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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2014

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

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

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. Codelco has begun construction of a new mine level at El Teniente that is scheduled for completion in 2017 and is expected to extend El Teniente's useful life by 50 years.

On April 8, 2014 MVC and DET entered into a contract (the "Master Agreement") granting to MVC the rights to process tailings from DET's Cauquenes tailings deposit, extending MVC's rights to process DET tailings from 2021 to 2037 and amending MVC's contracts with DET to process tailings from El Teniente's current production (the "Fresh Tailings Contract") and from DET's Colihues tailings deposit (the "Colihues Contract") (See **Cauquenes Expansion,** page 21).

Amerigo's shares are listed for trading on the Toronto Stock Exchange ("TSX") and the OTCQX Stock Exchange in the United States.

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 February 19, 2015, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2014 and 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 non-GAAP 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 10 of this MD&A for a tabular reconciliation of the Company's cash and total costs to cost of sales in 2014 and 2013.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Annual Overview

	Years ended December 31,			
	2014	2013	Change	
			$	%
Copper produced, million pounds	41.0	45.7	(4.7)	(10%)
Copper sold, million pounds	41.0	45.4	(4.4)	(10%)
Molybdenum produced, million pounds	0.6	0.8	(0.2)	(25%)
Molybdenum sold, million pounds	0.6	0.8	(0.2)	(25%)
Percentage of copper production from old tailings	36%	40%		(4%)
Revenue (thousands)	119,622	143,592	(23,970)	(17%)
Cost of sales[1] (thousands)	113,047	137,556	(24,509)	(18%)
El Teniente royalty costs (thousands)	25,345	33,815	(8,470)	(25%)
Gross profit (thousands)	6,575	6,036	539	9%
Net (loss) profit (thousands)	(10,702)	993	(11,695)	1178%
Operating cash flow (thousands) [2]	14,786	19,136	(4,350)	(23%)
Cash flow paid for plant expansion (thousands)	(11,739)	(13,391)	1,652	(12%)
Cash and cash equivalents (thousands)	18,308	13,148	5,160	39%
Average realized copper price per pound	3.14	3.32	(0.18)	(5%)
Cash cost per pound [3]	2.08	2.08	0.00	0%
Total cost per pound [3]	3.02	3.22	(0.20)	(6%)

[1] Includes El Teniente royalty costs
[2] Operating cash flow before changes in non-cash working capital.
[3] Cash and total costs are non-GAAP measures. Refer to page 10 for a reconciliation of these measures to cost of sales.

Financial results

- Revenue was $119.6 million compared to $143.6 million in 2013. Revenues decreased 17% due to lower copper and molybdenum sales and lower copper prices.

- Cost of sales was $113.0 million, compared to $137.6 million in 2013, a decrease of 18%, driven by lower production, El Teniente royalty and depreciation costs.

- Gross profit was $6.6 million, compared to gross profit of $6.0 million in 2013.

- Net loss was $10.7 million compared to net profit of $1.0 million in 2013. Items affecting financial performance in 2014 included non-cash charges of $8.1 million for change in estimates resulting from the extension of the Company's rights to process El Teniente tailings from 2021 to 2037 upon the signing of the Master Agreement, and approximately $5.7 million for deferred income tax expense resulting from tax reform enacted in Chile in 2014.

- In 2014, the Company generated cash flow from operations before changes in non-cash working capital of $14.8 million (2013: $19.1 million).

Production

- The Company produced 41.0 million pounds of copper, 10% lower than the 45.7 million pounds produced in 2013.

- Molybdenum production was 0.6 million pounds, 25% lower than the 0.8 million pounds produced in 2013.

- Copper production in 2014 was affected by low grades and low sulphide content in old tailings. Molybdenum production was affected by low grades. In 2014 MVC's mine plan progressed through the zone of lower grade tailings deposited by DET in Colihues while it made launder repairs in 2006-2007.

Revenue

- Revenue decreased to $119.6 million from $143.6 million in 2013. The Company's copper selling price fell from $3.32/lb in 2013 to $3.14/lb and its molybdenum selling price increased from $10.13/lb to $11.34/lb. Copper and molybdenum sales volume decreased 10% and 28%, respectively, from 2013 levels.

Costs

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, production costs net of inventory adjustments, administration and transportation costs, net of by-product credits, see page 10) before El Teniente royalty was $2.08/lb, the same as in 2013.

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalty, depreciation and accretion, see page 10) was $3.02/lb compared to $3.22/lb in 2013, as a result of lower El Teniente royalties and depreciation charges.

- Power costs in 2014 were $23.0 million ($0.0916/kwh) compared to $23.8 million ($0.0939/kwh) in 2013.

- Total El Teniente royalties were $25.3 million in 2014, compared to $33.8 million in 2013, due to lower production and copper prices.

Cash and Financing Activities

- Cash balance was $18.3 million at December 31, 2014 compared to $13.1 million at December 31, 2013.

Investments

- Cash payments for capital expenditures ("Capex") were $11.8 million compared to $13.4 million in 2013. Capex payments were funded from operating cash flow, cash on hand and El Teniente royalty deferrals.

- Capex incurred in 2014 totaled $13.2 million (2013: $10.4 million) and included $8.9 million for project investments in connection with the Cauquenes expansion (2013: $3.6 million) and $4.3 million for sustaining Capex projects (2013: $6.8 million).

- The Company's investments in Candente Copper Corp. and Los Andes Copper Ltd. had an aggregate fair value of $2 million at December 31, 2014 (December 31, 2013: $3.2 million).

Outlook

- MVC estimates 2015 production of 50 to 55 million pounds of copper at an annual cash cost (page 10) of $1.80 to $2.00/lb, including a significant increase in production and decrease in cash cost in the fourth quarter once Cauquenes is in production. Copper production is expected to ramp up from approximately 10 million pounds in Q1 to approximately 19 million pounds in Q4, and cash cost is projected to be between $1.95/lb and $2.15/lb in Q1, decreasing to $1.60/lb to $1.75/lb in Q4. Refer to **Cautionary Statement on Forward Looking Information** (page 29).

SUMMARY OF FINANCIAL RESULTS Q4-2013 TO Q4-2014

	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013
Copper production, million pounds	11.352	10.156	9.344	10.186	12.254
Copper sales, million pounds	11.216	10.321	9.322	10.177	12.597
Moly production - pounds	160,107	143,008	152,340	125,016	181,464
Moly sales - pounds	159,204	148,255	153,970	110,774	174,211
Financial results ($ thousands)					
Revenue	31,046	28,881	27,325	32,370	37,035
Cost of sales					
Production costs	18,259	17,471	15,565	19,001	23,828
El Teniente royalty	6,359	6,315	6,250	6,421	8,540
Depreciation and amortization	1,844	1,814	2,668	4,738	4,112
Administration	1,358	1,083	1,297	1,191	1,232
Transportation	367	344	347	355	402
	28,187	27,027	26,127	31,706	38,114
Gross profit (loss)	2,859	1,854	1,198	664	(1,079)
Other expenses					
Office and general expenses	113	316	164	419	228
Salaries, management and professional fees	950	488	451	538	809
Share-based payment compensation	56	155	387	-	-
Royalty derivative including changes in fair value	(763)	(974)	318	45	(180)
	356	(15)	1,320	1,002	857
Loss from change in estimates	-	-	8,066	-	-
Other gains and losses					
Foreign exchange expense (gain)	228	34	(318)	(197)	694
Impairment charges	279	-	-	-	668
Other gains	(100)	(133)	(47)	(80)	(95)
	407	(99)	(365)	(277)	1,267
Operating profit (loss)	2,096	1,968	(7,823)	(61)	(3,203)
Finance costs	18	(25)	95	149	161
Profit (loss) before tax	2,078	1,993	(7,918)	(210)	(3,364)
Income tax expense (recovery)	376	5,718	372	179	(917)
Profit (loss) for the period	1,702	(3,725)	(8,290)	(389)	(2,447)
Earnings (loss) per share - basic	0.01	(0.02)	(0.05)	0.00	(0.02)
Earnings (loss) per share - diluted	0.01	(0.02)	(0.05)	0.00	(0.02)
Cash cost ($/lb) [1]	1.99	1.92	2.22	2.22	2.19
Total cost ($/lb) [1]	2.75	2.75	3.23	3.38	3.36
Uses and sources of cash ($thousands)					
Operating cash flow before working capital changes	5,414	3,396	1,473	4,503	2,787
Operating cash flow after working capital changes	13,086	5,097	1,609	(1,702)	11,919
Cash used in investing activities	(3,645)	(1,969)	(2,723)	(3,402)	(3,537)
Cash from exercise of stock options	-	-	157	98	-
Ending cash position	18,308	10,203	7,265	8,142	13,148

[1] Cash and total costs are non-GAAP measures. Refer to page 10 for the basis of reconciliation of these measures to cost of sales.

OVERALL PERFORMANCE

In 2014 the Company posted a net loss of $10.7 million compared to a net profit of $1.0 million in 2013. Items affecting financial performance in 2014 included non-cash charges of $8.1 million for a change in estimates resulting from the extension of the Company's rights to process El Teniente tailings upon the signing of the Master Agreement, and approximately $5.7 million for deferred income tax expense resulting from tax reform enacted in Chile in 2014.

The Company produced 41.0 million pounds of copper and 0.6 million pounds of molybdenum, compared to 45.7 million pounds of copper and 0.8 million pounds of molybdenum in 2013.

Revenue of $119.6 million (2013: $143.6 million) was derived from the sale of 41.0 million pounds of copper and 0.6 million pounds of molybdenum (2013: 45.4 million pounds of copper and 0.8 million pounds of molybdenum).

The Company generated operating cash flow excluding the effect of changes in non-cash working capital accounts of $14.8 million (2013: $19.1 million). Including the effect of changes in non-cash working capital accounts, operating cash flow was $18.1 million (2013: $19.5 million).

At December 31, 2014, the Company had cash and cash equivalents of $18.3 million (2013: $13.1 million) and working capital of $2.7 million (2013: $3.0 million).

SELECTED ANNUAL FINANCIAL INFORMATION

The following information has been extracted from the Company's audited consolidated financial statements for the years ended December 31, 2014, 2013 and 2012.

	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Total revenue (thousands)	$119,622	$143,592	$181,761
Net (loss) profit (thousands)	(10,702)	993	(8,192)
(Loss) earnings per share (thousands)	(0.06)	0.01	(0.05)
Diluted (loss) earnings per share	(0.06)	0.01	(0.05)
Cash dividends paid (thousands)	-	-	6,845

	At December 31, 2014	At December 31, 2013	At December 31, 2012
Total assets	$180,155	$186,109	$204,416
Total long-term financial liabilities[1]	11,494	7,835	9,586

[1] Long term financial liabilities at December 31, 2014 were comprised of: severance provisions: $1.3 million (2013: $3.6 million, 2012: $4.3 million), royalty derivative to related parties of $10.1 million (2013: $4.2 million 2012: $5.3 million) and other non-current liabilities of $57,000 ($nil in 2013 and 2012).

OPERATING RESULTS

In 2014 the Company produced and sold 41.0 million pounds of copper, both of which were 10% lower than in 2013. During most of 2014 copper production was adversely affected by low grades and low sulphide content for the old tailings. In 2014 MVC's mine plan progressed through the zone of lower grade tailings deposited by DET in Colihues while it made launder repairs in 2006-2007.

The Company implemented a number of ongoing cost reduction initiatives at MVC during the year, including termination of the Colihues mining subcontract. MVC has been processing old tailings directly with its own employees and resources since July 2014, which is resulting in substantial cost savings, and anticipates processing Cauquenes tailings in the same manner.

Copper production in 2014 includes 2.1 million pounds of copper produced and sold pursuant to a tolling contract with Minera 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 0.6 million pounds was 25% lower than in 2013, and molybdenum deliveries to the roaster were also 25% lower than in 2013. Molybdenum production in 2014 was affected by lower grades in fresh and old tailings.

In Q4-2014 the Company produced 11.4 million pounds of copper and 0.2 million pounds of molybdenum, 7% and 11% lower, respectively, than in Q4-2013.

The Company's cost of sales was 18% less than in 2013, due to lower production, El Teniente royalty and depreciation costs and the effect of a gain from Changes in Estimates of $2.4 million (page 12).

During 2014, the Company generated cash flow from operations before changes in non-cash working capital of $14.8 million and posted a net loss of $10.7 million.

Production

	2014	2013
FRESH TAILINGS EL TENIENTE		
Tonnes processed	44,951,132	44,484,008
Copper grade (%)	0.114%	0.132%
Copper recovery	21.4%	20.0%
Copper produced (lbs)	24,167,519	25,892,036
OLD TAILINGS COLIHUES		
Tonnes processed	12,928,382	11,256,926
Copper grade (%)	0.227%	0.270%
Copper recovery	22.8%	27.3%
Copper produced (lbs)	14,741,304	18,301,938
TOLL PROCESSING		
Copper produced (lbs)	2,129,663	1,479,300
COPPER		
Total copper produced (lbs)	41,038,486	45,673,274
Total copper sold (lbs)	41,036,532	45,372,380
MOLYBDENUM		
Total molybdenum produced (lbs)	580,472	809,057
Total molybdenum sold (lbs)	572,203	797,444

Exploration and evaluation assets

The Company's exploration and evaluation assets ("EEA") include costs incurred to conduct pilot tests, and for engineering and other associated costs to evaluate potential options for the processing of tailings in the Cauquenes deposit. MVC had the legal right to explore this area while it conducted negotiations to obtain the rights to process Cauquenes tailings. EEA was reclassified to property, plant and equipment ("PPE") in Q2-2014***.***

Revenue

		2014		2013
Average LME copper price per pound	$	3.11	$	3.32
Average Platt's molybdenum dealer oxide price per pound [1]	$	11.39	$	10.32
Total copper net sales (thousands)	$	108,046	$	132,532
Total molybdenum and tolling sales (thousands)		11,576		11,060
Total revenue during the year (thousands)	$	119,622	$	143,592
Company's recorded copper price per pound [2]	$	3.14	$	3.32
Company's recorded molybdenum price per pound [3]	$	11.67	$	10.13

[1] Basis price for the Company's molybdenum sales.
[2] Copper recorded price for the year before smelting and refining charges and settlement adjustments to prior year sales.
[3] Molybdenum recorded price for the year before roasting charges and settlement adjustments to prior year sales.

Revenue in 2014 was $119.6 million, compared to $143.6 million in 2013, including copper revenue of $108.0 million (2013: $132.5 million), and molybdenum and tolling revenue of $11.6 million (2013: $11.1 million). Revenues are net of smelting, refining and roasting charges.

Copper produced by the Company in 2014 was sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami") that established a delivery schedule of monthly sales quotas. For the 2014 quotas Enami set the Company's copper sale price at the average market price for the preceding month ("M-1"). Accordingly, provided monthly quotas were met, all copper delivered by the Company to Enami in one month was being sold at market prices prevailing in the preceding month. The Enami contract was allowed to expire in accordance with its terms effective December 31, 2014. Refer to **Subsequent Events** (page 29).

Average LME copper prices for 2014 were $3.11/lb compared to $3.32/lb in 2013, and the Company's recorded copper sales price was $3.14/lb, compared to $3.32/lb in 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 year.

Average molybdenum prices in 2014 were $11.39/lb, compared to $10.32/lb in 2013, and the Company's realized molybdenum sale price in 2014 was $11.67/lb (2013: $10.13/lb).

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 Q4-2014 was priced at final prices as of December 31, 2014. Sales of molybdenum are provisionally priced at the average Platt's molybdenum dealer oxide price which for December 2014 was $8.96/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 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 2014 and 2013 is presented below:

		2014		2013
Cost of sales (thousands)	$	113,047	$	137,556
Add (deduct):				
Smelting and refining charges (thousands)		14,548		15,160
Inventory adjustments (thousands)		(1,089)		842
Change in estimates (thousands) [1]		2,437		-
By-product credits (thousands)		(11,576)		(11,060)
Total cost (thousands)	$	117,367	$	142,498
Deduct:				
El Teniente royalties (thousands)		(25,345)		(33,815)
Depreciation and amortization (thousands)		(11,065)		(16,878)
Cash cost (thousands)	$	80,957	$	91,805
Million pounds of copper produced from fresh and old tailings [2]		38.9M		44.2M
Cash cost ($/lb)		**2.08**		**2.08**
Total cost ($/lb)		**3.02**		**3.22**

[1] Refers to a $2.4 million gain resulting from the unwinding of severance liabilities at MVC (page 12).
[2] Excludes 2.1 million pounds produced in 2014 from toll processing, a by-product (2013: 1.5 million pounds).

The Company's trailing annual and quarterly cash costs (see page 10) ($/lb of copper produced) were:

	2014	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Power costs	0.59	0.62	0.58	0.61	0.55
Grinding media	0.25	0.22	0.22	0.27	0.29
Other direct costs	1.00	0.88	0.90	1.14	1.12
By-product credits	(0.30)	(0.26)	(0.30)	(0.36)	(0.28)
Smelting & refining	0.37	0.36	0.37	0.38	0.38
Administration	0.13	0.13	0.11	0.14	0.12
Transportation	0.04	0.04	0.04	0.04	0.04
Cash Cost	**$2.08**	**$1.99**	**$1.92**	**$2.22**	**$2.22**

	2013	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Power costs [1]	0.54	0.67	0.46	0.53	0.50
Grinding media	0.27	0.27	0.25	0.27	0.28
Other direct costs	1.03	1.26	0.86	1.11	0.92
By-product credits	(0.25)	(0.54)	(0.12)	(0.17)	(0.18)
Smelting & refining	0.34	0.38	0.34	0.33	0.32
Administration	0.11	0.11	0.10	0.13	0.11
Transportation	0.04	0.04	0.04	0.04	0.04
Cash Cost	**$2.08**	**$2.19**	**$1.93**	**$2.24**	**$1.99**

[1] Power costs include retroactive sub-transmission charges of $0.02/lb in 2013 and $0.09/lb in Q4-2013.

Cash cost (see page 10) in 2014 remained at the same level as in 2013 despite lower production levels.

Power is MVC's most significant cost, and was $0.0916/kWh in 2014 compared to $0.0939/kWh in 2013. Unit power costs for the year were $0.59/lb, $0.05/lb higher than in 2013 due to lower production levels. 2013 unit cost included a retroactive sub-transmission charge of $980,000 ($0.015/kWh). Excluding this retroactive charge 2013 power costs were $0.0900/kWh.

MVC operates its generators when the grid price exceeds the generators' operating costs. The economic benefit from operating the generators in 2014 was $1.3 million (2013: $2.4 million).

Unit grinding media costs were $0.25/lb compared to $0.27/lb in 2013. Grinding media costs were positively affected due to more efficient mill operations and lower steel prices.

Other direct costs decreased to $1.00/lb (2013: $1.03/lb) as a result of cost reduction initiatives implemented at MVC.

By-product credits of $0.30/lb increased from $0.25/lb in 2013 as a result of the Maricunga tolling agreement.

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

	2014	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Cash cost	2.08	1.99	1.92	2.22	2.22
El Teniente royalty	0.65	0.59	0.65	0.70	0.67
Amortization/depreciation	0.29	0.17	0.18	0.31	0.49
Total Cost	**$3.02**	**$2.75**	**$2.75**	**$3.23**	**$3.38**

	2013	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Cash cost	2.08	2.19	1.93	2.24	1.99
El Teniente royalty	0.76	0.79	0.66	0.77	0.84
Amortization/depreciation	0.38	0.38	0.37	0.47	0.32
Total Cost	**$3.22**	**$3.36**	**$2.96**	**$3.48**	**$3.15**

Total cost was $3.02/lb, compared to $3.22/lb in 2013. Total cost was positively impacted by reductions of $0.11/lb in El Teniente royalty due to lower copper prices and $0.09/lb in amortization and depreciation charges due to the contract extension with DET.

FINANCIAL RESULTS – 2014

The Company posted a gross profit of $6.6 million (2013: $6.0 million), and a net loss of $10.7 million ($0.06 basic and diluted loss per share) in 2014, compared to a net profit of $1.0 million in 2013 ($0.01 basic and diluted earnings per share). Two significant contributors to the net loss posted in 2014 were non-cash charges of $8.1 million for change in estimate and approximately $5.7 million for deferred income tax expense arising from tax reform in Chile.

Changes in Estimates

The Master Agreement with DET is expected to provide substantial economic benefits to the Company as a result of the extension of MVC's rights to process El Teniente tailings from 2021 to 2037 and from processing of the tailings contained in the Cauquenes deposit. These benefits will be recognized as income is earned.

Upon entering into the Master Agreement in Q2-2014, the Company reassessed a series of material accounting estimates and judgements (refer to **Critical Accounting Estimates and Judgements,** page 25), as summarized in the following table:

Change in Estimate	Effect on Financial Position	Effect on Earnings	Tax Effect on Earnings
ARO	Unwinding of ARO asset of $2.2 million	-	-
	Unwinding of ARO liability of $7.4 million	-	-
	Unwinding of the two items described above resulted in a $5.2 million credit to PPE which will be unwound through 2037 as depreciation recovery.	-	-
Severance liability	Unwinding of $2.3 million statutory severance liability		-
	Increase of $80,000 in other comprehensive income associated with severance liability	Gain of $2.4 million included in cost of sales	-
	Reduction of $182,000 in contractual severance liability		-
	Reduction of $503,000 in associated deferred income tax asset	-	Expense of $0.5 million
Royalty derivative to related parties	Increased derivative by $8.1 million	Loss of $8.1million included in other expenses	-
		Loss of $5.7 million	**Tax expense of $0.5 million**
	Total negative impact on earnings	**$6.2 million**	

Revenue

Revenue in 2014 was $119.6 million, compared to $143.6 million in 2013.

Production Costs

(Expressed in thousands)		2014		2013
Direct production costs				
Power costs	$	22,981	$	23,845
Grinding media		9,704		11,772
Labour costs		9,716		8,170
Other direct production costs		27,894		36,547
		70,295		80,334
El Teniente royalty		25,345		33,815
Depreciation and amortization		11,065		16,878
Administration		4,929		4,928
Transportation		1,413		1,601
Cost of sales	$	113,047	$	137,556

Direct production costs were $70.3 million compared to $80.3 million in 2013, a decrease of 12% in the context of copper and molybdenum production decreases of 10% and 28%, respectively.

In 2014, power costs decreased by $864,000 compared to 2013, as lower production resulted in reduced power consumption for the year.

Grinding media costs were 17% lower than in 2013, due to a 10% decrease in copper production, more efficient mill operations and lower steel prices.

Direct labour costs were $9.7 million in 2014 compared to $8.2 million in 2013, an increase of $1.5 million. Additional workers were hired in H2-2014 for the Colihues processing operations, which were previously operated through a subcontractor.

Other direct production costs were $27.9 million (2013: $36.5 million). The most relevant other direct production costs are summarized in the following tables:

(Expressed in thousands)		2014		2013
Other direct production costs				
Colihues extraction	$	7,953	$	12,209
Maintenance, excluding labour		5,196		6,582
Molybdenum production costs, excluding labour		2,755		4,302
Tolling cost		4,862		3,354
Industrial water		1,588		2,017
Copper reagents		1,886		2,084
Subcontractors, support services, etc.		2,463		2,430
Filtration and all other direct copper production costs		1,236		1,520
Lime		911		1,434
Process control		393		1,457
Change in estimates [1]		(2,437)		-
Inventory adjustments		1,088		(842)
	$	27,894	$	36,547

[1] Refers to a $2.4 million gain resulting from the unwinding of severance liabilities at MVC (page 12).

($/lb Cu)	2014	2013
Other direct production costs		
Colihues extraction	0.20	0.28
Maintenance, excluding labour	0.13	0.15
Molybdenum production costs, excluding labour	0.07	0.10
Tolling cost	0.12	0.08
Industrial water	0.04	0.05
Copper reagents	0.05	0.05
Subcontractors, support services, etc.	0.06	0.05
Fuel and all other direct copper production costs	0.03	0.03
Lime	0.02	0.03
Process & environmental control	0.01	0.03
Change in estimates	(0.06)	-
Inventory adjustments	0.03	(0.02)
	0.72	0.83

Cost reduction initiatives continued to show positive results in 2014. Other direct production costs decreased by $8.6 million to $27.9 million (2013: $36.5 million) The most significant reduction was in Colihues extraction costs, which were $4.3 million lower than in 2013.

Effective July 1, 2014, the Company terminated the subcontract for the processing of Colihues tailings. MVC is now processing these tailings with its own employees and resources, and plans to process Cauquenes tailings in the same manner.

In 2014 unit cost reductions were achieved for all other direct production costs with the exception of tolling costs (full year of tolling contract in 2014, compared to only two months in 2013), subcontractors and support services (which increased by $0.01/lb due to lower production) and unit costs that remained unchanged from 2013 (copper reagents, and fuel and other direct production costs).

The El Teniente royalty was $25.3 million, 25% lower than in 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 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 2014 resulted in $2.7 million in increased royalty costs.

The terms of the royalty payments to DET have been modified pursuant to the Master Agreement, but these changes will only be effective at the earlier of August 1, 2015 or the date of the start of operations for the exploitation of tailings from the Cauquenes deposit. Refer to **Cauquenes Expansion** (page 21).

Depreciation and amortization cost decreased to $11.1 million (2013: $16.9 million), as a result of prospective estimate changes for the useful life of assets upon execution of the Master Agreement.

Administration expenses were $4.9 million both in 2014 and 2013.

Transportation costs were $1.4 million compared to $1.6 million in 2013, as a result of lower sales volume.

Other expenses

Other expenses of $10.4 million (2013: $4.2 million) are costs not related to MVC's production operations, and are comprised of the following:

- A loss from change of estimates on the royalty derivative to related parties of $8.1 million (2013: $nil) described on page 12.

- General and administration expenses of $2.7 million (2013: $2.8 million) which include salaries, management and professional fees of $2.4 million (2013: $2.0 million), office and general expenses of $1.0 million (2013: $1.1 million), royalty derivative to related parties including changes in fair value of ($1.4 million) (2013: ($411,000)) and share-based payments of $597,000 (2013: $52,000). Expenses in 2013 included a bad debt recovery of $52,000.

  The royalty derivative to related parties include actual royalty dividends to related parties (2014: $621,000; 2013: $707,000) and changes in fair value of the derivative (2014: ($2.0 million); 2013: ($1.2 million)).

- Other expenses include a foreign exchange gain of $254,000 (2013: loss of $1.2 million), impairment charges of $279,000 (2013: $668,000), booked in respect of the prolonged decline in the fair value of the Candente Copper investment, and in 2013 in connection with obsolescence of specific equipment. Other expenses also include interest income and other gains of $358,000 (2013: $398,000). Foreign exchange gains or losses are recognized mostly in MVC. On January 1, 2014, MVC prospectively changed its functional currency from the Chilean peso to the US dollar[1]. 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 prospectively from the CLP to the U.S. dollar in view of the level of U.S denominated indebtedness anticipated to be incurred by MVC to finance the Cauquenes expansion and from a review of the currency-related fact patterns of MVC's 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 with 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 $237,000 (2013: $626,000) including interest charges of $112,000 (2013: $370,000) and asset retirement obligation accretion cost of $125,000 (2013: $372,000). In 2013 the Company recorded changes in fair value of an interest rate swap of ($116,000). The Company ceased to recognize ARO accretion costs in Q2-2014 upon the signing of the Master Agreement.

Taxes

Income tax expense was $6.7 million in 2014 (2013: $181,000), including $7.1 million in tax expense (2013: recovery of $430,000) in respect of changes to deferred income tax liabilities, mainly in MVC.

The $7.1 million in deferred income tax expense in 2014 results from an increase in the Company's deferred income tax liability, which arises mostly from the difference between the book and tax values of MVC's PPE. Approximately $5.7 million of the deferred income tax expense resulted from an increase in MVC's long-term tax rate from 20% to 27%, as described below. Deferred income tax expense is a non-cash charge and does not represent amounts due to the Chilean tax authority.

The increase in long-term tax rates in Chile was introduced through a comprehensive Tax Reform package enacted in September 2014 that contemplates two tax regimes: A fully integrated regime and a partially integrated regime.

The default system for companies such as MVC and Colihues Energía is the partially integrated system, but taxpayers may elect to operate under either regime. Once an election is made, taxpayers must remain in the selected regime for at least five consecutive years. The Company has decided that its subsidiaries in Chile will operate under the partially integrated regime for the foreseeable future.

- The income tax rate rises from 20% to 21% in 2014, 22.5% in 2015, 24% in 2016, 25.5% in 2017 and 27% from 2018 onwards.
- The corporation pays income tax at the above rates on its earnings, but the earnings are not attributed to the shareholders if they are not distributed from the corporation.
- Upon distribution of earnings to shareholders domiciled outside of Chile, the 35% AWIT will apply, with a credit which, in the case of Canadian shareholders, will be the full amount of the income tax paid by the corporation on the amount distributed out of Chile, as Canada and Chile have a tax treaty in place. In the absence of a tax treaty, the credit is reduced to 65% of the income tax paid by the corporation on the amount distributed.

In 2014 the Company booked a recovery in respect of current income tax of $480,000 (2013: $611,000).

F I N A N C I A L   R E S U L T S – QUARTER ENDED DECEMBER 31, 2014

In Q4-2014 the Company produced 11.4 million pounds of copper (Q4-2013: 12.3 million pounds) and 0.2 million pounds of molybdenum (Q4-2013: 0.2 million pounds), 7% and 11% decreases, respectively over Q4-2013 levels.

The Company posted a net profit of $1.7 million ($0.01 basic and diluted earnings per share), compared to a net loss of $2.4 million (basic and diluted loss of $0.02 per share) in Q4-2013.

Out of the ordinary expenses in Q4-2014 included $425,000 in write-downs of spares inventories at MVC and Colihues Energía (included in cost of sales), and a $279,000 impairment of the Candente Copper investment.

Revenue

Revenue during Q4-2014 was $31.0 million compared to $37.0 million in Q4-2013, due to lower production levels and metal prices.

Production Costs

(Expressed in thousands)		Q4- 2014		Q4- 2013
Direct production costs				
Power costs	$	6,636	$	7,211
Grinding media costs		2,312		2,870
Labour		2,737		2,160
Other direct production costs		6,574		11,587
		18,259		23,828
El Teniente royalty		6,359		8,540
Depreciation and amortization		1,844		4,112
Administration		1,358		1,232
Transportation		367		402
	$	28,187	$	38,114

Direct production costs of $18.3 million were 23% lower than $23.8 million in Q4-2013, mainly due to lower production and cost reduction initiatives at MVC.

The El Teniente royalty was $6.4 million, compared to $8.5 million in Q4-2013, due to lower production and copper prices.

Depreciation and amortization cost was $1.8 million, compared to $4.1 million in Q4-2013, as a result of an increase in the estimated economic life of assets following the extension of MVC's rights to process El Teniente tailings pursuant to the Master Agreement.

Administration expenses were $1.4 million (Q4-2013: $1.2 million) and transportation costs were $367,000 (Q4-2013: $402,000).

Cash Cost and Total Cost (non-GAAP measures, see page 10)

Cash cost in Q4-2014 was $1.99/lb compared to $2.19/lb in Q4-2013.

	Q4-2014	Q4-2013
Power costs	0.62	0.67
Grinding media	0.22	0.27
Other direct costs	0.88	1.26
By-product credits	(0.26)	(0.54)
Smelting & refining	0.36	0.38
Administration	0.13	0.11
Transportation	0.04	0.04
Cash Cost	**$1.99**	**$2.19**

Cost reduction measures initiated by the Company were the main reason for the decrease of $0.20/lb in cash cost between the comparative quarters.

The Company's total cost was $2.75/lb in Q4-2014 compared to $3.36/lb in Q4-2013:

	Q4-2014	Q4-2013
Cash cost	1.99	2.19
El Teniente royalty	0.59	0.79
Amortization/depreciation	0.17	0.38
Total Cost	**$2.75**	**$3.36**

Other

In Q4-2014 general and administrative expenses were $356,000 (Q4-2013: $857,000), other losses were $407,000 (Q4-2013: $1.3 million) and finance costs were $18,000 (Q4-2013: $161,000).

In Q4-2014, the Company recorded current income tax recoveries of $100,000 (Q4-2013: $492,000) and income tax expense of $476,000 (Q4-2013: recovery of $425,000).

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 Dec. 31, 2014 $	QE Sept. 30, 2014 $	QE June 30, 2014 $	QE March 31, 2014 $
Total revenue (thousands)	31,046	28,881	27,325	32,370
Net profit (loss) (thousands)	1,702	(3,725)	(8,290)	(389)
Earnings (loss) per share	0.01	(0.02)	(0.05)	(0.00)
Diluted earnings (loss) per share	0.01	(0.02)	(0.05)	(0.00)

	QE Dec. 31, 2013 $	QE Sept. 30, 2013 $	QE June 30, 2013 $	QE March. 31, 2013 $
Total revenue (thousands)	37,035	31,950	31,446	43,161
Net (loss) profit (thousands)	(2,447)	1,039	(837)	3,238
(Loss) earnings per share	(0.02)	(0.01)	(0.01)	0.02
Diluted (loss) earnings per share	(0.02)	(0.01)	(0.01)	0.02

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:

	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Copper sales [1]	11.22	10.32	9.32	10.18	12.60	10.86	9.44	12.48
Company's realized copper price [2]	3.01	3.06	3.16	3.36	3.16	3.19	3.40	3.52

[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.

In Q2-2013, copper sales were adversely affected by annual maintenance shutdowns and by challenging mining conditions, particularly for Colihues. The Company implemented a change in mining plan which improved production and sales in Q3-2013 and Q4-2013. In Q4-2013 sales were also positively impacted by the Maricunga tolling contract which contributed 1.5 million pounds in copper sales. Q1 to Q3-2014 sales were negatively impacted by lower production levels. Sales in Q4-2014 were stronger as mining conditions improved in Colihues, although stronger production results were mitigated by lower copper prices.

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:

	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Cost of sales [1]	28,187	27,027	26,127	31,706	38,114	30,202	31,203	38,037
Unit cost of sales [2]	2.51	2.62	2.80	3.12	3.03	2.78	3.31	3.05

[1] Thousands of dollars, includes royalties to El Teniente.
[2] Cost of sales over number of pounds of copper sold.

Cost of sales is affected by production levels, input costs (particularly power costs), royalty costs and copper prices. 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. In Q2-2014 a gain from Change in Estimates of $2.4 million was recorded as a component of cost of sales. Depreciation expense decreased as of Q2-2014 due to a change in the estimated useful lives of assets as a result of the contract extension with DET. Further cost reductions associated with Colihues processing introduced in Q3-2014 also contributed to lower cost of sales. Total cost of sales increased in Q4-2014 with higher production, and unit cost was at the lowest level in 2 years.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash from operations of $18.1 million (10¢ per share), compared to $19.5 million (11¢ per share) in fiscal 2013.

Excluding the effect of changes in working capital accounts, the Company generated cash of $14.8 million compared to $19.1 million in 2013.

Cash Flow from Financing Activities

In 2014 the Company received $255,000 from the exercise of share purchase options and in 2013 made bank loan repayments of $1.5 million.

Cash Flow from Investing Activities

In 2014, cash payments for Capex were $11.8 million, compared to $13.4 million in 2013, and MVC incurred Capex of $13.2 million (2013: $10.4 million) which included $8.9 million for the Cauquenes expansion (2013: $3.6 million) and $4.3 million for sustaining Capex projects (2013: $6.8 million).

Liquidity and Financial Position

The Company's cash and cash equivalents at December 31, 2014 totaled $18.3 million, compared to $13.1 million at December 31, 2013. The Company had working capital of $2.7 million at December 31, 2014 compared to $3 million at December 31, 2013.

At December 31, 2014 the Company had no outstanding bank debt and anticipates incurring in 2015 long-term debt of $65.0 million for the Cauquenes expansion. Refer to **Cauquenes Expansion** (page 21) and **Subsequent Events** (page 28).

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 decades.

The Company's long-term liabilities (severance provisions, long-term portion of the royalty derivative to related parties measured at fair value, ARO, deferred income tax liabilities and other non-current liabilities) at December 31, 2014 were $32.7 million (December 31, 2013: $29.4 million).

Impairment Analysis

As at December 31, 2014, management of the Company determined that the continued depressed market price for the Company's shares, resulting in market capitalization for the Company below its net asset value, 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): 2015: $2.91; 2016: $2.76; 2017: $2.65; 2018: $2.70; 2019: $ 2.80; 2020: $3.10; 2021 to 2037: $3.50.

- Power costs (excluding benefit from self-generation): From 2015 to 2024 costs are per contractual estimates (2015: $0.10186/kWh, 2016: $0.10407/kWh, 2017: $0.10916/kWh, 2018: $0.12554/kWh; 2019: $0.12138/kWh; 2020: $0.11965/kWh; 2021: $0.11999/kWh: 2022: 0.12059/kWh; 2023: $0.12142/kWh; 2024 $0.12209/kWh). From 2025 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 2015 to 2037, including processing of fresh tailings and old tailings from the Colihues and Cauquenes deposits.

- Discount rate: 9% after tax

Management's impairment evaluation did not result in the identification of an impairment loss as of December 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 metal prices, operating costs, grid power costs not covered by MVC's current power contracts, operating results from the Cauquenes deposit that differ from current projections and increases in estimated expansion capital costs, might trigger an impairment that could be material.

Investments

At December 31, 2014, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn$0.09 and the fair value of the Company's approximately 4% investment in Candente Copper was $494,000. During the year ended December 31, 2014, the Company recorded other comprehensive loss of $782,000 (year ended December 31, 2013: $669,000) and an impairment in earnings of $279,000 for the changes in fair value of this investment.

At December 31, 2014, Los Andes Copper Ltd. ("Los Andes"), a company listed on the TSX Venture Exchange, had a closing share price of Cdn$0.22, and the fair value of the Company's approximately 4% investment in Los Andes was $1.5 million. During the year ended December 31, 2014, the Company recorded other comprehensive loss of $135,000 (year ended December 31, 2013: other comprehensive income of $108,000) for the changes in the fair value of this investment.

In 2013, the Company recorded other comprehensive loss of $260,000 for the changes in the fair value of its investment in Candente Gold Corp. and wrote-off this investment.

In 2013, the Company recorded other comprehensive loss of $70,000 for the changes in the fair value of its investment in Cobriza Metals Corp. and wrote-off this investment.

CAUQUENES EXPANSION

On April 8, 2014 MVC and DET entered into the Master Agreement granting to MVC the rights to process tailings from DET's Cauquenes tailings deposit for a term to the earlier of its depletion or 2033, extending MVC's rights to process tailings from 2021 to 2037 and amending each of the Fresh Tailings Contract and the Colihues Contract.

Major terms of the Master Agreement include the following:

- Extension of the Fresh Tailings Contract from 2021 to 2037;
- Extension of the Colihues Contract to the earlier of its depletion or 2037;
- A sliding scale royalty to DET 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. The change in fresh tailings royalty is effective at the earlier of August 1, 2015 or the date of the start of operations for the exploitation of the Cauquenes deposit;

- 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), effective at the earlier of August 1, 2015 or the date of the start of operations for the exploitation of tailings from the Cauquenes deposit. Until then, the Company will continue to pay a royalty of 10% of MVC's net revenue received from the sale of molybdenum concentrates produced from fresh tailings and 11.9% on net molybdenum revenue from Colihues tailings;

- Provisions requiring the parties to meet and review cost and royalty structures for copper production from fresh and Cauquenes tailings and for all molybdenum production in the event monthly average prices fall below \$1.95/lb for copper or \$7.31/lb for molybdenum, or exceed the upper royalty limits for copper (\$4.80/lb for fresh tailings and \$5.50/lb for Cauquenes tailings) and \$40/lb for molybdenum during 2 consecutive months, and projections indicate the permanence of such prices over time;

- Three early exit options for DET exercisable only in the event of changes unforeseen as of the date of the Master Agreement. The Company has currently judged the possibility of DET exercising any of these early exit options as remote. A summary of the early exit options is provided below.

Exit Option	Notice Date	Termination Date	Terms of Exit	Consideration to MVC
1	Within 2021	1 year from notice date	DET would acquire 100% of MVC's PPE	90% of NPV of future cash flows
2	Within 2024	3 years from notice date	Termination of contractual relationship between DET and MVC	MVC retains ownership of its assets provided they are removed from site within a year of termination.
3	Within 2024 and every 3 years thereafter	1 year from notice date	DET would acquire 100% of MVC's PPE	The lesser of 80% of the NPV of future cash flows and the commercial value

The formula for the computation of royalties payable to DET from copper produced from Colihues tailings remains unchanged under the Master Agreement. MVC is required to pay a sliding scale royalty which is 3% for an LME price below \$0.80/lb and increases to approximately 30% at an LME price of \$4.27/lb. The parties are also required to review and potentially adjust costs and royalty structure for copper production from Colihues tailings where the LME price remains below \$1.95/lb or over \$4.27/lb for three consecutive months.

Cost and royalty adjustments for all copper and molybdenum production where prices are outside of royalty limits are to be made such that the Parties give priority to the viability of the Master Agreement and maintain the equilibrium of the benefits between the Parties.

Through a first modification to the Master Agreement dated August 29, 2014, DET and MVC agreed to defer up to \$9.1 million in royalty payments for the months of August to December, 2014, in order for MVC to expedite certain works associated with the Cauquenes expansion. The deferred amounts were subject to interest at a rate of 0.6% per month, and a total of \$8.1 million was deferred during 2014. See **Subsequent Events** (page 28).

As at December 31, 2014, royalties payable to El Teniente, including the royalty deferrals, were \$16.9 million (December 31, 2013: \$13.1 million), representing approximately eight months of royalties.

A second modification to the Master Agreement was signed subsequent to year end. Refer to **Subsequent Events** (page 28).

The Company has decided to complete the Cauquenes expansion in phases, which management believes will reduce project risk.

Phase one will enable MVC to extract the high grade Cauquenes tailings for processing in its existing operations. Estimated time of construction is six months, and is expected to result in increases in MVC's copper production to an average annual rate of 70 million pounds. Capex budget for Phase one is $71.1 million.

During phase two MVC will upgrade its existing plant and operations in order to increase copper and molybdenum recovery rates. Phase two may be carried out in a series of stages, depending on internal cash flow and/or financing, and on completion is expected to further increase MVC's copper and molybdenum production.

MVC has secured all construction and other permits for the project and to December 31, 2014 has incurred $15.9 million of the $71.1 million Capex budget for phase one, including $8.9 million incurred in 2014 in respect of expenses for the owner's team, engineering and procurement of long delivery items such as pumps, pipes and electrical equipment

SUMMARY OF OBLIGATIONS *(Expressed in thousands)*

	Total	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Trade and other payables	17,882	17,882	-	-	-
Current income tax payable	116	116	-	-	-
El Teniente royalties	16,921	16,921	-	-	-
Royalties to related parties	10,959	913	1,273	2,888	5,885
Severance provisions	1,341	-	-	-	1,341
Minimum power payments [1]	130,156	4,248	4,248	37,794	83,866
Total contractual obligations	177,375	40,080	5,521	40,682	91,092

[1] MVC has contracts with its current power provider which extends to December 31, 2017 and establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately $354,000 per month for the period January 1, 2014 to December 31, 2017. See Subsequent Events (page 28).

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 December 31, 2014 was $11.0 million (December 31, 2013: $4.9 million), with a current portion of $863,000 (December 31, 2013: $655,000) and a long-term portion of $10.1 million (December 31, 2013: $4.2 million). In Q2-2014 the fair value of the derivative liability increased by $8.1 million as a result of the increase in MVC’s estimated future production from El Teniente tailings, following the extension of MVC’s rights to process El Teniente tailings on the signing of the Master Agreement.

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. In 2014, royalties totaling $621,000 were paid or accrued to the Amerigo International Class A shareholders (2013: $707,000). At December 31, 2014, $60,000 of this amount remained payable (December 31, 2013: $52,000).

The royalty derivative to related parties includes the royalty dividends described above and a reduction in fair value of $2.0 million (2013: $1.1 million), for a total royalty derivative recovery of $1.4 million (2013: $411,000).

b) Directors’ fees and remuneration to officers

During the year ended December 31, 2014, the Company paid or accrued $1.4 million in salaries and fees to companies associated with certain directors and officers of Amerigo (2013: $1.3 million).

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 $360,000 in directors' fees to independent directors (2013: $265,000). In Amerigo's consolidated financial statements directors' fees and remuneration to officers are categorized as salaries, management and professional fees. At December 31, 2014, an aggregate amount of $1,900 was due to directors and officers for directors' fees and reimbursement of expenses (2013: $74,000). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In 2014, 3,500,000 options were granted to directors and officers of the Company (2013: nil).

c) As of December 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 December 31, 2014 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director and Chairman of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Critical Accounting Estimates and Judgments

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 judgments, estimates and assumptions concerning the future. The resulting accounting judgments and estimates will, by definition, seldom equal the related actual results. The judgments, 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.

The significant estimates and judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2013, except for judgment and estimate revisions arising from tax reform enacted in Chile in September 2014 (as explained on pages 15 and 16), and revisions booked during Q2-2014 arising from changes to the Company's contractual relationship with DET as of April 8, 2014.

a) Useful Life of Assets

MVC estimates the economic life of most of its PPE based on their useful life, not to exceed the term of MVC's contractual relationship with DET.

The Company changed its estimate for the termination of MVC's contractual relationship with DET from December 31, 2021 to December 31, 2037. Given the long-term useful life of most of MVC's PPE, the contract extension resulted in longer PPE economic lives, which were prospectively extended, resulting in lower depreciation expense.

b) Asset Retirement Obligation (“ARO”)

During 2014 the Company reassessed its ARO obligations under the Master Agreement, which provides that MVC will transfer its PPE to DET on December 31, 2037 at no cost and free and clear of all encumbrances, unless DET decides not to take ownership of the PPE and provides MVC with 3-year notice to this effect. The Master Agreement also contains three early exit options which may only be exercised by DET at specific future dates in the event of changes that were unforeseen at the date of the Master Agreement. If early exit options 1 or 3 were to be exercised, DET would then acquire all of MVC’s PPE. In all of these cases, MVC would not have an ARO. MVC would only have an ARO if DET were to exercise early exit option 2 or decide not to take ownership of PPE in 2037, both of which in the Company’s view are extremely unlikely to occur. As a result the Company has concluded that the ARO weighted for probability is immaterial. The Company’s judgment as to the probability of DET choosing to exercise an exit option will be reassessed on each reporting date.

The Company has also concluded there are no constructive obligations arising from past events that would trigger the recognition of an ARO under the Master Agreement.

As a result of this reassessment, the Company eliminated its former estimates for an ARO asset ($2.2 million) and an ARO liability ($7.4 million) with a resulting credit of $5.2 million to PPE (the “ARO Credit”), as required under IFRS. The ARO Credit will be extinguished through the term of the Master Agreement as a depreciation recovery, further reducing depreciation expense prospectively from April 2014.

c) Severance Provisions

MVC has a future obligation with several of its managers for severance payments based on their employment contracts, irrespective of whether the employment relationship is terminated by MVC or by the employee. MVC records management severance obligations as liabilities at present value in the Company’s consolidated statements of financial position. The value of management severance obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge such obligations. The increase or decrease over time in the present value of the obligations is recorded each period in cost of sales.

MVC also has statutory obligations prescribed by Chilean labour law for severance payments in the event employees are terminated by MVC. Given the former term of its contractual relationship with DET to 2021, MVC had conservatively assessed that it was more probable than not that current employees of MVC would be terminated as of December 31, 2021 as there was no factual evidence suggesting the contract with DET would be extended beyond that date. Accordingly, MVC had previously recorded the statutory severance obligations as a liability at present value in the Company’s consolidated statements of financial position. The Company reassessed this position given the extension of the contractual relationship with DET and concluded that it is currently highly unlikely existing workers at MVC will still be employed by MVC in 2037. There is also evidence in place suggesting 2037 is not necessarily a definitive date to provide for severance payments prescribed by law. Based on these facts, the Company believes that the provision for statutory severance to MVC workers is immaterial at this time. The Company will revisit this estimate on each reporting date.

d) Royalty Derivative to Related Parties

The Company has an obligation to pay royalties to certain related parties, based on a fixed payment for each pound of copper equivalent produced from El Teniente tailings by MVC. The royalty is a derivative financial instrument measured at fair value, therefore in April 2014 the Company was required under IFRS to reassess its estimate for the royalty derivative based on the revised production estimates associated with the changes in the contractual relationship with DET. As a result of the increase in MVC’s estimated future production from El Teniente tailings, the estimate for the royalty derivative to related parties increased by $8.1 million with a resulting loss on change of estimates of $8.1 million.

e) Exploration and Evaluation Assets ("EEA")

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits are likely to arise as a result of these expenditures. 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. EEA are included in the Company's impairment test along with PPE.

EEA were transferred to PPE once the Company obtained the legal right to process the related tailings and it was determined that an economically viable processing operation had been established.

The Company's EEA of $22.6 million related exclusively to the Cauquenes project and were therefore reclassified to PPE in April 2014.

f) 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 any such variances are included in earnings in the period in which final costs are determined.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management and to allow timely decisions regarding required disclosure.

The Company has a formal corporate disclosure policy in place which includes the setting up of a Disclosure Policy Committee currently consisting of the Company's Chairman and CEO, President and COO, CFO, Corporate Secretary and one of the Company's independent directors.

Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis as of the end of the period covered by this report.

Internal Controls over Financial Reporting ("ICFR")

ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's ICFR includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, 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.

An evaluation of the design and operating effectiveness of the Company's ICFR was conducted as of December 31, 2014 by the Company's management, including the Chairman and CEO and CFO. Based on this evaluation, management has concluded that the design of the Company's ICRF was effective.

There were no changes during the year ended December 31, 2014 that have materially affected, or are reasonably likely to affect, the Company's ICFR.

Commitments

a) MVC entered into an agreement with its current power provider with a term from January 1, 2010 to December 31, 2017 which establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately $354,000 per month for the period January 1, 2015 to December 31, 2017. Refer to **Subsequent Events** below.

b) The Company has entered into a joint lease agreement together with an unrelated corporation for the lease of office premises in Vancouver. The lease is for a five year term commencing August 1, 2011, and the Company's share of basic rent commitments for the remaining term of the contract is approximately $187,000.

c) The Master Agreement with DET has a Closure Plan clause requiring MVC and DET to work jointly to assess, under the new production scenario, the revision of the closure plan for the Cauquenes Deposit and compare it to the current plan in the possession of DET. In the case of any variation in the interests of DET due to MVC's activities extracting and processing tailings in Cauquenes, the Parties will jointly evaluate the form of implementation and financing or compensation of such variation. Until such time as the estimation of the new closure plan is available and the Parties agree on the terms of compensation resulting from the revised plan, it is the Company's view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Subsequent Events

a) All deferred amounts and applicable interest owing to DET in accordance with the first modification to the Master Agreement were paid in full in January, 2015.

b) On February 3, 2015, MVC and DET entered into a second modification to the Master Agreement dated December 31, 2014 which provided for the following:

    i) The delivery to DET of all copper concentrates produced by MVC during the period from January 1, 2015 to December 31, 2022 pursuant to a "maquila" or tolling arrangement, subject to similar terms and conditions pursuant to the concentrate sales agreement MVC had with Enami to December 31, 2014. MVC's compensation will be determined in accordance with the LME copper price and industry benchmark treatment and refining charges, and is anticipated to generate approximately the same contractual results as contained in the prior agreement with Enami.

ii) In exchange for the agreement set out in i) above, DET has agreed to provide a price support agreement to assist MVC with the Cauquenes expansion in an amount of up to $17.0 million (the "DET Facility"). MVC will draw down $1.0 million from the DET Facility for each month during the years 2015 and 2016 in which the average copper final settlement price to MVC is less than $2.80/lb Cu, up to the $17.0 million maximum. The DET Facility will bear interest at a rate of 0.6% per month and will be subordinate to MVC's bank financing.

c) MVC and Empresa Eléctrica Pehuenche S.A., MVC's current power provider reached an agreement for the supply of 33.5 MW of electricity during peak hours and 35 MW during off-peak hours at a fixed price of $118/MWh, subject to adjustment for changes in the Consumer Price Index (USA) published by the US Bureau of Labor Statistics. The term is from January 2018 to December 2024 and the agreement will supply approximately 70% of MVC's estimated annual power requirements. The unit cost including all other contractual charges is expected to be approximately $131/Mwh.

Other

As of February 19, 2015, Amerigo has outstanding 173,610,629 common shares and 13,765,000 options (exercisable at prices ranging from Cdn$0.44 to Cdn$1.32 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. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the 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, and the issuance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit;
- our ability to procure or have access to financing and to comply with our loan covenants;

- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- 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;
- repudiation, nullification, modification or renegotiation of contracts;
- 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 metal sales, treatment charges and royalties;
- our capital expenditures, including the timing and cost of completion of capital projects;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- 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, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit 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. All of these risks and uncertainties apply not only the Company and its operations, but also to Codelco and its operations. Codelco’s ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

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 ongoing supply of material for processing from Codelco's current mining operations;
- the ability of the Company to profitably extract and process material from the Colihues and Cauquenes tailings deposits;
- the timing of the receipt and ongoing retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate financing for expansions and acquisitions, including the Cauquenes expansion;
- 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, including financing for the Company's expansions and acquisitions;
- 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 sales, 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 2014 production was higher than revised guidance but lower than guidance announced in the first quarter for several reasons, including low grades for both fresh and old tailings, which persisted for longer than originally anticipated, and lower sulphide content in fresh tailings which negatively affected recovery.

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.