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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Quarter and Six Months Ended June 30, 2012

T A B L E of C O N T E N T S

This Management's Discussion & Analysis ("MD&A") is comprised of the following sections:

ALL AMOUNTS ARE REPORTED IN U.S. DOLLARS, EXCEPT WHERE INDICATED OTHERWISE

COMPANY PROFILE

Amerigo Resources Ltd. (“Amerigo”) owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term contractual relationship with Corporación Nacional del Cobre de Chile (“Codelco”) to treat fresh and old tailings from Codelco’s El Teniente mine, the largest underground copper mine in the world. El Teniente commenced operations in 1904 and has a remaining mine life that is estimated to run for decades. Since MVC was built in 1992, Codelco has almost doubled production from El Teniente, and Codelco's mine plans contemplate continued expansion of operations at El Teniente for the foreseeable future. In addition to treating the sulphide portion of the fresh and old tailings from El Teniente, in 2011 MVC built a pilot plant to evaluate treatment of the oxide content of these tailings.

The fresh tailings are supplied from El Teniente's current production. The old tailings are recovered from a tailings pond located near MVC’s plant that originally contained more than 200 million tonnes of material. The copper grade of the old tailings is approximately 2 to 3 times that of the fresh tailings. Under normal conditions, quarterly production has increased as MVC continues to increase the processing volume of these old tailings. In addition, MVC hopes to obtain the rights to process old tailings from additional El Teniente tailings ponds in the area.

Amerigo’s shares are listed for trading on the Toronto Stock Exchange (“TSX”), the OTCQX Stock Exchange in the United States and the Lima Stock Exchange, in Peru (“BVL”).

INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Company”), is prepared as of August 1, 2012, and should be read in conjunction with the Company’s condensed consolidated interim financial statements for the quarter ended June 30, 2012 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2011.

The MD&A’s objective is to help the reader understand the factors affecting the Company’s current and future financial performance.

The Company’s financial statements are reported under International Financial Reporting Standards (“IFRS”).

Reference is made in this MD&A to various measures such as cash flow per share from operating activities, cash-adjusted operating profit (operating profit before the effect of non-cash items such as depreciation, amortization and share-based compensation expense), and cash cost and total cost (both of which do not have a standardized meaning but are widely used in the mining industry as performance indicators).

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Quarterly Overview

	Quarter ended June 30,			
	2012	2011	Change	
				%
Copper produced, million pounds	11.57	9.45	2.12	22%
Copper sold, million pounds	10.76	9.32	1.44	15%
Molybdenum produced, pounds	228,932	190,917	38,015	20%
Molybdenum sold, pounds	243,263	195,006	48,257	25%
Percentage of copper production from old tailings	42%	48%		(6%)
Revenue ($)	40,013,267	38,294,635	1,718,632	4%
Cost of sales [1] ($)	40,091,974	34,824,206	5,267,768	15%
El Teniente royalty costs ($)	9,589,069	10,440,175	(851,106)	(8%)
Gross (loss) profit ($)	(78,707)	3,470,429	(3,549,136)	(102%)
Net (loss) profit ($)	(1,002,254)	1,885,882	(2,888,136)	(153%)
Operating cash flow ($)	3,642,768	6,588,985	(2,946,217)	(45%)
Cash flow paid for plant expansion ($)	(7,663,484)	(5,234,948)	(2,428,536)	46.39%
Dividends paid ($)	(3,385,160)	(3,559,174)	174,014	(5%)
Cash and cash equivalents ($)	7,591,947	35,814,356	(28,222,409)	(79%)
Bank debt ($)	3,365,917	8,902,118	(5,536,201)	(62%)
Average realized copper price per pound	3.74	3.97	(0.23)	(6%)
Cash cost per pound	2.37	2.26	0.11	5%
Total cost per pound	3.53	3.73	(0.20)	(5%)

[1] Includes El Teniente royalty costs

Financial results

- Revenue was $40,013,267 compared to $38,294,635 in Q2-2011, an increase of 4% as a result of higher copper (15%) and molybdenum (25%) sales.

- Cost of sales was $40,091,974, 15% higher than Q2-2011 due to a number of factors including higher production volume, continuing high power costs and higher costs for labour and maintenance.

- Gross loss was $78,707, compared to gross profit of $3,470,429 in Q2-2011.

- Net loss was $1,002,254, compared to net profit of $1,885,882 in Q2-2011.

Production

- The Company produced 11.57 million pounds of copper, 22% higher than the 9.45 million pounds produced in Q2-2011.

- Molybdenum production was 228,932 pounds, 20% higher than the 190,917 pounds produced in Q2-2011.

Revenue

- Revenue increased to $40,013,267 compared to $38,294,635 in Q2-2011, due to higher sales volume and despite lower metal prices. Copper and molybdenum sales volume increased 15% and 25% respectively over Q2-2011, but the Company's copper selling price at $3.74/lb was 6% lower and the Company's molybdenum selling price at $14.02/lb was 18% lower than Q2-2011.

Costs

- Cash cost (the aggregate of smelting, refining and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was $2.37/lb, compared to $2.26/lb in Q2-2011.

- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was $3.53/lb compared to $3.73/lb in Q2-2011.

- Power costs in Q2-2012 were $12,658,784 ($0.1947/kwh) compared to $10,687,141 ($0.2129/kwh Chilean), as electricity costs continue to be adversely affected by a drought in Chile that has lasted more than 2 years. Power costs were partially mitigated in Q2-2012 from the operation of the Company's power generators.

- Total El Teniente royalties were $9,589,069, compared to $10,440,175 in Q2-2011 due to lower metal prices and despite higher sales volume.

Cash and Financing Activities

- Cash balance was $7,591,947 at June 30, 2012 compared to $20,819,467 at December 31, 2011.

Investments

- Cash payments for capital expenditures ("Capex") were $7,663,484, compared to $5,234,948 in Q2-2011 and year to date cash payments for Capex were $16,264,521 (YTD-2011: $8,592,505).

- Year to date Capex were $15,798,097 (YTD-2011: $8,870,871), and included process plant investments in anticipation of the Company obtaining the rights to process the tailings from an additional tailings pond. Q2-2012 Capex totalled $8,387,613 (Q2-2011: $3,722,255).

- The Company's investments in Candente Copper Corp. ("Candente Copper)", Candente Gold Corp. ("Candente Gold"), Cobriza Metals Corp. ("Cobriza") and Los Andes Copper Ltd. ("Los Andes") had aggregate fair values of $5,900,409 at June 30, 2012 (December 31, 2011: $8,722,744).

Outlook

- Production in 2012 continues to be expected to meet or exceed 50 million pounds of copper and achieve close to one million pounds of molybdenum. Negotiations are ongoing for the rights to process old tailings from an additional tailings pond owned by El Teniente which will enable the Company to significantly increase production from current levels. The majority of the Company's Capex budget was incurred in the first half of 2012 and it is estimated that Capex incurred in the remainder of the year will be approximately $4,600,000.

OPERATING RESULTS

Copper production at 11.57 million pounds was 22% higher than in Q2-2011, mainly as a result of increased processing volume for fresh and old tailings and higher copper sulphide grades in fresh tailings. Molybdenum production of 228,932 pounds was 20% higher than in Q2-2011.

In Q2-2012 average LME copper prices were $3.57/lb compared to $4.15/lb in Q2-2011and average molybdenum prices at $13.68/lb were also lower than $16.50/lb in Q2-2011.

Gross loss was $78,707, compared to gross profit of $3,470,429 in Q2-2011. Gross profit excluding amortization and depreciation was $3,826,191, compared to $6,927,742 in Q2-2011.

Production

	Q2-2012	Q2-2011
FRESH TAILINGS EL TENIENTE		
Tonnes processed	11,370,872	9,249,824
Copper grade (%)	0.131%	0.116%
Copper recovery	20.6%	20.8%
Copper produced (lbs)	6,781,106	4,928,540
OLD TAILINGS COLIHUES		
Tonnes processed	2,260,614	2,057,552
Copper grade (%)	0.278%	0.289%
Copper recovery	34.5%	34.5%
Copper produced (lbs)	4,789,159	4,516,493
COPPER		
Total copper produced (lbs)	11,570,265	9,445,033
Total copper sold (lbs)	10,762,183	9,320,472
MOLYBDENUM		
Total molybdenum produced (lbs)	228,932	190,917
Total molybdenum sold (lbs)	243,263	195,006

Revenue

		Q2-2012		Q2-2011
Average LME copper price per pound	$	3.57	$	4.15
Average Platt's molybdenum dealer oxide price per pound [1]	$	13.68	$	16.50
Revenue, copper delivered during period [2]	$	36,679,935	$	34,048,136
Settlement adjustments to prior periods' sales		501,331		1,662,523
Total copper net sales during period		37,181,266		35,710,659
Revenue, molybdenum delivered during period [3]		2,797,257		2,733,785
Settlement adjustments during period		34,744		(149,809)
Total molybdenum net sales during period		2,832,001		2,583,976
Total revenue during period	$	40,013,267	$	38,294,635
Company's recorded copper price per pound [4]	$	3.74	$	3.97
Company's recorded molybdenum price per pound [5]	$	14.02	$	17.10

[1] Basis price for the Company's molybdenum sales.
[2] After smelting, refining and other charges, excluding settlement adjustments to prior periods' sales.
[3] After roasting charges, excluding settlement adjustments to prior periods' sales.
[4] Copper recorded price for the period before smelting and refining charges and settlement adjustments to prior periods' sales.
[5] Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior periods' sales.

Revenue was $40,013,267, 4% higher than $38,294,635 in Q2-2011, including copper revenue of $37,181,266 (Q2-2011: $35,710,659) and molybdenum revenue of $2,832,001 (Q2-2011: $2,583,976). Copper and molybdenum revenues are net of smelting, refining and roasting charges.

In Q2-2012 the Company recorded positive copper pricing adjustments to prior year's sales of $501,331, compared to positive adjustments of $1,662,523 in Q2-2011.

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami") that establishes a delivery schedule of monthly sales quotas. For the 2012 quotas the negotiations between the Company and Enami set the Company's copper sale price at the average market price for the preceding month ("M-1"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to Enami in one month will be sold at market prices prevailing in the preceding month.

During Q4-2011 and Q1-2012, MVC sold a portion of its copper production to Codelco-El Teniente under the same terms and conditions of the 2011 Enami contract, which was based on M+1. As a result of these sales, the Company is currently behind its delivery of monthly quotas to Enami.

Copper deliveries in Q2-2012 were recorded into revenue as follows:

Month of Sale	Quota	Pricing Term for Quota	LME Average Price For	Price/lb	Metric for Revenue Recognition
April	January	M-1	Dec. 2011	$3.4326	Final [1]
April	February	M-1	January	$3.6485	Final
May	February	M-1	January	$3.6485	Final
May	March	M-1	February	$3.8205	Final
June	March	M-1	February	$3.8205	Final
June	April	M-1	March	$3.8361	Final

[1] Refers to final LME monthly average prices, subject to pricing terms with Enami.

Molybdenum revenues were $2,832,001, 10% higher than $2,583,976 in Q2-2011, due to an increase in molybdenum deliveries and higher settlement adjustments to prior period sales, offset by lower molybdenum prices during the quarter.

Molybdenum produced by the Company is predominantly sold under a sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”), which provides that the sale price in 2012 is the average market price for the third month after delivery (“M+3”).

Cash Cost and Total Cost

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

A reconciliation of cost of sales to cash cost and total cost in Q2-2012 and Q2-2011 is presented below:

		Q2-2012		Q2-2011
Cost of sales	$	40,091,974	$	34,824,206
Add:				
Smelting and refining charges		3,618,001		2,966,298
Deduct:				
Molybdenum by-product credits		(2,832,001)		(2,583,976)
Total cost	$	40,877,974	$	35,206,528
Deduct:				
El Teniente royalties		(9,589,069)		(10,440,175)
Depreciation and amortization		(3,904,898)		(3,457,313)
Cash cost	$	27,384,007	$	21,309,040
Pounds of copper produced		11,570,265		9,444,592
Cash cost ($/lb)		**2.37**		**2.26**
Total cost ($/lb)		**3.53**		**3.73**

The Company’s trailing five quarters cash costs ($/lb of copper produced) were:

		Q2-2012		Q1-2012		Q4-2011		Q3-2011		Q2-2011
Power costs	$	1.09	$	0.96	$	1.01	$	0.96	$	1.15
Grinding media		0.27		0.25		0.27		0.23		0.22
Other direct costs		0.79		0.97		0.97		0.91		0.71
By-product credits		(0.24)		(0.25)		(0.13)		(0.16)		(0.27)
Smelting & refining		0.31		0.32		0.32		0.32		0.31
Administration		0.11		0.08		0.11		0.09		0.10
Transportation		0.04		0.02		0.04		0.04		0.04
Cash Cost	$	**2.37**	$	**2.35**	$	**2.59**	$	**2.39**	$	**2.26**

Cash cost was $0.11/lb higher than in Q2-2011. Cash cost is mainly driven by power and grinding media costs, other direct costs, smelting/refining costs and molybdenum by-product credits.

Power costs remained high in Chile for most of Q2-2012 due to severe drought conditions during the past several years which have restricted output from Chile's hydro generating facilities.

Power is MVC's most significant cost, and was $0.1947/kWh in Q2-2012, compared to $0.2129/kWh in Q2-2011 and 0.215/kWh in Q1-2012. The Company's power generators were fully operational during April and May when the grid price exceeded MVC's own generation cost, but not in June due to a steep fall in the grid price. On a unit cost basis, power costs decreased to $1.09/lb in Q2-2012, compared to $1.15/lb in Q2-2011, but were higher than $0.96/lb in Q1-2012 due mainly to lower copper production in the current quarter.

Unit grinding media costs increased by $0.05/lb, compared to Q2-2011, due to a significant increase in the hardness of the material milled in Q2-2012.

Other direct costs at $0.79/lb were $0.08/lb higher than in Q2-2011. Within these costs, labour costs increased by $0.09/lb, mainly due to the fact that in Q2-2012, the Company incorporated a rigorous actuarial model as the basis for calculating severance accruals at MVC. These estimate revisions do not represent cash outlays. Colihues dredging costs in the quarter were also $0.05/lb higher than in Q2-2011.

Molybdenum by-product credits of $0.24/lb decreased from $0.27/lb in Q2-2011as a result of lower molybdenum prices.

The Company's trailing five quarters total costs ($/lb of copper produced) were:

	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011
Cash cost	$ 2.37	$ 2.35	$ 2.59	$ 2.39	$ 2.26
El Teniente royalty	0.83	0.84	0.81	0.98	1.11
Amortization/depreciation	0.33	0.29	0.37	0.32	0.36
Total Cost	$ **3.53**	$ **3.48**	$ **3.77**	$ **3.69**	$ **3.73**

Total cost was $3.53/lb, compared to total cost of $3.73/lb in Q2-2011. The variance in total cost was mainly due to a $0.28/lb decrease in El Teniente royalty partially offset by the $0.11/lb increase in cash cost.

FINANCIAL RESULTS – Q2-2012

The Company posted a net loss of $1,002,254 ($0.01 basic and diluted loss per share), compared to net profit of $1,885,882 in Q2-2011 ($0.01 basic and diluted earnings). Gross loss was $78,707, compared to gross profit of $3,470,429 in Q2-2011.

Revenue

Revenue was $40,013,267, compared to $38,294,635 in Q2-2011.

Production Costs

		Q2-2012		Q2-2011
Direct production costs				
Power costs	$	12,658,784	$	10,867,141
Grinding media		3,165,679		2,085,836
Other direct production costs		9,063,026		6,678,179
		24,887,489		19,631,156
El Teniente royalty		9,589,069		10,440,175
Depreciation and amortization		3,904,898		3,457,313
Administation		1,273,960		946,857
Transportation		436,558		348,705
Cost of sales	$	40,091,974	$	34,824,206

Direct production costs were $24,887,489, 27% higher than $19,631,156 in Q2-2011, slightly over the increases in copper and molybdenum production of 25% and 20%, respectively.

Power consumption levels increased by 24% and total power costs increased by $1,791,643, due to higher production levels than in Q2-2011. Power costs include a $2,217,222 net reduction in cost from the operation of the Company's power generators (Q2-2011: net reduction of $1,315,189).

Grinding media costs increased 52% compared to Q2-2011, significantly greater than the 22% increase in copper production, as a result of the hardness of the material milled in Q2-2012.

Other direct production costs increased by $2,384,847 or 36% over Q2-2011, including increases in old tailings processing costs ($1,051,966), labour costs mostly due to severance estimation revisions ($985,902), industrial water ($712,148), maintenance costs other than labour ($233,204), molybdenum production costs other than labour ($393,976) and all other costs combined ($157,140), partially offset by a reduction of $1,149,489 resulting from inventory variations between the periods during the quarter.

The El Teniente royalty was $9,589,069, 8% lower than in Q2-2011, due to lower average copper and molybdenum prices in Q2-2012. Copper royalty costs are calculated using the LME Price for copper for the month of delivery of the tailings, and invoiced by DET in Chilean Pesos ("CLP") using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. The effect of using the higher Dolar Acuerdo rates in Q2-2012 resulted in higher royalty costs of $1,027,368.

Additions to MVC's asset base resulted in an increase in depreciation and amortization cost to $3,904,898 (Q2-2011: $3,457,313).

Administration expenses were $1,273,960 compared to $946,857 in Q2-2011. Costs increased due to higher labour costs and higher general administrative expenses, mitigated by a reduction in professional fees and ISO certification costs.

Transportation costs were $436,558 compared to $348,705 in Q2-2011.

Other expenses

"Other expenses" (costs not related to MVC's production operations) were $1,412,870 compared to $1,032,424 in Q2-2011, and include general and administration expenses of $1,188,962 (Q2-2011: $1,583,245) and other expenses of $223,908 in Q2-2012 (Q2-2011: other gains of $550,821).

General and administration expenses in Q2-2012 were comprised of office and general expenses of $253,394 (Q2-2011: $285,087), share-based payments of $375,560 (Q2-2011: $754,337), salaries, management and professional fees of $371,085 (Q2-2011: $390,613) and royalties to related parties of $188,923 (Q2-2011: $153,208).

"Other gains" are comprised of a foreign exchange loss of $411,271 (Q2-2011: $281,440) and other gains including interest income of $187,363 (Q2-2011: $269,381).

Finance expense

The Company recorded a finance gain of $41,474 (Q2-2011: finance expense of $340,782) including interest on bank loans of $138,878 (Q2-2011: $182,318), asset retirement obligation accretion cost of $72,576 (Q2-2011: $111,519), changes in fair value of an interest rate swap of ($34,477) (Q2-2011: ($203,053)) and royalty accretion adjustments of ($218,451) (Q2-2011: ($156,108)).

Taxes

The Company recorded an income tax recovery of $447,849 (Q2-2011: $211,341) including current income tax on earnings of $199,687 and changes to deferred (future) income tax of ($647,536). Within the current income tax on earnings, tax expense of $106,203 corresponds to Minera Valle Central Generacion S.A. ("MVC Generacion"), which generated a profit in the quarter. MVC Generacion also utilized its existing tax loss carry-forwards in Chile. The balance is predominantly comprised of current income tax recoveries in MVC.

The Company's deferred tax liabilities arise mainly from timing differences between financial and tax-based amortization expense in MVC. The increase in deferred income tax does not represent income tax due in Chile on a current basis. The current tax rate in Chile in 2012 is 18.5%.

F I N A N C I A L R E S U L T S – SIX MONTHS ENDED JUNE 30, 2012

During the six months ended June 30, 2012 ("YTD-2012"), the Company posted a profit of $1,308,020 ($nil per share), compared to profit of $13,540,168 ($0.08 per share) in the six months ended June 30, 2011 ("YTD-2011").

The significant variance in financial performance between the two six-month periods is attributed mainly to a gain on sale of available-for-sale financial assets of $9,750,931 realized in Q1-2011 and higher gross profit of $6,539,016 in YTD-2011, resulting from a combination of stronger copper and molybdenum prices and lower cost of sales in 2011.

Revenue in YTD-2012 was $90,512,771, 8% higher than YTD-2011 revenue of $83,810,135, due to a 23% increase in copper sales volume and a 44% increase in molybdenum sales volume, despite lower metal prices.

Cost of sales was $87,459,285 or 18% higher than in YTD-2011($74,217,633) due to YTD increases of 24% and 10% in copper and molybdenum production, respectively. Cash cost and total cost in YTD-2012 were $2.36/lb and $3.50/lb respectively, compared to $2.30/lb and $3.65/lb in YTD 2011.

Other expenses were $1,769,466 in YTD-2012 (YTD-2011: $1,907,457). The main variances in other expenses were a reduction of $560,839 in share-based payment compensation, mitigated by a reduction of $167,239 in foreign exchange gain and an increase of $166,215 in office and general expenses, mostly due to higher municipal duties paid in Chile.

COMPARATIVE PERIODS

The following tables provide highlights of the Company's quarterly results for the past eight quarters (unaudited):

	QE June 30, 2012 $	QE March 31, 2012 $	QE Dec. 31, 2011 $	QE Sept. 30, 2011 $
Total revenue	40,013,267	50,499,504	40,304,934	41,958,747
Net (loss) profit	(1,002,254)	2,310,274	(3,645,151)	(1,194,499)
(Loss) earnings per share	(0.01)	0.01	(0.02)	(0.01)
Diluted (loss) earnings per share	(0.01)	0.01	(0.02)	(0.01)

	QE June 30, 2011 $	QE March 31, 2011 $	QE Dec. 31, 2010 $	QE Sept. 30, 2010 $
Total revenue	38,294,635	45,515,500	50,725,991	39,303,405
Net profit	1,885,882	11,654,286	5,985,108	5,900,832
Earnings per share	0.01	0.07	0.03	0.04
Diluted earnings per share	0.01	0.07	0.03	0.04

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash of $269,749 (nil¢ per share) from operations, compared to $9,427,362 (6¢ per share) in Q2-2011.

Excluding the effect of changes in non-cash working capital accounts, the Company generated cash of $3,642,768, compared to $6,588,985 in Q2-2011.

Cash Flow from Financing Activities

Cash used in financing activities was $4,226,248, compared to cash used in financing activities of $5,338,119 in Q2-2011.

In Q2-2012 the Company made bank loan repayments of $841,088 (Q2-2011: $2,022,344).

On May 3, 2012, Amerigo declared a semi-annual dividend of Cdn$0.02 per share, paid on May 25, 2012 to shareholders of record as of May 16, 2012. Dividend payments totalled $3,385,160 (Q2-2011 $3,559,174).

In Q2-2011, the Company received $243,399 from the exercise of share options.

Cash Flow from Investing Activities

In Q2-2012, the Company used cash of $7,663,484 for Capex payments, compared to $5,234,948 in Q2-2011. Capex cash payments YTD-2012 were $16,264,521, compared to $8,592,505 YTD-2011.

The most significant Capex incurred in Q2-2012 were made in connection with expansion of the old tailings extraction capacity (the Colihues Zone 4 has been put into production), finalization of the construction of a third thickener (now commissioned) and the capitalization of the final oxides pilot plant operating costs in Q2-2012.

Liquidity and Financial Position

The Company's cash and cash equivalents at June 30, 2012 totaled $7,591,947, compared to $20,819,467 at December 31, 2011. The Company had working capital of $4,113,838 at June 30, 2012 compared to working capital of $13,620,223 at December 31, 2011. This decrease is mainly due to the increased level of Capex cash payments to date in 2012.

MVC has two bank loans in Chile, denominated in U.S. dollars and Chilean pesos, which totaled the equivalent of $3,365,917 at June 30, 2012 (December 31, 2011: $4,619,149).

MVC also had a loan in Chilean Unidades de Fomento ("UF"), the Chilean indexed monetary unit, which was repaid in 2011.

The U.S. dollar loan had a balance of $1,001,950 at June 30, 2012 (December 31, 2011: $2,004,160). This loan is repayable in eight equal quarterly installments of $500,000 from March 15, 2011 to October 15, 2012.

The Chilean peso loan of $1,755,857 (December 31, 2011: $2,614,989) is repayable in monthly installments of Chilean pesos 79,395,833 each from June 2010 to May 2013. Concurrently with this loan agreement, the Company entered into an interest rate swap with the lending bank to fix the interest rate at 9.95% over the term of the loan.

In July 2011, MVC entered into an agreement with a Chilean bank to secure a revolving working capital line of credit for up to $20 million or its equivalent in CLP (the "Line of Credit"). The Line of Credit has a term to July 4, 2014 and provides for interest at a variable rate of the Chilean Tasa Activa Bancaria ("TAB") plus an applicable margin for borrowings in CLP, and interest at a variable rate of LIBOR-30 days plus a Banco de Chile margin plus an applicable margin, for borrowings in US dollars. Current borrowing rates would be 0.62% per month on CLP draws and 2.85% per annum on US dollar draws. The Line of Credit requires MVC to meet minimum quarterly equity, debt to equity and maximum debt ratios.

In January 2012, MVC Generacion obtained from a Chilean bank a working capital loan of CLP 301,000,000 (the equivalent of $615,555 at the loan grant date). This loan was repayable on July 25, 2012, paid interest at the rate of 0.65% per month and was renewed for a further three-month term subsequent to June 30, 2012. The balance of the loan and accrued interest at June 30, 2012 was the CLP equivalent of $608,110 (December 31, 2011: $nil).

In connection with the U.S. dollar loan and the line of credit referred to above, MVC has to comply with certain quarterly, semiannual and annual debt covenants. MVC was in compliance with these covenants (total debt over net equity, interest coverage ratio, financial debt over earnings before interest, depreciation, amortization and taxes, total equity and maximum debt) at December 31, 2011 and June 30, 2012 as applicable.

Management believes the Company will be able to meet its obligations as they come due for at least the next 12 months.

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. Despite these short-term liquidity challenges, MVC is a valuable long-life asset. El Teniente, the source of MVC's feed material, is the world's largest underground copper mine with remaining ore reserves expected to last decades. MVC's current contract with El Teniente runs to 2021.

The Company's long-term liabilities (long-term portions of bank loans, long-term portion of an interest rate swap, other payables, long-term portion of royalties due to related parties measured at fair value, asset retirement obligations and deferred income tax liabilities) at June 30, 2012 were $29,664,087 (December 31, 2011: $30,317,350).

Impairment Analysis

As at June 30, 2012, management of the Company determined that impairment indicators existed, and completed an impairment assessment for MVC. The impairment indicators were the decline in the Company's share price and in commodity prices.

The impairment assessment included a "value in use" determination of fair value for the Company's MVC property, plant and equipment, using a forecast cash flow model. Key assumptions incorporated in the model included consensus forecast commodity prices, capital and sustaining capital expenditures, operating costs based on historical costs incurred and estimated forecasts, grades and recovery and application of an appropriate discount rate.

Management's impairment evaluation did not result in the identification of an impairment loss as of June 30, 2012. Although management believes the estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments.

Investments

During the year ended December 31, 2011, the Company sold 5,000,000 Candente Copper shares, and recognized a gain of $9,750,931 in earnings. The Company has retained an approximately 5% investment in Candente Copper with a fair value of $3,184,063 based at June 30, 2012 based on Candente Copper's closing share price on that date. During the six months ended June 30, 2012, the Company recorded other comprehensive loss of $2,343,191 (2011: other comprehensive loss of $1,820,966) for the changes in fair value of this investment.

At June 30, 2012, Candente Gold had a closing share price of Cdn$0.17 and the fair value of the Company's approximately 4% investment in Candente Gold was $360,309. During the six months ended June 30, 2012, the Company recorded other comprehensive loss of $138,849 (2011: other comprehensive loss of $1,030,766) for the changes in the fair value of this investment.

At June 30, 2012, Los Andes had a closing share price of Cdn$0.28 and the fair value of the Company's approximately 5% investment was $2,196,834. During the six months ended June 30, 2012, the Company recorded other comprehensive loss of $322,854 (2011: other comprehensive loss of $690,269) for the changes in the fair value of this investment.

On October 6, 2011, the Company received a total of 1,157,656 Cobriza shares, following Cobriza's spinout from Candente Copper. At June 30, 2012, Cobriza's closing share price was Cdn$0.14 and the fair value of the Company's approximately 4% investment in Cobriza was $159,203. During the six months ended June 30, 2012 the Company recorded other comprehensive loss of $17,441 (2011: $nil) for the decrease in the fair value of this investment.

OUTLOOK

Management believes that production in 2012 will meet or exceed 50 million pounds of copper and approximately 1 million pounds of molybdenum.

Power costs decreased substantially since the beginning of Q3-2012 due to heavy rains in Chile. The Company's financial results may potentially be positively impacted to a significant degree if these current weather conditions persist and power costs remain at or near current levels for the remainder of the year.

The greater part of the original 2012 Capex budget of $18,240,000 has been incurred YTD-2012 (Capex of $15,798,097 incurred to June 30, 2012). In addition to the original Capex budget, the Company will incur in 2012 an additional Capex of $2,250,000, of which $1,900,000 represent capitalized pilot plant operating costs and $350,000 were for the purchase of major power plant parts. Capex incurred in the second half of the year are expected to be significantly lower ($4,600,000) than in recent quarters, which should positively impact the Company's liquidity and financial position.

These are forward-looking estimates and subject to the cautionary notes regarding risks associated with forward looking statements presented at the end of this MD&A.

OTHER MD&A REQUIREMENTS

Transactions with Related Parties

a) Non-controlling interests

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International").

Amerigo International is controlled by Amerigo except for certain outstanding Class A shares which are owned indirectly by the President and Chief Executive Officer, an associate of the President and Chief Executive Officer, a former director and an associate of a former director of Amerigo, and were issued in order to structure a more tax-efficient manner of paying the royalty obligation (the "Royalty") owing to the director and former director, who transferred to the Company the option to purchase what is now the Company's interest in MVC.

In accordance with the articles of Amerigo International, the holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a total royalty dividend, if declared by the directors of Amerigo International, in an amount equal to the amount of the Royalty.

The Royalty is calculated as follows:

- $0.01 for each pound of copper equivalent produced from El Teniente tailings 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 from El Teniente tailings by MVC or any successor entity to MVC if the price of copper is $0.80 or more.

The Royalty is a derivative financial instrument. This liability is measured at fair value, with changes in fair value recorded in profit for the period. The fair value of the liability at June 30, 2012 is $5,241,421 (December 31, 2011: $5,787,434), with a current portion of $607,384 (December 31, 2011: $646,214) and a long-term portion of $4,634,037 (December 31, 2011: $5,141,220).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the six months ended June 30, 2012, royalties totaling $411,841 were paid or accrued to the Amerigo International Class A shareholders on production in the period (2011: $333,336). At June 30, 2012, $62,203, of this amount remained outstanding (December 31, 2011: $74,967).

b) Directors' fees and remuneration to officers

During the six months ended June 30, 2012, the Company paid or accrued $360,646 in salaries and fees to companies associated with certain directors and officers of Amerigo (2011: $361,130). In the same period, Amerigo paid or accrued $111,321 in directors' fees to independent directors (2011: $97,964). Directors' fees and remuneration to officers are categorized as salaries, management and professional fees in Amerigo's consolidated financial statements. At June 30, 2012, an aggregate amount of $55,376 was due to directors and officers for directors' fees and reimbursement of expenses (December 2011: $52,684). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In 2012 a total of 3,400,000 options were granted to directors and officers of the Company (2011: 3,100,000 options).

c) As of June 30, 2012 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) As of June 30, 2012 one of Amerigo's officers acted as an officer of Candente Copper Corp., Candente Gold Corp., and Cobriza Metals Corp., companies in which Amerigo holds investments.

e) As of June 30, 2012 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.

Subsequent Events

On July 25, 2012, the Company renewed a CLP 301,000,000 working capital loan described in Liquidity and Financial Position. The loan is due on October 19, 2012 and bears interest at the rate of 0.59% per month.

Internal Controls over Financial Reporting ("ICFR")

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's ICFR during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, ICFR.

Other

As of August 1, 2012, Amerigo has outstanding 172,290,344 common shares and 12,300,000 options (exercisable at prices ranging from Cdn$0.31 to Cdn$2.13 per share).

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 and future commercial production. 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, except as required by securities law. 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 copper and molybdenum price fluctuations, negotiations with El Teniente, extension of current short term debt facilities, ability to reduce operating costs, 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.