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**Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter Ended March 31, 2012**

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

COMPANY PROFILE

Amerigo Resources Ltd. ("Amerigo") owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term contractual relationship with Corporación Nacional del Cobre de Chile ("Codelco") to treat fresh and old tailings from Codelco's El Teniente mine, the largest underground copper mine in the world. El Teniente commenced operations in 1904 and has a remaining mine life that is estimated will run for decades. Since MVC was built in 1992, Codelco has almost doubled production from El Teniente, and Codelco's mine plans contemplate continued expansion of operations at El Teniente for the foreseeable future. In addition to treating the sulphide portion of the fresh and old tailings from El Teniente, in 2011 MVC built a pilot plant to treat the oxide content of these tailings. The pilot plant was in the process of being commissioned in Q1-2012 but it was shut down at the end of the quarter to preserve water supply to MVC's sulphide operations due to current drought conditions in Chile.

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

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

INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the "Company"), is prepared as of May 3, 2012, and should be read in conjunction with the Company's interim condensed consolidated financial statements for the quarter ended March 31, 2012 and the company's audited consolidated financial statements and related notes for the year ended December 31, 2011.

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

The Company's financial statements are reported under International Financial Reporting Standards ("IFRS").

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

HIGHLIGHTS and SIGNIFICANT EVENTS

In Q1-2012 the Company reached a new quarterly copper production record, producing 6,294 tonnes of copper. Molybdenum production was the highest in any first quarter in Amerigo's history. Despite these significant production achievements, financial results were adversely affected by lower metal prices compared to Q1-2011. In Q1-2012 the Company:

- Produced 6,294 tonnes of copper (Q1-2011: 5,051) and 216,292 pounds of molybdenum (Q1-2011: 212,125). Total copper production from the processing of old tailings increased to 3,278 tonnes (52% of Q1- 2012 copper production) from 2,005 tonnes (41% of Q1- 2011 copper production).
- Posted revenue of \$50,499,504 and net profit of \$2,310,274, compared to revenue of \$45,515,500 and net profit of \$11,654,286 in Q1-2011. Net profit in Q1-2011 included a \$9,750,931 gain on sale of investments.
- Incurred cost of sales of \$47,367,311 (21% higher than \$39,393,427 in Q1-2011), primarily as a result of increases of 30% and 64% in copper and molybdenum sales respectively.
- Generated gross profit of \$3,132,193, compared to \$6,122,073 in Q1-2011 as a result of lower metal prices in the quarter.
- Generated operating cash flow of \$7,141,265, compared to \$8,484,095 in Q1-2011. Including changes in non-cash working capital accounts, operating cash flow was \$7,584,034, compared to (\$191,808) in Q1-2011.
- Made debt repayments of \$353,382, net of proceeds received from borrowings. Bank debt was reduced to \$4,393,649 on March 31, 2012.
- Cash and cash equivalents were \$19,175,705, compared to \$20,819,467 on December 31, 2011.

Financial results

- Revenue was \$50,499,504 compared to \$45,515,500 in Q1-2011, an increase of 11% as a result of higher copper (30%) and molybdenum (64%) sales.
- Cost of sales was \$47,367,311, compared to \$39,393,427 in Q1-2011, a 21% increase associated primarily with higher sales volume. Other factors affecting cost of sales were continuing high power costs, higher total royalties to El Teniente due to higher sales volume, higher maintenance costs, higher cost of processing of old tailings and higher molybdenum production costs.
- Gross profit was \$3,132,193, compared to \$6,122,073 in Q1-2011.
- Net profit was \$2,310,274, compared to \$11,654,286 in Q1-2011.

Production

- The Company produced 13.88 million pounds of copper, 25% higher than the 11.13 million pounds produced in Q1-2011.
- Molybdenum production was 216,292 pounds, 2% higher than the 212,125 pounds produced in Q1-2011.

Revenue

- Revenue increased to \$50,499,504 compared to \$45,515,500 in Q1-2011, due to higher sales volume, despite lower metal prices. The Company's copper selling price before smelting, refining and other charges was \$3.55/lb compared to \$4.23/lb in Q1-2011, and the Company's molybdenum selling price was \$14.10/lb compared to \$17.21/lb in Q1-2011. Copper and molybdenum sales volume increased 30% and 64% respectively in Q1-2012 and recorded copper and molybdenum prices decreased 16% and 18% respectively in the quarter.

Costs

- Cash cost (the aggregate of smelting, refining and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was \$2.35/lb, compared to \$2.33/lb in Q1-2011.
- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was \$3.48/lb compared to \$3.58/lb in Q1-2011. The decrease in total cost resulted from lower El Teniente royalty cost per lb of copper caused by lower metal prices.
- Power costs in Q1-2012 were \$13,345,274 (\$0.2151/kwh) compared to \$11,632,211 (\$0.1982/kwh). Chilean electricity costs continue to be impacted by a 2-year drought that has severely affected electricity supply in Chile. In addition, the Company's power generators required significant repairs and were only operational part of the quarter.
- Total El Teniente royalties were \$11,684,379, compared to \$10,551,802 in Q1-2011 due to higher sales volume.

Cash and Financing Activities

- Cash balance was \$19,175,705 at March 31, 2012 compared to \$20,819,467 at December 31, 2011.

Investments

- Payments for capital expenditures were \$8,601,037 compared to \$3,357,557 in Q1-2011. Capital additions totalled \$7,410,484 (Q1-2011: \$5,148,616). The main capital additions in Q1-2012 included those for a pilot plant for the production of copper concentrates from oxidized tailings, the construction of a third thickener, old tailings extraction expansion works, improvements to electrical installations and projects related to filtration and emission controls.
- The Company's investments in Candente Copper Corp. ("Candente Copper"), Candente Gold Corp. ("Candente Gold"), Cobriza Metals Corp. ("Cobriza") and Los Andes Copper Ltd. ("Los Andes") had aggregate fair values of \$9,596,274 at March 31, 2012 (December 31, 2011: \$8,722,744).

Outlook

- In 2012 production is expected to meet or exceed 50 million pounds of copper and close to one million pounds of molybdenum.

Dividend Declared

- On May 3, 2012, Amerigo declared a semi-annual dividend of Cdn\$0.02 per share, payable on May 25, 2012 to shareholders of record as of May 16, 2012.

OPERATING RESULTS

The Company produced 6,294 tonnes of copper, an increase of 25% compared to Q1-2011, mainly as a result of higher copper sulphide grades both in fresh and old tailings. Molybdenum production was 216,292 lbs, an increase of 2% compared to Q1-2011.

Average LME copper prices were \$3.77/lb in Q1-2012 compared to \$4.38/lb in Q1-2011.

Average molybdenum prices decreased to \$14.24/lb in Q1-2012 compared to \$17.17/lb in Q1-2011.

Despite substantially higher production levels, lower copper and molybdenum prices in Q1-2012 eroded gross profit and ultimately, net profit for the period. The Company posted gross profit of \$3,132,193 compared to \$6,122,073 in Q1-2011. Gross profit excluding amortization and depreciation was \$7,162,300 in Q1-2012, compared to \$9,480,955 in Q1-2011.

Production

| | Q1-2012 | Q1-2011 |
|------------------------------|---------|---------|
| Copper produced, tonnes | 6,294 | 5,051 |
| Copper produced, million lbs | 13.88 | 11.13 |
| Molybdenum produced, lbs | 216,292 | 212,125 |

Revenue

| | Q1-2012 | Q1-2011 |
|--|---------------|---------------|
| Average LME copper price | \$ 3.77/lb | \$ 4.38/lb |
| Average Platt's molybdenum dealer oxide price ¹ | \$ 14.24/lb | \$ 17.17/lb |
| Copper sold, tonnes | 6,387 | 4,935 |
| Copper sold, million lbs | 14.08 | 10.88 |
| Molybdenum sold, lbs | 303,547 | 185,404 |
| Revenue, copper delivered during period ² | \$ 45,617,801 | \$ 42,507,050 |
| Settlement adjustments to prior periods' sales | 1,430,002 | 55,343 |
| Total copper net sales during period | 47,047,803 | 42,562,393 |
| Revenue, molybdenum delivered during period ³ | 3,509,152 | 2,616,161 |
| Settlement adjustments during period | (57,451) | 336,946 |
| Total molybdenum net sales during period | 3,451,701 | 2,953,107 |
| Total revenue during period | \$ 50,499,504 | \$ 45,515,500 |
| Company's recorded copper price ⁴ | \$ 3.55/lb | \$ 4.23/lb |
| Company's recorded molybdenum price ⁵ | \$ 14.10/lb | \$ 17.21/lb |

¹ Basis price for the Company's molybdenum sales.

² After smelting, refining and other charges, excluding settlement adjustments to prior periods' sales.

³ After roasting charges, excluding settlement adjustments to prior periods' sales.

⁴ Copper recorded price for the period before smelting and refining charges and settlement adjustments to prior periods' sales.

⁵ Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior periods' sales.

Revenue was \$50,499,504, compared to \$45,515,500 in Q1-2011, including copper revenue of \$47,047,803 (Q1-2010: \$42,562,393) and molybdenum revenue of \$3,451,701 (Q1-2011: \$2,953,107). Copper and molybdenum revenues are net of smelting, refining and roasting charges.

Copper revenue increased 11% from Q1-2011.

In Q1-2012 the Company recorded positive copper pricing adjustments to prior year's sales of \$1,430,002, compared to positive adjustments of \$55,343 in Q1-2011.

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

During Q1-2012, MVC sold a portion of its copper production to Codelco-El Teniente under the same terms and conditions of the 2011 Enami contract, which was based on M+1.

At March 31, 2012, MVC had completed delivery of its 2011 sales quota with Enami.

Molybdenum revenues were \$3,451,701, 17% higher than \$2,953,107 in Q1-2011, due to an increase in molybdenum deliveries, notwithstanding lower molybdenum prices and lower settlement adjustments to prior year sales.

Molybdenum produced by the Company is predominantly sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2012 provides that the sale price will be the average market price for the month of delivery ("M").

Cash Cost and Total Cost

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

A reconciliation of cost of sales to cash cost and total cost in Q1-2012 and Q1-2011 is presented below:

| | Q1-2012 | Q1-2011 |
|-------------------------------|--------------|--------------|
| Cost of sales | 47,367,311 | 39,393,427 |
| Add: | | |
| Smelting and refining charges | 4,344,687 | 3,463,551 |
| Deduct: | | |
| Molybdenum by-product credits | (3,451,701) | (2,953,107) |
| Total cost | \$48,260,297 | \$39,903,871 |
| Deduct: | | |
| El Teniente royalties | (11,684,379) | (10,551,802) |
| Depreciation and amortization | (4,030,107) | (3,358,882) |
| Cash cost | 32,545,811 | 25,993,187 |
| Lbs. of copper produced | 13.88M | 11.13M |
| Cash cost/lb | 2.35 | 2.33 |
| Total cost/lb | 3.48 | 3.58 |

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

| | Q1-2012 | Q4-2011 | Q3-2011 | Q2-2011 | Q1-2011 |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Power costs | 0.96 | 1.01 | 0.96 | 1.15 | 1.04 |
| Steel costs | 0.25 | 0.27 | 0.23 | 0.22 | 0.27 |
| Other costs | 0.97 | 0.97 | 0.91 | 0.71 | 0.87 |
| By-product credits | (0.25) | (0.13) | (0.16) | (0.27) | (0.27) |
| Smelting & refining | 0.32 | 0.32 | 0.32 | 0.31 | 0.31 |
| Administration | 0.08 | 0.11 | 0.09 | 0.10 | 0.08 |
| Transportation | 0.02 | 0.04 | 0.04 | 0.04 | 0.03 |
| Cash Cost | \$2.35 | \$2.59 | \$2.39 | \$2.26 | \$2.33 |

Cash cost is driven mainly by power and steel production costs, smelting/refining costs and molybdenum by-product credits.

Cash costs were \$0.02/lb higher than in Q1-2011. Other production costs increased by \$0.10/lb compared to Q1-2011, caused by inventory variations as sales exceeded production in Q1-2012 and the opposite occurred in Q1-2011, and higher Colihues dredging costs. There was also a decrease of \$0.02/lb in molybdenum by-product credits and an increase of \$0.01/lb in smelting and refining costs. These were mitigated by reductions of \$0.08/lb in power costs, \$0.02/lb in steel costs, and \$0.01/lb in transportation costs.

Power, MVC's most significant cost, was \$0.2151/kWh in Q1-2012 compared to \$0.1982/kWh in Q1-2011. Severe drought conditions during the past two years have restricted output from Chile's hydro generating facilities and resulted in the increased price of power from the central grid. The Company's power generators also required major repairs during Q1- 2012 and were only operational for part of the quarter. On a unit cost basis, power costs decreased to \$0.96/lb in Q1-2012, compared to \$1.04/lb in Q1-2011.

Molybdenum by-product credits of \$0.25/lb decreased from \$0.27/lb in Q1-2011 due to lower molybdenum prices and lower positive settlement adjustments to prior period sales.

Unit steel costs were lower by \$0.02/lb, compared to Q1-2011, due to a reduction in the hardness of the coarse material milled.

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

| | Q1-2012 | Q4-2011 | Q3-2011 | Q2-2011 | Q1-2011 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash cost | 2.35 | 2.59 | 2.39 | 2.26 | 2.33 |
| El Teniente royalty | 0.84 | 0.81 | 0.98 | 1.11 | 0.96 |
| Amortization/depreciation | 0.29 | 0.37 | 0.32 | 0.36 | 0.29 |
| Total Cost | \$3.48 | \$3.77 | \$3.69 | \$3.73 | \$3.58 |

Total cost was \$3.48/lb, compared to total cost of \$3.58/lb in Q1-2011. The variance in total cost resulted from a \$0.02/lb increase in cash cost and a \$0.12/lb decrease in El Teniente royalty.

FINANCIAL RESULTS

The Company posted net profit of \$2,310,274 (\$0.01 basic and diluted earnings per share), compared to \$11,654,286 in Q1-2011 (\$0.07 basic and diluted earnings). Net profit in Q1-2011 included a \$9,750,931 gain on sale of investments. Gross profit was \$3,132,193 compared to \$6,122,073 in Q1-2011.

Revenue

Revenue was \$50,499,504, compared to \$45,515,500 in Q1-2011.

Production Costs

| | Q1-2012 | Q1-2011 |
|-------------------------------|---------------|---------------|
| Direct production costs | | |
| Power costs | \$ 13,345,274 | \$ 11,632,211 |
| Steel costs | 3,411,542 | 2,986,423 |
| Other direct production costs | 13,472,280 | 9,577,936 |
| | <hr/> | <hr/> |
| | 30,229,096 | 24,196,570 |
| El Teniente royalty | 11,684,379 | 10,551,802 |
| Depreciation and amortization | 4,030,107 | 3,358,882 |
| Administration | 1,105,655 | 915,096 |
| Transportation | 318,074 | 371,077 |
| Cost of sales | <hr/> | <hr/> |
| | \$ 47,367,311 | \$ 39,393,427 |

Direct production costs were \$30,229,096 compared to \$24,196,570 in Q1-2011, an increase of 25%, in line with increases in copper and molybdenum production of 25% and 2%, respectively.

Power consumption levels increased by 6% due to higher production levels, and total power costs increased by \$1,713,063. Power costs include a \$35,352 net reduction in cost from the operation of the Company's power generators (Q1-2011: (\$583,717)), a marginal economic benefit due to the limited operation of the generators and repair costs incurred in the quarter.

Steel costs only increased 15% compared to Q1-2011, despite an increase of 25% in copper production, as a result of reduced hardness of materials processed by MVC in the quarter.

Other direct production costs increased by \$3,894,344 or 41%, including inventory variations to account for variances in the periods compared (\$2,485,354), increases in old tailings processing costs (\$1,182,159), maintenance costs (\$650,563), molybdenum production costs (\$446,472) and all other costs combined (\$461,551). In Q1-2011 the Company also recorded a \$1,331,755 severance provision adjustment, within other production costs.

The El Teniente royalty was \$11,684,379, 11% higher than in Q1-2011, due to 25% higher production and lower average copper prices in Q1-2012. Copper royalty costs are calculated using the LME Price for copper for the month of delivery of the tailings, and invoiced by DET in Chilean Pesos ("CLP") using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. The effect of using the higher Dolar Acuerdo rates in Q1-2012 resulted in higher royalty costs of \$1,405,382.

Additions to MVC's asset base resulted in an increase in depreciation and amortization cost to \$4,030,107 (Q1-2011: \$3,358,882).

Administration expenses were \$1,105,655 compared to \$915,096 in Q1-2011. Costs increased due to higher labour costs, higher general administrative expenses and higher insurance expense, mitigated by a reduction in professional fees and ISO certification costs.

Transportation costs were \$318,074 compared to \$371,077 in Q1-2011.

Other expenses

"Other expenses" (costs not related to MVC's production operations) were \$356,596 compared to \$875,033 in 2011 and include general and administration expenses of \$1,350,524 (Q1-2011: \$1,332,619) and other gains of \$993,928 (Q1-2011: other gains of \$457,586).

General and administration expenses in Q1-2012 were comprised of office and general expenses of \$461,225 (Q1-2011: \$263,317), share-based payments of \$344,174 (Q1-2011: \$526,236), salaries, management and professional fees of \$322,207 (Q1-2011: \$362,938) and royalties to related parties of \$222,918 (Q1-2011: \$180,128). Office and general expenses increased in Q1-2012 compared to Q1-2011 in connection with higher annual municipal licenses paid in Chile and higher shareholder communication expense.

"Other gains" are comprised of a foreign exchange gain of \$820,231 (Q1-2011: \$294,759) and other gains including interest income of \$173,697 (Q1-2011: \$162,827).

Finance expense

The Company's finance expense was (\$115,163) (Q1-2011: \$188,518) including interest on bank loans of \$129,150 (Q1-2011: \$213,549), asset retirement obligation accretion cost of \$91,509 (Q1-2011: \$111,519) changes in fair value of an interest rate swap of (\$21,024) (Q1-2011: (\$1,497)) and royalty accretion adjustments of (\$314,798) (Q1-2011: (\$135,053)).

Other

In Q1-2011 Company sold 5,000,000 Candente Copper shares, for cash proceeds of \$10,405,571. In connection with this sale, the Company recorded a gain in earnings of \$9,750,931 on sale of available for sale financial assets.

Taxes

The Company recorded income tax expense of \$580,486 (Q1-2011: \$3,155,167) including current income tax on earnings of \$93,664 and changes to deferred (future) income tax of \$486,822. The Company's deferred tax liabilities arise mainly from timing differences between financial and tax-based amortization expense in MVC. The increase in deferred income tax does not represent income tax due in Chile on a current basis. The current tax rate in Chile in 2012 is 18.5%.

COMPARATIVE PERIODS

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

| | QE March 31, 2012 | QE Dec. 31, 2011 | QE Sept. 30, 2011 | QE June 30, 2011 |
|-----------------------------------|-------------------|------------------|-------------------|------------------|
| Total revenue | \$50,499,504 | \$40,304,934 | \$41,958,747 | \$38,294,635 |
| Net profit (loss) | 2,310,274 | (3,645,151) | (1,194,499) | 1,885,882 |
| Earnings (loss) per share | 0.01 | (0.02) | (0.01) | 0.01 |
| Diluted earnings (loss) per share | 0.01 | (0.02) | (0.01) | 0.01 |

| | QE March 31, 2011 | QE Dec. 31, 2010 | QE Sept. 30, 2010 | QE June 30, 2010 |
|-----------------------------------|-------------------|------------------|-------------------|------------------|
| Total revenue | \$45,515,500 | \$50,725,991 | \$39,303,405 | \$32,433,982 |
| Net profit (loss) | 11,654,286 | 5,985,108 | 5,900,832 | (281,572) |
| Earnings (loss) per share | 0.07 | 0.03 | 0.04 | - |
| Diluted earnings (loss) per share | 0.07 | 0.03 | 0.04 | - |

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash of \$7,584,034 (5¢ per share) from operations, compared to (\$191,808) (\$nil per share) in Q1-2011.

Excluding the effect of changes in non-cash working capital accounts, the Company generated cash of \$7,141,265 compared to \$8,484,095 in Q1-2011.

Cash Flow from Financing Activities

Cash used in financing activities was \$353,382, compared to cash used in financing activities of \$3,803,043 in Q1-2011.

In Q1-2012 the Company made bank loan repayments of \$968,937 (Q1-2011: \$3,824,637) and received proceeds from a bank loan of \$615,555 (Q1-2011: \$nil).

In Q1-2011, the Company received \$21,594 from the exercise of share options.

Cash Flow from Investing Activities

In Q1-2012, the Company used cash of \$8,601,037 for payments of capital expenditures, compared to \$3,357,557 in Q1-2011.

The most significant capital expenditures in Q1-2012 were made in connection with further work on the pilot plant for the processing of oxidized tailings, the construction of a third thickener, old tailings extraction expansion works, improvements to electrical installations and projects related to filtration and emission controls.

In Q1-2011, the Company received net proceeds of \$10,405,571 from the sale of 5,000,000 shares of Candente Copper. The Company continues to own 5,788,280 shares of Candente Copper.

Liquidity and Financial Position

The Company's cash and cash equivalents at March 31, 2012 totaled \$19,175,705, compared to \$20,819,467 at December 31, 2011. The Company had working capital of \$12,472,454 at March 31, 2012 compared to working capital of \$13,620,223 at December 31, 2011.

MVC has two bank loans in Chile, denominated in U.S. dollars and Chilean pesos, which totaled the equivalent of \$4,393,649 at March 31, 2012 (December 31, 2011: \$4,619,149).

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

The U.S. dollar loan had a balance of \$1,471,754 at March 31, 2012 (December 31, 2011: \$2,004,160). This loan is repayable in eight equal quarterly installments of \$500,000 from March 15, 2011 to October 15, 2012.

The Chilean peso loan of \$2,296,724 (December 31, 2011: \$2,614,989) is repayable in monthly installments of Chilean pesos 79,395,833 each from June 2010 to May 2013. Concurrently with this loan agreement, the Company entered into an interest rate swap with the lending bank to fix the interest rate at 9.95% over the term of the loan.

In July 2011, MVC entered into an agreement with a Chilean bank to secure a revolving working capital line of credit for up to \$20 million or its equivalent in CLP (the "Line of Credit"). The Line of Credit has a term to July 4, 2014 and provides for interest at a variable rate of the Chilean Tasa Activa Bancaria ("TAB") plus an applicable margin for borrowings in CLP, and interest at a variable rate of LIBOR-30 days plus a Banco de Chile margin plus an applicable margin, for borrowings in US dollars. Current borrowing rates would be 0.65% per month on CLP draws and 0.26% per month on US dollar draws. The Line of Credit requires MVC to meet minimum quarterly equity, debt to equity and maximum debt ratios.

In January 2012, Minera Valle Central Generacion S.A. ("MVC Generacion"), a fully-owned subsidiary, obtained from a Chilean bank a working capital loan of CLP 301,000,000 (the equivalent of \$615,555 at the loan grant date). This loan was repayable on April 27, 2012, paid interest at the rate of 0.61% per month and was renewed for a further three-month term subsequent to March 31, 2012. The balance of the loan and accrued interest at March 31, 2012 was the CLP equivalent of \$625,171 (December 31, 2011: \$nil).

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

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

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

The Company's long-term liabilities (long-term portions of bank loans, long-term portion of an interest rate swap, other payables, long-term portion of royalties due to related parties measured at fair value, asset retirement obligations and deferred income tax liabilities) at March 31, 2012 were \$31,125,680 (December 31, 2011: \$30,317,350).

Impairment Analysis

As at March 31, 2012, management of the Company determined that impairment indicators existed, and completed an impairment assessment for MVC. The impairment indicators were the decline in the Company's share price and in commodity prices.

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

Management's impairment evaluation did not result in the identification of an impairment loss as of March 31, 2012. Although management believes the estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments.

Investments

During the year ended December 31, 2011, the Company sold 5,000,000 Candente Copper shares, and recognized a gain of \$9,750,931 in earnings. At March 31, 2012, Candente Copper's closing share price was Cdn\$1.01 and the fair value of the Company's approximately 5% investment in Candente Copper was \$5,857,855. During the quarter ended March 31, 2012, the Company recorded other comprehensive income of \$330,601 (2011: other comprehensive income of \$2,077,324) for the changes in fair value of this investment, before deferred income tax.

At March 31, 2012, Candente Gold had a closing share price of Cdn\$0.255 and the fair value of the Company's approximately 4% investment in Candente Gold was \$551,303. During the quarter ended March 31, 2012, the Company recorded other comprehensive income of \$52,145 (2011: other comprehensive loss of \$426,664) for the changes in the fair value of this investment, before deferred income tax.

At March 31, 2012, Los Andes had a closing share price of Cdn\$0.37 and the fair value of the Company's approximately 5% investment was \$2,972,521. During the quarter ended March 31, 2012, the Company recorded other comprehensive income of \$452,833 (2011: other comprehensive loss of \$470,698) for the changes in the fair value of this investment, before deferred income tax.

On October 6, 2011, the Company received a total of 1,157,656 Cobriza shares, following Cobriza's spinout from Candente Copper. At March 31, 2012, Cobriza's closing share price was Cdn\$0.185 and the fair value of the Company's approximately 4% investment in Cobriza was \$214,595. The Company recorded other comprehensive income of \$37,951 for the increase in the fair value of this investment during the quarter ended March 31, 2012 (2011: \$nil) before deferred income tax.

OUTLOOK

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

Management also believes that power costs will continue to be high at least until mid-2012, as the water reservoirs used in the generation of hydro-electric power remain at historically low levels due to ongoing drought conditions in Chile. Power costs in the second half of 2012 will depend on weather conditions in Chile and whether the fall and winter seasons bring sufficient precipitation to increase water levels in these reservoirs.

Capital expenditures in 2012 are expected to be approximately \$18,000,000 including further expansion of old tailings extraction facilities, final work on the construction of a third thickener and on the oxides pilot plant, engineering and permitting on further expansion and other projects.

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

OTHER MD&A REQUIREMENTS

Transactions with Related Parties

a) Non-controlling interests

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

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

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

The Royalty is calculated as follows:

- \$0.01 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is under \$0.80, or
- \$0.015 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is \$0.80 or more.

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, 2012 is \$5,477,994 (December 31, 2011: \$5,787,434), with a current portion of \$633,932 (December 31, 2011: \$646,214) and a long-term portion of \$4,844,062 (December 31, 2011: \$5,141,220).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the quarter ended March 31, 2012, Royalties totaling \$222,918 were paid or accrued to the Amerigo International Class A shareholders on production in the period (Q1-2011: \$180,128). At March 31, 2012, \$80,325 of this amount remained outstanding (December 31, 2011: \$74,967).

b) Directors' fees and remuneration to officers

During the quarter ended March 31, 2012, the Company paid or accrued \$159,223 in fees to companies associated with certain directors and officers of Amerigo (Q1-2011: \$210,979). In the same period, Amerigo paid or accrued \$56,370 in directors' fees to independent directors (Q1-2011: \$49,160). Directors' fees and remuneration to officers are categorized as salaries, management and professional fees in Amerigo's consolidated financial statements. At March 31, 2012, an aggregate amount of \$74,793 was due to directors and officers for directors' fees and reimbursement of expenses (December 2011: \$52,684). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In Q1-2012 a total of 3,100,000 options were granted to directors and officers of the Company (2011: 3,100,000 options).

- c) As of March 31, 2012 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.
- d) As of March 31, 2012 one of Amerigo's officers acted as an officer of Candente Copper Corp., Candente Gold Corp., and Cobriza Metals Corp., companies in which Amerigo holds investments.
- e) As of March 31, 2012 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Subsequent Events

- On April 27, 2012, the Company renewed a CLP 301,000,000 working capital loan described in Liquidity and Financial Position. The loan is due on July 25, 2012 and bears interest at the rate of 0.65% per month.
- On May 3, 2012, Amerigo declared a semi-annual dividend of Cdn\$0.02 per share, payable on May 25, 2012 to shareholders of record as of May 16, 2012.

Other

As of May 3, 2012, Amerigo has outstanding 172,290,344 common shares and 11,600,000 options (exercisable at prices ranging from Cdn\$0.31 to Cdn\$2.13 per share).

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

Cautionary Statement on Forward Looking Information

This Report contains "forward-looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans and future commercial production. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by securities law. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "schedule", "estimates" "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to copper and molybdenum price fluctuations, negotiations with El Teniente, extension of current short term debt facilities, ability to reduce operating costs, currency fluctuations, possible variations in grade or recovery rates, failure of plant, equipment, or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, unexpected regulatory changes, delays in the completion of critical activities and projects, environmental risks and hazards, risks of delays in construction and other risks more fully described in Amerigo's Annual Information Form filed with the Securities Commissions of the provinces of Alberta, British Columbia, Manitoba, Ontario and Quebec which is available on SEDAR at www.sedar.com.