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CANADA

Amerigo Reports Net Earnings of US$1,625,458 and Cash Flow from Operations of US$3,700,531 in Q2 2004

Cash costs down US$0.05 per pound

El Teniente Considering Expansion to 300,000 tpd

New Board Appointments

Significant Events for the Quarter Ended June 30, 2004

- **Net earnings after tax** for the three months ended June 30, 2004 were **US$1,625,458,** lower than the preceding quarter. Earnings were lower due to delays in achieving increased production levels by El Teniente under their plans to expand to 125,000 tpd, and unfavourable settlement adjustments due to lower copper prices at quarter end under new Canadian accounting standards. El Teniente has publicly stated they believe production will have caught up to schedule by year end.

- **Earnings** for the half year to June 30, 2004 were **US$5,401,640** or **US9c** non-diluted. In the same period **operating cash flow** was **US$5,866,778** and total production was 14.51 million pounds.

- **Cash flow from operations** was higher in the three months ended June 30, 2004 at **US$3,700,531,** up from US$2,166,247 calculated on the same basis in the first quarter. See MD&A for details on calculation.

- **Cash costs** before Codelco royalty were lower at **US$0.59** per pound in the 2nd quarter compared to US$0.64 in the 1st quarter, due to higher production and sales of **7.33 million pounds** of copper. Total costs after royalty, depreciation and accretion were **US$0.78** per pound. Actual production costs are below budget.

- **Earnings per share** were **US3c** for the three months ended June 30, 2004. **Cash flow per share** was **US6c** in the same period.

- Cash balances have increased to **US$8,044,947** at June 30, 2004.

- **Molybdenum processing plant underway –** MVC has commenced engineering to construct a processing plant to extract molybdenum at projected production rates of **700,000 pounds** of molybdenum in concentrates per year and estimated production costs of **$2 per pound**. Recent molybdenum oxide prices have reached **$16 per pound**. Commissioning is expected in the first half of 2005.

- **Initial production expansion is now operational.** Phase 1, the installation and commissioning of additional classification and flotation equipment, was completed on time and under budget on April 7, 2004. Optimisation of the new processing circuits continued during the quarter.

- **Further production increases.** Work continues on schedule for the next stage of expansion. In July 2004 MVC purchased 4 used mills with a capacity of 140% of the presently installed mills to accelerate the implementation of the expansion process. Negotiations with El Teniente progress well with respect to an increase of tailings supply from Colihues beyond the present limit of 10,000 tpd. Until these negotiations are finalized, the precise nature of the next expansion is under review to accommodate potential increased Colihues feed.

  During the quarter Mr. Ricardo Alvarez, General Manager of El Teniente, announced that consideration was being given to a further increase in production rate from the recently expanded 125,000 tpd to 300,000 tpd by 2013. This augurs well for significantly increased production from fresh tailings in the future for MVC.

- Dr. Robert Gayton and Mr. Ruston Goepel have agreed to join the Amerigo Board with effect from August 15, 2004. Dr. Gayton and Mr. Goepel are very experienced businessmen and are most valuable additions to the Board. Mr. Ian Gallie has tendered his resignation with effect from the same date.

Amerigo Resources Ltd.

Consolidated Financial Statements
June 30, 2004
(expressed in U.S. dollars)
Not audited or reviewed by external auditors

Amerigo Resources Ltd.
Consolidated Balance Sheet

(expressed in U.S. dollars)

	June 30 2004 $	December 31 2003 $
Assets		
Current assets		
Cash and cash equivalents	8,044,947	4,366,419
Accounts receivable	2,095,725	2,098,557
Prepaid expenses	229,461	66,059
Plant supplies and inventory	952,784	532,656
	11,322,917	7,063,691
Deferred charges	50,574	32,026
Mineral property, plant and equipment - net	26,915,288	25,328,269
Future income tax	592,125	1,194,097
	38,880,904	33,618,083
Liabilities		
Current liabilities		
Accounts payable	1,587,420	1,949,547
El Teniente royalty payable	1,086,586	604,108
Due to related parties	36,773	188,739
	2,710,779	2,742,394
Notes payable	3,400,000	3,400,000
Enami loan	-	1,397,166
Other payables	410,721	356,488
Asset retirement obligation	1,980,629	1,915,842
Minority interest	1,000	1,000
	8,503,129	9,812,890
Shareholders' Equity		
Capital stock	26,744,743	25,320,892
Capital stock to be issued	-	294,062
Contributed surplus	519,836	478,683
Shareholders' Equity (Deficit)	3,135,306	(2,266,334)
Cumulative translation adjustment	(22,110)	(22,110)
	30,377,775	23,805,193
	38,880,904	33,618,083

Approved by the Board of Directors

"Steven G. Dean" ______________________ Director

"Ian Gallie" ______________________ Director

Amerigo Resources Ltd.
Consolidated Statement of Retained Earnings

(expressed in U.S. dollars)

	For the six months ended June 30, 2004 $	For the ten months ended December 31, 2003 $
Balance as at the beginning of the period	(1,165,486)	(3,046,499)
Adjustment on adoption of new accounting standard for asset retirement obligations	(116,205)	-
Adjustment on adoption of new accounting standard for expensing of stock options	(984,643)	-
Balance as at the beginning of the period as restated	(2,266,334)	(3,046,499)
Adjustment on adoption of new accounting standard for asset retirement obligations	-	(116,205)
Adjustment on adoption of new accounting standard for expensing of stock options	-	(984,643)
Net earnings	5,401,640	1,881,013
Balance as at the end of the period	3,135,306	(2,266,334)

Amerigo Resources Ltd.

Consolidated Statement of Operations

(expressed in U.S. dollars)

	Three months ended June 30, 2004 $	Three months ended May 31, 2003 $
Revenue	8,218,154	-
Costs		
Production costs	2,225,519	-
Smelter refinery and other charges	1,289,738	-
El Teniente royalty	1,118,271	
Maintenance and services	671,418	-
Depreciation and amortization	277,616	-
Administration	206,075	-
Transportation	138,619	-
Asset retirement accretion cost	32,394	-
Cost of sales	5,959,650	-
Operating profit	2,258,504	-
Other income and expenses		
Office expense	59,451	11,481
Writedown of mineral properties	49,529	
Management fees	43,917	11,918
Stock based compensation	41,153	-
Interest expense	26,169	-
Salaries, consulting and professional fees	36,387	10,315
Insurance expense	9,279	5,595
Shareholder information	6,499	-
Project investigation costs	-	105,412
General prospecting	-	2,655
Gain on disposition of mineral properties	(146,259)	
Interest income	(60,230)	(740)
Transfer agent and filing fees	(1,952)	3,111
Foreign exchange expense	93,025	-
	156,968	149,747
Earnings (loss) before taxes and minority interest	2,101,536	(149,747)
Income tax expense, net of tax recoveries	360,092	-
Earnings (loss) before minority interest	1,741,444	-
Minority interest	115,986	-
Net earnings (loss) for the period	1,625,458	(149,747)
Deficit - Beginning of period		
As previously reported	1,509,848	(3,046,499)
Accounting change	-	-
As restated	1,509,848	(3,046,499)
Retained earnings (Deficit) – End of period	3,135,306	(3,196,246)
Weighted average number of shares outstanding	63,473,677	7,225,449
Earnings (loss) per share		
Basic	0.0256	(0.0270)
Diluted	0.0188	(0.0270)

Amerigo Resources Ltd.
Consolidated Statement of Operations

(expressed in U.S. dollars)

	Six months ended June 30, 2004 $	Six months ended May 31, 2003 $
Revenue	18,456,874	14,047
Costs		
Production costs	4,292,337	-
Smelter refinery and other charges	2,472,349	-
El Teniente royalty	2,058,467	
Maintenance and services	1,393,203	-
Depreciation and amortization	524,354	-
Administration	437,615	-
Transportation	260,331	-
Asset retirement accretion cost	64,787	-
Cost of sales	11,503,443	-
Operating profit	6,953,431	14,047
Other income and expenses		
Transfer agent and filing fees	136,523	5,297
Salaries, consulting and professional fees	136,251	17,244
Office expense	97,472	8,027
Interest expense	99,788	-
Management fees	89,651	25,153
Writedown of mineral properties	49,529	-
Stock based compensation	41,153	1,747
Insurance expense	20,191	-
Shareholder information	14,886	8,805
Financing costs	-	10,038
Project investigation costs	-	105,412
General prospecting	-	3,960
Gain on disposition of mineral properties	(146,259)	-
Interest income	(129,860)	(159)
Foreign exchange expense	320,924	-
	730,249	200,724
Earnings (loss) before taxes and minority interest	6,223,182	(186,677)
Income tax expense, net of tax recoveries	603,852	-
Earnings (loss) before minority interest	5,619,330	-
Minority interest	217,691	-
Net earnings (loss) for the period	5,401,640	(186,677)
Deficit - Beginning of period		
As previously reported	(1,165,486)	(3,009,569)
Accounting change	(1,100,848)	-
As restated	(2,266,334)	(3,009,569)
Retained earnings (Deficit) – End of period	3,135,306	(3,196,246)
Weighted average number of shares outstanding	62,552,831	6,688,606
Earnings (loss) per share		
Basic	0.0864	(0.0279)
Diluted	0.0623	(0.0279)

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Three months ended June 30, 2004 $	Three months ended May 31, 2003 $
Cash flows from operating activities		
Net earnings (loss) for the period	1,625,458	(149,747)
Items not affecting cash –		
Income tax expense net of recoveries	300,127	-
Depreciation and amortization	277,616	
Stock based compensation	41,153	-
Writedown of mineral properties	49,529	-
Asset retirement accretion cost	32,394	-
Gain on disposition of mineral properties	(146,259)	-
	2,180,018	(149,747)
Changes in non-cash working capital - net of effects of acquisition of subsidiary		
Accounts receivable	2,307,485	(6,855)
Prepaid expenses	(21,858)	2,878
Plant, supplies and inventory	(209,368)	-
Accounts payable	(406,825)	74,456
Other current accounts payable	(1,604)	-
El Teniente royalty payable	(147,317)	-
Net cash used in operating activities	3,700,531	(79,671)
Cash flows from investing activities		
Purchase of mineral property, plant and equipment	(891,818)	(44,511)
Net cash used in investing activities	(891,818)	(44,511)
Cash flows from financing activities		
Deferred charges	(41,230)	-
Repayment of other loans	-	-
Issuance of shares for cash - net of share issue costs	8,670	271,030
Other payables	(13,352)	-
Net cash provided by financing activities	(45,812)	271,030
Effect of exchange rate changes on cash and cash equivalents	6,398	-
Net increase in cash and cash equivalents	2,769,299	161,571
Cash and cash equivalents - Beginning of period	5,275,648	91,654
Cash and cash equivalents - End of period	8,044,947	253,225
Supplemental cash flow information		
Interest paid	3,097	-
Taxes paid	-	-

Amerigo Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Six months ended June 30, 2004 $	Six months ended May 31, 2003 $
Cash flows from operating activities		
Net earnings (loss) for the period	5,401,641	(186,677)
Items not affecting cash –		
Income tax expense net of recoveries	543,887	-
Depreciation and amortization	524,354	-
Asset retirement accretion cost	64,787	-
Stock based compensation	41,153	1,747
Writedown of mineral properties	49,529	-
Share subscriptions received in advance	-	60,229
Shares issued for financing costs	-	6,692
Gain on disposition of mineral properties	(146,259)	-
	6,479,092	(118,009)
Changes in non-cash working capital - net of effects of acquisition of subsidiary		
Accounts receivable	2,832	(16,071)
Prepaid expenses	(163,402)	2,878
Plant, supplies and inventory	(420,128)	-
Accounts payable	(362,128)	74,551
Other current accounts payable	(151,966)	-
El Teniente royalty payable	482,478	-
Net cash used in operating activities	5,866,778	(56,597)
Cash flows from investing activities		
Purchase of mineral property, plant and equipment	(2,005,796)	(100,359)
Net cash used in investing activities	(2,005,796)	(100,359)
Cash flows from financing activities		
Repayment of Enami loans	(1,397,166)	-
Deferred charges	(41,230)	-
Repayment of other loans	-	(33,460)
Issuance of shares for cash - net of share issue costs	1,127,672	315,023
Other payables	54,233	-
Net cash provided by financing activities	(256,491)	281,563
Effect of exchange rate changes on cash and cash equivalents	74,037	-
Net increase in cash and cash equivalents	3,678,528	124,607
Cash and cash equivalents - Beginning of period	4,366,419	128,618
Cash and cash equivalents - End of period	8,044,947	253,225
Supplemental cash flow information		
Interest paid	19,584	-
Taxes paid	-	-

(expressed in U.S. dollars)

1 Comparative period

As a result of Amerigo's year-end change from February 28 to December 31, the comparative period in the Statements of Operations and Statements of Cash Flows is comprised of the 3 months ended May 31, 2003.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial information and therefore do not include all of the information and notes required for annual financial statements. These interim financial statements and notes thereto should be read in conjunction with the company's audited financial statements for the ten months ended December 31, 2003.

During the six months ended June 30, 2004, Amerigo Resources Limited ("Amerigo" or "the company") adopted new accounting standards to account for asset retirement obligations, expensing of stock options and revenue recognition, as outlined below.

Asset retirement obligations

Minera Valle Central S.A. ("MVC") a wholly-owned copper producing company in Chile, is obligated through its operating contract with Corporación Nacional del Cobre de Chile ("Codelco") to remove the facilities and equipment that have been used in operations and to leave the land occupied by its operations clean and clear within six months of expiry of the contract or any extensions thereof. On January 1, 2004 the company adopted new accounting standards for site restoration obligations, which require the recognition of a liability for estimated future restoration costs and the recognition of periodic accretion expense on this liability. To this effect the company has obtained an independent assessment of site restoration costs of $3.5M, which has been adjusted to reflect factors such as inflation, risk premiums and time value of money, and which will be accreted over time as required by accounting pronouncements. The company will obtain an independent assessment of asset recovery values and, if required, will proceed to make any necessary adjustments to prospective amortization charges.

Revenue

All copper produced by the Company is sold under two sales agreements with Chile's Empresa Nacional de Minería ("Enami" or the "smelter") which provide that the sale price is 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 2004.

Commencing January 1, 2004 a new accounting standard required the Company to take 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. The effect of this new accounting standard is to increase 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 record higher revenue for copper delivered in the period, but it will also record favourable adjustments to revenue for copper delivered in the prior period. Similarly, in a period of declining copper prices, the Company will record lower revenues for current deliveries and negative adjustments to revenue for the prior period's deliveries.

Stock options

The company established a stock option plan (the "Plan") on April 2, 2003. The Board of Directors of the company administers the Plan, whereby it may from time to time grant options to purchase common shares of the company to directors, officers, key employees and certain other persons who provide services to the company or its subsidiaries. Effective January 1, 2004, the company adopted the new accounting standard for stock based compensation under which the fair value method of accounting for stock options granted to employees and directors is followed. Accordingly, compensation expense was recorded for options granted prior to 2004 on a retroactive basis to retained earnings to show the effect of compensation expense associated with stock option grants to employees and directors.

3 Due to related parties

The share capital of Amerigo International Holdings Corp. ("Amerigo International") is composed of Class A and Class B common shares. The company owns all of the issued and outstanding Class B shares of Amerigo International. The holders of 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 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 produced by MVC or any successor entity to MVC if the price of copper is $0.80 or more.

In all other respects, Amerigo International is controlled by the company and is a wholly-owned subsdiary for accounting purposes.

The amount included as Minority Interest in the company's Balance Sheet represents the book value of the Class A shares.

As at June 30, 2004 $36,773 was accrued for the June 2004 dividend described above, which was subsequently paid in the ordinary course of business. The class A shares are owned indirectly by certain directors and officers of the company.

4 Disposition of exploration interests

In June 2004 the company received regulatory approval to sell a 100% interest in three Canadian mineral properties to Nikos Explorations Ltd. ("Nikos") for consideration on closing of 5,000,000 common shares of Nikos and contingent consideration of a further 5,000,000 Nikos common shares in the event Nikos retains the mineral properties on June 30, 2005. The company recorded a gain on disposition of $146,259.

(expressed in U.S. dollars)

5 Writedown of mineral properties

In June 2004 the company fully wrote down the value of its two remaining Canadian mineral properties. A writedown of $49,529 was recorded in the period.

6 El Teniente Royalty

MVC has a contract with Codelco through 2021 to process the tailings from the El Teniente mine in Chile. As part of the terms and conditions of the contract, MVC is obligated to pay a royalty to Codelco based on a formula that considers both the price of copper and the copper content found in the tailings processed in each given month, on a sliding scale ranging from 0 if the copper price is below $0.80 per pound, to a maximum of 13.5% if the copper price is $1.30 or higher. For copper prices from $0.95 per pound and below $1.30, the royalty is 10%. No royalties are payable if:

- the copper content in tailings is below 0.0899% of copper or
- the copper price is below $0.80 per pound (for copper content in tailings between 0.09% and 0.1499%) or
- the copper price is below $0.75 per pound (for copper content in tailings reaching or exceeding 0.15% of copper).

Royalty payments are priced at the average LME price for the third month following delivery, and invoiced by El Teniente on a monthly basis within the first 30 days of the third month following the month of delivery of the tailings; payment to El Teniente is effected within 10 days of receipt of invoices. Accordingly, the royalties to El Teniente have been classified as current liabilities.