Amerigo RESOURCES LTD. 3083 Three Bentall Centre, 595 Burrard Street Box 49298 Vancouver B.C. Canada V7X 1L3 P + 1.604.681.2802 F + 1.604.682.2802

Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter Ended March 31, 2008

<u>All figures expressed in US Dollars except where noted</u>

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 May 5, 2008 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at March 31, 2008 and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2007.

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

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

Highlights

- **Net earnings after tax in Q1-2008** were **$6,383,012** compared to $5,551,282 in Q1-2007.

- **Earnings per share** for the quarter were **7¢**, compared to earnings per share of 6¢ in Q1-2007.

- **Production** in Q1-2008 was **7.8 million pounds of copper** and **148,670 pounds of molybdenum**, an increase of 23% in copper production from Q1-2007 due to normalized operations at MVC and processing of old tailings in the amount of 11,000 to 13,000 tonnes per day. Molybdenum production increased 20% due to higher molybdenum content in fresh tailings.

- The Company's **copper selling price** before smelter, refinery and other charges in Q1-2008 was **$3.56/lb**; in addition, quarterly revenue included **$7,131,784** of **positive settlement adjustments** to prior quarters' sales.

- Despite higher production and strong copper prices in the quarter, earnings were significantly affected by unprecedented high power costs in Chile. **Power costs** in Q1-2008 were **$13,903,331**, compared to $3,609,673 in Q1-2007, an increase of $10,293,658 or 285%, which resulted in a major adverse effect on the Company's earnings. Power costs represented 71% of cash costs in Q1-2008, compared to 39% in Q1-2007, significantly higher than for copper producers with traditional mining operations.

- **Cash cost** (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was **$2.51/lb** in Q1-2008, compared to $1.47/lb in Q1-2007. The increase in cash cost was caused almost exclusively by unprecedented high power costs, mitigated by higher production levels.

- **Total cost** (the aggregate of cash cost, El Teniente royalty, MVC stock-based compensation, depreciation and accretion) for the quarter ended March 31, 2008 was **$3.34/lb** compared to $2.03/lb in Q1-2007. The increase in total cost was driven fundamentally by higher cash costs and affected to a lesser degree by higher royalties to El Teniente and higher amortization charges.

- **Cash flow from operating activities** was **$2,197,096** or 2¢ per share in Q1-2008, compared to $7,281,275 or 8¢ per share in Q1-2007 due mostly to an increase of $9,356,009 in accounts receivable from higher production and stronger copper prices.

- The Company made the **strategic decision** to become substantially **energy self-sufficient** and to limit its exposure to high power costs through the purchase of two used 10 megawatt generators. The project has an estimated capital cost of $14.3M and, pending receipt of environmental approvals, the generators are scheduled to be operational in the second half of 2008.

- Cash payments for capital expenditures in Q1-2008 were **$6,870,595**, funded from operating cash flow.

- **Dividends** – On February 27, 2008 the Company declared a dividend of **$6,018,524** or Cdn 6.5¢ per share, paid on April 2, 2008 to shareholders of record as of March 25, 2008. The Company advanced the funds to its transfer agent on March 30, 2008 to ensure dividend payments were made to shareholders on a timely basis.

- The Company obtained a **$5,507,214 short-term bank loan** that was used, among other purposes, to finance timing differences between accounts receivable and accounts payable.

- **Cash balance** was **$10,959,717** at March 31, 2008 after $6,870,595 of cash payments for capital expenditures and $6,018,524 in dividend payments.

- The Company recorded **$4,505,662** as **other comprehensive loss** in Q1-2008 from the **fair value adjustments of two strategic investments** during the quarter. Other comprehensive loss is not a component of net earnings.

- **Q2-2008 production** to date has been adversely impacted due to the effect of the labour disruption caused by the dispute between Codelco and workers of subcontractors providing services at several of Codelco's mines, including El Teniente. As a result, the Company experienced disruptions to the flow of tailings during the month of April and the first week of May. Management has been informed that the dispute has now been resolved, and that operations will return to normal within the next few days.

Results of Operations – Quarter Ended March 31, 2008 ("Q1-2008")

Revenue

Total Q1-2008 revenue of $35,933,465 included copper revenue of $32,150,781 and molybdenum revenue of $3,782,684. Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased from Q1-2007 due to higher copper prices and a 22% increase in sales volume between the comparative periods. In Q1-2008 the Company sold 3,540 tonnes or 7.80 million pounds of copper, up from 6.41 million pounds sold in Q1-2007. The Company's copper selling price before smelter, refinery and other charges and settlement adjustments to prior quarters' production was **$3.56/lb** in Q1-2008 (Q1-2007: $2.96/lb). Additionally, $7,131,784 in positive settlement adjustments to prior quarters' sales due to higher copper prices were recorded into revenue during the quarter (Q1-2007: $454,235 in positive settlement adjustments to prior quarters' sales). Most of these adjustments were of a realized nature.

The Company has negotiated new treatment and refinery charges for 2008. Treatment and refinery charges are lower in 2008 compared to 2007; however transportation charges are higher in 2008 than in 2007. Even though MVC does not ship concentrates overseas, the smelter participates in the Company's cost savings from overseas shipping. MVC's total treatment, refinery and transportation charges are therefore lower than those of producers that ship overseas.

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami" or the "smelter"). The agreement with Enami establishes a delivery schedule of monthly sales quotas and in 2008 sets the Company's copper sale price at the average market price for the fourth month after delivery ("M+4"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to the smelter in one quarter is sold at market prices prevailing in the following and second following quarters. However, where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and the Company receives a sale price calculated for the originally scheduled month of delivery until the quota is met or vice-versa. The Company believes that this pricing arrangement is standard in the industry.

Molybdenum revenue increased in Q1-2008 to $3,782,684 due to higher sales volumes and stronger molybdenum prices. The Company sold 157,739 pounds of molybdenum at a selling price before roasting charges and settlement adjustments to prior quarters' production of $32.41/lb, compared to 104,553 pounds sold in Q1-2007 at a gross selling price of $25.37/lb. In Q1-2008 the Company also recorded negative settlement adjustments to prior quarters' molybdenum sales of $409,530 (Q1-2007: positive settlement adjustments of $424,184).

Molybdenum produced by the Company is sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which provides that the sale price is the average market price for the first ("M+1"), second ("M+2") or third ("M+3") month after delivery, with each delivery period nominated at the election of Molymet in the month preceding the elected month. Throughout Q1-2008 the sale price nominated by Molymet was M+3.

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter, refinery and roaster charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is determinable.

In normal supply conditions, sales of copper and molybdenum are provisionally priced at the time of sale based on the prevailing copper forward market price or the current molybdenum market price, as specified in the sales contracts. Variations between the price recorded at the time of sale and the actual final price received from the smelter or the roaster are caused by changes in copper and molybdenum market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. The Company's reported revenue is therefore very sensitive to increases and decreases in copper and molybdenum prices. In a period of rising prices, not only will the Company record higher revenue for deliveries in the period, but it will also record favourable adjustments to revenue for copper and molybdenum delivered in prior periods. Similarly, in a period of declining prices, the Company will record lower revenues for current deliveries and negative adjustments to revenue from prior periods' deliveries.

Production

In Q1-2008, the Company produced 3,538 tonnes or 7.80 million pounds of copper compared to 2,869 tonnes or 6.33 million pounds of copper produced in Q1-2007, a 23% increase in copper production. Production increased in the quarter due to normalized operations at MVC and processing of old tailings in the amount of 11,000 to 13,000 tonnes per day. It is planned to further increase tailings throughput in the latter part of 2008 in accordance with MVC's contractual arrangements.

In Q1-2008 molybdenum production was 148,670 lbs, compared to 123,448 lbs produced in Q1-2007. The increase in production is due to higher molybdenum content in fresh tailings.

Cash Cost and Total Cost

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

The Company's cash costs from Q1-2007 to Q1-2008 ($/lb of copper produced) were as follows:

	Q1-2008	Q4-2007	Q3-2007	Q2-2007	Q1-2007
Cu and Mo production	**2.54**	**1.63**	1.72	1.43	1.19
By-product credits	**(0.49)**	**(0.47)**	(0.38)	(0.59)	(0.41)
Smelter & refinery [1]	**0.36**	**0.34**	0.38	0.29	0.61
Administration	**0.06**	**0.06**	0.03	0.03	0.05
Transportation	**0.04**	**0.04**	0.03	0.03	0.03
Cash Cost	**$2.51**	**$1.60**	**$1.78**	**$1.19**	**$1.47**

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

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

In Q1-2008, cash cost was $2.51/lb, compared to a cash cost of $1.47/lb in Q1-2007. The most significant variance in cash cost came from a $1.35/lb increase in production costs, driven mostly by an unprecedented increase in power costs of $1.21/lb between the two comparative periods.

Power is MVC's most significant cost. In Q1-2008, MVC incurred power costs of $12,788,252, or $0.3006/kWh, compared to what was already considered a high cost of $3,609,673 or $0.1040/kWh in Q1-2007. In addition to the quarter's own power costs, MVC absorbed a further $1,115,079 or $0.0262/kWh in additional costs due to metering errors from MVC's power supplier from June to December 2007, identified in Q1-2008, for total power costs recorded in Q1-2008 of $13,903,331, or $0.3268/kWh. In Q1-2008, power costs represented 71% of the Company's cash cost (Q1-2007: 39% of cash costs)

Power costs are expected to remain high in Chile in the foreseeable future due to the ongoing impact of reduced gas supply from Argentina. This has forced Chile to adopt diesel-based power production, which has resulted in increased energy production costs that are expected to continue at least until the completion of major power supply projects currently in the permitting stage or under construction in Chile. The power crisis in Chile was exacerbated in the quarter due to Chile's worst drought in the last fifty years, which severely restricted hydro power generation.

In light of this situation, and to secure MVC's power supply, the Company made the strategic decision in 2007 to become substantially energy self-sufficient and to limit the Company's exposure to high power costs through the purchase of two used 10 megawatt generators that operate on heavy oil fuel. The project has an estimated capital cost of $14.3M and, pending receipt of environmental approvals, the generators are scheduled to be operational in the second half of 2008.

The second variance affecting cash costs, although in a positive way, was a decrease of $0.25/lb in smelter and refinery costs due to significantly improved terms negotiated with Enami. In Q1-2007 MVC fulfilled delivery of its 2006 quota with Enami and therefore faced smelter and refinery charges at the less favourable 2006 terms.

There was also an increase of molybdenum by-product credits of $0.08/lb due to higher molybdenum sales in Q1-2008. Molybdenum by-product credits were $3,782,684 in Q1-2008 and $2,598,855 in Q1-2007.

The Company's total costs from Q1-2007 to Q1-2008 ($/lb of copper produced) were as follows:

	Q1-2008	Q4-2007	Q3-2007	Q2-2007	Q1-2007
Cash cost	2.51	1.60	1.78	1.19	1.47
El Teniente royalty	0.66	0.61	0.58	0.57	0.46
Amortization/depreciation/accretion	0.17	0.19	0.12	0.08	0.09
Stock-based compensation	0.00	0.00	0.01	0.01	0.01
Total Cost	**$3.34**	**$2.40**	**$2.49**	**$1.85**	**$2.03**

Total cost in Q1-2008 was $3.34/lb, compared to total cost of $2.03/lb in Q1-2007. The most significant impact on total cost is a $1.04/lb increase in cash cost, followed by a $0.20/lb increase from El Teniente royalty due to higher copper prices and a $0.08/lb increase in amortization due to MVC's higher asset base and the effect of increased production.

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

Operating Costs and Expenses

Production costs include copper and molybdenum production costs and maintenance costs. In Q1-2008, production costs were $19,806,593 compared to production costs of $7,538,240 in Q1-2007. The $12,268,353 increase in production costs is explained mainly by an increase in power costs of $10,293,658 between the comparative quarters. Other production costs increased due to higher production in Q1-2008.

In Q1-2008 the El Teniente royalty was $5,146,561 compared to $2,891,838 in Q1-2007. Increased royalties to El Teniente were the result of higher copper prices and sales volume in the quarter.

Amortization cost was $1,280,217 in Q1-2008, compared to $575,734 in Q1-2007 due to a higher asset base at MVC and to increased production, as amortization is calculated using the units of production method.

Administration expenses were $492,298 in Q1-2008, compared to $292,721 in Q1-2007 due to higher costs overall; transportation costs increased to $276,274 in Q1-2008 from $191,898 in Q1-2007, due to higher copper sales volume. Stock-based compensation for options granted to MVC employees was $54,695 in Q1-2007 and $nil in 2008 as no options were granted or vested to MVC staff in 2008.

Costs not related to MVC's production operations are identified as "Other Expenses" and were $1,056,773 in Q1-2008 and $849,250 in Q1-2007, an increase of $207,523. The most significant of these expenses in Q1-2008 were office and general expenses of $504,322 (Q1-2007: $308,240), followed by salaries, management and professional fees of $325,602 (Q1-2007: $244,095), stock-based compensation of $121,593 (Q1-2007: $295,296) and interest expense of $105,256 (Q1-2007: $1,619). The increase in office expense is in connection with higher travel costs, shareholder communication costs and municipal taxes in Chile, management and professional fees increased due to higher external consulting costs, stock-based compensation expense decreased due to a lower number of options granted in 2008 and interest expense increased in connection with short-term bank debt.

Non-operating items in Q1-2008 included interest income of $154,348 (Q1-2007: $275,129), other income of $74,364 (2007: $38,622), a foreign exchange gain of $67,407 (Q1-2007: $230,597) and an investment loss of $24,714 (Q1-2007: loss of $161,901). In Q1-2007, the Company also recorded a gain on fair value adjustments to financial instruments of $441,915.

The Company recorded income tax expense net of recoveries of $1,541,792 in Q1-2008, compared to income tax expense net of recoveries of $895,255 in Q1-2007. Taxes were higher as earnings before tax were stronger in Q1-2008.

Operating Cash Flows

In Q1-2008, the Company's activities generated operating cash flow of $2,197,096 (or 2¢ per share, a non-GAAP measure), which includes the effect of changes in non-cash working capital items, compared to operating cash flow of $7,281,275 or 8¢ per share in Q1-2007. Cash flow from operations decreased in Q1-2008 despite higher earnings due to an increase of $9,356,009 in accounts receivable from higher sales and stronger copper prices during the quarter. Additionally, the level of Chilean provisional tax payments in Q1-2008 further negatively affected working capital during the quarter.

Summary of Quarterly Results

	QE March 31, 2008	QE Dec. 31, 2007	QE Sept. 30, 2007	QE June 30, 2007
Total revenue	$35,933,465	$26,974,854	$28,536,864	$32,011,648
Net income	6,383,012	1,816,498	6,581,887	10,332,687
Earnings per share	0.0677	0.0122	0.0696	0.1093
Diluted earnings per share	0.0668	0.0122	0.0694	0.1076

	QE March 31, 2007	QE Dec. 31, 2006	QE Sept. 30, 2006	QE June 30, 2006
Total revenue	$18,171,183	$19,944,732	$19,739,861	$27,482,949
Net income	5,551,282	13,981,236	8,251,071	12,444,608
Earnings per share	0.0593	0.1490	0.0877	0.1322
Diluted earnings per share	0.0583	0.1475	0.0868	0.1285

Liquidity and Capital Resources

The Company's cash and cash equivalents at March 31, 2008 were $10,959,717, compared to $16,712,630 at December 31, 2007; working capital at March 31, 2008 was $11,693,685 compared to $15,512,204 at December 31, 2007.

Cash and cash equivalents decreased by $5,752,913 in Q1-2008. Despite posting earnings of $6,383,012 in the quarter, operating cash flow was only $2,197,096 due to changes in non-cash working capital, namely an increase of $9,356,009 in accounts receivable from higher sales and stronger copper prices. The Company made payments of $6,870,595 for plant and equipment and bought additional shares of a TSX issuer at a cost of $153,180. During the quarter, dividends of $6,018,524 were paid and $414,924 was used in share repurchases.

In order to maintain adequate levels of cash and among other things, finance timing differences between accounts receivable and accounts payable, the Company obtained a Chilean Peso $2,500,000,000 (approximately $5.5M) short-term bank loan from a Chilean bank at a monthly rate of 0.67%. The loan is expected to be fully paid in Q3-2008.

Amerigo has in place a normal course issuer bid through the facilities of the Toronto Stock Exchange ("TSX"), whereby Amerigo is entitled to purchase for cancellation up to 2,000,000 of its common shares during the one-year period ending on November 13, 2008. During the quarter ended March 31, 2008, Amerigo purchased and cancelled 183,700 shares at a total cost of $414,924. The premium on the purchase of shares for cancellation amounted to $307,076 and was applied against Retained Earnings. No further shares have been purchased for cancellation up to the date of this report.

The Company's long-term liabilities (Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at March 31, 2008 were $13,445,445 compared to $11,972,476 on December 31, 2007.

The changes in the value of the Company's Asset Retirement Obligation are limited to accretion expense of $83,778 in Q1-2008. The Company's future income tax liability increased by $1,216,845, mainly to account for differences between the carrying and tax values of MVC's plant and equipment.

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

The Company's copper sales are dependent on sales volumes and market prices for copper. Average LME cash copper prices in Q1-2008 were the following:

January $3.2028	February $3.5778	March $3.8280

On February 23, 2008 the Board of Directors of Amerigo declared a semi-annual dividend of Cdn 6.5¢ per share, paid on April 2, 2008 to shareholders of record as of March 25, 2008, for a total of $6,018,524. The Company advanced the funds to its transfer agent on March 30, 2008 to ensure dividend payments were made to shareholders on a timely basis.

As of March 31, 2008 Amerigo had 4,420,000 outstanding share purchase options (with exercise prices ranging from Cdn$1.60 to Cdn$2.71). During the quarter ended March 31, 2008, 1,055,000 options were granted with an exercise price of Cdn$2.13 per share. No options were exercised during the quarter.

Stock-based compensation is recognized as options vest. The 1,055,000 options granted in 2008 vest in four equal installments, on March 20, April 1, July 1 and October 1, 2008. Amerigo recorded in aggregate a stock-based compensation expense of $121,593 for the options that vested in Q1-2008.

Investing Activities

Capital plant increased by $6,532,247 in Q1-2008. Capital expenditures included $4,094,126 on the self-generation power project. The Company also undertook various projects in connection with old tailings extraction, increase of rougher circuit recovery and pre-classification of fresh tailings.

The self-generation project is currently estimated to have a total cost of $14.3M and is scheduled to be completed in the second half of 2008. Approximately $9.96M has been spent on the self-generation project to March 31, 2008.

Total cash payments for capital expenditures in Q1-2008 were $6,870,595, funded from operating cash flow.

.

In Q1-2008, Amerigo acquired for investment purposes a further 94,000 common shares of an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges at a cost of $153,180, bringing the total cost of the investment to $13,885,185. Adjustments to fair market value are required at each balance sheet date; at March 31, 2008 these adjustments totalled ($10,524), of which ($4,218,510) were recorded in Q1-2008. Given that the investment was designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income/Loss in the Company's Balance Sheet until the investment is sold or management determines that "an other than temporary impairment in the value of the investment has occurred", at which time gains or losses will be transferred into earnings.

In November 2007, Amerigo acquired for investment purposes 4 million common shares of an issuer listed on the TSX Venture Exchange. The aggregate cost of the investment was $2,063,308. Adjustments to fair market value are required at each balance sheet date; at March 31, 2008 these adjustments totalled ($99,370), of which ($287,152) were recorded in Q1-2008. The investment was designated as "available for sale" for accounting purposes.

Transactions with Related Parties

a) Non-controlling interests

A detailed description of Non-Controlling Interests is provided in the Company's Consolidated Financial Statements for the quarter ended March 31, 2008.

During the quarter ended March 31, 2008, royalty dividends totaling $137,572 were paid or accrued to the Amerigo International Class A shareholders (Q1-2007: $114,948). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statements of Operations and Comprehensive Income. At March 31, 2008, $57,375 of this amount remained outstanding. (December 31, 2007: $61,735).

b) Directors' fees and remuneration to officers

During the quarter ended March 31, 2008, the Company paid or accrued $180,060 in fees to companies associated with certain directors and officers of Amerigo (Q1-2007: $169,942). In the same period, Amerigo paid or accrued $24,378 in directors' fees to independent directors (Q1-2007: $20,364). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's Consolidated Statements of Operations and Comprehensive Income. At March 31, 2008, an aggregate amount of $127,873 was due to directors and officers for management bonuses, directors' fees and reimbursement of expenses in the ordinary course of business (December 31, 2007: $450,729).

c) At March 31, 2008 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) At March 31, 2008, two of Amerigo's directors acted as directors of Candente Resource Corp., a company in which Amerigo holds an investment.

e) At March 31, 2008 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Contingencies

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

In Q4-2007, the SII issued a tax assessment to MVC for adjustments, penalties and interest of approximately $135,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as MVC does not exploit under the definition of the Chilean Income Tax Law. MVC has retained legal counsel to prepare a response to the SII on this matter.

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

Critical Accounting Estimates

There were no changes to the Company's critical accounting estimates during the three months ended March 31, 2008. The most significant estimates are related to the physical and economic lives of mineral assets, property, plant and equipment and their recoverability.

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

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

As required by accounting standards, Amerigo has calculated an asset retirement obligation based on a quoted market price of $6,200,000 provided by an independent third party in 2007. Management current estimates required to calculate the asset retirement obligation include projected annual inflation rates in Chile of 4.5% per annum and a market risk premium of 8%. The present value of the asset retirement obligation at the time of adoption was estimated to be $1,851,055 (revised to $4,787,273 in 2007), which will be systematically accreted to a 2021 value of approximately $12,344,146.

Changes in Accounting Policies, Including Initial Adoption

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

Capital Disclosures - (Section 1535)
This Section establishes standards for disclosing information about an entity's capital and how it is managed.

Inventories – (Section 3031)
This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this policy had no effect on the Company's financial statements.

Financial Instruments – Disclosures - (Section 3862)
This Section requires additional disclosures to enable users of the Company's financial statements to evaluate the significance of financial instruments to the Company's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from the Company's financial instruments.

Other MD&A Requirements

As of May 5, 2008, Amerigo has 94,189,044 common shares outstanding and 3,892,500 exercisable options (at prices ranging from Cdn$1.60 to Cdn$2.71).

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

Cautionary Statement on Forward Looking Information

This Report contains "forward-looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans, future commercial production and the timing for processing additional tailings. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "schedule", "estimates" "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to restricted tailings flow, restricted operations from Colhues, copper and molybdenum price fluctuations, 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.