

Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Nine Months Ended September 30, 2008

All figures expressed in US Dollars except where noted

The following discussion and analysis of the results of operations and financial position of Amerigo Resources Ltd. ("Amerigo") together with its subsidiaries (collectively, the "Company"), is prepared as of November 5, 2008 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the notes thereto prepared as at September 30, 2008 and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2007.

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

The Company's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. The Company's reporting currency is the US Dollar.

This document presents certain measures that have no standardized meanings prescribed by Canadian GAAP and are considered non-GAAP measures which may not be comparable to similar measures presented by other issuers. These measures include cash flow from operating activities, operating profit, cash cost and total cost; they are presented in this MD&A as additional information regarding the Company's performance and financial position.

Significant Events

- In **Q3-2008** the Company had an **operating profit** of **\$1,152,222** and a **net loss** of **\$10,407,427**, compared to operating profit of \$8,508,794 and net earnings of \$6,581,887 in Q3-2007. In the three months ended September 30, 2008, the Company recorded a **\$12,237,741** unrealized **write-down of investments** to fair value; the Company also had negative settlement adjustments to prior quarters' copper sales of **\$3,049,900** and has expensed a non-recurring signing bonus of **\$1,753,160** paid to MVC workers on completion of a four-year collective labour agreement.
- **Cash flow from operating activities** was **\$7,638,590** or 8¢ per share in Q3-2008, compared to \$4,797,409 or 5¢ per share in Q3-2007.
- The write-down of investments of \$12,237,741 was recorded in earnings in accordance with accounting standards due to the material decline in fair value of the Company's long-term investments in Candente Resource Corp. ("Candente") and Los Andes Copper Ltd. ("Los Andes") at September 30, 2008 and to the assessment that, under current financial market conditions, a recovery in the fair value of these investments may not occur in the short-term. The **write-down of investments** is a **non-cash transaction** as the Company did not sell any of its holdings in Candente or Los Andes.

- **Production** in Q3-2008 was a **record 10.22 million pounds of copper** and **261,234 pounds of molybdenum**, an increase of 27% in copper production and 70% in molybdenum production from Q3-2007, due to higher flow and grades of fresh tailings, continued processing of old tailings and more efficient recoveries in the molybdenum plant.
- The Company's **copper selling price** before smelter, refinery and other charges in Q3-2008 was **\$2.81/lb**. Notwithstanding record production levels, revenues were affected by declining copper prices during the quarter and by **\$3,049,900** of **negative settlement adjustments** to prior quarters' sales.
- **Cash cost** (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was **\$1.60/lb** in Q3-2008, compared to \$1.78/lb in Q3-2007. Cash costs declined in Q3-2008 as a result of higher molybdenum by-product credits, partially offset by higher unit costs for labour and grinding balls, including one-time labour costs of \$0.17/lb. **Excluding one-time labour costs**, cash cost in Q3-2008 was **\$1.43/lb**.
- **Total cost** (the aggregate of cash cost, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) in Q3-2008 was **\$2.40/lb** compared to \$2.49/lb in Q3-2007. The decrease in total cost was driven fundamentally by lower cash costs, mitigated by higher royalties to El Teniente (\$0.65/lb) and higher amortization charges. It is expected that the El Teniente royalty will be substantially lower in Q4-2008 as it is calculated on average monthly copper prices.
- Power costs in Q3-2008 were **\$8,723,416 (\$0.17/kwh)** compared to \$7,781,476 (\$0.21/kwh) in Q3-2007. Power costs continue on a downward trend since the peak of \$0.33/kwh recorded in Q1-2008. It is expected that the Company's power costs will be lower once the two 10-megawatt generators purchased by the Company are commissioned.
- **Net earnings** in the **nine months ended September 30, 2008** were **\$2,194,029**, compared to \$22,465,856 in the comparative period.
- **Cash flow from operating activities** in the **nine months ended September 30, 2008** was **\$17,972,440**, compared to \$24,488,459 in the comparative period.
- **In Q3-2008**, cash payments for **capital expenditures** were **\$5,985,103**, funded from operating cash flow. The Company also made an **additional investment** in Los Andes of **\$1,883,600** and paid a **second semi-annual dividend** of **\$5,784,475** or Cdn 6.5¢ per share.
- **Cash balance** was **\$4,258,600** at September 30, 2008 after \$18,527,776 of cash payments for capital expenditures, \$11,802,999 in dividend payments and corporate investments of \$4,013,581 in the nine months ended September 30, 2008.

Results of Operations – Quarter Ended September 30, 2008 (“Q3-2008”)

Revenue

Total Q3-2008 revenue of \$29,915,602 included copper revenue of \$22,305,961 and molybdenum revenue of \$7,609,641. Copper and molybdenum revenues are net of smelter, refinery and roasting charges. In Q3-2007 the Company's revenue was \$28,536,864, which included copper revenue of \$25,477,106 and molybdenum sales of \$3,059,758.

Despite a 28% increase in sales volume between the comparative periods, copper revenue decreased by \$3,171,145 from Q3-2007 due to lower copper prices. In Q3-2008 the Company sold 4,626 tonnes or 10.20 million pounds of copper, up from 7.94 million pounds sold in Q3-2007. However, the Company's copper selling price before smelter, refinery and other charges and settlement adjustments to prior quarters' production was \$2.81/lb in Q3-2008 (Q3-2007: \$3.48/lb). Additionally, in Q3-2008 a total of

\$3,049,900 in negative settlement adjustments to prior quarters' sales were recorded into revenue (Q3-2007: \$929,034 in positive settlement adjustments to prior quarters' sales). The negative settlement adjustments in Q3-2008 were the result of declining copper prices. Copper sales pending final price settlement were priced at the September 30 spot price of \$2.91/lb, except for sales related to the August 2008 quota, which were priced at the September 30 M+3 price of \$2.90/lb.

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"). The agreement with Enami establishes a delivery schedule of monthly sales quotas and in 2008 sets the Company's copper sale price at the average market price for the fourth month after delivery ("M+4"). 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 and second following quarters. 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 or vice-versa. The Company believes that this pricing arrangement is standard in the industry.

Molybdenum sales of \$7,609,641 in the quarter were derived from the sale of 258,499 pounds of molybdenum at a selling price before roasting charges and settlement adjustments to prior quarters' production of \$33.76/lb, compared to 131,575 pounds sold in Q3-2007 at a gross selling price of \$31.26/lb. In Q3-2008 the Company also recorded positive settlement adjustments to prior quarters' molybdenum sales of \$452,508 (Q3-2007: negative settlement adjustments of \$312,461). Molybdenum revenue in Q3-2008 was 149% higher than in Q3-2007.

Molybdenum produced by the Company is sold under a 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 the month preceding the elected month. Throughout Q3-2008 the sale price nominated by Molymet was M+3.

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter, refinery and roaster 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 determinable.

In normal supply conditions, sales of copper and molybdenum are provisionally priced at the time of sale based on the prevailing copper forward market price or the current molybdenum market price, as specified in the sales contracts. Variations between the price recorded at the time of sale and the actual final price received from the smelter or the roaster are caused by changes in copper and molybdenum market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The Company's reported revenue is therefore very sensitive 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 prior periods. Similarly, in a period of declining prices, the Company will record lower revenues for current deliveries and negative adjustments to revenue from prior periods' deliveries.

Production

Q3-2008 was a record production quarter for the Company for both copper and molybdenum. The Company produced 4,634 tonnes or 10.22 million pounds of copper compared to 3,653 tonnes or 8.05 million pounds of copper produced in Q3-2007. This 27% increase in copper production was due to a combination of higher flow of fresh tailings from El Teniente, higher grades in fresh tailings and continued processing of old tailings.

The Company processed old tailings at approximate rates of 12,200 to 16,700 tonnes per day during the quarter. It is planned to continue to increase tailings throughput in Q4-2008 as permitted by MVC's contractual arrangements.

In Q3-2008 molybdenum production was 261,234 lbs, compared to 153,295 lbs produced in Q3-2007, an increase of 70% between the comparative quarters. Molybdenum production was positively affected in the quarter due to the uninterrupted flow of fresh tailings and higher molybdenum plant recoveries.

Cash Cost and Total Cost

Cash cost and total cost are non-GAAP measures prepared on a basis consistent with the industry standard Brook Hunt definitions. Cash cost is the aggregate of copper and molybdenum production costs, smelter and refinery charges, administration and transportation costs, minus molybdenum by-product credits. Total cost is the aggregate of cash cost, El Teniente royalty, depreciation, amortization and asset retirement accretion cost.

The Company's cash costs from Q3-2007 to Q3-2008 (\$/lb of copper produced) were as follows:

	Q3-2008	Q2-2008	Q1-2008	Q4-2007	Q3-2007
Cu and Mo production	1.90	2.31	2.54	1.63	1.72
By-product credits	(0.75)	(0.65)	(0.49)	(0.47)	(0.38)
Smelter & refinery ¹	0.33	0.35	0.36	0.34	0.38
Administration	0.09	0.07	0.06	0.06	0.03
Transportation	0.03	0.03	0.04	0.04	0.03
Cash Cost	\$1.60	\$2.11	\$2.51	\$1.60	\$1.78

¹ Due to an error in the calculation of smelter and refinery costs, these costs were understated in Q2-2007 by \$390,985 or 0.05/lb. The correction of this error on a YTD basis resulted in an overstatement of costs in Q3-2007. The correct costs should have been \$0.34/lb in Q2-2007 and \$0.33/lb in Q3-2007

Cash cost is driven mainly by production costs, smelter/refinery costs and molybdenum by-product credits.

In Q3-2008, cash cost was \$1.60/lb, compared to a cash cost of \$1.78/lb in Q3-2007, a reduction of \$0.18/lb. The most significant factor driving down cash cost between the comparative periods was an increase of \$0.37/lb in molybdenum by-product credits, derived from stronger molybdenum production in Q3-2008.

Production costs were \$0.18/lb higher than in Q3-2007, mostly from higher labour costs of \$0.28/lb compared to \$0.09/lb in Q3-2007, including a \$0.17/lb signing bonus paid to MVC workers on completion of a four-year collective labour agreement. The agreement is expected to bring down unit labour costs at MVC under projected production levels (inclusive of the effect of the signing bonus).

Grinding ball costs increased by \$0.07/lb between the comparative period due to higher steel prices and the characteristics of grinding material; power costs decreased by \$0.11/lb between the comparative quarters due to lower energy prices in Chile. In Q3-2008, power costs represented 53% of the Company's cash cost (Q3-2007: 54% of cash costs).

Administration costs increased by \$0.06/lb in the quarter due to higher labour costs, in this case mostly associated with production bonuses. Finally, smelter and refinery costs decreased by \$0.05/lb in Q3-2008 compared to Q3-2007 (refer to footnote ¹).

The Company's total costs from Q3-2007 to Q3-2008 (\$/lb of copper produced) were as follows:

	Q3-2008	Q2-2008	Q1-2008	Q4-2007	Q3-2007
Cash cost	1.60	2.11	2.51	1.60	1.78
El Teniente royalty	0.65	0.75	0.66	0.61	0.58
Amortization/depreciation/accretion	0.15	0.16	0.17	0.19	0.12
Stock-based compensation	0.00	0.00	0.00	0.00	0.01
Total Cost	\$2.40	\$3.02	\$3.34	\$2.40	\$2.49

Total cost in Q3-2008 was \$2.40/lb, compared to total cost of \$2.49/lb in Q3-2007. Items having a significant impact on total cost in Q3-2008 include a reduction of \$0.18/lb in cash cost and a \$0.07/lb increase from El Teniente royalty due mainly to the effect of a higher molybdenum royalty absorbed over copper production that lagged behind the increase in molybdenum production in the quarter. There was also a \$0.03/lb increase in amortization due to MVC's higher asset base and a decrease in stock-based compensation expense of \$0.01/lb.

The El Teniente royalty is based mainly on market prices for copper and molybdenum, making MVC a producer whose unit royalty costs decrease as copper prices decline and increase as copper and molybdenum prices increase.

Operating Costs and Expenses

Production costs include copper and molybdenum production costs and maintenance costs. In Q3-2008, production costs were \$19,368,515 compared to production costs of \$13,834,774 in Q3-2007, an increase of \$5,533,741 or 40%, largely due to production increases of 27% for copper and 70% for moly between the comparative quarters.

Power is MVC's most significant cost. In Q3-2008, MVC incurred power costs of \$8,723,416, or \$0.1703/kWh, compared to \$7,781,476 or \$0.2086/kWh in Q3-2007.

Power costs in Q3-2008 are the lowest quarterly costs on a \$/kwh basis since Q1-2007 and are substantially lower from peak quarterly costs of \$0.3268/kwh recorded in Q1-2008. The cost of \$0.1703/kWh in Q3-2008 is an average cost in a declining price curve, and the Company expects its cost per kwh will be lower in Q4-2008.

Chile's tight energy situation showed signs of improvement during Q3-2008. Intensive rains during the winter following a long drought allowed increased access to hydroelectric power supplies. The Chilean government also adopted a series of measures to avoid the possibility of power blackouts, including a temporary 10% voltage reduction in the grid, mass media campaigns aimed at conserving energy and economic incentives for domestic and industrial users reaching certain energy saving goals. According to Chile's Ministry of Energy, new power generation projects are also becoming operational.

Labour costs were \$2,132,819 higher than in Q3-2007, but included a one-time cost of \$1,753,160 for signing bonuses paid to MVC workers on the signing of a four year collective labour agreement. Labour costs were also higher due to production bonuses paid at MVC. The cost of grinding balls increased by \$1,064,288 due to higher steel prices and the characteristics of grinding material, and power costs increased by \$941,940 due to higher production levels.

In Q3-2008 the El Teniente royalty was \$6,631,296 compared to \$4,654,187 in Q3-2007. The increase in royalties to El Teniente was the result of higher copper and molybdenum production, mitigated by declining copper prices.

Amortization cost was \$1,453,941 in Q3-2008 compared to \$888,627 in Q3-2007 due to a higher asset base at MVC.

Administration expenses were \$910,159 in Q3-2008 compared to \$293,726 in Q3-2007 due mainly to an increase of \$482,446 in labour costs associated with production incentive bonuses paid by MVC and to one-time collective agreement signing bonuses of \$80,795. Insurance costs increased by \$64,079 between the comparative quarters.

Transportation costs increased to \$315,692 in Q3-2008 from \$253,368 in Q3-2007, due to higher sales volume.

Stock-based compensation for options granted to MVC employees was \$39,682 in Q3-2007 and \$nil in 2008, as no options were granted or vested to MVC staff in 2008.

Costs not related to MVC's production operations are identified as "Other Expenses" and were \$862,203 in Q3-2008 compared to \$802,925 in Q3-2007, an increase of \$59,278. The most significant of these expenses in Q3-2008 were office and general expenses of \$356,114 (Q3-2007: \$273,159) and salaries, management and professional fees of \$266,608 (Q3-2007: \$295,172) followed by stock-based compensation of \$122,873 (Q3-2007: \$229,861) and interest expense of \$116,608 (Q3-2007: \$4,733). The increase in office and general expenses is due to higher shareholder communication costs and travel expenses; salaries, management and professional fees decreased due to lower legal and other advisory fees; stock-based compensation expense decreased due to a lower number of options granted in 2008 and interest expense increased in connection with short-term bank debt.

Non-operating items in Q3-2008 included a write-down of investments of \$12,237,741 (Q3-2007: \$nil), a foreign exchange gain of \$813,688 (Q3-2007: \$63,361), interest income of \$102,946 (Q3-2007: \$376,051), other income of \$54,916 (Q3-2007: \$19,072) and an investment loss of \$42,363 (Q3-2007: loss of \$9,386).

The write-down of investments of \$12,237,741 was recorded in earnings in Q3-2008 as the Company believes that given the significance of the decline in market value of the Company's investments in Candente and Los Andes at September 30, 2008, current financial conditions, and announcements by both companies regarding plans to scale back their exploration plans unless they raise additional financing, a recovery in the fair value of the investments is unlikely to occur in the short-term. The write-down of investments is a non-cash transaction as the Company did not sell any of its holdings in Candente and Los Andes. The Company will continue to adjust for fair value adjustments to these investments at each Balance Sheet date. Adjustments will be recorded in Accumulated Other Comprehensive Income (a Balance Sheet account) until the investments are sold or management determines that other than temporary impairments in the value of the investments have again occurred, at which time the gains or losses will be transferred into earnings.

The foreign exchange gain was mainly the result of fluctuations between the exchange rate of the Chilean Peso to the US dollar in the quarter.

The Company recorded a net recovery of income tax expense of \$802,082 in Q3-2008, compared to income tax expense net of recoveries of \$1,431,578 in Q3-2007, due to the effect of the write-down of investments. The tax recovery was recorded in MVC as all of the Candente shares and a portion of the Los Andes shares are held by MVC.

Operating Cash Flows

In Q3-2008, the Company's activities generated operating cash flow of \$7,638,590 or 8¢ per share, which includes the effect of changes in non-cash working capital items, compared to operating cash flow of \$4,797,409 or 5¢ per share in Q3-2007. Cash flow from operations increased in Q3-2008 in comparison to Q3-2007 due to changes in non-cash working capital, namely realization of accounts receivable.

Results of Operations – Year-to-date September 30, 2008

Net earnings during the nine months ended September 30, 2008 ("YTD-2008") were \$2,194,029 (\$0.02 per share), compared to \$22,465,856 (\$0.24 per share) in the nine months ended September 30, 2007 ("YTD-2007").

Total revenue YTD-2008 was \$97,013,303 derived from the sale of 11,401 tonnes or 25.13 million pounds of copper and 557,413 pounds of molybdenum. This compares to total revenue of \$78,719,695 YTD-2007 from the sale of 10,561 tonnes or 23.28 million pounds of copper and 481,390 pounds of molybdenum.

Cash cost and total cost YTD-2008 were \$2.02/lb and \$2.87/lb respectively, compared to cash cost of \$1.47/lb and total cost of \$2.12/lb in YTD-2007. These costs include power costs of \$1.26/lb (YTD-2007: \$0.81/lb) and El Teniente royalty costs of \$0.68/lb (YTD-2007: \$0.54/lb)

“Other Expenses” YTD-2008 were \$2,780,465 compared to \$2,477,939 in YTD-2007.

Non-operating items YTD-2008 include a write-down of investments of \$12,237,741 (\$nil in YTD-2007), a foreign exchange gain of \$1,182,013 (YTD-2007: \$1,034,327), interest income of \$397,340 (YTD-2007: \$1,022,546), other income of \$197,004 (YTD-2007: \$85,853) and an investment loss of \$72,485 (\$209,700 in YTD-2007). In YTD-2007 the Company also posted a gain on fair value adjustments to financial instruments of \$711,591.

Income tax expense net of recoveries YTD-2008 was \$1,646,683 compared to \$4,294,542 in YTD-2007.

Summary of Quarterly Results

	QE Sept. 30, 2008	QE June 30, 2008	QE March 31, 2008	QE Dec. 31, 2007
Total revenue	\$29,915,602	\$31,164,236	\$35,933,465	\$26,974,854
Net income (loss)	(10,407,427)	6,218,444	6,383,012	1,816,498
Earnings (loss) per share	(0.1124)	0.0660	0.0677	0.0122
Diluted earnings per share	(0.1124)	0.0660	0.0668	0.0122

	QE Sept. 30, 2007	QE June 30, 2007	QE March 31, 2007	QE Dec. 31, 2006
Total revenue	\$28,536,864	\$32,011,648	\$18,171,183	\$19,944,732
Net income	6,581,887	10,332,687	5,551,282	13,981,236
Earnings per share	0.0696	0.1093	0.0593	0.1490
Diluted earnings per share	0.0694	0.1076	0.0583	0.1475

Liquidity and Capital Resources

The Company's cash and cash equivalents at September 30, 2008 were \$4,258,600, compared to \$11,192,995 at June 30, 2008 and \$16,712,630 at December 31, 2007; the Company had a working capital deficiency of \$1,088,106 at September 30, 2008, compared to working capital of \$11,852,658 at June 30, 2008 and \$15,512,204 at December 31, 2007.

The Company has no long-term bank debt and has funded expansion of its plant and equipment of approximately \$107M in the last five years entirely from cash flow. More recently, the Company is completing the construction of two 10 megawatt generators at a cost of \$19M.

In the nine months ended September 30, 2008, the Company paid \$18,527,776 for purchases of capital assets, \$11,802,999 in dividends and concluded purchases of \$1,589,328 of its own shares under its normal course issuer bid (“NCIB”), for total cash outflows of \$31,920,103. The Company's investment in the critical self-generation project has kept cash levels low over the past few months. The Company does not anticipate any further major capital expenditure projects in the near future, with the exception of finalizing the self-generation and the old tailings production ramp-up projects.

Due to the unprecedented sharp fall in metal prices over the last five weeks, the Company expects to post negative settlement adjustments in Q4-2008, the amount of which will depend on copper and molybdenum prices over the next three months. The Company is negotiating new debt facilities which will be used to fund these amounts. Management is confident that such new facilities will be available before year end.

Presently the Company has a Chilean Peso \$2,500,000,000 (approximately \$4.5 million at September 30, 2008) short-term working capital loan from a Chilean bank. The loan was renewed in Q3-2008 and matures on December 15, 2008. It is expected that the loan will be further renewed on maturity.

Cash and cash equivalents decreased by \$6,934,395 in Q3-2008. Although the Company posted a loss of \$10,407,427 in the quarter, an aggregate of \$13,220,597 of the loss corresponds to non-cash items (significantly the \$12,237,741 write-down of investments). Excluding these non-cash items results in an adjusted number of \$2,813,170. Cash flow from operating activities was \$7,638,590 in the quarter, due in part to the effect of changes in non-cash working capital, particularly realized accounts receivable.

Amerigo has in place an NCIB through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo is entitled to purchase for cancellation up to 2,000,000 of its common shares during the one-year period ending on November 13, 2008. During the nine months ended September 30, 2008, Amerigo purchased and cancelled 1,001,200 shares at a total cost of \$1,589,328. The premium on the purchase of shares for cancellation amounted to \$1,001,534 and was applied against Retained Earnings. It is not anticipated that the Company will make further share purchases pursuant to the NCIB.

With the wind down of the Company's capital expenditure program, expected reductions in operating costs, projected higher production levels and suspension of the share repurchase plan, management believes that under current metal prices, current cash balances, cash flow from operations, and existing and expected debt facilities will be sufficient to meet the Company's cash flow requirements for the foreseeable future.

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at September 30, 2008 were \$12,587,820 compared to \$12,745,946 at June 30, 2008 and \$11,971,476 on December 31, 2007.

The changes in the value of the Company's Asset Retirement Obligation are limited to accretion expense of \$251,332 in the nine months ended September 30, Q2-2008. The Company's future income tax liability increased \$47,395 in the nine months ended September 30, 2008.

The Company is not subject to debt covenants and does not anticipate it will incur any default or arrears on payment of leases, debt principal or interest.

The Company's copper sales are dependent on sales volumes and market prices for copper. Average LME cash copper prices in the period January to September 2008 were the following:

January	\$3.2028	April	\$3.9394	July	\$3.8165
February	\$3.5778	May	\$3.8024	August	\$3.4630
March	\$3.8280	June	\$3.7469	September	\$3.1710

On February 23, 2008 the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share, paid on April 2, 2008 to shareholders of record as of March 25, 2008, for a total of \$6,018,524.

On July 24, 2008, the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share, paid on September 5, 2008 to shareholders of record as of August 22, 2008, for a total of \$5,784,475.

As of September 30, 2008 Amerigo had 4,420,000 outstanding share purchase options (with exercise prices ranging from Cdn\$1.60 to Cdn\$2.71). During the nine months ended September 30, 2008, 1,055,000 options were granted at an exercise price of Cdn\$2.13 per share. No options were exercised during this period.

Stock-based compensation is recognized as options vest. The 1,055,000 options granted in 2008 vested in four equal installments, on March 20, April 1, July 1 and October 1, 2008. Amerigo recorded in

aggregate a stock-based compensation expense of \$365,885 for the options that vested in the nine months ended September 30, 2008.

Investing Activities

Capital plant increased by \$7,653,565 in Q3-2008 and by \$18,539,603 on a YTD basis. Capital expenditures on a YTD basis included \$11,315,765 on the self-generation power project. Other major capital projects are in connection with old tailings extraction, increase of rougher circuit recovery and pre-classification of fresh tailings. Total cash payments for capital expenditures were \$5,985,103 in Q3-2008 and \$18,527,776 on an annual basis, funded from operating cash flow.

The first generator is expected to be operational in late December 2008, the second in early January 2009. Approximately \$17.2 million has been incurred in capital expenditures for the generation project to September 30, 2008.

The power generation project's cost of \$950,000/megawatt of installed capacity is less than that of other similar power projects in Chile either currently under construction or in the planning process.

The Company holds a total of 10,788,280 shares and 2,007,500 warrants in Candente Resource Corp., an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. Each warrant provides the holder with the right to purchase an additional common share of the issuer at a price of \$2.00 on or before June 26, 2010. The aggregate cost of the investment was \$15,861,986. Adjustments to fair value are required at each balance sheet date. Given that the investment was designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income/Loss in the Company's Balance Sheet until the investment is sold or management determines that "an other than temporary impairment in the value of the investment has occurred", at which time gains or losses will be transferred into earnings.

At September 30, 2008 Candente's closing share price was Cdn\$0.55 per share, and the fair value of the Company's approximately 13% investment in this issuer was \$5,717,573. Management determined that the decline in fair value of this investment met the characteristics of an "other than temporary impairment" and adjustments to fair value of \$10,144,414 were recorded in earnings.

Subsequent to September 30, 2008 and to the date of preparation of these financial statements, the closing share price of this investment had declined further to Cdn\$0.20 per share, bringing the fair value of the investment down to \$1,827,750.

In Q3-2008 the Company acquired a further 4,000,000 units in Los Andes Copper Ltd., an issuer listed on the TSX Venture Exchange, bringing its total holdings in Los Andes to 8,015,000 shares and 6,007,500 warrants. 2,007,500 of the warrants provide the holder with the right to purchase an additional common share at a price of \$0.75 on or before November 24, 2008; the remaining 4,000,000 warrants provide the holder with the right to purchase an additional common share at a price of \$0.70 on or before August 21, 2009. The aggregate cost of the investment was \$3,946,908. Adjustments to fair value are required at each balance sheet date; the investment was designated as "available for sale" for accounting purposes.

At September 30, 2008 Los Andes' closing share price was Cdn\$0.24 per share, and the fair value of the Company's approximately 4% investment in this issuer was \$1,853,581. Management determined that the decline in fair value of this investment met the characteristics of an "other than temporary impairment" and adjustments to fair value of \$2,093,328 were recorded in earnings.

Subsequent to September 30, 2008 and to the date of preparation of these financial statements, the closing share price of this investment had declined further to Cdn\$0.11 per share, bringing the fair value of the investment down to \$746,846.

Transactions with Related Parties

a) Non-controlling interests

A detailed description of Non-Controlling Interests is provided in the Company's Consolidated Financial Statements for the quarter ended September 30, 2008.

During the nine months ended September 30, 2008, royalty dividends totaling \$453,877 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (Nine months ended September 30, 2007: \$420,373). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statements of Operations and Comprehensive Income. At September 30, 2008, \$68,321 of this amount remained outstanding (December 31, 2007: \$61,735).

b) Directors' fees and remuneration to officers

During the nine months ended September 30, 2008 the Company paid or accrued \$490,407 in fees to companies associated with certain directors and officers of Amerigo (Nine months ended September 30, 2007: \$468,054). In the same period, Amerigo paid or accrued \$72,241 in directors' fees to independent directors (Nine months ended September 30, 2007: \$69,072). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's Consolidated Statements of Operations and Comprehensive Income. At September 30, 2008, an aggregate amount of \$24,411 was due to directors and officers for fees, bonuses and reimbursement of expenses in the ordinary course of business (December 31, 2007: \$450,729).

- c) At September 30, 2008 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.
- d) At September 30, 2008, two of Amerigo's directors acted as directors of Candente Resource Corp., a company in which Amerigo holds an investment.
- e) At September 30, 2008 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Contingencies

In Q3-2007, the Chilean Internal Revenue Services ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the commercial years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately \$1.15 million. Although the Company believes there is no merit to the assessment, the final outcome of this matter cannot be predicted with certainty. The Company retained legal counsel to prepare a response to SII in accordance with Chilean law and is awaiting the SII's determination on this matter. The Company's legal counsel has confirmed that, in their opinion, if the SII claim is ultimately upheld the Company will have a claim for full indemnification from the sellers of MVC pursuant to the terms of the MVC purchase and sale agreement for losses incurred prior to the MVC purchase date of July 2003.

In Q4-2007, the SII issued a tax assessment to MVC for adjustments, penalties and interest of approximately \$135,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as MVC does not exploit under the definition of the Chilean Income Tax Law. Even if the mining royalty applied to MVC, there would have been no tax payable in 2006 as MVC's production levels that year fell below the threshold prescribed by the SII for this tax. MVC has also retained legal counsel to prepare a response to the SII on this matter.

No amounts have been recorded by the Company in respect of these matters.

Critical Accounting Estimates

Except for the write-down of investments, there were no changes to the Company's critical accounting estimates during the three and nine months ended September 30, 2008. The most significant estimates are related to the physical and economic lives of contractual rights, property, plant and equipment and their recoverability.

The Company depreciates assets, capitalized acquisition costs and contractual rights based on the units of production method, whereby management has estimated copper units of production to 2021 and proceeds to allocate amortization charges based on actual production on a monthly basis.

The Company estimates the recoverable value of plant and equipment at the end of its contract with Codelco will be at least \$3,500,000.

As required by accounting standards, Amerigo has calculated an asset retirement obligation based on a quoted market price of \$6,200,000 provided by an independent third party in 2007. Management's current estimates required to calculate the asset retirement obligation include projected annual inflation rates in Chile of 4.5% per annum and a market risk premium of 8%. The present value of the asset retirement obligation was revised to \$4,787,273 in 2007, which will be systematically accreted to a 2021 value of approximately \$12,344,146.

Changes in Accounting Policies, Including Initial Adoption

Effective January 1, 2008 the Company adopted the following new accounting standards:

Capital Disclosures - (Section 1535)

This Section establishes standards for disclosing information about an entity's capital and how it is managed.

Inventories – (Section 3031)

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this policy had no effect on the Company's financial statements.

Financial Instruments – Disclosures - (Section 3862)

This Section requires additional disclosures to enable users of the Company's financial statements to evaluate the significance of financial instruments to the Company's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from the Company's financial instruments.

Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") approved a strategic plan which requires public companies to converge with International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. The Company will therefore be required to have comparative financial information prepared under IFRS as of January 1, 2010.

The Company has initiated its IFRS convergence project and has set the following timing objectives: to be in a position to convert its December 31, 2009 Canadian GAAP Balance Sheet to IFRS on completion of the 2009 external audit in February 2010, to work both under Canadian GAAP and IFRS in 2010 in order for the Company to disclose to users of its financial statements the quantitative differences arising in 2010 under both frameworks, and to produce IFRS financial statements as of January 1, 2011.

In order to meet these objectives the Company's financial staff in Canada and Chile have attended and will continue to attend IFRS courses and in-house training sessions in 2008. IFRS introductory training has also been provided to MVC's managers and supervisors as the adoption of IFRS will have an impact on operational areas, particularly in connection with accounting of property, plant and equipment, major equipment overhauls, asset retirement obligations and functional currencies. Actual convergence tasks will take place in 2009.

Other MD&A Requirements

As of November 5, 2008, Amerigo has 93,371,544 common shares outstanding and 4,420,000 exercisable options (at prices ranging from Cdn\$1.60 to Cdn\$2.71).

Additional information, including the company's most recent Annual Information Form, is available on SEDAR at www.sedar.com

Cautionary Statement on Forward Looking Information

This Report contains "forward-looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans, future commercial production and the timing for processing additional tailings. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "schedule", "estimates" "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to restricted tailings flow, restricted operations from Colhues, copper and molybdenum price fluctuations, power cost fluctuations, currency fluctuations, possible variations in grade or recovery rates, failure of plant, equipment, or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; unexpected regulatory changes, delays in the completion of critical activities and projects, environmental risks and hazards, risks of delays in construction and other risks more fully described in Amerigo's Annual Information Form filed with the Securities Commissions of the provinces of Alberta, British Columbia, Manitoba, Ontario and Quebec which is available on SEDAR at www.sedar.com.