067,057	88,423,387	93,047,931	88,363,402
<b>Earnings per share</b>				
Basic	0.0877	0.0757	0.2748	0.1679
Diluted	0.0868	0.0735	0.2719	0.1447

# Amerigo Resources Ltd.

## Consolidated Statements of Cash Flow (Unaudited)

(expressed in U.S. dollars)

	Three months ended September 30, 2006 \$	Three months ended September 30, 2005 \$	Nine months ended September 30, 2006 \$	Nine months ended September 30, 2005 \$
<b>Cash flows from operating activities</b>				
Net earnings for the quarter	8,251,071	6,503,415	25,302,447	12,783,901
Items not affecting cash -				
Depreciation and amortization	451,207	343,362	1,277,849	964,362
Stock-based compensation (Note 5(c))	243,571	40,329	659,393	545,089
Gain on settlement of debt (note 9)	(202,027)	-	(202,027)	-
Asset retirement accretion cost	39,684	37,087	113,859	106,409
Income tax expense, net of (tax recoveries)	(40,722)	(34,325)	(182,978)	671,729
Gain on disposition of mineral properties	-	-	-	(427,455)
	<u>8,742,784</u>	<u>6,889,868</u>	<u>26,968,543</u>	<u>14,644,035</u>
Changes in non-cash working capital				
Accounts receivable	4,485,955	(3,805,728)	(506,867)	(7,008,887)
Prepaid expenses	144,284	(145,856)	(116,435)	(980,325)
Plant, supplies and inventory	(45,622)	(459,377)	22,453	(475,037)
Accounts payable	(970,831)	4,291,232	(73,443)	4,539,228
Due to related parties	(23,545)	(2,712)	(37,633)	13,789
El Teniente royalty payable	(205,328)	954,063	71,800	999,059
Note and interest payable (Note 9)	(3,736,979)	47,241	(3,736,979)	395,741
	<u>8,390,718</u>	<u>7,768,731</u>	<u>22,591,439</u>	<u>12,127,603</u>
<b>Net cash provided by operating activities</b>	<u>8,390,718</u>	<u>7,768,731</u>	<u>22,591,439</u>	<u>12,127,603</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(9,946,500)	(8,197,486)	(22,563,429)	(17,358,459)
Investment in Chariot Resources (Note 8)	(1,170,263)	-	(12,496,283)	-
Investment in Nikos Explorations (Note 7)	(268,200)	-	(268,200)	-
	<u>(11,384,963)</u>	<u>(8,197,486)</u>	<u>(35,327,912)</u>	<u>(17,358,459)</u>
<b>Net cash used in investing activities</b>	<u>(11,384,963)</u>	<u>(8,197,486)</u>	<u>(35,327,912)</u>	<u>(17,358,459)</u>
<b>Cash flows from financing activities</b>				
Issuance of shares for cash – net of issue costs	-	354,091	15,479,972	12,117,283
Payment of dividends	(3,818,896)	(3,152,777)	(7,449,203)	(3,152,777)
Other payables	86,479	47,472	132,608	83,078
Proceeds from bank for short term debt	43,931	-	3,751,489	-
Purchase of share capital for cancellation	(18,382)	-	(139,254)	-
	<u>(3,706,868)</u>	<u>(2,751,214)</u>	<u>11,775,612</u>	<u>9,047,584</u>
<b>Net cash provided by (used in) financing activities</b>	<u>(3,706,868)</u>	<u>(2,751,214)</u>	<u>11,775,612</u>	<u>9,047,584</u>
<b>Increase in cash and cash equivalents due to exchange rate changes</b>	<u>299,191</u>	<u>244,812</u>	<u>569,639</u>	<u>166,292</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(6,401,922)</u>	<u>(2,935,157)</u>	<u>(391,222)</u>	<u>3,983,020</u>
<b>Cash and cash equivalents – Beginning of the period</b>	18,964,216	15,157,266	12,953,516	8,239,089
<b>Cash and cash equivalents – End of the period</b>	<u>12,562,294</u>	<u>12,222,109</u>	<u>12,562,294</u>	<u>12,222,109</u>
<b>Supplemental cash flow information</b>				
Cash paid during the year for interest	606,153	27,608	635,922	37,111
Cash paid during the year for income tax	(6,618)	13,137	3,329,207	13,137

# Amerigo Resources Ltd.

## Consolidated Statements of Shareholders' Equity (Unaudited)

(expressed in U.S. dollars)

	Common shares		Retained Earnings	Value assigned to stock options	Cumulative Translation Adjustment	Shareholders' equity
	No. of shares	Amount				
		(\$)	(\$)	(\$)	(\$)	(\$)
Balance –						
Dec. 31, 2004	65,195,071	26,891,142	7,803,036	1,092,711	(22,110)	35,764,779
Issue of shares						
Exercise of warrants	20,317,773	11,404,599	-	-	-	11,404,599
Exercise of stock options	713,000	736,696	-	-	-	736,696
Options granted	-	-	-	545,089	-	545,089
Transfer of value on exercise of stock options	-	418,606	-	(418,606)	-	-
Dividends paid	-	-	(3,152,777)	-	-	(3,152,777)
Net earnings for the period	-	-	17,992,467	-	-	17,992,467
Balance –						
Dec 31, 2005	86,225,844	39,451,043	22,642,726	1,219,194	(22,110)	63,290,853
Issue of shares						
Brokered placement	7,000,000	14,554,274	-	-	-	14,554,274
Exercise of stock options	930,000	925,698	-	-	-	925,698
Shares repurchased	(83,400)	(48,242)	(91,012)	-	-	(139,254)
Options granted	-	-	-	659,393	-	659,393
Transfer of value on exercise of stock options	-	508,181	-	(508,181)	-	-
Dividends paid	-	-	(7,449,203)	-	-	(7,449,203)
Net earnings for the period	-	-	25,302,447	-	-	25,302,447
Balance –						
September 30, 2006	94,072,444	55,390,954	40,404,958	1,370,406	(22,110)	97,144,208

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

---

(expressed in U.S. dollars)

### 1 Significant accounting policies

The financial statements of Amerigo Resources Ltd. (“Amerigo”) together with its subsidiaries (collectively, the “Company”) have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial statements and therefore do not include all of the information and notes required for annual financial statements. These interim financial statements and notes thereto should be read in conjunction with Amerigo’s audited financial statements for the year ended December 31, 2005.

Certain comparative figures have been reclassified to conform to the basis of presentation adopted in the current period.

### 2 Mineral property, plant and equipment

	September 30, 2006 \$	December 31, 2005 \$
Plant and infrastructure	24,224,921	24,224,921
Machinery and equipment and other assets	<u>53,425,069</u>	<u>30,861,640</u>
	77,649,990	55,086,561
Accumulated depreciation	<u>(3,638,810)</u>	<u>(2,360,961)</u>
	<u>74,011,180</u>	<u>52,725,600</u>

### 3 Contractual right

At the time of the acquisition of Minera Valle Central S.A. (“MVC”), a producer of copper and molybdenum concentrates with operations in Chile, Amerigo assigned the excess of the purchase price over the fair value of the tangible assets acquired to the MVC and Codelco contract for the processing of tailings from the El Teniente mine. The value of this contractual right was determined to be \$8,029,185. A future income tax liability of \$1,364,961 was recorded in connection with the contractual right at which time the value of the right was increased to \$9,394,146. The contractual right and the associated future income tax liability are amortized using the units of production method.

	September 30, 2006 \$	December 31, 2005 \$
Contractual right	9,394,146	9,394,146
Accumulated amortization	<u>(1,412,475)</u>	<u>(1,089,063)</u>
	<u>7,981,671</u>	<u>8,305,083</u>

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

---

(expressed in U.S. dollars)

### 4 Related party transactions

#### a) Minority Interest

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

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 equivalent 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 equivalent produced by MVC or any successor entity to MVC if the price of copper is \$0.80 or more.

During the nine months ended September 30, 2006, royalty dividends totalling \$337,402 were paid or accrued to the Amerigo International Class A shareholders on the basis described above. Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations. At September 30, 2006, \$22,156 of this amount was payable.

#### b) Directors fees and remuneration to officers

During the nine months ended September 30, 2006, the Company paid or accrued \$523,228 in fees to companies associated with certain directors and officers of Amerigo. Included in these fees are bonus payments of \$210,804 to senior management. In the same period, Amerigo paid or accrued \$96,188 in directors' fees to independent directors. Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements.

c) At September 30, 2006 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd. ("Nikos"), a company in which Amerigo holds a substantial shareholding.

### 5 Capital stock

Authorized – Unlimited common shares without par value.

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

---

(expressed in U.S. dollars)

### a) Summary of capital stock issued in the period

On March 17, 2006, Amerigo issued 7,000,000 common shares at the price of Cdn\$2.60 per share by way of a bought deal offering under a short form prospectus to raise gross proceeds, before expenses and underwriters' fees, of Cdn\$18,200,000 (\$15,763,020). In connection with the financing, Amerigo incurred share issuance costs of \$1,208,746. The net proceeds from this offering of \$14,554,274 are being used to fund ongoing corporate development and for general corporate purposes.

During the nine months ended September 30, 2006, Amerigo received \$925,698 from the exercise of 930,000 stock options at exercise prices ranging from Cdn\$0.36 to Cdn\$1.77 per stock option.

### b) Purchase of shares for cancellation

Under the terms of a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), Amerigo is entitled to purchase for cancellation up to 7,845,154 of its common shares during the one-year period ending on November 13, 2006. During the nine months ended September 30, 2006, Amerigo purchased and cancelled 83,400 shares at a total cost of \$139,254. The premium on the purchase of shares for cancellation amounted to \$91,012 and was applied against Retained Earnings.

### c) Stock options

#### Stock option plan

Amerigo established a stock option plan (the "Plan") on April 2, 2003, which was amended on June 20, 2006 at Amerigo's annual general meeting. Amerigo's Board of Directors (the "Board") administers the Plan, whereby it may from time to time grant options to purchase common shares of Amerigo to directors, officers, key employees and certain other persons who provide services to the Company. In accordance with the current terms and provisions of the Plan, the maximum aggregate number of common shares issuable under the Plan must not exceed 10% of Amerigo's issued and outstanding common shares at the date of any grant 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 Amerigo's outstanding common shares, 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 Amerigo's common shares on the TSX on the day preceding the date of grant, less the maximum discount permitted by the policies of the TSX, subject to the minimum exercise price per common share permitted by the TSX. Options must be exercised within a five-year period from the date of grant. Vesting periods are determined by the Board.



# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

(expressed in U.S. dollars)

A summary of Amerigo's stock options at September 30, 2006 and December 31, 2005 and the changes for the nine and twelve month periods ending on those dates is presented below:

	Nine months ended September 30, 2006		Twelve months ended December 31, 2005	
	Outstanding options	Weighted average exercise price Cdn\$	Outstanding options	Weighted average exercise price Cdn\$
Balance – start of period	2,297,000	1.39	1,675,000	1.14
Granted	1,535,000	2.67	1,335,000	1.62
Exercised	<u>(930,000)</u>	1.15	<u>(713,000)</u>	1.24
Balance – end of period	<u>2,902,000</u>	2.14	<u>2,297,000</u>	1.39

On February 21, 2006 Amerigo granted stock options to purchase an aggregate of 1,335,000 common shares to directors, officers and employees of the Company, with an exercise price of Cdn\$2.71 per share, expiring on February 21, 2011. The options vest in four equal quarterly instalments, on March 31, September 30, September 30 and December 31, 2006. For the options vested on March 31, June 30 and September 30, 2006, Amerigo recorded a stock-based compensation expense of \$629,186, of which \$164,953 was charged to Costs as the options were granted to MVC employees and \$464,233 was charged to Other Income and Expenses.

On August 4, 2006 Amerigo granted stock options to purchase an aggregate of 200,000 common shares to a consultant and an officer of the Company, with an exercise price of Cdn\$2.43 per share, expiring on August 4, 2011. The options vest in four equal quarterly instalments, on September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007. For the options vested on September 30, 2006, Amerigo recorded a stock-based compensation expense of \$30,207, charged to Other Income and Expenses

### Value assigned to stock options

	September 30, 2006	December 31, 2005
Balance – beginning of period	1,219,194	1,092,711
Options granted	659,393	545,089
Transfer to capital stock on exercise of stock options	<u>(508,181)</u>	<u>(418,606)</u>
Balance – end of period	<u>1,370,406</u>	<u>1,219,194</u>

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

---

(expressed in U.S. dollars)

The Company estimated that the weighted average fair value of the options granted in August 2006 was Cdn\$0.67 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	3.7%
Expected stock price volatility	37.1%
Risk-free interest rate	4.19%
Expected life of options	5 years

The Company estimated that the weighted average fair value of the options granted in February 2006 was Cdn\$0.71 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	3.3%
Expected stock price volatility	33.1%
Risk-free interest rate	4.05%
Expected life of options	5 years

The Company estimated that the weighted average fair value of the options granted in August 2005 was \$0.27 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	5.1%
Expected stock price volatility	30.7%
Risk-free interest rate	3.4%
Expected life of options	5 years

The Company estimated that the weighted average fair value of the options granted in January 2005 was \$0.43 per option by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	0%
Expected stock price volatility	29.3%
Risk-free interest rate	3.08%
Expected life of options	5 years

The following stock options were exercisable as at September 30, 2006:

<b>Range of exercise prices Cdn\$</b>	<b>Number exercisable</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price Cdn\$</b>
1.23 to 2.71	<u>2,418,250</u>	3.55 years	2.05

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

---

(expressed in U.S. dollars)

### d) Dividends

In accordance with its stated dividend policy, on February 14, 2006 Amerigo declared a semi-annual dividend of Cdn\$0.045 per share payable to shareholders of record as of March 31, 2006, for a total of \$3,630,307 paid on April 7, 2006; on July 31, 2006 Amerigo declared a second semi-annual dividend of Cdn\$0.045 per share payable to shareholders of record as of August 18, 2006, for a total of \$3,818,896 paid on September 1, 2006.

## 6 El Teniente Royalty

MVC has a contract with Codelco through at least 2021 to process the tailings from the El Teniente mine in Chile. MVC pays a royalty to Codelco – El Teniente on copper produced by MVC. The amount of the royalty is determined pursuant to 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, a maximum royalty of 13.5% is payable.

Royalty payments for copper production are calculated using the average LME price for copper for the third month following delivery, and invoiced by Codelco - El Teniente on a monthly basis within 30 days of the end of the third month following the month of delivery of the tailings; payment to Codelco - El Teniente is made within 10 days of receipt of invoices. Accordingly, royalties payable to Codelco - El Teniente are classified as current liabilities. Adjustments to the El Teniente royalty are recorded on a monthly basis for changes in copper deliveries during the settlement period.

As agreed with Codelco-El Teniente, as of January 1, 2006 the same royalty described in the preceding paragraphs applies to copper extracted from Colihues, except for amounts calculated using half the volume of tailings extracted from Colihues, at an assumed copper grade of 0.32% and an assumed recovery rate of 40%. For these amounts the royalty to Codelco – El Teniente is calculated on a sliding scale from 3% if the copper price is below \$0.80 per pound to a maximum of 15% if the copper price is at \$1.35 per pound or higher.

MVC also pays to Codelco - El Teniente a royalty of 10% of MVC's net revenue received from the sale of molybdenum concentrates.

## 7 Investment in Nikos Explorations

On August 18, 2006, Amerigo acquired 1.7 million units of Nikos Explorations at a cost of \$268,200. Each unit is comprised of one common share and one warrant entitling Amerigo to purchase an additional share of Nikos at a price of Cdn\$0.25 per share until August 18, 2008. At September 30, 2006 Amerigo held 11,666,667 common shares and 1,666,667 warrants of Nikos, which collectively represent approximately 26% of Nikos's issued and outstanding share capital (including the common shares issuable on the exercise of the warrants).

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements (Unaudited)

---

(expressed in U.S. dollars)

At September 30, 2006, Nikos's common share closing price was Cdn\$0.305 per share. The investment in Nikos is accounted for under the equity method.

### 8 Investment in Chariot Resources

On February 10, 2006, Amerigo acquired for investment purposes 25.6 million common shares and 11,532,000 share purchase warrants (the "Chariot Warrants") of Chariot Resources Limited ("Chariot"), an issuer listed on the TSX that is currently developing the Marcona copper project in Peru. Each of the Chariot Warrants entitles Amerigo to purchase an additional common share of Chariot at a price of Cdn\$0.35 per share until December 22, 2006. Amerigo has also made subsequent purchases of Chariot shares. At September 30, 2006, Amerigo held 31,812,500 common shares of Chariot and 11,532,000 Chariot Warrants, which collectively represent approximately 18% of Chariot's issued and outstanding share capital (including the common shares issuable on the exercise of the Chariot Warrants). At September 30, 2006, Chariot's common share closing price was Cdn\$0.52 per share. The investment in Chariot is valued at cost, which does not exceed its market value.

### 9 Current debt

On April 26, 2006 the Company obtained a short-term loan of Chilean Pesos \$2,000,000,000 (approximately \$4,000,000) on favourable terms from a Chilean bank. These funds were used to finance timing differences between accounts receivable and accounts payable. The Company intends to repay this loan in full in December 2006.

On July 6, 2006, the Company paid in cash a \$3,400,000 note and accrued interest of \$539,006, due in connection with the acquisition of MVC. The Company negotiated a 5% discount on the principal and interest of the note, resulting in a \$202,027 gain realized on settlement of the debt.

### 10 Subsequent Events

- a) On October 3, 2006, Amerigo acquired a further 2,149,000 common shares of Chariot, increasing its shareholding in Chariot to 33,961,500 common shares and 11,532,000 share purchase warrants of Chariot, representing approximately 19% of Chariot's issued and outstanding common shares (assuming the exercise of outstanding warrants).

# **Amerigo Resources Ltd.**

## **Notes to Consolidated Financial Statements (Unaudited)**

---

(expressed in U.S. dollars)

- b) In October 2006, Amerigo purchased and cancelled 102,700 of its common shares for a total cost of \$164,745. A premium on the purchase of shares for cancellation of \$105,339 will be applied against Retained Earnings in Q4-2006.
  
- c) On October 20, 2006, Amerigo sold a total of 31,812,500 Chariot common shares and 11,532,000 Chariot Warrants to an arm's-length party. The selling prices were Cdn\$0.65 per common share and Cdn\$0.30 for each Chariot Warrant. Total proceeds of the sale were \$21,271,128, which resulted in a gain on sale of investment of \$8,530,377 to be recognized in Q4-2006