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**Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2014**

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THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. PLEASE REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" BELOW.

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 company that produces copper and molybdenum concentrates.

MVC has a long-term contractual relationship with the El Teniente Division (“DET”) of Corporación Nacional del Cobre de Chile (“Codelco”) to treat fresh and old tailings from Codelco’s El Teniente mine. El Teniente is the world’s largest underground copper mine and has been in production since 1904. Construction of a new mine level, scheduled for completion in 2017, is estimated to extend the mine’s useful life by 50 years.

At March 31, 2014, MVC had a contract with DET through 2021 to process the fresh tailings from El Teniente’s current production (the “2021 Fresh Tailings Contract”), as well as a contract to process El Teniente’s Colihues tailings deposit (the “Colihues Contract”).

Subsequent to March 31, 2014, MVC entered into an agreement granting to MVC the rights to process tailings from an additional historic tailings deposit, Cauquenes, extending MVC’s rights to process fresh and Colihues tailings from 2021 to 2037 and amending each of the 2021 Fresh Tailings Contract and the Colihues Contract (See **Cauquenes Expansion**).

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.

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 May 6, 2014, and should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes for the three months ended March 31, 2014 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2013.

This 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”) issued by the International Accounting Standards Board (“IASB”). The disclosure of financial data and results in this MD&A is also reported under IFRS, except non-GAAP measures and when indicated otherwise.

Reference is made in this MD&A to various measures such as cash flow per share from operating activities, cash cost and total cost. Cash cost and total cost are terms that do not have a standardized meaning but are widely used in the mining industry as performance indicators. Refer to page 9 of this MD&A for a tabular reconciliation of the Company’s cash and total costs to cost of sales in Q1-2014 and Q1-2013.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Financial Overview

	Three months ended March 31,			
	2014	2013	Change \$	%
Copper produced, million pounds	10.2	12.8	(2.63)	(20%)
Copper sold, million pounds	10.2	12.5	(2.30)	(18%)
Molybdenum produced, pounds	125,016	258,301	(133,285)	(52%)
Molybdenum sold, pounds	110,774	240,744	(129,970)	(54%)
Percentage of copper production from old tailings	45%	49%		(4%)
Revenue (\$ thousands)	32,370	43,161	(10,791)	(25%)
Cost of sales ¹ (\$ thousands)	31,706	38,037	(6,331)	(17%)
El Teniente royalty costs (\$ thousands)	6,421	10,700	(4,279)	(40%)
Gross profit (\$ thousands)	664	5,124	(4,460)	(87%)
Net (loss) profit (\$ thousands)	(389)	3,238	(3,627)	(112%)
Operating cash flow (\$ thousands) ²	4,503	7,335	(2,832)	(39%)
Cash flow paid for plant expansion (\$ thousands)	(3,402)	(3,645)	(243)	(7%)
Cash and cash equivalents (\$ thousands)	8,142	13,280	(5,138)	(39%)
Bank debt (\$ thousands)	-	999	(999)	(100%)
Average realized copper price per pound	3.36	3.52	(0.16)	(5%)
Cash cost per pound ³	2.22	1.99	0.23	12%
Total cost per pound ³	3.38	3.15	0.23	7%

¹ Includes El Teniente royalty costs

² Excluding working capital changes

³ Cash and total costs are non-GAAP measures, refer to page 9 for a reconciliation of these measures to cost of sales.

Financial results

- Revenue was \$32.4 million compared to \$43.2 million in Q1-2013. Revenues decreased 25% due to lower copper and molybdenum sales and lower metal prices.
- Cost of sales was \$31.7 million, compared to \$38 million in Q1-2013, a decrease of 17%, driven by lower El Teniente royalty costs (from lower production and lower average LME prices) and lower production costs (resulting from lower production levels).
- Gross profit was \$0.7 million, compared to \$5.1 million in Q1-2013.
- Net loss was \$0.4 million compared to a net profit of \$3.2 million in Q1-2013.
- In Q1-2014 the Company generated cash flow from operations before changes in non-cash working capital of \$4.5 million, compared to \$7.3 million in Q1-2013.

Production

- The Company produced 10.2 million pounds of copper, 20% lower than the 12.8 million pounds produced in Q1-2013.
- Molybdenum production was 125,016 pounds, 52% lower than the 258,301 pounds produced in Q1-2013.

- Fresh tailings copper production was adversely affected by low mill tonnage and unplanned downtime at El Teniente, and lower than expected copper sulphide grade. MVC continued to work in unfavorable areas of the Colihues deposit as a result of the change in mine plan made necessary by a pit slide in Colihues during Q2-2013. Molybdenum production was lower than in prior quarters due to low throughput and low molybdenum grade in fresh tailings.

Revenue

- Revenue decreased to \$32.4 million, compared to \$43.2 million in Q1-2013, due to lower production levels and lower metal prices. The Company's copper selling price before smelting, refining and other charges was \$3.36/lb compared to \$3.52/lb in Q1-2013, and the Company's molybdenum selling price was \$9.93/lb compared to \$11.34/lb in Q1-2013.

Costs

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs, see page 9) before El Teniente royalty was \$2.22/lb, compared to \$1.99/lb in Q1-2013. Cash costs increased for the most part as a result of lower production in Q1-2014.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalty, depreciation and accretion, see page 9) was \$3.38/lb compared to \$3.15/lb in Q1-2013, mainly as a result of lower production.
- Power costs in Q1-2014 were \$5.3 million (\$0.0900/kwh) compared to \$6.4 million (\$0.0970/kwh) in Q1-2013. Similar power cost levels are expected to December 31, 2017, the end of the term of MVC's current power contract.
- Total El Teniente royalties were \$6.4 million in Q1-2014, compared to \$10.7 million in Q1-2013, due to lower production and metal prices.

Cash and Financing Activities

- Cash balance was \$8.1 million at March 31, 2014 compared to \$13.1 million at December 31, 2013.

Investments

- Cash payments for capital expenditures ("Capex") were \$3.4 million compared to \$3.6 million in Q1-2013. Capex payments have been funded from operating cash flow and cash on hand.
- Capex incurred in Q1-2014 totaled \$2.9 million (Q1-2013: \$2 million) and included project investments in connection with Cauquenes engineering (\$0.9 million) and sustaining Capex projects (\$2 million).
- The Company's investments in Candente Copper Corp. and Los Andes Copper Ltd. had an aggregate fair value of \$3.1 million at March 31, 2014 (December 31, 2013: \$3.2 million).

Outlook

- MVC's 2014 production guidance continues to be approximately 45 million pounds of copper and 800,000 pounds of molybdenum. In addition, the tolling contract with Compañía Minera Maricunga ("Maricunga") is expected to contribute a further 2 million pounds of copper.
- Cash cost (see page 9) is projected to be between \$2.15/lb and \$2.25/lb in 2014.

- 2014 sustaining Capex at MVC is estimated to be approximately \$3.8 million. Capex for the Cauquenes expansion project is estimated to be approximately \$140 million (see **Cauquenes Expansion**).

SUMMARY OF FINANCIAL RESULTS Q1-2013 TO Q1-2014

	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Copper production, million pounds	10.19	12.25	11.04	9.55	12.83
Copper sales, million pounds	10.18	12.60	10.86	9.44	12.48
Moly production - pounds	125,016	181,464	193,138	176,155	258,301
Moly sales - pounds	110,774	174,211	206,645	177,845	240,744
<i>Financial results (\$ thousands)</i>					
Revenue	32,370	37,035	31,950	31,446	43,161
Cost of sales					
Production costs	19,001	23,827	17,307	17,867	21,332
El Teniente royalty	6,421	8,540	7,258	7,317	10,700
Depreciation and amortization	4,738	4,112	4,143	4,462	4,161
Administration	1,191	1,232	1,117	1,195	1,384
Transportation	355	402	377	362	460
	31,706	38,113	30,202	31,203	38,037
Gross profit	664	(1,078)	1,748	243	5,124
Other expenses					
Office and general expenses	419	228	312	186	406
Salaries, management and professional fees	538	809	440	418	375
Share-based payment compensation	-	-	-	21	31
Royalties to related parties	45	(180)	(32)	(299)	100
Bad debt recovery	-	-	-	(52)	-
	1,002	857	720	274	912
Other gains and losses					
Foreign exchange (gain) expense	(197)	694	(397)	1,003	(98)
Impairment charges	-	668	-	-	-
Other gains	(80)	(95)	(90)	(101)	(111)
	(277)	1,267	(487)	902	(209)
Operating (loss) profit	(61)	(3,202)	1,515	(933)	4,421
Finance costs	149	161	166	114	185
(Loss) profit before tax	(210)	(3,363)	1,349	(1,047)	4,236
Income tax expense (recovery)	179	(917)	310	(210)	998
(Loss) profit for the period	(389)	(2,446)	1,039	(837)	3,238
(Loss) earnings per share - basic	0.00	(0.02)	0.01	(0.01)	0.02
(Loss) earnings per share - diluted	0.00	(0.02)	0.01	(0.01)	0.02
Cash cost (\$/lb) ¹	2.22	2.19	1.93	2.24	1.99
Total cost (\$/lb) ¹	3.38	3.36	2.96	3.48	3.15
<i>Uses and sources of cash (\$thousands)</i>					
Cash flow from operations	4,503	2,787	4,872	4,142	7,335
Cash flow (used in) from operations incl. working capital changes	(1,702)	11,919	4,164	(4,764)	8,203
Cash used in investing activities	(3,402)	(3,537)	(2,533)	(3,676)	(3,645)
Cash from exercise of stock options	98	-	-	-	-
Cash used in debt repayments	-	-	-	(993)	(504)
Ending cash position	8,142	13,148	4,655	3,881	13,280

¹ Cash and total costs are non-GAAP measures. Refer to page 9 for the basis of reconciliation of these measures to cost of sales.

OPERATING RESULTS

In Q1-2014 the Company produced 10.2 million pounds of copper, 20% lower than in Q1-2013. Copper sales were also 10.2 million pounds, 18% lower than in Q1-2013. Copper production was below Q1-2013 levels both from fresh tailings and Colihues tailings. Fresh tailings production was affected by low mill tonnage and unplanned downtime at El Teniente and lower than expected copper sulphide grade.

MVC continued to work in unfavorable areas of the Colihues deposit as a result of the change in mine plan made necessary because of the Colihues slide during Q2-2013. The presence of coarse sands in the base layer further affected Colihues operations in the quarter. In April 2014 MVC changed to a different mining area of Colihues upon completion of the Zone 4 sump installation.

Copper production in Q1-2014 includes 0.6 million pounds of copper produced and sold pursuant to a tolling contract with Maricunga. The tolling contract involves the purchase by MVC of Maricunga copper concentrate, which is blended with MVC's concentrates and sold through MVC's copper sales contract.

Molybdenum production at 125,016 pounds was 52% lower than in Q1-2013, and molybdenum deliveries to the roaster were 54% lower than in Q1-2013.

The Company's cost of sales was 17% less than in Q1-2013, due to lower production and El Teniente royalty costs.

During Q1-2014 the Company generated cash flow from operations of \$4.5 million, posted a gross profit of \$0.7 million and incurred a net loss of \$0.4 million.

Production

	Q1-2014	Q1-2013
FRESH TAILINGS EL TENIENTE		
Tonnes processed	9,758,464	10,422,011
Copper grade (%)	0.120%	0.124%
Copper recovery	20.8%	22.8%
Copper produced (lbs)	5,379,985	6,490,071
OLD TAILINGS COLIHUES		
Tonnes processed	2,738,106	3,080,117
Copper grade (%)	0.272%	0.280%
Copper recovery	25.8%	33.3%
Copper produced (lbs)	4,241,859	6,343,728
TOLL PROCESSING		
Copper produced (lbs)	564,383	-
COPPER		
Total copper produced (lbs)	10,186,227	12,833,799
Total copper sold (lbs)	10,176,879	12,481,919
MOLYBDENUM		
Total molybdenum produced (lbs)	125,016	258,301
Total molybdenum sold (lbs)	110,774	240,744

Exploration and evaluation assets

The Company's exploration and evaluation assets relate to costs incurred to conduct pilot tests, engineering costs and other associated costs to evaluate the potential options for the processing of tailings in DET's Cauquenes deposit. The Company had the legal right to explore this area during negotiations to obtain the rights to process these tailings. Exploration and evaluation assets are expected to be reclassified to property, plant and equipment as of April 2014, following the signing of the agreement granting to MVC the rights to process tailings from the Cauquenes deposit. See **Cauquenes Expansion**.

Revenue

		Q1-2014		Q1-2013	
Average LME copper price per pound	\$	3.19	\$	3.60	
Average Platt's molybdenum dealer oxide price per pound ¹	\$	9.98	\$	11.34	
Total copper net sales during the period (thousands)	\$	29,690	\$	40,905	
Total molybdenum & tolling sales during the period (thousands)		2,680		2,256	
Total revenue during the period (thousands)	\$	32,370	\$	43,161	
Company's recorded copper price per pound ²	\$	3.36	\$	3.52	
Company's recorded molybdenum price per pound ³	\$	9.93	\$	11.34	

¹ Basis price for the Company's molybdenum sales.

² Copper recorded price for the period before smelting and refining charges and settlement adjustments to prior quarters' sales.

³ Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior quarters' sales.

Revenue in Q1-2014 was \$32.4 million compared to \$43.2 million in Q1-2013, including copper revenue of \$29.7 million (Q1-2013: \$40.9 million) and molybdenum/tolling revenue of \$2.7 million (Q1-2013: \$2.3 million). Revenue is reported net of smelting, refining and roasting charges.

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 2014 quotas the arrangements 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 is being sold at market prices prevailing in the preceding month.

From time to time the Company may enter into modifications to the legal structure of the royalty arrangements with El Teniente. The Company's view is that these arrangements do not change the nature of the underlying Royalty arrangement.

Average LME copper prices in Q1-2014 were \$3.19/lb compared to \$3.60/lb in Q1-2013, and the Company's recorded copper sales price was \$3.36/lb, compared to \$3.52/lb in Q1-2013. The difference between the average LME copper price and the Company's recorded sales price results from the pricing terms that applied to the Company's sales in the period.

Molybdenum prices also decreased in Q1-2014. The realized molybdenum sales price for Q1-2014 was \$9.93/lb, compared to \$11.34/lb in Q1-2013. This lower price, along with lower production, affected molybdenum revenues compared to Q1-2013.

Molybdenum produced by the Company is predominantly sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2014 provided that the sale price was the average market price for the third month after delivery ("M+3"). Accordingly, none of the molybdenum sold in Q1-2014 was priced at final prices as of March 31, 2014. Sales of molybdenum are provisionally priced at the average Platt's molybdenum dealer oxide price which for March 31, 2014 was \$10.13/lb.

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, 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 Q1-2014 and Q1-2013 is presented below:

		Q1-2014		Q1-2013	
Cost of sales (thousands)	\$	31,706	\$	38,037	
Add (deduct):					
Smelting and refining charges (thousands)		3,672		4,125	
Inventory adjustments (thousands):		(179)		511	
By-product credits (thousands)		(2,679)		(2,256)	
Total cost (thousands)	\$	32,520	\$	40,417	
Deduct:					
El Teniente royalties (thousands)		(6,421)		(10,700)	
Depreciation and amortization (thousands)		(4,738)		(4,161)	
Cash cost (thousands)	\$	21,361	\$	25,556	
Pounds of copper produced		9.62M		12.83M	
Cash cost (\$/lb)		2.22		1.99	
Total cost (\$/lb)		3.38		3.15	

The Company's trailing annual and quarterly cash costs (see page 9) (\$/lb of copper produced) were:

	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Power costs ¹	0.55	0.67	0.46	0.53	0.50
Grinding media	0.29	0.27	0.25	0.27	0.28
Other direct costs	1.12	1.26	0.86	1.11	0.92
By-product credits	(0.28)	(0.54)	(0.12)	(0.17)	(0.18)
Smelting & refining	0.38	0.38	0.34	0.33	0.32
Administration	0.12	0.11	0.10	0.13	0.11
Transportation	0.04	0.04	0.04	0.04	0.04
Cash Cost	\$2.22	\$2.19	\$1.93	\$2.24	\$1.99

¹ Power costs include retroactive sub-transmission charges of \$0.09/lb in Q4-2013.

Cash cost (see page 9) in Q1-2014 was \$0.23/lb higher than in Q1-2013. Major components of cash cost include power, grinding media, other direct costs (including direct labour costs), smelting/refining costs and by-product credits (Maricunga and molybdenum).

Power is MVC's most significant cost, and was \$0.0900/kWh in Q1-2014 compared to \$0.0970/kWh in Q1-2013. Unit power costs for Q1-2014 were \$0.55/lb, \$0.05/lb higher than in Q1-2013.

MVC operated its generators during Q1-2014 when the grid price exceeded the generators' operating costs. The economic benefit from operating the generators in Q1-2014 was \$0.6 million (Q1-2013: cost of \$27,000).

Unit grinding media costs were \$0.29/lb compared to \$0.28/lb in Q1-2013.

Other direct costs of \$1.12/lb (Q1-2013: \$0.92/lb) included tolling costs of \$0.14/lb (\$nil in Q1-2013) and direct labour costs of \$0.24/lb (Q1-2013: \$0.16/lb). All other combined direct costs decreased \$0.02/lb in Q1-2014, compared to Q1-2013.

By-product credits of \$0.28/lb increased from \$0.18/lb in Q1-2013 as a result of the Maricunga tolling agreement.

The Company's trailing annual and quarterly total costs (\$/lb of copper produced) were:

	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Cash cost	2.22	2.19	1.93	2.24	1.99
El Teniente royalty	0.67	0.79	0.66	0.77	0.84
Amortization/depreciation	0.49	0.38	0.37	0.47	0.32
Total Cost	\$3.38	\$3.36	\$2.96	\$3.48	\$3.15

Total cost was \$3.38/lb, compared to \$3.15/lb in Q1-2013. The increase in total cost resulted from a \$0.23/lb increase in cash cost. The changes in ET royalty unit cost and depreciation unit cost offset themselves in Q1-2014.

FINANCIAL RESULTS

The Company posted a net loss of \$0.4 million (\$0.00 basic and diluted loss per share), compared to net profit of \$3.2 million in Q1-2013 (\$0.02 basic and diluted earnings per share). Gross profit was \$0.7 million compared to \$5.1 million in Q1-2013.

Revenue

Revenue in Q1-2014 was \$32.4 million, compared to \$43.2 million in Q1-2013.

Production Costs

	Q1-2014	Q1-2013
(Expressed in \$ thousands)		
Direct production costs		
Power costs	\$ 5,314	\$ 6,408
Grinding media	2,792	3,623
Labour costs	2,292	1,984
Other direct production costs	8,603	9,317
	19,001	21,332
El Teniente royalty	6,421	10,700
Depreciation and amortization	4,738	4,161
Administration	1,191	1,384
Transportation	355	460
Cost of sales	\$ 31,706	\$ 38,037

Direct production costs were 11% lower at \$19 million in Q1-2014 (compared to \$21.3 million in Q1-2013), in the context of a copper production decrease of 20% and a molybdenum production decrease of 52% in Q1-2014.

Power costs decreased by \$1.1 million or 17% compared to Q1-2013, mostly as a result of lower production.

Grinding media costs of \$2.8 million were 23% lower than in Q1-2013, also driven by lower production.

Direct labour costs were \$2.3 million in Q1-2014 compared to \$2 million in Q1-2013. Cost reduction initiatives in H2-2013 resulted in the hiring of additional direct workers by MVC after the elimination of a higher number of subcontractor workers (mostly within maintenance costs).

Other direct production costs decreased by \$700,000 to \$8.6 million (Q1-2013: \$9.3 million). The most relevant other direct production costs are summarized in the following tables:

	Q1-2014	Q1-2013
(Expressed in \$ thousands)		
Other direct production costs		
Colihues extraction	\$ 2,719	\$ 3,650
Maintenance, excluding labour	1,362	1,818
Molybdenum production costs, excluding labour	641	1,569
Industrial water	495	529
Copper reagents	560	363
Subcontractors, support services, etc.	591	571
Fuel and all other direct copper production costs	139	241
Lime	287	500
Tolling costs	1,331	-
Process & environmental control, safety	299	588
Inventory adjustments	179	(512)
	\$ 8,603	\$ 9,317

(\$/lb Cu)	Q1-2014	Q1-2013
Other direct production costs		
Colihues extraction	0.28	0.28
Maintenance, excluding labour	0.14	0.14
Molybdenum production costs, excluding labour	0.07	0.12
Industrial water	0.05	0.04
Copper reagents	0.06	0.03
Subcontractors, support services, etc.	0.06	0.04
Fuel and all other direct copper production costs	0.01	0.02
Lime	0.03	0.04
Process & environmental control, safety	0.03	0.05
Tolling costs	0.14	-
Inventory adjustments	0.02	(0.04)
	0.89	0.73

Cost containment measures implemented in H2-2013 continue to show positive results. Despite lower production levels, most of the Company's per unit other direct production costs remained the same or decreased compared to Q1-2013. The Company is in the process of implementing further cost reduction initiatives that are expected to come into effect in H2-2014.

The El Teniente royalty was \$6.4 million, 40% less than in Q1-2013, due to lower production levels and lower metal prices. Copper royalty costs on fresh tailings are calculated using the LME average price for copper for the month of delivery of the tailings, and invoiced by El Teniente 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 resulted in \$0.7 million in increased royalty costs in Q1-2014. From time to time the Company may enter into modifications to the legal structure of the royalty arrangements with El Teniente which, in the Company's view, do not change the nature of the underlying royalty arrangements.

Depreciation and amortization cost increased to \$4.7 million (Q1-2013: \$4.2 million), as a result of additions to MVC's asset base.

Administration expenses were \$1.2 million compared to \$1.4 million in Q1-2013, resulting from lower labour costs due to lower production incentive bonuses paid for lower production levels.

Transportation costs were \$355,000 compared to \$460,000 in Q1-2013, as a result of lower sales volume.

Other expenses

Other expenses of \$1 million (Q1-2013: \$912,000) are costs not related to MVC's production operations, and are comprised of the following:

- General and administration expenses include salaries, management and professional fees of \$538,000 (Q1-2013: \$375,000), office and general expenses of \$419,000 (Q1-2013: \$406,000), royalties to related parties of \$45,000 (Q1-2013: \$100,000) and share-based payments of \$nil (Q1-2013: \$31,000).
- Royalties to related parties include actual royalty dividends to related parties (Q1-2014: 151,000; Q1-2013: \$206,000) and changes in fair value (Q1-2014: (\$106,000); 2013: (\$106,000)), as the royalty is a derivative financial instrument.
- Other gains are comprised of a foreign exchange gain of \$197,000 (Q1-2013: \$98,000) and interest income and other gains of \$80,000 (Q1-2013: \$111,000). Foreign exchange gains or losses are recognized mostly in MVC. On January 1, 2014, MVC changed its functional currency from the Chilean peso to the US dollar¹. MVC continues to hold monetary assets and/or liabilities denominated in Chilean pesos, however, which results in foreign exchange gains or losses.

¹ Effective January 1, 2014, the functional currency of MVC was changed from the CLP to the U.S. dollar in anticipation of the level of U.S. denominated indebtedness to be undertaken by MVC in 2014 to finance the Cauquenes expansion project and from a review of the currency-related fact patterns of its current concentrate sales contracts and contracts with DET. While payments from current clients to MVC for concentrate sales and payments by MVC of DET royalties have to be documented and settled in CLP due to Chilean regulatory provisions requiring all invoices within Chilean parties to be denominated in CLP, the underlying currency in these significant revenue and cost contracts is the U.S. dollar.

Finance expense

The Company recorded a finance expense of \$149,000 (Q1-2013: \$185,000) including interest charges of \$54,000 (Q1-2013: \$157,000), asset retirement obligation accretion cost of \$95,000 (Q1-2013: \$93,000) and in Q1-2013 changes in fair value of an interest rate swap of (\$65,000).

Taxes

Income tax expense was \$179,000 in Q1-2014 (Q1-2013: \$998,000), including (\$114,000) (Q1-2013: (\$2,000)) in respect of changes to deferred income tax liabilities. Deferred income tax results predominantly from the differences between the financial and tax carrying value of MVC's plant and equipment, calculated using Chile's currently enacted corporate tax rate of 20%. Deferred tax liabilities do not represent income tax due in Chile on a current basis.

COMPARATIVE PERIODS

The Company's financial statements are reported under IFRS issued by the IASB. The following tables provide highlights from the Company's financial statements of quarterly results for the past eight quarters (unaudited):

	QE March 31, 2014 \$	QE Dec. 31, 2013 \$	QE Sept. 30, 2013 \$	QE June 30, 2013 \$
Total revenue (thousands)	32,370	37,035	31,950	31,446
Net (loss) profit (thousands)	(389)	(2,447)	1,039	(837)
(Loss) earnings per share	0.00	(0.02)	0.01	(0.01)
Diluted (loss) earnings per share	0.00	(0.02)	0.01	(0.01)

	QE March 31, 2013 \$	QE Dec. 31, 2012 \$	QE Sept. 30, 2012 \$	QE June 30, 2012 \$
Total revenue (thousands)	43,161	47,017	44,231	40,013
Net profit (loss) (thousands)	3,238	(5,311)	(4,189)	(1,002)
Earnings (loss) per share	0.02	(0.03)	(0.02)	(0.01)
Diluted earnings (loss) per share	0.02	(0.03)	(0.02)	(0.01)

Quarterly revenue variances result mostly from varying volumes of copper sales (a factor of quarterly production) and the Company's realized copper price (a factor of market price conditions). The Company's revenues are highly sensitive to these two variables, as summarized below:

	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013	Q4-2012	Q3-2012	Q2-2012
Copper sales ¹	10.18	12.60	10.86	9.44	12.48	13.71	13.02	10.76
Company's realized copper price ²	3.36	3.16	3.19	3.40	3.52	3.52	3.52	3.74

¹ Million pounds of copper sold.

² Copper recorded price for the period before smelting and refining charges and settlement adjustments to prior quarters' sales.

Copper sales in Q2-2012 and Q2-2013 were adversely affected by annual maintenance shutdowns at El Teniente and MVC, and in Q2-2012 by heavy rainfall, but recovered in Q3-2012 and Q4-2012. Copper sales were adversely affected by lower grades in Q1-2013 and by annual maintenance shutdowns in Q2-2013. For the last nine months of 2013 sales volume was negatively impacted by challenging mining conditions, particularly for Colihues. The Company implemented a change in mining plan which improved production and sales in Q3-2013, compared to Q2-2013. Q4-2013 sales were positively impacted by the Maricunga tolling contract which contributed 1.5 million pounds in copper sales. Q1-2014 sales were negatively impacted by lower production levels.

In addition to revenue variances, the Company's quarterly results in the most recent eight quarters were also affected by variations in cost of sales:

	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013	Q4-2012	Q3-2012	Q2-2012
Cost of sales ¹	31,706	38,114	30,202	31,203	38,037	49,107	46,285	40,092
Unit cost of sales ²	3.30	3.54	2.74	3.27	2.96	3.62	3.64	3.47

¹ Thousands of dollars, includes royalties to El Teniente.

² Cost of sales over number of pounds of copper produced.

Cost of sales is affected by production levels, input costs (particularly power costs), royalty costs and copper prices. Cost of sales was higher in both Q3-2012 (due to bonuses of \$4.6 million paid to MVC workers on the signing of a four-year union agreement in the quarter) and in Q4-2012 (due to increased El Teniente royalty costs). Cost of sales decreased considerably in Q1-2013 as a result of the change in the Company's current power contract, but unit cost of sales increased in Q2-2013 due to lower production levels. In Q3-2013 cost containment initiatives and higher production levels compared to Q2-2013 resulted in decreases to total cost of sales and unit cost of sales. In Q4-2013 total cost of sales was adversely impacted by higher El Teniente royalty costs, tolling costs of \$3.4 million and a \$980,000 retroactive power charge for the years 2011-2013. In Q1-2014 total cost of sales decreased due to lower royalty costs and lower production.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company used cash of \$1.7 million in operations, compared to cash of \$8.2 million generated from operations in Q1-2013.

Excluding the effect of changes in working capital accounts and payments of long-term employee benefits, the Company generated cash of \$4.5 million, compared to \$7.3 million in Q1-2013.

Cash Flow from Financing Activities

Cash received from the exercise of share options was \$98,000 (\$nil in Q1-2013). In Q1-2013, cash of \$504,000 was used for bank loan repayments.

Cash Flow from Investing Activities

In Q1-2014, the Company used cash of \$3.4 million for payments of capital expenditures, compared to \$3.6 million in Q1-2013.

In Q1-2014 MVC incurred Capex in connection with expansion of the Colihues extraction capacity, other minor sustaining capital projects and detail engineering for the Cauquenes project.

Liquidity and Financial Position

The Company's cash and cash equivalents at March 31, 2014 totaled \$8.1 million, compared to \$13.1 million at December 31, 2013. The Company had working capital of \$4.8 million at March 31, 2014 compared to \$3 million at December 31, 2013.

At March 31, 2014 the Company had no outstanding bank debt.

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. For borrowings in CLP, interest is payable at a variable rate of the Chilean Tasa Activa Bancaria ("TAB") plus an applicable margin, and for borrowings in US dollars interest is payable at a variable rate of LIBOR-30 days plus applicable margin. Current borrowing rates would be 0.49% per month on CLP draws and 0.18% per month on US dollar draws. The Line of Credit contains covenants requiring MVC to meet minimum quarterly equity, debt to equity and maximum debt ratios. MVC was in compliance with these covenants at March 31, 2014 and December 31, 2013. To date no funds have been drawn on this line of credit.

The Company expects to 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. 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 for decades.

The Company's long-term liabilities (severance provisions, long-term portion of royalties due to related parties measured at fair value, asset retirement obligations and deferred income tax liabilities) at March 31, 2014 were \$29.4 million (December 31, 2013: \$29.4 million).

Impairment Analysis

As at March 31, 2014, management of the Company determined that the continued depressed market price for the Company's shares, resulting in a capitalization below net assets, constituted an impairment indicator, and completed an impairment assessment for MVC that included a determination of fair value less costs to sell.

Key assumptions incorporated in the impairment model included the following:

- Copper prices (\$/lb): 2014: \$3.20; 2015: \$3.18; 2016: \$3.18; 2017: \$3.06; 2018 to 2037: \$2.95
- Power costs (excluding benefit from self-generation): From 2014 to 2017 costs are per contractual estimates (2014: \$0.1006/kWh, 2015: \$0.1148/kWh, 2016: \$0.1267/kWh, 2017: \$0.1277/kWh). From 2018 to 2037: estimated at \$0.1300/kWh
- Operating costs based on historical costs incurred and estimated forecasts
- Production volume and recoveries as indicated in MVC's mining plan from 2013 to 2037, including processing of fresh tailings and old tailings from the Colihues and Cauquenes deposits
- Extension of the contractual relationship with DET to 2037
- Discount rate: 9% after tax

Management's impairment evaluation did not result in the identification of an impairment loss as of March 31, 2014. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgments. Sensitivities to changes in estimated operating costs, particularly estimated power costs beyond MVC's current power contracts, operating results from Cauquenes that differ from current projections and increases in estimated expansion capital costs, might trigger an impairment that could be material.

Investments

At March 31, 2014, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn\$0.21, and the fair value of the Company's approximately 5% investment in Candente Copper was \$942,000. In Q1-2014 the Company recorded other comprehensive loss of \$613,000 (Q1-2013: other comprehensive income of \$68,000) for the changes in fair value of this investment.

At March 31, 2014, Los Andes Copper Ltd. ("Los Andes"), a Company listed on the TSX Venture Exchange, had a closing share price of Cdn\$0.26, and the fair value of the Company's approximately 4% investment in Los Andes was \$2.2 million. In Q1-2014 the Company recorded other comprehensive income of \$502,000 (Q1-2013: \$597,000) for the increases in the fair value of this investment.

In Q1-2013 the Company recorded other comprehensive loss of \$90,000 for the decrease in the fair value of its investment in Candente Gold Corp. and wrote-off this investment on June 30, 2013.

In Q1-2013 the Company recorded other comprehensive loss of \$33,000 for the decrease in the fair value of its investment in Cobriza Metals Corp. and wrote-off this investment on June 30, 2013.

CAUQUENES EXPANSION

On April 8, 2014 MVC and DET entered into a definitive agreement (the "Master Agreement") for the purchase by MVC of the processing rights to the Cauquenes tailings deposit located near MVC's plant, and extending MVC's rights to process DET tailings to 2037.

Major terms of the Master Agreement include the following:

- Extension of the existing fresh tailings and Colihues contracts from 2021 to 2037;
- A sliding scale royalty for copper produced from Cauquenes tailings for LME prices ranging from \$1.95/lb (16% royalty) to \$5.50/lb (39% royalty);
- Changes in the royalty payable to DET for copper produced from fresh tailings, including a change in the royalty calculation to a sliding scale for a range of LME prices from \$1.95/lb (13.5% royalty) to \$4.80/lb (28.4% royalty), elimination of exchange rate provisions that increased royalty costs, and an increase in the threshold below which no royalty is payable from \$0.80/lb to \$1.95/lb, the same minimum level as that for the Cauquenes royalty;
- Provisions requiring the parties to meet and review cost and royalty structures in the event prices fall below \$1.95/lb for copper or \$7.31/lb for molybdenum, or increase to be above the upper royalty limits for copper (\$4.27/lb for Colihues, \$4.80/lb for fresh tailings and \$5.50/lb for Cauquenes) and \$40/lb for molybdenum;
- A global molybdenum royalty that will also be sliding scale for molybdenum prices between \$7.31/lb (9% royalty) and \$40/lb (19.7% royalty);
- Three early exit options for DET that are only exercisable in the event of changes that were unforeseen as of the date of the Master Agreement.

At a copper price of approximately \$3.10/lb the new and amended royalty formulas are estimated to result in the same royalties as the original formulas, but with improved downside protection for MVC;

The Company is conducting a detailed assessment of the impact of the Master Agreement on its consolidated financial statements. Significant adjustments are expected in respect of exploration and evaluation assets; property, plant and equipment; intangible assets, royalties to related parties; severance provisions, asset retirement obligation and deferred income tax liabilities.

In Q4-2013, MVC executed a project financing mandate agreement (the "Mandate Agreement") with BBVA Chile and BBVA Securities Inc. (collectively "BBVA") for the financing of the Cauquenes Expansion, which sets out an exclusive arrangement with BBVA for a loan facility (the "Loan Facility"). BBVA has agreed to seek credit approval to provide up to 50% of the amount of the Loan Facility, and to act as mandated lead arranger and fronting hedge bank. The financing is expected to be drawn in US dollars.

Total estimated cost of the Cauquenes Expansion is \$140 million, to be financed by a combination of funding from the Loan Facility and internal cash flow. The Mandate Agreement contemplates the completion of technical, environmental, market, insurance, fiscal and legal due diligence and is subject to customary representations, warranties and conditions precedent, including agreement on final terms and conditions and requisite documentation for the loan, completion of due diligence and procurement of credit approvals. Indicative terms of the Loan Facility and a value added tax facility have been received and are expected to be finalized on completion of due diligence which is virtually complete. The results of the due diligence are being provided to other potential syndicate members.

Additional information on the Cauquenes project can be found in the Company's National Instrument 43-101 Technical Report, which is available on www.sedar.com.

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 wholly-owned by Amerigo except for certain outstanding Class A shares which are owned indirectly by Amerigo's Chairman and CEO, an associate of the Chairman and CEO, a former director of Amerigo and an associate of that former director. The Class A shares were issued as part of a tax-efficient structure for the payment of the royalty (the "Royalty") granted in exchange for the transfer to the Company of an option to purchase 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 March 31, 2014 was \$4.8 million (December 31, 2013: \$4.9 million), with a current portion of \$661,000 (December 31, 2013: \$655,000) and a long-term portion of \$4.1 million (December 31, 2013: \$4.2 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the three months ended March 31, 2014, royalties totalling \$151,000 were paid or accrued to the Amerigo International Class A shareholders (2013: \$207,000). At March 31, 2014, \$52,000 of this amount remained outstanding (December 31, 2013: \$52,000).

b) Directors' fees and remuneration to officers

During Q1-2014, the Company paid or accrued \$263,000 in salaries and fees to companies associated with certain directors and officers of Amerigo (Q1-2013: \$173,000).

Management fees are paid to the below noted companies owned by executive officers and directors, as follows:

- Zeitler Holdings Corp. – Controlled by Dr. Klaus Zeitler, Chairman and CEO of Amerigo
- Michael J. Kuta Law Corporation – Controlled by Michael Kuta, General Counsel and Corporate Secretary of Amerigo.
- Delphis Financial Strategies Inc. – Controlled by Aurora Davidson, CFO of Amerigo

In the same period, Amerigo paid or accrued \$100,000 in directors' fees to independent directors (Q1-2013: \$65,000). In Amerigo's consolidated financial statements, directors' fees and remuneration to officers are categorized as salaries, management and professional fees. At March 31, 2014, an aggregate amount of \$106,000 was due to directors and officers for directors' fees and reimbursement of expenses (2013: \$27,000). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In Q1-2014, no options were granted to directors and officers of the Company (Q1-2013: nil).

- c) As of March 31, 2014 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 March 31, 2014 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.

Critical Accounting Estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing its consolidated financial statements, the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Useful Life of Assets

As at March 31, 2014, the contractual relationship with DET was estimated to terminate as of December 31, 2021 and the useful lives of assets had been determined based on their estimated economic life, not to exceed December 31, 2021.

The remaining life of the contractual relationship with DET changed to December 31, 2037 subsequent to quarter end (see **Cauquenes Expansion**) and may change again in the future in the event of changes to contract termination dates. This is expected to impact the useful lives of most of MVC's assets, which should be determined on their estimated economic life, not to exceed December 31, 2037 in most cases.

b) Asset Retirement Obligation ("ARO")

The Company assesses its provision for ARO and fair values the liability at the end of each reporting quarter, using the current risk-free discount rates. The ARO results from the obligation to remove property and equipment at the end of the contractual relationship with DET and from environmental regulations set by Chilean authorities. AROs include costs related to MVC's plant and equipment. The ARO is a critical accounting estimate for the Company. There are significant uncertainties related to the ARO and the impact on the financial statements could be material. The eventual timing and costs of the ARO could differ from current estimates. The main factors that could cause expected ARO cash flows to change include changes to laws and legislation, additions of new plant and equipment and changes to the term of the contractual relationship with DET.

At March 31, 2014, the future value of the provision for ARO was determined using an estimated annual inflation rate of 3%, a risk premium estimated at 7.75% and discounted at the risk-free rate of 5.03%.

The Company is evaluating the impact of the Master Agreement on its ARO provision as of April 2014 (see **Cauquenes Expansion**).

c) Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely to arise from future processing operations. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable processing operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available. Exploration and evaluation assets are included in the Company's impairment test along with property, plant and equipment.

Exploration and evaluation assets are transferred to property, plant and equipment once the Company has obtained the legal right to process the related tailings and an economically viable processing operation has been established.

The Company's exploration and evaluation assets at March 31, 2014 are all related to the Cauquenes project and are therefore expected to be reclassified to property, plant and equipment as of April 2014, the month in which the Master Agreement was signed.

d) Severance Provisions

MVC has a future obligation with some of its workers for statutory severance payments based on their employee contracts. This obligation has been recorded as a liability at present value in the Company's consolidated statements of financial position. The value of the severance provision is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The increase or decrease over time in the present value of the liability is recorded each period in cost of sales.

The Company is evaluating the impact of the Master Agreement on the severance provisions as of April 2014 (see **Cauquenes Expansion**).

e) Power Cost Assumptions

Certain components of MVC's power costs require complex calculations involving data from the Chilean National Energy Commission, the central power grid operating network and the Company's power supply company. The Company relies on the advice of external power consultants to estimate these costs, in particular in the case of newly introduced charges with no historical precedent. Final costs may vary from estimated costs and would be included in earnings in the period in which final costs are determined.

Subsequent Event

On April 1, 2014, a comprehensive tax reform Bill was presented to the Chilean National Congress that proposes modifications to the current Chilean system of income taxation and other taxes.

The Bill provides for, among other things:

- An increase in the corporate income tax rate from 20% to 21% in 2014, 22.5% in 2015, 24% in 2016 and 25% in 2017;
- A new taxation system on an accrual basis effective in 2017, under which any taxable profits generated at the corporate level would be attributed to shareholders, including those domiciled outside Chile, so that final taxes would be applied in the year in which income is accrued, irrespective of whether or not profits are distributed to shareholders. This would effectively raise the corporate tax rate to 35% as of 2017.

The Bill is expected to be enacted in the fall of 2014.

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 were no material changes in the Company's ICFR during the quarter ended March 31, 2014

Other

As of May 6, 2014, Amerigo has outstanding 172,640,344 common shares and 10,915,000 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 MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- forecast production and operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- decisions regarding the timing and costs of construction and production with respect to, and the issuance of, the necessary permits and other authorizations required for our expansion projects, including the expansion planned for the Cauquenes tailings deposit;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- our planned capital expenditures and estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning treatment charges and royalties;
- our dividend policy; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, delays associated with permit applications and appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of tailings and mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the timing of the receipt of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our mine plan estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;

- the outcome of our copper concentrate treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- our ability to obtain, comply with and renew permits in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production. In 2013 production was at the lower end of the Company's published guidance for the year in part due to the adverse effect of a slide and resulting pit wall failure in the Colihues deposit which occurred in April 2013 and adversely affected production for the remainder of the year. The Colihues slide and required change in mine plan is continuing to adversely affect the Company's production in 2014.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. You should also carefully consider the matters discussed under "*Risk Factors*" in our Annual Information Form. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.