

**Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Nine Months Ended September 30, 2006**

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 October 30, 2006 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at September 30, 2006 and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2005.

Company Overview

Amerigo 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.

Quarterly Highlights

- **Net earnings after tax** for the quarter ended September 30, 2006 were **\$8,251,071**, 27% higher than earnings of \$6,503,415 in Q3-2005 due to a combination of higher copper prices offsetting lower production. Even with production restrictions imposed by El Teniente, Q3-2006 results were an **earnings record for the third quarter**.
- **Earnings per share** for the quarter ended September 30, 2006 were **9¢** non-diluted, compared to earnings per share of 8¢ in Q3-2005.
- **Cash flow from operating activities** was **\$8,390,718**, or 9¢ per share in Q3-2006, compared to \$7,768,731 or 9¢ per share in Q3-2005.
- **Production** in Q3-2006 was **4.72 million pounds of copper** and **163,497 pounds of molybdenum**, a production decrease of 38% in copper and 29% in molybdenum from Q3-2005 due to ongoing restricted tailings flow and various temporary plant shutdowns imposed by El Teniente.
- **Gross copper selling price** was **\$3.67/lb** after settlement adjustments, compared to an LME average price of \$3.48/lb during the quarter. **Realized copper price** (copper revenue net of smelter and refinery charges and including settlement adjustments to prior quarter sales divided by copper pounds sold in the quarter) was **\$3.04/lb**.
- **Cash costs** (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty were **\$1.03/lb** in Q3-2006, compared to cash costs of \$0.22/lb in Q3-2005. The increase in cash costs was caused by lower copper production due to production constraints, higher smelter and refinery costs due to the effect of copper price participation with the smelter and higher production and maintenance costs overall.
- **Total costs** (the aggregate of cash costs, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for the quarter ended September 30, 2006 were **\$1.84/lb** compared to \$0.57/lb in Q3-2005. The increase in total costs was driven by higher smelter and refinery charges and higher royalty payments to El Teniente, both related to higher copper prices.

- **Capital plant expenditures** mainly for the construction of two thickeners and an industrial water recovery system required to meet Chilean environmental regulations were **\$9,946,500 in Q3-2006**, funded substantially from operating cash flow.
- **Cash balance** was **\$12,562,294** at September 30, 2006 after \$9,946,500 of capital expenditures, a dividend payment of \$3,818,896 and an increase in Amerigo's strategic investment in Chariot Resources Limited ("Chariot") of \$1,170,263, which increased Amerigo's interest in Chariot to approximately 18% of Chariot's issued and outstanding share capital as at September 30, 2006.
- **Dividend** – In accordance with Amerigo's stated policy, on September 1, 2006 a dividend of **\$3,818,896** or Cdn 4.5¢ per share was paid to shareholders of record as of August 18, 2006. Amerigo has paid aggregate dividends of \$7,449,203 in 2006.
- **Subsequent event - A gain on sale of investment** of **\$8,530,377** (Cdn \$9,679,857) was realized on the sale of 31,812,500 Chariot common shares and 11,532,000 Chariot warrants on October 20, 2006. The gain will be recognized in earnings in Q4-2006.
- **Cash and marketable securities** are **\$32M** at the date of this report..

Results of Operations – Q3-2006

Revenue

Total revenue during Q3-2006 was \$19,739,861, which includes copper revenue of \$15,111,953 and molybdenum revenue of \$4,627,908. Copper and molybdenum revenues are net of smelter, refinery and roasting charges. There was no tolling revenue from Chuquicamata during Q3-2006.

Copper revenue increased from Q3-2005 due to significantly higher copper prices, despite a 30% reduction in quarterly sales volume. In Q3-2006 the Company sold 2,257 tonnes or 4.98 million pounds of copper, down from 7.11 million pounds sold in Q3-2005, following restricted tailings flow and various temporary plant shutdowns imposed by El Teniente. The Company's quarterly realized copper price was \$3.04/lb in Q3-2006, a significant increase from its realized copper price of \$1.38/lb in Q3-2005. The realized copper price is calculated by dividing quarterly copper revenue (net of smelter and refinery charges and including settlement adjustments to the prior quarter's sales) by the number of pounds of copper sold in the quarter.

During Q3-2006, the Company's gross copper selling price was \$3.67/lb (Q3-2005: \$1.76/lb). Gross copper selling price is calculated by dividing copper revenue (before smelter and refinery charges and including settlement adjustments to the prior quarter's sales) by the number of pounds of copper sold in the quarter. The Company's gross copper selling price in Q3-2006 of \$3.67/lb was higher than the average LME cash copper price of \$3.48/lb due to pricing adjustments related to the fact that sales are priced on an M+3 basis.

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 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.

Due to production restrictions imposed by El Teniente, MVC has sold significantly less copper than estimated under the original concentrate supply quota with Enami for 2006. Discussions with Enami to address the supply shortfall took place during the quarter: Enami has agreed that lower supply quotas will

be observed for September, October, November and December 2006 and smelter and refinery charges will remain at 2006 pricing until MVC meets the 2006 revised quota, at which time Enami and MVC will meet to discuss terms for 2007. The following is currently projected (pricing = M+3):

- October deliveries: June and July quotas (priced at September and October average prices)
- November deliveries: July quota (priced at October average price)
- December deliveries: July quota (priced at October average price)
- January 2007 deliveries: July and August quotas (October and November average prices)
- February 2007 deliveries: August and September quotas (November and December average prices)
- March 2007 deliveries: September, October and November quotas (December, January 2007 and February 2007 prices)
- April 2007 deliveries: November and December quotas (February 2007 and March 2007 prices)

Molybdenum revenue decreased in Q3-2006 due to lower sales volume. In Q3-2006 the Company sold 200,219 pounds of molybdenum at a gross moly selling price of \$28.19/lb, compared to 267,995 pounds sold in Q3-2005 at a gross selling price of \$27.26/lb. Gross molybdenum selling prices are calculated by dividing moly revenue (before roasting charges and including settlement adjustments to the prior quarter's sales) by the number of pounds of moly sold in the quarter

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. During Q3-2006 the sale price nominated by Molymet was M+1 for July sales and M+3 for August and September sales.

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 an arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is determinable.

Sales are recognized into revenue using forward copper prices for the expected date of final settlement and spot prices for molybdenum, and adjustments to revenue are made at the end of each month to reflect changes in market prices until the sale price is settled under the terms of the agreement. 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.

The Company has a tolling agreement with Codelco's Chuquicamata division to process certain of Chuquicamata's molybdenum-copper bulk concentrates at MVC's plant. In Q3-2006 no Chuquicamata concentrates were processed by the Company, in contrast to 2,431 tonnes processed in Q3-2005, which resulted in tolling revenue of \$1,913,712. Tolling revenue is recognized when the processing is completed, the amounts to be received are known and collection is reasonably assured.

Production

In Q3-2006, the Company produced 2,140 tonnes or 4.72 million pounds of copper and 163,497 pounds of molybdenum. Results are below budget on a year-to-date basis following various temporary plant shutdowns and El Teniente's decision to restrict the tailings flow between MVC and El Teniente's Caren tailings impoundment, as announced in the Company's news release dated August 30, 2006. The fresh tailings are being diverted to Colihues. El Teniente has informed the Company that the flow restrictions to MVC are required due to environmental concerns, both with respect to the volume of water in the tailings being sent to Caren and the structural condition of the Cachapoal 2 bridge that forms part of the tailings launder downstream from MVC.

As of the date of this report, approximately 20% to 25% of the fresh tailings continue to be diverted to Colihues. To the best of the Company's knowledge, El Teniente plans to restore full fresh tailings flow to MVC in Q1-2007.

In Q3-2005, copper production was 3,440 tonnes or 7.58 million pounds of copper and 230,167 pounds of molybdenum. Accordingly, Q3-2006 production shows reductions of 38% for copper and 29% for moly compared to Q3-2005.

The plant shutdowns and restricted tailings flow to MVC have also affected molybdenum production.

Despite the production challenges faced in 2006, the Company remains committed to attain its goals of annualized production rates of 60 million pounds of copper and 1 million pounds of molybdenum by the end of 2007, subject to approval from El Teniente to recommence operations at Colihues.

Cash Cost and Total Cost

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

The Company's cash costs from Q3-2005 to Q3-2006 (\$/lb of copper produced) were as follows:

	Q3-2006	Q2-2006	Q1-2006	Q4-2005	Q3-2005
Cu and Mo production	1.24	1.24	1.07	1.14	0.85
Smelter & refinery	0.67	0.57	0.59	0.40	0.36
Administration	0.07	0.05	0.05	0.06	0.04
Transportation	0.03	0.03	0.03	0.02	0.02
By-product credits	(0.98)	(0.99)	(0.35)	(0.95)	(1.05)
Cash Cost	\$1.03	\$0.90	\$1.39	\$0.67	\$0.22

Cash cost is driven mainly by production costs, smelter/refinery costs and moly by-product credits. This cost is expressed as a unit cost and therefore all things being equal will increase as production decreases.

Management was able to keep copper and molybdenum production costs per pound to Q2-2006 levels despite lower production in Q3-2006. Compared to Q3-2005, production costs increased as a result of lower production, the effect on costs of a stronger Chilean peso and higher steel and energy costs.

The increase in smelter and refinery costs in the cash cost calculation is distorted as it is based on copper production, while in reality these costs are based on copper sales. Smelter and refinery costs have increased consistently due to higher copper prices. Smelter and refinery costs will decrease if copper prices decline due to the price participation formula.

Administration costs increased in Q3-2006 due to certain salary increases in Chile and one-off accrual adjustments to employee benefits.

Molybdenum by-product credits are volatile in nature as they are impacted by the Chuquicamata tonnes processed in a given quarter and by settlement adjustments to prior quarter's moly sales. In periods of rising moly prices, there will be positive settlement adjustments resulting in higher molybdenum by-product credits, while the opposite will occur in periods of declining moly prices.

The Company's total costs from Q3-2005 to Q3-2006 (\$/lb of copper produced) were as follows:

	Q3-2006	Q2-2006	Q1-2006	Q4-2005	Q3-2005
Cash cost	1.03	0.90	1.39	0.67	0.22
El Teniente royalty	0.69	0.53	0.39	0.39	0.30
Amortization/depreciation	0.10	0.07	0.06	0.05	0.05
Stock-based compensation	0.01	0.01	0.01	-	-
Accretion cost	0.01	-	-	-	-
Total Cost	\$1.84	\$1.51	\$1.85	\$1.11	\$0.57

This analysis shows that in addition to the impact of cash costs, a higher El Teniente royalty (due mainly to higher copper prices) also has a significant effect on total costs. The El Teniente royalty is based mainly on copper price; the royalty for fresh tailings declines to zero at a copper price of \$0.80/lb or less, making MVC a copper producer whose costs decrease as copper prices decline.

Operating Costs and Expenses

Production costs include copper and molybdenum production costs, maintenance costs and Chuquicamata tolling costs. In Q3-2006, production costs were \$5,863,091 compared to production costs of \$6,440,386 in Q3-2005. The \$577,295 decrease in production costs is explained by lower tolling costs as no Chuquicamata material was processed in Q3-2006, compared to 2,431 tonnes processed in Q3-2005, and lower molybdenum costs due to a decrease of 29% in moly production from Q3-2005. The decrease in costs from these two factors was offset by higher maintenance costs and higher copper production costs due to environmental control and miscellaneous costs that are not associated with levels of production.

In Q3-2006 the El Teniente royalty was \$3,271,047 compared to \$2,294,314 in Q3-2005. The royalty increases or decreases as a function of copper and molybdenum prices and sales. The significant copper price increase in Q3-2006 compared to Q3-2005 accounts for the increased royalty cost despite lower sales volume for both copper and molybdenum.

Administration expenses were \$41,635 higher in Q3-2006 due in part to certain salary increases in Chile and one-off accrual adjustments to employee benefits. Amortization cost increased by \$107,845 to \$451,207 in Q3-2006, as MVC now has a higher asset base. Stock-based compensation for options granted to MVC employees has been reclassified as an Operating Cost and was \$55,938 in Q3-2006.

Costs not related to MVC's production operations are identified as "Other Expenses" and were \$819,217 in Q3-2006 and \$288,278 in Q3-2005. The most significant expenses in the quarter were office and general expenses of \$241,462, salaries, management and professional fees of \$228,619, stock-based compensation of \$187,633 and interest expense of \$131,723. Compared to Q3-2005, office and general expenses increased due to annual Chilean municipal taxes and to stamp duties related to short-term debt; salaries, management and professional fees increased due to higher audit, tax and legal costs incurred in the ordinary course of business; stock-based compensation expense increased as this cost is being recognized over 2006 as options vest on a quarterly basis, while in 2005 the cost of options was recognized fully in the quarter of issuance as options vested on grant, and interest expense increased due to a short-term \$4,000,000 working capital loan in Chile.

Non-operating items in Q3-2006 include a foreign exchange gain of \$619,399 (Q3-2005: \$1,098,029), a gain on settlement of debt of \$202,027 (\$Nil in Q3-2005), interest income of \$212,726 (Q3-2005: \$124,757) and other income of \$28,917 (Q3-2005: \$11,250). In Q3-2005 the Company also recorded a gain on disposition of mineral properties of \$427,455. The variance in foreign exchange expense is due to significantly lower fluctuations of the Chilean Peso with regards to the US Dollar during the quarter, as compared to fluctuations in Q3-2005. The gain on settlement of debt resulted from a 5% discount negotiated by the Company on payment of a \$3,400,000 note and interest in July 2006. Higher interest income results from higher average cash balances held by the Company in Q3-2006 compared to Q3-2005.

The Company recorded income tax expense net of recoveries of \$1,492,571 in Q3-2006, from income tax on MVC earnings. In Q3-2005, income tax expense was higher at \$2,418,269 as it included approximately \$700,000 of tax adjustments in respect of Q1-2005 and Q2-2005.

Operating Cash Flows

In Q3-2006, the Company's activities generated operating cash flow of 8,390,718 (or 9¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of \$7,768,731 or 9¢ per share in Q3-2005.

Results of Operations – Year-to-date September 30, 2006

Net earnings during the nine months ended September 30, 2006 (“YTD-2006”) were \$25,302,447 (\$0.2748 per share), compared to \$12,783,901 (\$0.1679 per share) in the nine months ended September 30, 2005 (“YTD-2005” or “the comparative period”).

Total revenue YTD-2006 was \$64,260,553 derived from the sale of 8,343 tonnes or 18.39 million pounds of copper, 552,588 pounds of molybdenum and the processing of 2,665 tonnes of Chuquicamata material. This compares to total revenue of \$38,869,061 in the comparable period, from the sale of 9,770 tonnes or 21.54 million pounds of copper, 410,148 pounds of moly and the processing of 2,644 tonnes of Chuquicamata material.

Cash cost and total cost YTD-2006 were \$1.12/lb and \$1.72/lb respectively, compared to cash cost of \$0.57/lb and total cost of \$0.87/lb in the comparative period. These costs include smelter and refinery costs of \$0.58/lb (YTD-2005: \$0.38/lb) and El Teniente royalty costs of \$0.52/lb (YTD-2005: \$0.25/lb)

“Other Expenses” YTD-2006 were \$2,272,412, compared to \$1,578,529 in the comparative period.

Non-operating items YTD-2006 include a foreign exchange gain of \$1,081,381 (YTD-2005: \$1,694,631), interest income of \$484,509 (YTD-2005: \$237,836), a gain on settlement of debt of \$202,027, other income of \$75,815 (YTD-2005: \$39,970) and in 2005 a gain on disposition of mineral properties of \$427,455.

Income tax expense YTD-2006 was \$4,535,150, compared to \$3,082,959 in the comparative period.

Summary of Quarterly Results

	Qtr. ended Sept. 30, 2006	Qtr. ended June 30, 2006	Qtr. ended March 31, 2006	Qtr. ended Dec. 31, 2005
Total revenue	\$19,739,861	\$27,482,949	\$17,037,743	\$19,459,021
Net income	8,251,071	12,444,608	4,606,768	5,208,566
Earnings per share	0.0877	0.1322	0.0524	0.0604
Diluted earnings per share	0.0868	0.1285	0.0515	0.0588

	Qtr. ended Sept. 30, 2005	Qtr. ended June 30, 2005	Qtr. ended March 31, 2005	Qtr. ended Dec. 31, 2004
Total revenue	\$17,702,172	\$12,768,609	\$8,398,280	\$10,225,588
Net income	6,503,415	4,635,764	1,644,722	1,687,323
Earnings per share	0.0757	0.0607	0.0237	0.0262
Diluted earnings per share	0.0735	0.0525	0.0186	0.0194

Liquidity and Capital Resources

Amerigo's cash and cash equivalents on September 30, 2006 were \$12,562,294, compared to \$18,964,216 on June 30, 2006 and \$12,953,516 on December 31, 2005. The Company's working capital at September 30, 2006 was \$8,576,760 compared to \$14,471,601 on June 30, 2006 and \$8,236,363 on December 31, 2005. The Company continues to be able to generate sufficient cash resources in the short and long-term to maintain existing operations and fund ongoing capital requirements.

During the nine months ended September 30, 2006 Amerigo received net proceeds of \$14,554,274 from the issuance of 7 million shares by way of a bought deal offering under a short form prospectus and \$925,698 from the exercise of stock options.

Amerigo also purchased and cancelled 83,400 of its common shares at a total cost of \$139,254. A premium on the purchase of shares for cancellation of \$91,012 was applied against Retained Earnings.

The purchase of shares for cancellation took place under the terms of a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo is entitled to purchase for cancellation up to 7,845,154 of its common shares during the one-year period ending on November 13, 2006. As of the date of this report, 186,100 Amerigo shares have been purchased and cancelled under the normal course issuer bid for a total cost of \$303,999 and a premium applied to Retained Earnings of \$196,351.

On April 26, 2006, MVC obtained a short-term loan of Chilean Pesos \$2,000,000,000 (approximately \$4,000,000) on favourable terms from a Chilean bank. These funds were used to finance timing differences between accounts receivable and accounts payable. The Company intends to repay this loan in full in December 2006. There are no guarantees or debt covenants in connection with this loan.

The Company's gross copper sales are dependent on sales volumes and market prices for copper. Average LME cash copper prices in 2006 have been the following:

January	\$2.1475	April	\$2.8975	July	\$3.4982
February	2.2600	May	3.6495	August	3.4907
March	2.3146	June	3.2648	September	3.4484

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at September 30, 2006 were \$7,147,294 compared to \$6,848,968 on June 30, 2006.

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

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.

In accordance with Amerigo's stated dividend policy, on September 1, 2006 a semi-annual dividend of \$3,818,896 (Cdn 4.5¢ per share) was paid to shareholders of record as of August 18, 2006. Amerigo has paid aggregate dividends of \$7,449,203 (Cdn 9¢ per share) in 2006.

As of September 30, 2006 Amerigo had 2,902,000 outstanding share purchase options (with exercise prices ranging from Cdn\$1.23 to Cdn\$2.71). During the nine months ended September 30, 2006, 930,000 options were exercised for net proceeds of \$925,698 and 1,535,000 options were granted (1,335,000 exercisable at a price of Cdn\$2.71 per share and 200,000 exercisable at a price of Cdn\$2.43 per share).

Stock-based compensation is recognized as options vest. The 1,335,000 options granted in Q1-2006 vest in four equal installments, on March 31, June 30, September 30 and December 31, 2006. For the options vested on March 31, June 30 and September 30, 2006 Amerigo recorded in aggregate a stock-based compensation expense of \$629,186, of which \$164,953 was charged to Costs as the options were granted to MVC employees and \$464,233 was charged to Other Income and Expenses.

The 200,000 options granted in Q3-2006 vest in four equal installments, on September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007. For the options vested on September 30, 2006 Amerigo recorded a stock-based compensation expense of \$30,206 charged to Other Income and Expenses.

Investing Activities

In the nine months ended September 30, 2006, the Company incurred \$22,563,429 in capital expenditures in MVC. These capital expenditures were funded substantially from operating cash flow. Capital expenditures YTD are primarily for the construction of two thickeners and an industrial water recovery system being built in order to meet Chilean environmental regulations coming into effect later in the year, the construction of a pipeline system to divert tailings to Colihues, the final stages of the mill expansion project and equipment for the extraction of tailings from Colihues.

In the nine months ended September 30, 2006, Amerigo purchased for investment purposes 31,812,500 shares and 11,532,000 warrants of Chariot at a cost of \$12,496,283, representing approximately 18% of Chariot's issued and outstanding common shares (assuming the exercise of such warrants).

In Q3-2006, Amerigo increased its investment in Nikos Explorations Ltd. ("Nikos") by \$268,200. The total book value of the investment in Nikos is \$1,202,947. Amerigo holds approximately 26% of Nikos's issued and outstanding common shares (assuming the exercise of outstanding warrants).

Transactions with Related Parties

a) Minority Interest

A detailed description of Minority Interest is provided in the Company's Unaudited Consolidated Financial Statements for the nine months ended September 30, 2006.

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

b) Directors' fees and remuneration to officers

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

c) At September 30, 2006 one of Amerigo's officers acted as an officer and another as a director of Nikos.

Subsequent Events

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

b) In October 2006, Amerigo purchased and cancelled 102,700 of its common shares for a total cost of \$164,745. A premium on the purchase of shares for cancellation of \$105,339 will be applied against Retained Earnings in Q4-2006.

c) On October 20, 2006, Amerigo sold a total of 31,812,500 Chariot common shares and 11,532,000 Chariot Warrants to an arm's-length party. The selling prices were Cdn\$0.65 per common share and Cdn\$0.30 for each Chariot Warrant. Total proceeds of the sale were \$21,271,128, which resulted in a gain on sale of investment of \$8,530,377 to be recognized in Q4-2006.

Critical Accounting Estimates

There were no changes to the Company's critical accounting estimates or accounting policies during the nine months ended September 30, 2006.

Changes in Accounting Policies, Including Initial Adoption

In April 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued three new standards relating to financial instruments, applicable for fiscal years beginning on or after October 1, 2006. The company is currently reviewing the impact of these new standards, which are as follows:

a) Financial Instruments – Recognition and Measurement (Section 3855)

The standard prescribed when a financial asset, financial liability and non-financial derivative is to be recognized on the Balance Sheet and whether fair value or cost-based measures should be used. It also specifies how financial instruments gains or losses should be presented.

b) Hedges (Section 3865)

The standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline 13 (acG-13) “Hedging Relationships” and Section 1650 “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

c) Comprehensive Income (Section 1530)

This standard introduces new rules for the reporting and display of comprehensive income. Comprehensive income is currently reported under US generally accepted accounting principles to measure the change in shareholders’ equity of a company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period, except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments, gains and losses on certain derivative instruments, and foreign currency gains and losses related to self-sustaining foreign operations.

Other MD&A Requirements

As of October 30, 2006, Amerigo has 93,969,744 common shares outstanding and 2,418,250 exercisable options (at prices ranging from Cdn\$1.23 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 resolving tailings restrictions from El Teniente. 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, copper and molybdenum price 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.