

# **Amerigo Resources Ltd.**

## **Consolidated Financial Statements**

**March 31, 2009**

Unaudited

(expressed in U.S. dollars)

# Amerigo Resources Ltd.

## Consolidated Balance Sheets (Unaudited)

(expressed in U.S. dollars)

	<b>March 31 2009</b>	<b>December 31 2008</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,462,650	3,187,084
Accounts receivable	19,873,675	11,501,868
Prepaid expenses	66,837	205,897
Plant supplies and inventory	5,320,995	4,230,508
	<u>28,724,157</u>	<u>19,125,357</u>
<b>Investments</b> (Note 11)	3,723,089	1,855,435
<b>Property, plant and equipment</b> - net (Note 4)	117,609,461	116,243,844
<b>Contractual right</b> - net (Note 5)	6,834,120	6,950,942
<b>Other</b>	82,510	83,299
	<u>156,973,337</u>	<u>144,258,877</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	20,533,281	18,091,337
Enami loan (Note 6)	3,625,302	3,538,102
El Teniente royalty payable (Note 7)	1,938,636	2,549,392
Bank loans (Note 8)	10,683,206	9,012,992
Due to non-controlling interests (Note 9(a))	38,691	49,670
	<u>36,819,116</u>	<u>33,241,493</u>
<b>Enami loan</b> (Note 6)	8,232,696	5,896,837
<b>Other payables</b>	1,101,621	1,004,599
<b>Asset retirement obligation</b>	5,206,159	5,122,382
<b>Future income tax</b>	5,989,762	4,956,851
<b>Non-controlling interests</b> (Note 9(a))	1,000	1,000
	<u>57,350,354</u>	<u>50,223,162</u>
<b>Shareholders' Equity</b>		
<b>Capital stock</b> (Note 10)	63,478,849	56,345,311
<b>Value assigned to stock options and warrants</b> (Note 10(e))	3,794,038	2,433,377
<b>Retained earnings</b>	30,500,063	35,279,137
<b>Accumulated other comprehensive income (loss)</b>	1,850,033	(22,110)
	<u>99,622,983</u>	<u>94,035,715</u>
	<u>156,973,337</u>	<u>144,258,877</u>
<b>Going Concern</b> (Note 1)		
<b>Contingencies</b> (Note 13)		
<b>Subsequent Events</b> (Note 14)		

Approved by the Board of Directors

“Robert Gayton” \_\_\_\_\_ Director

“Ruston Goepel” \_\_\_\_\_ Director

# Amerigo Resources Ltd.

## Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

(expressed in U.S. dollars)

	Quarter ended March 31, 2009 \$	Quarter ended March 31, 2008 \$
<b>Revenue</b>	13,021,611	35,933,465
<b>Costs</b>		
Production costs	11,572,837	19,806,593
El Teniente royalty (Note 7)	1,976,005	5,146,561
Depreciation and amortization	1,387,644	1,280,217
Administration	377,512	492,298
Transportation	225,022	276,274
Asset retirement accretion cost	83,777	83,778
<b>Cost of sales</b>	15,622,797	27,085,721
<b>Operating profit (loss)</b>	(2,601,186)	8,847,744
<b>Other expenses</b>		
Office and general expenses	323,582	504,322
Salaries, management and professional fees	230,426	325,602
Interest expense	628,181	121,593
Stock-based compensation (Note 10(c))	52,503	105,256
	1,234,692	1,056,773
<b>Earnings (loss) before the undernoted items</b>	(3,835,878)	7,790,971
Foreign exchange (loss) gain	(1,179,068)	67,407
Interest income	12,425	154,348
Other income	30,296	74,364
Equity investment loss (Note 11(b))	(4,489)	(24,714)
<b>Earnings (loss) before taxes and non-controlling interests</b>	(4,976,714)	8,062,376
<b>(Income tax expense), net of tax recoveries</b>	312,687	(1,541,792)
<b>Earnings (loss) before non-controlling interests</b>	(4,664,027)	6,520,584
<b>Non-controlling interests</b> (Note 9(a))	(115,047)	(137,572)
<b>Net earnings (loss)</b>	(4,779,074)	6,383,012
<b>Other comprehensive income (loss)</b>	1,872,143	(4,505,662)
<b>Comprehensive income (loss)</b>	(2,906,931)	1,877,350
<b>Weighted average number of shares outstanding, basic</b>	113,435,126	94,332,384
<b>Weighted average number of shares outstanding, diluted</b>	113,435,126	95,620,801
<b>Earnings (loss) per share</b>		
Basic	(0.04)	0.07
Diluted	(0.04)	0.07

# Amerigo Resources Ltd.

## Consolidated Statements of Cash Flows (Unaudited)

(expressed in U.S. dollars)

	Quarter ended March 31, 2009 \$	Quarter ended March 31, 2008 \$
<b>Cash flows from operating activities</b>		
Net earnings (loss) for the period	(4,779,074)	6,383,012
Items not affecting cash -		
Depreciation and amortization	1,387,644	1,280,217
Equity investment loss	4,489	24,714
Unrealized foreign exchange expense	407,756	204,932
Future income tax expense	1,049,885	1,233,151
Stock-based compensation	52,503	121,593
Asset retirement accretion cost	83,777	83,778
Other receivables	789	1,545
Accrued interest on bank and Enami loans	246,547	50,421
	(1,545,684)	9,383,363
Changes in non-cash working capital		
Accounts receivable	(8,371,807)	(12,360,777)
Prepaid expenses	139,060	(497,668)
Plant, supplies and inventory	(1,090,487)	(1,747,404)
Accounts payable	2,753,844	7,521,191
El Teniente royalty payable	(610,756)	(269,595)
Due to non-controlling interests	(10,979)	(4,360)
Other payables	97,022	172,346
<b>Net cash provided by (used in) operating activities</b>	(8,639,787)	2,197,096
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(2,965,313)	(6,870,595)
Purchase of investments	-	(153,180)
<b>Net cash used in investing activities</b>	(2,965,313)	(7,023,775)
<b>Cash flows from financing activities</b>		
Issuance of shares and warrants for cash – net of issuance costs	8,441,696	-
Proceeds from bank loans	1,072,607	5,507,214
Enami loan	2,366,363	-
Payment of dividends	-	(6,018,524)
Purchase of shares for cancellation	-	(414,924)
<b>Net cash provided by (used in) financing activities</b>	11,880,666	(926,234)
<b>Net increase (decrease) in cash and cash equivalents</b>	275,566	(5,752,913)
<b>Cash and cash equivalents – Beginning of period</b>	3,187,084	16,712,630
<b>Cash and cash equivalents – End of period</b>	3,462,650	10,959,717

Supplemental disclosure with respect to cash flows (Note 12)

# Amerigo Resources Ltd.

## Consolidated Statements of Shareholders' Equity (Unaudited)

(expressed in U.S. dollars)

	Common shares		Retained Earnings	Value assigned to stock options and warrants	Accumulated Other Comprehensive Income (Loss)	Shareholders' equity
	No. of shares	Amount				
		(\$)	(\$)	(\$)	(\$)	(\$)
Balance – December 31, 2007	94,372,744	56,933,105	67,070,515	1,949,218	4,373,657	130,326,495
Shares repurchased	(1,001,200)	(587,794)	(1,001,534)	-	-	(1,589,328)
Options vested	-	-	-	484,159	-	484,159
Realized losses on “available for sale” instruments (Note 11)	-	-	-	-	(4,395,767)	(4,395,767)
Dividends paid	-	-	(11,802,999)	-	-	(11,802,999)
Net loss for the year	-	-	(18,986,845)	-	-	(18,986,845)
Balance – December 31, 2008	93,371,544	56,345,311	35,279,137	2,433,377	(22,110)	94,035,715
Issue of shares - Private placement – net of issuance costs	37,500,000	8,161,592	-	-	-	8,161,592
Finders' fees on private placement – net of issuance costs	1,244,400	280,104	-	-	-	280,104
Fair value of warrants granted	-	(1,308,158)	-	1,308,158	-	-
Options vested	-	-	-	52,503	-	52,503
Unrealized gains on “available for sale” instruments (Note 11)	-	-	-	-	1,872,143	1,872,143
Net loss for the period	-	-	(4,779,074)	-	-	(4,779,074)
Balance – March 31, 2009	132,115,944	63,478,849	30,500,063	3,794,038	1,850,033	99,622,983

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2009

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(expressed in U.S. dollars)

#### **1 Going concern**

During the quarter ended March 31, 2009 the Company incurred a net loss of \$4,779,074. Working capital has been affected by the sharp decline in copper and molybdenum prices that took place in the fourth quarter of 2008, depressed copper and molybdenum prices and high production costs for most of the quarter ended March 31, 2009 and tight global banking markets under which the Company's bank debt in Chile has short-term review dates. At March 31, 2009 the Company had a working capital deficiency of \$8,094,959, compared to a working capital deficiency of \$14,116,136 at December 31, 2008. In compliance with accounting standards and prudent governance, management and directors continue to note that these adverse conditions lend significant doubt as to the Company's ability to meet its obligations as they come due and accordingly, the appropriateness of using accounting principles applicable to a going concern.

It is management's belief that under normal banking markets, bank debt in Chile could be structured as long-term debt, improving the Company's working capital position. Despite short-term credit challenges, long-term cash flow projections based on management's assumptions continue to show that the Company's long-term net asset value exceeds the book value of assets.

In light of these circumstances, the Company has completed a series of initiatives to ensure funding for operations and to reduce working capital timing constraints. The Company completed a private placement of Cdn\$10.5 million in February 2009 (Note 10), secured additional bank financing of \$5,000,000 in 2008 and \$1,100,000 in 2009 (Note 8), restructured the repayment of \$11,123,735 of negative copper pricing adjustments into a loan with repayments extending from May 2009 to March 2011 (Note 6), arranged for the repayment of \$2,401,785 of molybdenum negative settlement adjustments against physical molybdenum deliveries starting in January 2009, and deferred payments of 70% of the El Teniente royalties from November 2008 to April 2009 (Note 7). The Company has also reduced capital and discretionary expenditures and suspended dividend distributions for the foreseeable future.

These actions, while significant, may not be in and of themselves sufficient to enable the Company to fund all aspects of its operations particularly considering the short-term nature of the Company's bank debt in Chile.

The Company has two bank loans with renewal dates in May and August of 2009. The term of the May 2009 loan was extended to July 2009 (Note 14). It is customary in Chile to have short term renewal dates for loans and for loans to be rolled over as long as they remain in good standing; historically this has been MVC's experience. Notwithstanding this practice, to alleviate uncertainties introduced from having short-term debt in current market conditions, MVC is in discussions with its bankers in Chile to restructure the existing facilities into long-term loans as credit markets in Chile, copper prices and the Company's operating cash flows continue to improve.

Management believes that additional cash could be realized in the next 12 to 18 months from the exercise of outstanding warrants and stock options currently also in the money.

The Company's ability to continue as a going concern at current copper and molybdenum prices is dependent on MVC's ability to continue to reduce operating costs, including royalties, to generate positive cash flows from operations, and to renew its current debt facilities. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements

March 31, 2009

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(expressed in U.S. dollars)

classifications that may be necessary were the going concern assumption inappropriate. Such adjustments could be material.

### **2 Operations**

The financial statements of Amerigo Resources Ltd. ("Amerigo") together with its subsidiaries (collectively, the "Company") have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") for interim financial statements and therefore do not include all of the information and notes required for annual financial statements. This interim financial information is unaudited and includes all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of its financial position at March 31, 2009 and its results of operations and cash flows for the three months ended March 31, 2009 and 2008 in conformity with Canadian GAAP. These statements follow the same accounting policies and methods of application as the most recent annual financial statements, except as described in Note 3. Accordingly, they should be read in conjunction with Amerigo's audited financial statements for the year ended December 31, 2008. Operating results for the three months ended March 31, 2009 are not necessarily indicative of results that may be expected for the entire fiscal year.

The Company is a producer of copper and molybdenum concentrates with operations in Chile. Its operating subsidiary MVC has a contract with the National Copper Corporation of Chile ("Codelco") through at least 2021 to process the tailings from El Teniente, the world's largest underground copper mine.

### **3 Adoption of new accounting standards and accounting pronouncements**

#### **Accounting Changes**

Effective January 1, 2009 the Company adopted the following new accounting standards:

##### *Goodwill and intangible assets*

Section 3064 "Goodwill and intangible assets" establishes standards for the recognition, measurement, presentation and disclosure of Goodwill subsequent to its initial recognition and of intangible assets by profit orientated enterprises. The adoption of this new section did not have any material impact on the Company's financial statements.

#### **Accounting Pronouncements**

##### *International Financial Reporting Standards ("IFRS")*

In 2006, The Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB's strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the change of the date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transitional date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company has an IFRS implementation plan in progress.

# Amerigo Resources Ltd.

Notes to Consolidated Financial Statements  
March 31, 2009

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(expressed in U.S. dollars)

## 4 Property, plant and equipment

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	\$	\$
Plant and infrastructure	53,905,797	53,894,767
Machinery and equipment and other assets	77,211,170	74,568,786
	<u>131,116,967</u>	<u>128,463,553</u>
Accumulated depreciation and amortization	(13,507,506)	(12,219,709)
	<u>117,609,461</u>	<u>116,243,844</u>

The sharp decline in copper and molybdenum prices in the last quarter of 2008 constituted a triggering event for the Company to review if impairment of the carrying value of the Company's property, plant and equipment and contractual rights had occurred. At December 31, 2008, based on undiscounted cash flow projections for the years 2009 to 2021, the current term of the contract with El Teniente, management determined that the recoverable value of assets in use exceeded their carrying values and therefore, no impairment had occurred.

## 5 Contractual right

At the time of the acquisition of MVC, Amerigo assigned the excess of the purchase price over the fair value of the tangible assets acquired to the MVC and Codelco contract for the processing of tailings from the El Teniente mine. The contractual right is amortized using the units of production method.

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	\$	\$
Contractual rights	9,394,146	9,394,146
Accumulated amortization	(2,560,026)	(2,443,204)
	<u>6,834,120</u>	<u>6,950,942</u>

## 6 Enami loan

MVC sells its copper production to Chile's Empresa Nacional de Minería ("Enami"). During the quarter ended March 31, 2009 Enami provided a loan facility of \$11,123,735 to MVC to settle the final negative pricing adjustments due to Enami for the quotas from June to September 2008 (priced at October 2008 to January 2009 prices). Under the terms of the loan facility MVC will make monthly instalments to Enami of \$325,000 plus



# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements

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(expressed in U.S. dollars)

interest during the period from May 2009 to March 2010 and of \$629,052 plus interest during the period from April 2010 to March 2011. The Enami loan bears interest at a rate of Banco de Chile Prime + 2%.

In addition to the facilities described above, Enami is providing to MVC monthly copper price sustainability loans equal to the amount, if any, obtained when the copper price per pound is subtracted from \$1.70 up to a maximum of 10¢/lb of copper delivered to Enami. The loans bear interest at a rate of Banco de Chile Prime + 2%. Repayment of the sustainability loans is determined on a month by month basis subject to corresponding period copper settlement prices being over \$1.70/lb for each monthly advance.

In connection with the Enami loan MVC agreed to provide machinery and equipment collateral of \$16.5 million for the instalment loan and \$5.8 million for the sustainability loan.

### **7 El Teniente Royalty payable**

MVC has a contract with Codelco until at least the year 2021 to process the tailings from the El Teniente mine in Chile. MVC pays a royalty to Codelco – El Teniente on copper and molybdenum produced by MVC. The amount of the copper royalty is determined pursuant to a formula that considers both the price of copper and the copper content in the tailings. No royalties are payable if the copper price is below \$0.80 per pound (for copper content in tailings between 0.09% and 0.1499%); if the copper price is between \$0.80 and \$0.95 the royalty varies on a sliding scale from 0% to 10%; if the copper price is between \$0.95 and \$1.30 the royalty is 10%; and if the copper price is \$1.30 or higher, a maximum royalty of 13.5% is payable.

Royalty payments for copper production are calculated using the average LME published price for copper for the month of delivery of the tailings, and invoiced by Codelco - El Teniente on a monthly basis within 30 days of the end of the third month following the month of delivery of the tailings; payment to Codelco - El Teniente is made within 10 days of receipt of invoices. Accordingly, the price base used for the calculation of the El Teniente royalty is not the same price base used for the pricing of copper sales.

Royalties payable to Codelco - El Teniente are classified as current liabilities. Adjustments to the El Teniente royalty are recorded on a monthly basis for changes in copper deliveries during the settlement period.

As agreed with Codelco - El Teniente, as of January 1, 2006 the same royalty described in the preceding paragraphs applies to copper extracted from Colihues, except for amounts calculated using half the volume of tailings extracted from Colihues, at an assumed copper grade of 0.32% and an assumed recovery rate of 40%. For these amounts the royalty to Codelco – El Teniente is calculated on a sliding scale from 3% if the copper price is below \$0.80 per pound to a maximum of 15% if the copper price is at \$1.35 per pound or higher.

MVC also pays to Codelco - El Teniente a royalty of 10% of MVC's net revenue received from the sale of molybdenum concentrates.

Due to the sharp decline in copper prices in recent months, Codelco agreed to defer payment of 70% of the royalty invoices to MVC for the months of November 2008 to April 2009. The deferred amounts are currently scheduled for repayment during July to December 2009.

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(expressed in U.S. dollars)

The terms of the royalty agreement with El Teniente have been renegotiated at various times over the history of MVC's operations. The Company is currently in negotiations with El Teniente to again modify the terms of the royalty agreement to better reflect the industry's and MVC's higher production costs in recent years.

### **8 Bank loans**

- a) In February 2008 the Company obtained a loan of Chilean Pesos \$2,500,000,000 (approximately \$5,500,000 at the time the loan was granted) from a Chilean bank. The loan initially had a renewal date of September 22, 2008, was extended to December 15, 2008 and further extended to August 10, 2009. In February 2009 the loan was increased by Chilean Pesos \$650,000,000 (approximately \$1,100,000 at the time the funds were released to MVC). In connection with the increase to the loan facility, MVC agreed to provide machinery and equipment collateral of approximately \$10 million. The loan bears interest at a monthly rate of 1.09%. The balance of the loan and accrued interest at March 31, 2009 was the Chilean Peso equivalent of \$5,503,806.
- b) In December 2008 the Company obtained a \$5,000,000 loan from a Chilean bank. The loan bears interest at a monthly rate of 0.78% and has a renewal date of May 12, 2009. The balance of the loan and accrued interest at March 31, 2009 was \$5,179,400. The loan was renewed subsequent to March 31, 2009 with a review date of July, 2009 at which time further steps towards rolling the facility onto a long term loan will be reviewed (Note 14).

### **9 Related party transactions**

- a) Non-controlling interests

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

The holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a 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, 2009, royalty dividends totalling \$115,047 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (Quarter ending March 31, 2008: \$137,572). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statement of

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## Notes to Consolidated Financial Statements

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(expressed in U.S. dollars)

Operations. At March 31, 2009, \$38,691 of this amount remained outstanding (December 31, 2008: \$49,670).

b) Remuneration to officers

During the quarter ended March 31, 2009 the Company paid or accrued \$143,719 in fees to companies associated with certain directors and officers of Amerigo (Quarter ended March 31, 2008: \$180,060).

c) At March 31, 2009 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 March 31, 2009 two of Amerigo's directors acted as directors and one of Amerigo's officers acted as an officer of Candente Resource Corp., a company in which Amerigo holds an investment.

e) At March 31, 2009 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.

## 10 Capital stock

Authorized - Unlimited common shares without par value

a) Summary of capital stock issued in the period

On February 13, 2009 the Company completed a non-brokered private placement for gross proceeds of \$8,480,068 (Cdn\$10,500,000). In connection with the private placement, the Company issued 37,500,000 units at a price of Cdn\$0.28 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of Cdn\$0.33 per share until February 15, 2010, and thereafter at a price of Cdn\$0.40 until February 14, 2011. The warrants issued were valued by the Company at \$1,266,142. The Company also issued a further 1,244,400 units as finders' fees in respect of a portion of the private placement at a cost of \$280,104, included in total share issuance costs of \$318,476. The warrants issued as finders' fees were valued by the Company at \$42,016.

No shares were issued during the year ended December 31, 2008.

b) Purchase of shares for cancellation

Amerigo had in place a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo was entitled to purchase for cancellation up to 2,000,000 of its common shares during the one-year period ended on November 13, 2008. During the year ended December 31, 2008, Amerigo purchased

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(expressed in U.S. dollars)

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.

c) Stock options

Amerigo established a stock option plan (the "Plan") on April 2, 2003, which was amended on June 20, 2006. Amerigo's Board of Directors (the "Board") administers the Plan, whereby it may from time to time grant options to purchase common shares of Amerigo to directors, officers, key employees and certain other persons who provide services to the Company. In accordance with the current terms and provisions of the Plan, the maximum aggregate number of common shares issuable under the Plan must not exceed 10% of Amerigo's issued and outstanding common shares at the date of any grant, on a non-diluted basis. The exercise price of an option is determined by the Board, but can be no less than the closing price of Amerigo's common shares on the TSX on the day preceding the date of grant, less the maximum discount permitted by the policies of the TSX and subject to the minimum exercise price per common share permitted by the TSX. Options must be exercised within a five-year period from the date of grant. Vesting periods are determined by the Board.

A summary of the Company's stock options at March 31, 2009 and December 31, 2008 and the changes for the three and twelve-month periods ending on those dates is presented below:

	<b>Three months ended March 31, 2009</b>		<b>Twelve months ended December 31, 2008</b>	
	<b>Outstanding options</b>	<b>Weighted average exercise price Cdn\$</b>	<b>Outstanding options</b>	<b>Weighted average exercise price Cdn\$</b>
Outstanding – start of period	4,420,000	2.32	3,365,000	2.38
Granted	2,300,000	0.31	1,055,000	2.13
Outstanding – end of period	<u>6,720,000</u>	1.63	<u>4,420,000</u>	2.32
Exercisable	<u>4,995,000</u>	2.09	<u>4,420,000</u>	2.32

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(expressed in U.S. dollars)

On March 27, 2009, Amerigo granted stock options to purchase an aggregate of 2,300,000 common shares to directors, officers, consultants and employees of the Company, with an exercise price of Cdn\$0.31 per share, expiring on March 27, 2014. The options vest in four equal quarterly instalments, on March 27, April 1, July 1 and October 1, 2009.

On March 20, 2008, Amerigo granted stock options to purchase an aggregate of 1,055,000 common shares to directors, officers, consultants and employees of the Company, with an exercise price of Cdn\$2.13 per share, expiring on March 20, 2013. The options vested in four equal quarterly instalments, on March 20, April 1, July 1 and October 1, 2008.

The following stock options were outstanding and exercisable as at March 31, 2009:

<b>Range of exercise prices Cdn\$</b>	<b>Number exercisable</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price Cdn\$</b>
0.31 to 1.60	575,000	4.99 years	0.31
1.60 to 2.40	3,050,000	3.07 years	2.16
2.40 to 2.71	1,370,000	1.93 years	2.69
	<u>4,995,000</u>		

d) Warrants

As part of its February 13, 2009 private placement, the Company issued 38,744,400 warrants with an exercise price of Cdn\$0.33 per share to February 15, 2010 and thereafter at a price of Cdn\$0.40 per share until February 14, 2011. There are no other share purchase warrants outstanding.

e) Value assigned to stock options and warrants

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	<b>\$</b>	<b>\$</b>
Balance – beginning of period	2,433,377	1,949,218
Options vested	52,503	484,159
Warrants vested	1,308,158	-
Balance – end of period	<u>3,794,038</u>	<u>2,433,377</u>

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements

March 31, 2009

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(expressed in U.S. dollars)

The Company estimated the fair value of options granted based on the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2009</u>	<u>2008</u>
Expected dividend yield	-	6.10%
Expected stock price volatility	46.78%	47.29%
Risk-free interest rate	1.51%	2.91%
Expected life of options	3.6 years	2.3 years

The Company estimated the fair value of warrants granted based on the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2009</u>	<u>2008</u>
Expected dividend yield	-	-
Expected stock price volatility	47.04%	-
Risk-free interest rate	1.20%	-
Expected life of warrants	2 years	-

### f) Dividends

No dividends were declared or paid in the period ended March 31, 2009.

On February 27, 2008 Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share that was 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 that was paid on September 5, 2008 to shareholders of record as of August 22, 2008, for a total of \$5,784,475.

The Company has suspended dividend distributions for the foreseeable future.

## 11 Investments

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
	<u>\$</u>	<u>\$</u>
Other investments	3,645,358	1,773,215
Equity instrument – Common shares of a TSX Venture Exchange (“TSXV”) issuer	77,731	82,220
	<u>3,723,089</u>	<u>1,855,435</u>

# Amerigo Resources Ltd.

## Notes to Consolidated Financial Statements

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(expressed in U.S. dollars)

a) Other investments

At various dates during 2007 and 2008, the Company acquired for investment purposes 10.8 million common shares of an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges, at an aggregate cost of \$15,861,986. Adjustments to fair value are required at each balance sheet date. Given that the investment is 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 are transferred into earnings. At March 31, 2009 this issuer’s closing share price was Cdn\$0.37 and the fair value of the Company’s approximately 13% investment in this issuer was \$3,196,125. During the quarter ended March 31, 2009 the Company recorded other comprehensive income of \$1,783,637 for the fair value appreciation of the investment during the period.

At various dates during 2007 and 2008, the Company acquired for investment purposes 8 million common shares of an issuer listed on the TSXV, at an aggregate cost of \$3,946,908. Adjustments to fair value are required at each balance sheet date, as the investment is designated as “available for sale” for accounting purposes. At March 31, 2009 this issuer’s closing share price was Cdn\$0.07 and the fair value of the Company’s approximately 4% investment in this issuer was \$449,233. During the quarter ended March 31, 2009 the Company recorded other comprehensive income of \$88,506 for the fair value appreciation of the investment during the period.

b) Equity instrument

Amerigo accounts for its investment in a TSXV issuer using the equity method, given that Amerigo is considered to have significant influence over this investment. During the quarter ended March 31, 2009 the Company recorded an equity investment loss of \$4,489 on this investment. At March 31, 2009, Amerigo held 11,666,667 common shares of the issuer, which represent approximately 26% of the issuer’s issued and outstanding common shares at that date. At March 31, 2009 this issuer’s closing share price was Cdn\$0.01 per share.

## 12 Supplemental Disclosure with Respect to Cash Flows

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	(\$)	(\$)
Cash paid during the period for interest	88,088	56,994
Cash paid during the period for income taxes	106,166	1,579,881
Change in accounts payable related to the acquisition of plant and equipment	(311,899)	(338,348)

# Amerigo Resources Ltd.

Notes to Consolidated Financial Statements  
March 31, 2009

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(expressed in U.S. dollars)

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	(\$)	(\$)
Cash	3,462,650	2,895,170
Cash equivalents	-	291,914
	<u>3,462,650</u>	<u>3,187,084</u>

## 13 Contingencies

In the third quarter of 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 this 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. Management believes that 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 the fourth quarter of 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 determined 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 tax 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. While the SII has conducted reviews during 2007 and 2008 in connection with these contingencies, as of March 31, 2009, these contingencies had not been resolved.

## 14 Subsequent Events

Subsequent to March 31, 2009 a \$5,000,000 loan with a review date of May 12, 2009 was extended to July 12, 2009, at which time further steps towards rolling the facility onto a long term loan will be reviewed. The loan was converted into a Chilean peso loan and will bear interest at a monthly rate of 0.66%.