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Amerigo Resources Limited
Management Discussion and Analysis
For the Quarter Ended March 31, 2005

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 ("the Company"), is prepared as of May 6, 2005 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at March 31, 2005 and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2004.

Results of Operations

For the quarter ended March 31, 2005

In the quarter ended March 31, 2005, net earnings were $1,644,722 ($0.0237 per share, non-diluted; $0.0186 per share, diluted) on gross copper sales of $11,070,612. Quarterly earnings were affected by a series of one-off operating events and expenses described further below.

Copper is produced and sold by the Company's subsidiary Minera Valle Central ("MVC"), a Chilean copper producer that has a contract with Chile's state- owned copper producer Codelco through at least the year of 2021 to process the tailings from the El Teniente mine in Chile.

During the quarter ended March 31, 2004 ("the comparative quarter"), net earnings were $3,776,182 ($0.0613 per share, non-diluted; $0.0435 per share, diluted), while gross copper sales were $10,238,720.

Sale and delivery of copper

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"), which provide that the sale price is calculated using the market price at the end of the third month after delivery. Accordingly, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following quarter. The Company believes that this pricing arrangement is a standard industry term for 2005.

Revenue recognition and reporting

As required by accounting standards, the Company takes into revenue on the date of delivery of copper concentrates to the smelter an amount based on the LME three month forward price for copper. Adjustments to recorded revenue are subsequently made at the end of each month to reflect changes in future copper prices until the sale price is settled. This practice increases the sensitivity of the Company's reported revenue to increases and decreases in copper prices. In a period of rising copper prices, not only will the Company ultimately record higher revenue for copper delivered in the period, but it will also record favourable adjustments to revenue for copper delivered in the prior quarter. Similarly, in a period of declining copper prices, the Company will be required to record lower revenues for current deliveries and negative adjustments to revenue for the prior quarter's deliveries.

During the quarter ended March 31 2005 gross copper sales were $11,070,612, derived from the sale of 7.09 million pounds of copper at an average price of $1.4581 per pound of copper and settlement adjustments of $720,435 for copper delivered in 2004 and settled in 2005. This compares to gross copper sales of $10,238,720 in the quarter ended March 31, 2004, which resulted from the sale of 6.41 million pounds of copper at an average price of $1.3019 per pound, and settlement adjustments of $1,980,021 for copper delivered in 2003 and settled in 2004.

Production

Production in the first quarter of 2005 was 7.50 million pounds or 3,398 tonnes of copper, 14% below production in the immediately preceding quarter due to the following non-recurring operating events:

1. During January 2005, El Teniente was shut down for maintenance a total of nine days, or approximately one third of the working days in the month. While an annual maintenance shutdown at El Teniente is carried out at the beginning of each year, this year the shutdown was much longer than expected.

2. Mill No. 4 was out of operation during two weeks due to shell failure necessitating major repairs. This resulted in reduced grinding capacity and lower recoveries while the mill was non-operational. As discussed in *Operating Costs and Expenses*, the mill shutdown also resulted in higher maintenance expenses in the quarter.

3. As part of the expansion to optimize future recoveries, flotation cells were taken offline during part of March to install new aeration equipment.

4. Below budget Colihues extraction resulted from the late delivery of the replacement pumps. Additional extraction equipment will be put in service in May 2005.

Production in Q1-2005 increased 11% compared to Q1-2004 production of 6.78 million pounds.

Operating Costs and Expenses

Cash costs in Q1-2005 including smelter, refinery and other charges (before El Teniente royalty) were $6,813,034 or 91c per pound, compared to cash costs of 76c per pound in the immediately preceding quarter and cash costs of 64c per pound Q1- 2004.

Compared to the preceding quarter, cash costs increased due to lower production, which at a high percentage of fixed costs results in a higher cash cost per pound, higher energy and steel costs, 75% higher treatment and smelter charges, and maintenance costs that were 27% above budget.

Production costs per pound are expected to decrease in upcoming quarters as production increases.

Smelter and refinery costs of $2,656,203 or 35c/lb are significantly higher than the average 20c/lb cost in 2004 consistent with industry-wide increases to treatment, refining and shipping charges. Since MVC does not ship concentrate overseas, smelter and refinery charges include the participation by the smelter in MVC's cost savings for shipping.

MVC management also took the opportunity offered by the El Teniente shutdown to undertake annual maintenance of the MVC plant. Accordingly, maintenance costs were $1,086,477 or 15c per pound, 27% above budget. Corrective maintenance work, particularly in connection with repairs to Mill No. 4 also contributed to the high quarterly maintenance costs. These costs are expected to decrease in subsequent quarters as a result of the "upfront" maintenance undertaken in Q1.

The outlook for the remainder of the year should see lower operating costs per pound due to higher expected production related to the plant expansion and the benefit of molybdenum production as a by-product credit.

Total costs including smelter, refinery and other charges, were $8,553,230 or $1.14 per pound for the year, compared to total costs of 98c per pound in the immediately preceding quarter and total costs of 80c per pound in Q1-2004.

A driver for increased total costs is El Teniente royalty, which increases or decreases as a function of copper prices, which were higher in Q1-2005 than in Q4-2004.

Compared to Q1-2004, cost increases result from significantly higher electricity and steel prices for grinding balls, which were evident as of mid-2004, higher smelter/refinery charges, El Teniente royalty and maintenance costs, as described above and the appreciation of the Chilean peso to the US dollar during the year, which increases locally-priced costs in US dollar terms.

Costs not related to MVC's operations are identified as "Other Expenses", of which the most significant expense in Q1- 2005 is Stock-based Compensation of $504,760 in connection with the Company's annual grant of options to employees, officers and directors. This should be a one-time cost in 2005. Although a non-cash cost, stock-based compensation expense in the quarter had an important impact in earnings, particularly compared to both the preceding and the comparative quarters, when the Company did not have stock-based compensation expenses.

Other significant expenses include Salaries, Consulting and Professional Fees of $121,677 and Transfer Agent and Filing Fees of $56,935. In the comparative quarter, the most significant Other Expenses were Transfer Agent and Filing Fees, Salaries, Consulting and Professional Fees and Interest Expense. Stock-based compensation was recorded in connection with the grant of 1,185,000 options to directors, officers and employees during the quarter. Transfer agent and filing fees include annual participation and filing fees that are not recurrent in the remaining quarters of 2005.

"Other expenses" amounts not described in the preceding paragraph are general and administrative expenses. In the quarter ended March 31, 2005 these were consistent with budget and with anticipated costs required to maintain Amerigo's corporate activities in subsequent periods.

Non-operating items in the quarter ended March 31, 2005 include a Foreign Exchange Gain of $220,737 and Interest Income of $50,836. The foreign exchange gain is derived from changes to the exchange rates of the Chilean peso and the Canadian dollar to the US dollar during the quarter. During the comparative quarter, non-operating items included Foreign Exchange Expense of $227,899 and Interest Income of $69,630.

The Company recorded income tax expense net of recoveries of $243,176 in the quarter ended March 31, 2005, from income tax on net earnings generated in MVC. Due to the availability and utilization of loss carryforwards in MVC, there is no cash tax payable associated with the MVC tax expense. In the comparative quarter, income tax expense net of recoveries was $243,760.

Operating Cash Flows

In the quarter ended March 31, 2005, the Company's activities contributed to operating cash flow of $1,765,989, which includes the effect of changes in non-cash working capital accounts.

Summary of Quarterly Results

	Qtr ended March 31, 2005	**Qtr ended Dec. 31, 2004**	**Qtr ended Sept. 30, 2004**	**Qtr ended June 30, 2004**
Total gross copper sales	$11,070,612	$12,363,762	$10,762,727	$8,218,154
Net revenue	8,414,409	10,239,906	9,071,903	6,928,416
Net income	1,644,722	2,578,907	2,960,651	1,625,458
Earnings per share	0.0237	0.0400	0.0463	0.0256
Diluted earnings per share	0.0186	0.0297	0.0340	0.0188

	Qtr ended March 31, 2004	**Qtr ended Dec. 31, 2003 [1]**	**Qtr ended Nov. 30, 2003**	**Qtr ended August 31, 2003**
Total gross copper sales	$10,238,720	$2,837,890	$5,869,049	$3,536,211
Net revenue	9,056,109	2,425,348	4,588,838	2,624,573
Net income (loss)	3,776,182	353,254 [2]	(25,657) [3]	1,264,915 [4]
Earnings(loss) per share	0.0613	0.0059 [2]	0.0004 [3]	0.0295 [4]
Diluted earnings (loss) per share	0.0435	0.0041 [2]	0.0004 [3]	0.0268 [4]

1. One-month quarter due to the change in fiscal year end of the Company, from February 28 to December 31.
2. Adjusted from Net Income of $372,621 to account for retroactive restatement to earnings of ($19,367) due to the adoption of new accounting standards on January 1, 2004.
3. Adjusted from Net Income of $1,017,089 to account for retroactive restatement to earnings of ($1,042,746) due to the adoption of new accounting standards on January 1, 2004.
4. Adjusted from Net Income of $537,313 to account for retroactive restatement to earnings of $727,602 due to the adoption of new accounting standards on January 1, 2004.

Liquidity and Capital Resources

Amerigo held cash and cash equivalents on March 31, 2005 of $8,812,296, compared to $8,239,089 held on December 31, 2004. The increase in cash is attributable to capital proceeds of $3,339,301 from the exercise of stock purchase options and warrants in the quarter, and to net operating cash flows of $1,765,989. During the quarter the Company undertook investing activities of $4,517,658 in MVC (see *Investing Activities*).

The Company's working capital on March 31, 2005 was $10,116,761, compared to $8,584,637 on December 31, 2004. Amerigo continues to be able to generate sufficient cash resources – both in the short and long-term- to maintain existing operations and fund plant expansions.

The Company's gross copper sales are dependent on sales volumes and prevailing market prices for copper. Monthly average per-pound copper prices in 2005 have been the following:

January	$1.4379
February	1.4759
March	1.5330

The Company's long-term debt (Note Payable and Other Payables) at March 31, 2005 was $3,899,496, compared to $3,869,858 on December 31, 2004. Included in long-term debt, is a $3,400,000 note issued in connection with the acquisition of MVC by the Company. The note, together with accrued interest, is payable in cash or shares of Amerigo three years after the acquisition if the average copper price is over $0.82 per pound. Payment in cash or shares is at the option of the Company; however, if the Company elects to pay in shares, the vendor has the right to either receive the payment in shares at the then current market price or receive payment in cash two years after the end of the three-year period plus interest at an annual rate of 5%.

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

As of March 31, 2005 the Company had 2,510,000 outstanding share purchase options (with exercise prices ranging from Cdn$0.36 to Cdn$2.00) and 14,934,303 outstanding share purchase warrants (with exercise prices ranging from Cdn$0.32 to Cdn$0.70). During the quarter ended March 31, 2005, 1,185,000 share purchase options were granted to directors and officers of the Company, 350,000 share purchase options were exercised for net proceeds of $358,594, and 5,389,713 warrants were exercised for net proceeds of $2,980,707.

Investing Activities

The Company has been able to undertake significant plant expansions in MVC, without relying on additional equity or debt funding.

In March 2005 construction of a processing plant to extract molybdenum from MVC's copper concentrate production was completed, three months ahead of schedule. The plant's capital expenditure was funded from MVC's operating cash flow and underwent commissioning in March and most of April. Amerigo estimates production in excess of 500,000 pounds of molybdenum in concentrates in 2005 and expects to increase molybdenum production to approximately 800,000 to 1,000,000 pounds in 2006. Molybdenum prices averaged $32 per pound in Q1-2005.. Production costs are expected to be below $3/lb, with the majority of these costs being for reagents. A sales agreement with a Chilean molybdenum producer provides for a base treatment charge of $0.60 per pound of molybdenum plus a price participation factor based on the molybdenum price.

MVC will pay Codelco a 10% royalty of MVC's net revenue received from the sale of molybdenum concentrates.. A royalty is also payable to a company associated with two directors of the Company (see *Transactions with Related Parties).*

Also during Q1-2005, investing activities pursuant to the Phase II expansion continued as anticipated. Capital expenditures for the molybdenum plant and Phase II expansion were $4,517,658 in the quarter.

Maintenance expenditure to plant and equipment during the quarter ended March 31, 2005 was $1,086,477. These expenditures were met from MVC operating cashflow.

Transactions with Related Parties

a) Minority Interest

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

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 quarter ended March 31, 2005, a royalty dividend of $112,219 was paid or accrued to the Amerigo International Class A shareholders on the basis described above. As at March 31, 2005 $39,782 of this amount was payable.

b) Management fees

During the quarter ended March 31, 2005 the Company paid or accrued $46,454 in management fees to certain directors and officers of the Company.

c) Directors fees and remuneration to officers

During the quarter ended March 31, 2005 the Company paid or accrued $31,455 in directors' fees and expenses paid to independent directors and $18,893 in consulting fees paid to certain officers of the company. Directors' fees and consulting fees are categorized as Salaries, Consulting and Professional Fees in the Company's consolidated financial statements.

d) At March 31, 2005 two officers of the Company acted one as a director and the other as an officer of Nikos Explorations Ltd., a company to which Amerigo divested three of its mineral properties in fiscal 2004. At the time of this transaction, no officers or directors of the Company served as directors or officers of Nikos.

Critical Accounting Estimates

There were no changes to the Company's critical accounting estimates or accounting policies during the quarter ended March 31, 2005.

Other MD&A Requirements

As of May 6, 2005 the Company has 71,328,500 common shares outstanding.

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 Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words "believe," "anticipates," "expects" and similar expressions are intended to identify such forward-looking statements. The Issuer's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the Company's Annual Information Form under "Item 4 - Narrative Description of the Business" and Item 6 - Management's Discussion and Analysis". Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.