Amerigo Resources Ltd.

Consolidated Financial Statements
December 31, 2006
(expressed in U.S. dollars)

Amerigo Resources Ltd.

Consolidated Balance Sheets

(expressed in U.S. dollars)

	December 31 2006 $	December 31 2005 $
Assets		
Current assets		
Cash and cash equivalents	26,574,059	12,953,516
Marketable securities (Note 3)	777,457	-
Accounts receivable	11,693,247	9,267,610
Prepaid expenses	209,271	638,337
Plant supplies and inventory (Note 5)	2,526,911	2,392,017
	41,780,945	25,251,480
Investment in Nikos Explorations (Note 13)	1,204,947	936,747
Mineral property, plant and equipment - net (Note 6)	83,414,103	52,725,600
Contractual right - net (Note 7)	7,880,319	8,305,083
Other	23,734	20,540
	134,304,048	87,239,450
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	13,066,490	9,906,820
El Teniente royalty payable (Note 8)	3,623,917	3,205,525
Due to minority shareholders (Note 10)	42,857	59,789
Note and interest payable (Note 4)	-	3,842,983
	16,733,264	17,015,117
Other payables	586,408	569,920
Asset retirement obligation (Note 9)	2,346,989	2,193,448
Future income tax (Note 14)	4,270,358	4,169,112
Minority interest (Note 10)	1,000	1,000
	23,938,019	23,948,597
Shareholders' Equity		
Capital stock (Note 11)	55,026,997	39,451,043
Value assigned to stock options (Note 11(c))	1,603,180	1,219,194
Retained earnings	53,757,962	22,642,726
Cumulative translation adjustment	(22,110)	(22,110)
	110,366,029	63,290,853
	134,304,048	87,239,450

Approved by the Board of Directors

"Robert Gayton" Director   "Ruston Goepel" Director

Amerigo Resources Ltd.

Consolidated Statements of Operations

(expressed in U.S. dollars)

	Year ended December 31, 2006 $	Year ended December 31, 2005 $
Revenue, net of smelter and refinery charges	82,054,432	52,910,575
Other revenue	2,150,853	5,417,507
Total revenue	84,205,285	58,328,082
Costs		
Production costs	28,823,890	24,227,606
El Teniente royalty (Note 8)	12,776,390	8,437,862
Depreciation and amortization	1,618,424	1,338,189
Administration	1,409,981	1,206,267
Transportation	734,889	671,328
Stock-based compensation (Note 11(c))	218,412	149,085
Asset retirement accretion cost	153,541	143,497
Cost of sales	45,735,527	36,173,834
	38,469,758	22,154,248
Other expenses		
Salaries, management and professional fees	1,295,705	732,279
Stock-based compensation (Note 11(c))	673,755	396,004
Office and general expenses	597,753	228,061
Interest expense	322,942	477,035
Shareholder information	104,006	68,268
Transfer agent and filing fees	97,428	75,150
Insurance expense	49,329	48,208
	3,140,918	2,025,005
Earnings before the undernoted items	35,328,840	20,129,243
Gain on sale of investment (Note 12)	8,530,377	-
Interest income	760,236	374,604
Foreign exchange gain	492,168	1,944,800
Gain on settlement of debt (Note 4)	202,027	-
Other income	112,821	94,423
Gain on disposition of mineral properties (Note 13)	-	427,455
Investment income (Note 13)	-	32,062
Earnings before taxes and minority interest	45,426,469	23,002,587
Income tax expense, net of tax recoveries (Note 14)	5,690,569	4,390,854
Earnings before minority interest	39,735,900	18,611,733
Minority interest (Note 10)	452,217	619,266
Net earnings for the year	39,283,683	17,992,467
Weighted average number of shares outstanding, basic	92,512,569	78,681,602
Weighted average number of shares outstanding, diluted	93,488,744	88,403,590
Earnings per share		
Basic	0.42	0.23
Diluted	0.42	0.20

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Year ended December 31, 2006 $	Year ended December 31, 2005 $
Cash flows from operating activities		
Net earnings for the year	39,283,683	17,992,467
Items not affecting cash -		
Gain on sale of investment	(8,530,377)	-
Gain on settlement of debt	(202,027)	-
Depreciation and amortization	1,618,424	1,338,189
Stock-based compensation	892,167	545,089
Income tax expense, net of tax recoveries	(277,943)	651,803
Asset retirement accretion cost	153,541	143,497
Investment income	-	(32,062)
Gain on disposition of mineral properties	-	(427,455)
	32,937,468	20,211,528
Changes in non-cash working capital		
Accounts receivable	(2,425,637)	(5,884,399)
Prepaid expenses	429,066	52,609
Plant, supplies and inventory	(134,894)	(1,238,912)
Accounts payable	(893,574)	6,763,744
Due to related parties	(16,932)	13,525
Note and interest payable	(3,736,979)	442,983
El Teniente royalty payable	418,392	1,513,151
Net cash provided by operating activities	26,576,910	21,874,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,890,637)	(26,682,309)
Disposal of investment in Chariot Resources, net	7,817,692	-
Investment in Nikos Explorations	(268,200)	-
Net cash used in investing activities	(20,341,145)	(26,682,309)
Cash flows from financing activities		
Issuance of shares for cash – net of issue costs	15,479,972	12,141,295
Payment of dividends	(7,449,203)	(3,152,777)
Purchase of share capital for cancellation	(1,131,443)	-
Other payables	16,488	523,656
Net cash provided by financing activities	6,915,814	9,512,174
Increase in cash and cash equivalents due to exchange rate changes	468,964	10,333
Net increase in cash and cash equivalents	13,620,543	4,714,427
Cash and cash equivalents – Beginning of year	12,953,516	8,239,089
Cash and cash equivalents – End of year	26,574,059	12,953,516

Supplemental disclosure with respect to cash flows (Note 15)

Amerigo Resources Ltd.

Consolidated Statements of Shareholders' Equity

(expressed in U.S. dollars)

	Common shares					
	No. of shares	Amount ($)	Retained Earnings ($)	Value assigned to stock options ($)	Cumulative Translation Adjustment ($)	Shareholders' equity ($)
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 year	-	-	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	(712,600)	(412,199)	(719,244)	-		(1,131,443)
Options granted	-	-	-	892,167	-	892,167
Transfer of value on exercise of stock options	-	508,181	-	(508,181)	-	-
Dividends paid	-	-	(7,449,203)	-	-	(7,449,203)
Net earnings for the year	-	-	39,283,683	-	-	39,283,683
Balance – Dec. 31, 2006	93,443,244	55,026,997	53,757,962	1,603,180	(22,110)	110,366,029

(expressed in U.S. dollars)

1 Operations

Amerigo Resources Ltd. ("the Company") was incorporated under the laws of British Columbia, Canada.

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

2 Significant accounting policies

Generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted 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, Amerigo Banking Corporation and Amerigo Investments Limited. All significant intercompany transactions and balances have been eliminated.

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

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, the estimation of the Company's asset retirement obligations and the measurement of stock-based compensation.

Foreign currency translation

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 transaction date rates, except for depreciation, amortization and accretion, which are translated at historical rates. Gains and losses on translation are included in income.

(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.

Investment in Nikos Explorations

The Company holds approximately 26% of the outstanding shares of Nikos Explorations Ltd. ("Nikos"), and is considered to have significant influence in this investment. Accordingly, the Company uses the equity method to account for its investment in Nikos.

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 the year 2021 or the date at which a predetermined amount of copper in tailings from El Teniente has been delivered.

The Company regularly reviews the carrying value of its plant, equipment and mineral resource. Where information is available and conditions suggest impairment of long-lived assets, estimated future net cash flows are calculated. If projected future cash flows are less than the carrying value, or the fair value is less than the carrying value, a write-down to the estimated fair value is made, with a corresponding charge to earnings

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.

Revenue recognition

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter and refinery charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is known at the time of sale, subject to adjustments during the settlement period.

Copper produced by the Company is sold under a written sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"). The agreement with Enami establishes a delivery schedule of monthly

(expressed in U.S. dollars)

sales quotas and sets the Company's copper sale price at the average market price for the third month after delivery ("M+3"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following quarter. However, where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and the Company receives a sale price calculated for the originally scheduled month of delivery until the quota is met. The Company believes that this pricing arrangement is standard in the industry.

Molybdenum produced by the Company is sold under a written sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which provides that the sale price is the average market price for the first ("M+1"), second ("M+2") or third ("M+3") month after delivery, with each delivery period nominated at the election of Molymet. In 2006 the molybdenum settlement period was predominantly three months from the month of delivery; accordingly, most deliveries by the Company in one quarter were sold at market prices prevailing in the following quarter.

In normal supply conditions, sales for copper are provisionally recorded using forward prices and adjustments to revenue are made at the end of each month to reflect changes in market prices until the sale price is settled. Sales for molybdenum are provisionally recorded at the current molybdenum market price and adjustments to revenue are made at the end of month based on monthly prices until the sale price is settled. This practice increases the sensitivity of the Company's reported revenue to increases and decreases in copper and molybdenum prices. In a period of rising prices, not only will the Company record higher revenue for deliveries in the period, but it will also record favourable adjustments to revenue for copper and molybdenum delivered in the prior period. Similarly, in a period of declining prices, the Company will be required to record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

Revenue from custom processing of concentrates for others is recognized as other revenue when the processing is completed, the amounts to be received are known and collection is reasonably assured.

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 MVC and Codelco contract for the processing of tailings from the El Teniente mine. This contractual right is amortized using the units 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. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

(expressed in U.S. dollars)

Stock option plan

The Company accounts for share purchase options using the fair value method. Fair value is measured using the Black-Scholes valuation model on the date of grant of stock purchase options, and is recognized as stock-based compensation expense and shareholders' equity over the vesting period of the options granted. Consideration paid on exercise of share purchase options is recorded as share capital.

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.

Variable interest entities

Effective January 1, 2005, the Company adopted Accounting Guideline AcG-15, Consolidation of Variable Interest Entities, which requires consolidation of entities in which the Company has a controlling financial interest. The Company has determined that it has no variable interest entities.

3 Marketable securities

The Company holds, with the intention to sell, certain common shares of an issuer listed on the TSX. There are no trading restrictions on these shares.

	December 31, 2006 $	**December 31, 2005 $**
Cost	777,457	-
Market value	1,143,315	-

4 Notes payable

On April 26, 2006 MVC obtained a short-term loan of Chilean Pesos $2,000,000,000 (approximately $4,000,000) at an annual borrowing rate of 7.68%. These funds were used to finance timing differences between accounts receivable and accounts payable. The loan was repaid in full on December 29, 2006.

On July 6, 2006, the Company repaid 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.

(expressed in U.S. dollars)

5 Plant supplies and inventory

	December 31, 2006 $	December 31, 2005 $
Plant supplies	1,466,363	1,023,225
Concentrate inventory	1,060,548	1,368,792
	2,526,911	2,392,017

6 Mineral property, plant and equipment

	December 31, 2006 $	December 31, 2005 $
Plant and infrastructure	46,848,139	24,224,921
Machinery and equipment and other assets	40,182,303	30,861,640
	87,030,442	55,086,561
Accumulated depreciation and amortization	(3,616,339)	(2,360,961)
	83,414,103	52,725,600

7 Contractual right

At the time of the acquisition of MVC, 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 initial 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 rights, resulting in an increase in its value to $9,394,146. The contractual right and the associated future income tax liability are amortized using the units of production method.

	December 31, 2006 $	December 31, 2005 $
Contractual rights	9,394,146	9,394,146
Accumulated amortization	(1,513,827)	(1,089,063)
	7,880,319	8,305,083

(expressed in U.S. dollars)

8 El Teniente Royalty payable

MVC has a contract with Codelco through at least the year 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.

9 Asset retirement obligations

MVC is obligated through its operating contract with Codelco to remove the facilities and equipment being used in its 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. In 2004 the Company obtained an independent assessment of site restoration costs of $3.5M, which was adjusted to reflect factors such as inflation (estimated at an annual rate of 3%), risk premiums (estimated at 5%) and time value of money (estimated at 7%). The Company also obtained an independent assessment of asset recovery values and determined it was not necessary to make adjustments to prospective amortization charges. On adoption of the standard, 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 and the liability is being accreted over time. The Company also recognized a future income tax asset of $19,756, derived from applying a 17% tax rate to the $1,915,842 asset retirement obligation less the unamortized balance of the asset of $1,799,637.

In the year ended December 31, 2006, the Company recorded asset retirement accretion costs of $153,541 and asset retirement amortization charges of $102,836. At December 31, 2006 the asset retirement liability had been accreted to $2,346,989 and the associated future income tax asset had been adjusted to $145,496.

(expressed in U.S. dollars)

A reconciliation of the provision for asset retirement obligations is as follows:

	December 31, 2006 $	**December 31, 2005 $**
Balance – beginning of year	2,193,448	2,049,951
Accretion expense	153,541	143,497
Liabilities settled during the year	-	-
Revisions in estimated cash flows	-	-
Balance – end of year	2,346,989	2,193,448

The Company will undertake a study to determine the impact, if any, that additions to property, plant and equipment since the 2004 adoption of the standard will have on the estimated asset retirement obligation. The Company had originally contemplated to undertake this study in 2006 but decided to postpone it to 2007, given the level of capital expenditures in the 2006 year. Upon completion of this study, expected by mid-2007, the Company will record any adjustments required. It is possible that these adjustments will be material.

10 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 year ended December 31, 2006, royalty dividends totaling $452,217 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (2005: $619,266). Royalty dividends are shown as Minority Interest in the Consolidated Statement of Operations. At December 31, 2006, $42,857 of this amount remained outstanding (December 31, 2005: $59,789).

(expressed in U.S. dollars)

b) Directors fees and remuneration to officers

During the year ended December 31, 2006 the Company paid or accrued $833,480 in fees to companies associated with certain directors and officers of Amerigo (2005: $345,699). Included in these fees are bonuses of $416,748 to senior management (2005: Nil). In the same period, Amerigo paid or accrued $115,320 in directors' fees to independent directors (2005: $80,309). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At December 31, 2006, an aggregate amount of $230,970 was due to directors and officers in the ordinary course of business (December 31, 2005: $46,778).

c) At December 31, 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.

11 Capital stock

Authorized - Unlimited common shares without par value

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 were $14,554,274.

During the year ended December 31, 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 was entitled to purchase for cancellation up to 7,845,154 of its common shares during the one-year period ending on November 13, 2006. The term of the normal course issuer bid was renewed and Amerigo is currently entitled to purchase for cancellation up to 2,612,815 of its common shares during the 12 months period ending on November 13, 2007. During the year ended December 31, 2006, Amerigo purchased and cancelled 712,600 shares at a total cost of $1,131,443. The premium on the purchase of shares for cancellation amounted to $719,244 and was applied against Retained Earnings.

(expressed in U.S. dollars)

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.

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

	Twelve months ended December 31, 2006		Twelve months ended December 31, 2005	
	Outstanding options	**Weighted average exercise price Cdn$**	**Outstanding options**	**Weighted average exercise price Cdn$**
Balance – start of year	2,297,000	1.39	1,675,000	1.14
Granted	1,535,000	2.67	1,335,000	1.62
Exercised	(930,000)	1.15	(713,000)	1.24
Outstanding	2,902,000	2.14	2,297,000	1.39
Exercisable	2,802,000	2.13	2,297,000	1.39

(expressed in U.S. dollars)

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 and December 31, 2006, Amerigo recorded a stock-based compensation expense of $59,074, charged to Other Expenses.

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 vested in four equal quarterly instalments, on March 31, September 30, September 30 and December 31, 2006. Amerigo recorded a stock-based compensation expense of $833,093 for these options, of which $218,412 was charged to Cost of Sales as the options were granted to MVC employees and $614,681 was charged to Other Expenses.

On August 30, 2005 the Company granted stock options to purchase an aggregate of 150,000 common shares to an officer of the Company, with an exercise price of Cdn$1.77 per share, expiring on August 30, 2010. The Company recorded a stock-based compensation of $40,329 associated with this option grant.

On January 7, 2005 the Company granted stock options to purchase an aggregate of 1,185,000 common shares to directors, officers and employees, with an exercise price of Cdn$1.60 per share, expiring on January 7, 2010. The Company recorded a stock-based compensation of $504,760 associated with this option grant.

Value assigned to stock options

	December 31, 2006 $	December 31, 2005 $
Balance – beginning of period	1,219,194	1,092,711
Options granted	892,167	545,089
Transfer to capital stock on exercise of stock options	(508,181)	(418,606)
Balance – end of period	1,603,180	1,219,194

The Company estimated the fair value of each option grant based on the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2006	2005
Expected dividend yield	3.35%	0.57%
Expected stock price volatility	33.62%	29.46%
Risk-free interest rate	4.07%	3.12%
Expected life of options	5 years	5 years

(expressed in U.S. dollars)

The following stock options were outstanding and exercisable as at December 31, 2006:

Range of exercise prices Cdn$	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price Cdn$
1.23 to 1.85	1,217,000	2.64 years	1.49
1.85 to 2.71	1,585,000	4.04 years	2.63
	2,802,000		

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.

On September 1, 2005 Amerigo declared a semi-annual dividend of Cdn$0.045 per share to shareholders of record as of August 19, 2005, for a total of $3,152,777.

12 Gain on Sale of Chariot Resources Investment

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 entitled Amerigo to purchase an additional common share of Chariot at a price of Cdn$0.35 per share until December 22, 2006. Amerigo made subsequent purchases of Chariot shares during the year and on October 20, 2006, 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. The remaining Chariot shares are held as marketable securities (Note 3).

13 Investment in Nikos Explorations

In fiscal 2004 Amerigo entered into an agreement to sell a 100% interest in three Canadian exploration properties to Nikos for consideration of 10,000,000 shares of Nikos. 5,000,000 of the Nikos shares were received on June 30, 2005, at which time Amerigo recorded a gain on disposition of mineral properties of $427,455 and started using the equity method to account for its investment in Nikos, given that significant influence over the investment exists. Under the equity method, Amerigo recorded Investment Income of $32,062 during the year ended December 31, 2005 for the proportional share of Net Income recorded by Nikos

(expressed in U.S. dollars)

during this period.

On August 18, 2006, Amerigo acquired a further 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).

14 Income Taxes

The components of the tax expense net of recoveries were as follows:

	December 31, 2006 $	December 31, 2005 $
Current	5,589,323	3,401,852
Future	101,246	989,002
	5,690,569	4,390,854

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

	December 31, 2006 $	December 31, 2005 $
Combined federal and provincial statutory tax rate	34.12%	34.86%
Income tax at statutory rates	15,499,511	8,018,702
Difference in foreign tax rates	(6,947,381)	(4,406,657)
Other non deductible items, Canada	479,385	182,076
Other non deductible items, Chile	32,422	250,645
Foreign permanent tax differences	(708,657)	
Tax benefits of share issuance costs incurred	(412,424)	-
Tax benefits of tax loss not previously recognized	(45,450)	-
Non-taxable portion of gain on sale of investment	(1,456,619)	-
Tax benefits of Chilean tax losses not previously recognized	(59,120)	-
Change in valuation allowance	(697,048)	142,476
Other	5,950	203,611
Income tax expense (recovery)	5,690,569	4,390,854

(expressed in U.S. dollars)

Future income taxes are provided for to account for temporary differences. The significant components of future income tax assets and liabilities at December 31, 2006 and December 31, 2005 are as follows:

	December 31, 2006 ($)	**December 31,2005 ($)**
Future income tax assets		
Unused tax losses, Canada	15,716	847,632
Resource assets, Canada	409,218	463,777
Plant and equipment, Canada	8,102	11,882
Other intangible assets, Canada	391,454	198,246
Other deductible temporary differences, Chile	398,988	372,886
	1,223,477	1,894,424
Future income tax liabilities		
Plant and equipment, Chile	(3,524,302)	(3,335,237)
Contractual right	(1,145,044)	(1,206,762)
	(4,669,346)	(4,541,999)
Net future tax liability before valuation allowance	(3,445,868)	(2,647,575)
Less valuation allowance, Canada	(824,489)	(1,521,537)
Less valuation allowance, Chile	-	-
Net future tax liability	(4,270,358)	(4,169,112)

As at December 31, 2006, the Company had non-capital losses and cumulative exploration, development and depletion expenses in Canada of approximately $51,000 and $1,320,000 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:

	$
2015	51,000

(expressed in U.S. dollars)

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

	$
Cumulative Canadian Exploration Expenses	966,000
Foreign Exploration and Development Expenses	354,000
	1,320,000

As at December 31, 2006 the Company had no material unused tax losses in Chile.

The Company has non-resident subsidiaries that have undistributed earnings. Provisions have not been recorded for taxes that may arise on repatriation of these earnings, as these undistributed earnings are not planned to be repatriated in the foreseeable future.

15 Supplemental Disclosure with Respect to Cash Flows

	December 31, 2006 ($)	December 31, 2005 ($)
Cash paid during the year for interest	655,117	34,050
Cash paid during the year for income taxes	8,670,594	266,511

	December 31, 2006 ($)	December 31, 2005 ($)
Cash	5,473,984	11,690,227
Cash equivalents	21,100,075	1,263,289
	26,574,059	12,953,516

16 Financial Instruments

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, investment in Nikos, accounts payable and accrued liabilities, El Teniente royalty payable and notes payable. The fair value of these financial instruments approximates their carrying value.

(expressed in U.S. dollars)

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 two customers. One of the customers is a Chilean state company for which the Company does not require collateral. The Company has estimated that no allowances are required to allow for potential credit losses, as the risk of non-performance is remote.

17 Segmented information

As at December 31, 2006, 78% of the Company's assets are located in Chile, 19% in Canada and 3% in other locations. All of the Company's revenues arise from its Chilean operations. The Company's sales to one customer represent 81% of reported revenue.

18 Commitments

MVC has certain commitments to sell copper concentrate to Enami on a yearly basis for each year from 2006 to 2008. It also has certain commitments to sell molybdenum concentrate to Molibdenos y Metales S.A. ("Molymet") on a yearly basis to 2007.

In 2006 due to production restrictions imposed by Codelco - El Teniente, MVC sold significantly less copper than estimated under the original concentrate supply quota with Enami for 2006. To address this matter, MVC and Enami agreed to observe lower supply quotas for September, October, November and December 2006 and to maintain smelter and refinery charges at 2006 pricing until MVC meets the 2006 revised quota, at which time Enami and MVC will meet to discuss terms for 2007. It is projected that the 2006 quota will be met during April 2007. This agreement has reduced the Company's exposure to increases or decreases in copper prices until the 2006 revised quota is met.

19 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 $154,987 at December 31, 2006, renewable on February 5, 2008. UF refers to "Unidades de Fomento" an indexed monetary unit utilized in Chile.