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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2015

TABLE of CONTENTS

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

1. **Corporate Profile** – An executive summary of Amerigo's business and its long-term contractual relationship with Codelco/El Teniente Division...(PAGE 3)
2. **Introduction** – Information on accounting principles, reporting currency and other background factors to facilitate the understanding of this MD&A and related consolidated financial statements...(PAGE 3)
3. **Pro-Forma Reconciliation of 2014 Revenue and Tolling and Production Costs** – Tabular pro-forma reconciliation of revenue and production costs for 2014 reporting periods consistent with the 2015 presentation of revenue and production costs... (PAGE 4)
4. **Highlights and Significant Events** – A summary of the key operating and financial metrics during the three months ended March 31, 2015 ("Q1-2015) and as at March 31, 2015...(PAGE 5)
5. **Five-Quarter Financial Results and Summary Cash Flow Information**– A summary of financial results and uses and sources of cash presented on a quarterly basis for the most recent five reporting quarters...(PAGE 7)
6. **Operating Results** – An analysis of production results, revenue, costs, cash cost and total cost for Q1-2015 and compared to the three months ended March 31, 2014 ("Q1-2014")...(PAGE 8)
7. **Financial Results** – An analysis of financial performance during Q1-2015, compared to Q1-2014...(PAGE 11)
8. **Comparative Periods** – A summary of financial data for the most recent eight reporting quarters...(PAGE 14)
9. **Liquidity and Capital Resources** – A review of cash flow components, summary of borrowings and credit facilities and analysis of liquidity and financial position as at March 31, 2015...(PAGE 15)
10. **Agreements with Codelco's El Teniente Division** – A summary of contractual arrangements with Codelco's El Teniente Division... (PAGE 18)
11. **Cauquenes Expansion**– Information on the Cauquenes expansion project...(PAGE 19)
12. **Other MD&A Requirements** – Impairment analysis, investments, transactions with related parties, critical accounting estimates & judgements, internal controls over financial reporting, commitments, and cautionary statement on forward looking information...(PAGE 20)

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" IN THIS MD&A.

CORPORATE PROFILE

Amerigo Resources Ltd. (“Amerigo” or the “Company”) owns a 100% interest in Minera Valle Central S.A. (“MVC”), a Chilean company that is principally engaged in the production of copper¹ 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. An expansion project that includes a new mine level is in progress at El Teniente 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”). Refer to **Agreements with Codelco’s El Teniente Division**, page 18.

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 “Group”), is prepared as of May 4, 2015, and should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes for the three months ended March 31, 2015 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2014.

This MD&A’s objective is to help the reader understand the factors affecting the Group’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 cost and total cost, which are terms that do not have a standardized meaning but are widely used as performance indicators in the mining industry. Page 10 presents a tabular reconciliation of the Group’s cash and total costs to tolling and production costs in Q1-2015 and Q1-2014.

Effective January 1, 2015 and pursuant to the second modification to the Master Agreement with DET (page 19), MVC’s revenue from the delivery of copper concentrates to DET is recognized as a tolling fee and reported as a component of revenue, net of royalties to DET and transportation costs. In prior years the nature of the agreements with DET required that royalties to DET and transportation costs be reported as components of production costs. To facilitate comparative analysis, all 2014 revenue and production cost figures are presented in this MD&A on a pro-forma basis, such that they are adjusted to the results that would have been generated if the tolling agreement had been in place on January 1, 2014. A pro-forma reconciliation of revenue and production costs from the amounts reported in Amerigo’s 2014 public disclosure documents is presented in tabular form on page 4.

¹ As of January 1, 2015, copper production from MVC includes production under a tolling agreement with DET.

RECONCILIATION OF REVENUE AND TOLLING AND PRODUCTION COSTS TO PRO-FORMA PRESENTATION

	Q1-2014		Q2-2014	
	As reported	Pro-forma	As reported	Pro-forma
Revenue				
Copper net revenue	33,363	33,363	27,474	27,474
Smelter, refinery and other charges	(3,672)	(3,672)	(3,380)	(3,380)
EI Teniente royalties	-	(6,421)	-	(6,250)
Transportation	-	(355)	-	(347)
	29,691	22,915	24,094	17,497
Molybdenum and other tolling revenue	2,679	2,679	3,231	3,231
	32,370	25,594	27,325	20,728
Tolling and production costs				
Production costs	19,001	19,001	15,565	15,565
EI Teniente royalties	6,421	-	6,250	-
Depreciation and amortization	4,738	4,738	2,668	2,668
Transportation costs	355	-	347	-
Administration	1,191	1,191	1,297	1,297
	31,706	24,930	26,127	19,530
Gross profit	664	664	1,198	1,198
	Q3-2014		Q4-2014	
	As reported	Pro-forma	As reported	Pro-forma
Revenue				
Copper net revenue	29,617	29,617	32,142	32,142
Smelter, refinery and other charges	(3,616)	(3,616)	(3,881)	(3,881)
EI Teniente royalties	-	(6,315)	-	(6,359)
Transportation	-	(344)	-	(367)
	26,001	19,342	28,261	21,535
Molybdenum and other tolling revenue	2,880	2,880	2,785	2,785
	28,881	22,222	31,046	24,320
Tolling and production costs				
Production costs	17,471	17,471	18,259	18,259
EI Teniente royalties	6,315	-	6,359	-
Depreciation and amortization	1,814	1,814	1,844	1,844
Transportation costs	344	-	367	-
Administration	1,083	1,083	1,358	1,358
	27,027	20,368	28,187	21,461
Gross profit	1,854	1,854	2,859	2,859
	2014			
	As reported		Pro-forma	
Revenue				
Copper net revenue			122,594	122,594
Smelter, refinery and other charges			(14,548)	(14,548)
EI Teniente royalties			-	(25,345)
Transportation			-	(1,413)
			108,046	81,288
Molybdenum and other tolling revenue			11,576	11,576
			119,622	92,864
Tolling and production costs				
Production costs			70,295	70,295
EI Teniente royalties			25,345	-
Depreciation and amortization			11,065	11,065
Transportation costs			1,413	-
Administration			4,929	4,929
			113,047	86,289
Gross profit			6,575	6,575

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Overview

	Three months ended March 31,			
	2015	2014	Change \$	%
Copper produced ¹ , million pounds	8.9	10.2	(1.30)	(13%)
Molybdenum produced, million pounds	0.1	0.1	0	0%
Percentage of production from old tailings	39%	45%		(6%)
Revenue (\$ thousands) ²	17,656	25,594	(7,938)	(31%)
El Teniente royalties (\$ thousands) ³	4,202	6,421	(2,219)	(35%)
Tolling and production costs (\$ thousands)	18,970	24,930	(5,960)	(24%)
Gross (loss) profit (\$ thousands)	(1,314)	664	(1,978)	(298%)
Net loss (\$ thousands)	(4,063)	(389)	(3,674)	944%
Operating cash flow (\$ thousands) ⁴	1,186	4,503	(3,317)	(74%)
Cash flow paid for plant expansion (\$ thousands)	(8,713)	(3,402)	(5,311)	156%
Cash and cash equivalents (\$ thousands)	14,177	8,142	6,035	74%
Bank debt (\$ thousands)	23,594	-	23,594	-
Gross copper tolling fee/selling price (\$/lb)	2.68	3.36	(0.68)	(20%)
Cash cost per pound ⁵	2.33	2.22	0.11	5%
Total cost per pound ⁵	3.06	3.38	(0.32)	(9%)

¹ Copper production includes production under a tolling agreement with DET.

² Revenue is reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs.

³ El Teniente royalties are deducted from revenue.

⁴ Operating cash flow before changes in non-cash working capital.

⁵ Cash and total costs are non-GAAP measures. Refer to page 10 for a reconciliation of these measures to tolling and production costs.

Financial results

- Revenue was \$17.7 million compared to \$25.6 million in the pro-forma Q1-2014 (page 4). Revenues decreased 31% due to lower copper tolling fees and molybdenum sales, resulting from lower production and metal prices.
- Tolling and production costs were \$19.0 million, compared to \$24.9 million in the pro-forma Q1-2014 results (page 4), a decrease of 24% driven by lower production and cost reduction initiatives at MVC.
- Gross loss was \$1.3 million, compared to gross profit of \$0.7 million in Q1-2014. Gross profit was unaffected by the 2014 pro-forma adjustments.
- Net loss was \$4.1 million compared to \$0.4 million in Q1-2014, as a result of lower production, lower metal prices and non-cash expenses of \$1.1 million resulting from changes in the fair value of derivatives. Net loss was unaffected by the 2014 pro-forma adjustments.
- In Q1-2015 the Group generated cash flow from operations before changes in non-cash working capital of \$1.2 million, compared to \$4.5 million in Q1-2014.

Production

- Q1-2015 was 8.9 million pounds of copper, 13% lower than the 10.2 million pounds produced in Q1-2014.

- Molybdenum production was 0.1 million pounds in Q1-2015 and Q1-2014.
- Production in Q1-2015 was lower than anticipated due to a fire in El Teniente's lower Colon crushing plant which resulted in low tonnage and low recovery of fresh tailings. Repairs were completed in April, and tonnage is expected to increase to levels exceeding budget for the remainder of 2015. As a result, MVC's annual guidance has not changed.

Revenue

- Revenue (reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs) decreased to \$17.7 million, compared to \$25.6 million in the pro-forma Q1-2014 (page 4), due to lower production and lower metal prices. The Group's gross copper tolling fee was \$2.68/lb (Q1-2014: \$3.36/lb) and the Group's gross molybdenum selling price was \$8.41/lb (Q1-2014: \$9.93/lb).
- Total El Teniente royalties (deducted from tolling fees) were \$4.2 million in Q1-2015, compared to \$6.4 million in Q1-2014, due to lower production and lower metal prices.

Costs

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, tolling/production costs net of inventory adjustments, administration and transportation costs, net of by-product credits, page 10) before El Teniente royalties increased to \$2.33/lb (Q1-2014: \$2.22/lb), mostly as a result of lower production in Q1-2015, as a result of the impact of fixed costs in this calculation.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalties and depreciation, page 10) decreased to \$3.06/lb (Q1-2014: \$3.38/lb), due to lower depreciation costs and lower El Teniente royalties driven by lower production and lower metal prices.
- Power costs in Q1-2015 were \$5.2 million (\$0.0862/kwh) compared to \$5.3 million (\$0.0900/kwh) in Q1-2014.

Cash and Financing Activities

- The Group closed a bank syndicate financing for up to \$64.4 million to be used for construction of phase 1 of MVC's Cauquenes expansion. Initial funding of \$23.6 million was received in Q1-2015 (page 16).
- The Group's cash balance was \$14.2 million at March 31, 2015 compared to \$18.3 million at December 31, 2014.

Capital Expenditures

- Cash payments for capital expenditures ("Capex") were \$8.7 million compared to \$3.4 million in Q1-2014. Capex payments in Q1-2015 were funded from bank loan proceeds.
- Capex incurred in Q1-2015 totaled \$10.9 million (Q1-2014: \$2.9 million) and included Cauquenes Capex of \$10.5 million (Q1-2014: \$0.9 million) and sustaining Capex projects of \$334,000 (Q1-2014: \$2.0 million).

Outlook

- MVC confirms its 2015 production estimate 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 operational. Copper production is expected to ramp up from 8.9 million pounds in Q1 to approximately 19 million pounds in Q4, and cash cost is projected to decrease from Q1's \$2.33/lb to approximately \$1.60/lb to \$1.75/lb in Q4. Refer to **Cautionary Statement on Forward Looking Information**, page 24.

SUMMARY OF FINANCIAL RESULTS Q1-2014 TO Q1-2015

	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Copper production, million pounds	8,866	11,352	10,156	9,344	10,186
Copper deliveries, million pounds	8,829	11,216	10,321	9,322	10,177
Molybdenum production - pounds	97,883	160,107	143,008	152,340	125,016
Molybdenum sales - pounds	108,973	159,204	148,255	153,970	110,774
<i>Financial results (\$ thousands)</i>					
Revenue	17,656	24,320	22,222	20,728	25,594
Tolling and production costs					
Tolling/production costs	16,226	18,259	17,471	15,565	19,001
Depreciation and amortization	1,681	1,844	1,814	2,668	4,738
Administration	1,063	1,358	1,083	1,297	1,191
	<u>18,970</u>	<u>21,461</u>	<u>20,368</u>	<u>19,530</u>	<u>24,930</u>
Gross (loss) profit	<u>(1,314)</u>	<u>2,859</u>	<u>1,854</u>	<u>1,198</u>	<u>664</u>
Other expenses					
Office and general expenses	308	113	316	164	419
Salaries, management and professional fees	567	950	488	451	538
Share-based payment compensation	53	56	155	387	-
Royalty derivative including changes in fair value	1,224	(763)	(974)	318	45
	<u>2,152</u>	<u>356</u>	<u>(15)</u>	<u>1,320</u>	<u>1,002</u>
Loss from change in estimates	-	-	-	8,066	-
Other gains and losses					
Foreign exchange expense (gain)	489	228	34	(318)	(197)
Impairment charges	42	279	-	-	-
Other gains	(66)	(100)	(133)	(47)	(80)
	<u>465</u>	<u>407</u>	<u>(99)</u>	<u>(365)</u>	<u>(277)</u>
Operating (loss) profit	<u>(3,931)</u>	<u>2,096</u>	<u>1,968</u>	<u>(7,823)</u>	<u>(61)</u>
Finance costs	430	18	(25)	95	149
(Loss) profit before taxes	<u>(4,361)</u>	<u>2,078</u>	<u>1,993</u>	<u>(7,918)</u>	<u>(210)</u>
Income tax (recovery) expense	(298)	376	5,718	372	179
(Loss) profit for the period	<u>(4,063)</u>	<u>1,702</u>	<u>(3,725)</u>	<u>(8,290)</u>	<u>(389)</u>
(Loss) earnings per share - basic	(0.02)	0.01	(0.02)	(0.05)	0.00
(Loss) earnings per share - diluted	(0.02)	0.01	(0.02)	(0.05)	0.00
Cash cost (\$/lb) ¹	2.33	1.99	1.92	2.22	2.22
Total cost (\$/lb) ¹	3.06	2.75	2.75	3.23	3.38
<i>Uses and sources of cash (\$thousands)</i>					
Operating cash flow before working capital changes	1,186	5,414	3,396	1,473	4,503
Operating cash flow after working capital changes	(17,117)	13,086	5,097	1,609	(1,702)
Cash used in investing activities	(8,713)	(3,645)	(1,969)	(2,723)	(3,402)
Proceeds from bank financing	22,113	-	-	-	-
Cash from exercise of stock options	-	-	-	157	98
Ending cash position	14,177	18,308	10,203	7,265	8,142

¹ Cash and total costs are non-GAAP measures. Refer to page 10 for the basis of reconciliation of these measures to tolling and production costs.

OPERATING RESULTS

In Q1-2015 the Group produced 8.9 million pounds of copper under a tolling agreement with DET, 13% lower than Q1-2014 production. Copper deliveries were 8.8 million pounds, 14% lower than in Q1-2014. Production was lower than anticipated due to a fire in El Teniente's lower Colon crushing plant on January 29, which resulted in low tonnage and low recovery of fresh tailings. Repairs were completed in April, and tonnage is expected to increase to levels exceeding budget for the remainder of 2015.

Colihues production was adversely affected by lower than expected recovery levels.

Results in Q1-2015 include 0.8 million pounds of copper produced and sold pursuant to a tolling contract with Minera Maricunga (Q1-2014: 0.6 million pounds). MVC purchases Maricunga copper concentrate, dries the material and delivers the blended concentrates through its tolling contract with DET.

Molybdenum production at 97,883 pounds was 21% lower than in Q1-2014, and molybdenum deliveries to the roaster were 1% lower than in Q1-2014.

Tolling and production costs were 24% lower than in Q1-2014, due to lower production and cost reductions implemented at MVC.

During Q1-2015 the Group generated cash flow from operations of \$1.2 million, posted a gross loss of \$1.3 million and incurred a net loss of \$4.2 million.

Production

	Q1-2015	Q1-2014
FRESH TAILINGS EL TENIENTE		
Tonnes processed	9,838,464	9,758,464
Copper grade (%)	0.121%	0.120%
Copper recovery	17.8%	20.8%
Copper produced (lbs)	4,669,134	5,379,985
OLD TAILINGS COLIHUES		
Tonnes processed	3,473,493	2,738,106
Copper grade (%)	0.228%	0.272%
Copper recovery	19.5%	25.8%
Copper produced (lbs)	3,405,552	4,241,859
OTHER TOLL PROCESSING		
Copper produced (lbs)	791,459	564,383
COPPER		
Total copper produced (lbs)	8,866,145	10,186,227
Total copper delivered (lbs)	8,828,754	10,176,879
MOLYBDENUM		
Total molybdenum produced (lbs)	97,883	125,016
Total molybdenum sold (lbs)	108,973	110,774

Revenue

		Q1-2015		Q1-2014	
Average LME copper price per pound	\$	2.64	\$	3.19	
Average Platt's molybdenum dealer oxide price per pound ¹	\$	8.43	\$	9.98	
El Teniente tolling fees (thousands)	\$	23,279	\$	-	
Gross copper sales (thousands)		-		33,362	
Smelting and refining charges (thousands)		(3,535)		(3,672)	
El Teniente royalties (thousands)		(4,202)		(6,421)	
Transportation costs (thousands)		(290)		(355)	
Copper net revenue (thousands)		15,252		22,914	
Molybdenum & other revenue (thousands)		2,404		2,680	
Total revenue (thousands)	\$	17,656	\$	25,594	
Company's gross copper tolling/sale price per pound ²	\$	2.68	\$	3.36	
Company's gross molybdenum price per pound ³	\$	8.41	\$	9.93	

¹ Basis price for the Group's molybdenum sales.

² Copper recorded price for the period before smelting and refining charges, El Teniente royalties, transportation costs and settlement adjustments to prior quarters' sales.

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

Revenue in Q1-2015 was \$17.7 million compared to \$25.6 million in the pro-forma Q1-2014 (page 4), including copper net revenue of \$15.3 million (Q1-2014: \$22.9 million) and molybdenum and other revenue of \$2.4 million (Q1-2014: \$2.7 million). Revenue is reported net of smelting, refining and roasting charges, royalties to DET and transportation costs.

MVC has entered into an agreement pursuant to which it delivers to DET all copper concentrates produced during the period from January 1, 2015 to December 31, 2022 under a "maquila" or tolling arrangement. Accordingly, MVC's revenue for the delivery of copper concentrates to DET is now recognized as a tolling fee and is reported as a component of revenue, net of royalties to DET and transportation costs. In prior years, the nature of the agreements with Enami and DET required royalties to DET and transportation costs to be reported as components of tolling and production costs.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and treatment and refining charges, and in 2015 is based on the average copper market price for the third month following the production of copper concentrates under the tolling agreement ("M-3"). Accordingly, all copper produced under the tolling agreement by MVC in one month is being paid at the average copper market price of the third month following production.

Average LME copper prices in Q1-2015 were \$2.64/lb compared to \$3.19/lb in Q1-2014, and the Group's recorded copper tolling/sales price was \$2.68/lb, compared to \$3.36/lb in Q1-2014. The difference between the average LME copper price and the Group's tolling/sales price results from the pricing terms that applied in the period.

As of 2015, royalties to DET are deducted from gross revenue. In Q1-2015, the royalties were \$4.2 million, 35% less than in Q1-2014, due to lower production and lower metal prices, as royalties are calculated on a sliding-scale basis referenced to copper prices.

The terms for royalties 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 **Agreements with Codelco's El Teniente Division**, page 18. Under the current terms, copper royalties on fresh tailings are calculated using the LME average price for copper for the month of delivery of the tailings, and settled in Chilean Pesos ("CLP") using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. The

effect of using the higher Dolar Acuerdo rates resulted in an increase of \$0.4 million in royalties in Q1-2015.

Also effective 2015, transportation costs are deducted from revenue. These costs were \$290,000 compared to \$355,000 in Q1-2014, due to lower production.

Molybdenum prices decreased in Q1-2015. The realized molybdenum sales price for Q1-2015 was \$8.41/lb, compared to \$9.93/lb in Q1-2014. This lower price, along with lower production, affected molybdenum revenues and profitability compared to Q1-2014, and prompted MVC to suspend molybdenum production at least until Q4-2015, when MVC expects to start processing higher grade Cauquenes tailings.

Molybdenum produced by MVC is predominantly sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2015 provides that the sale price is the average market price for the third month after delivery ("M+3"). Accordingly, none of the molybdenum sold in Q1-2015 was priced at final prices as of March 31, 2015. Sales of molybdenum were provisionally priced at the average Platt's molybdenum dealer oxide price which for March 31, 2015 was \$8.13/lb.

Cash Cost and Total Cost

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

A reconciliation of tolling and production costs to cash cost and total cost in Q1-2015 and Q1-2014 is presented below:

		Q1-2015		Q1-2014	
Tolling and production costs (thousands)	\$	18,970	\$	24,930	
Add (deduct):					
El Teniente royalties (thousands)		4,202		6,421	
Smelting and refining charges (thousands)		3,535		3,672	
Transportation costs (thousands)		290		355	
Inventory adjustments (thousands):		86		(178)	
By-product credits (thousands)		(2,404)		(2,680)	
Total cost (thousands)	\$	24,679	\$	32,520	
Deduct:					
El Teniente royalties (thousands)		(4,202)		(6,421)	
Depreciation and amortization (thousands)		(1,681)		(4,738)	
Cash cost (thousands)	\$	18,796	\$	21,361	
Pounds of copper tolled/produced from fresh and old tailings (millions) ¹		8.08		9.62	
Cash cost (\$/lb)		2.33		2.22	
Total cost (\$/lb)		3.06		3.38	

¹ Excludes 0.8 million pounds produced in Q1-2015 from Maricunga toll processing, a by-product (Q1-2014: 0.6 million pounds).

The Group's trailing annual and quarterly cash costs (see table above) (\$/lb of copper produced) were:

	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Power costs	0.64	0.62	0.58	0.61	0.55
Grinding media	0.25	0.22	0.22	0.27	0.29
Other direct costs	1.13	0.88	0.90	1.14	1.12
By-product credits	(0.30)	(0.26)	(0.30)	(0.36)	(0.28)
Smelting & refining	0.44	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	\$2.33	\$1.99	\$1.92	\$2.22	\$2.22

Cash cost (page 10) in Q1-2015 was \$2.33/lb (Q1-2014: \$2.22/lb).

Power is MVC's most significant cost, and was \$0.0862/kWh in Q1-2015 compared to \$0.0900/kWh in Q1-2014. Unit power costs for Q1-2015 were \$0.64/lb, \$0.09/lb higher than in Q1-2014, due to a higher grinding index.

MVC operated its power generators during Q1-2015 when the grid price exceeded their operating costs. The economic benefit from operating the generators in Q1-2015 was \$1.0 million (Q1-2014: \$0.6 million).

Unit grinding media costs were \$0.25/lb compared to \$0.29/lb in Q1-2014.

Other direct costs of \$1.13/lb (Q1-2014: 1.12/lb) include direct labour costs of \$0.35/lb (Q1-2014: \$0.23/lb) and all other combined direct costs of \$0.78/lb (Q1-2014: \$0.89/lb). Other direct unit costs are presented in tabular form on page 13.

Unit labour costs were \$0.12/lb higher than in Q1-2014 as a result of severance payments to 22 MVC employees whose employment was terminated on March 31, 2015.

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

	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Cash cost	2.33	1.99	1.92	2.22	2.22
El Teniente royalties	0.52	0.59	0.65	0.70	0.67
Amortization/depreciation	0.21	0.17	0.18	0.31	0.49
Total Cost	\$3.06	\$2.75	\$2.75	\$3.23	\$3.38

Total cost was \$3.06/lb, compared to \$3.38/lb in Q1-2014, positively impacted by reductions of \$0.28/lb in amortization and depreciation charges (due to the contract extension with DET) and \$0.15/lb in El Teniente royalties (from lower production and lower metal prices).

FINANCIAL RESULTS

The Group posted a net loss of \$4.1 million (\$0.02 basic and diluted loss per share), compared to a net loss of \$0.4 million in Q1-2014 (\$0.00 basic and diluted loss per share) as a result of lower production, lower metal prices and non-cash expenses of \$1.1 million resulting from changes in the fair value of derivatives.

Gross loss was \$1.3 million, compared to gross profit of \$0.7 million in Q1-2014.

Revenue

Revenue in Q1-2015 was \$17.7 million, compared to \$25.6 million in the pro-forma Q1-2014 (pages 4 and 9).

Tolling and Production Costs

(Expressed in thousands)	Q1-2015		Q1-2014	
Direct tolling and production costs				
Power costs	\$	5,200	\$	5,314
Grinding media		2,022		2,792
Labour costs		2,709		2,292
Other direct tolling/production costs		6,295		8,603
		16,226		19,001
Depreciation and amortization		1,681		4,738
Administration		1,063		1,191
Tolling and production costs	\$	18,970	\$	24,930

Direct tolling and production costs were \$16.2 million compared to \$19.0 million in the pro-forma Q1-2014 (page 4), a decrease of 14% in the context of a decrease of 13% in production.

Power costs decreased by \$100,000 compared to Q1-2014, mostly as a result of lower production.

Grinding media costs of \$2.0 million were 27% lower than in Q1-2014, due to a 13% decrease in production, more efficient mill operations and lower steel prices.

Direct labour costs were \$2.7 million in Q1-2015 compared to \$2.3 million in Q1-2014, an increase of \$417,000, including \$405,000 in severance payments to 22 MVC employees whose employment was terminated on March 31, 2015.

Other direct tolling costs decreased by \$2.3 million to \$6.3 million (Q1-2014: \$8.6 million). The most relevant other direct tolling and production costs are summarized in the following tables:

(Expressed in thousands)	Q1-2015		Q1-2014	
Other direct tolling and production costs				
Colihues extraction	\$	943	\$	2,719
Maintenance, excluding labour		1,427		1,362
Molybdenum production costs, excluding labour		576		641
Other tolling cost		1,510		1,331
Industrial water		468		495
Copper reagents		430		560
Subcontractors, support services, etc.		510		591
Filtration and all other direct copper production costs		76		139
Lime		207		287
Process control, environmental control, safety		234		299
Inventory adjustments		(86)		179
	\$	6,295	\$	8,603

(\$/lb Cu)	Q1-2015	Q1-2014
Other direct tolling and production costs		
Colihues extraction	0.12	0.28
Maintenance, excluding labour	0.18	0.14
Molybdenum production costs, excluding labour	0.07	0.07
Other tolling cost	0.19	0.05
Industrial water	0.06	0.06
Copper reagents	0.05	0.06
Subcontractors, support services, etc.	0.06	0.01
Fuel and all other direct copper production costs	0.01	0.03
Lime	0.03	0.03
Process & environmental control	0.03	0.14
Inventory adjustments	(0.01)	0.02
	0.78	0.89

The positive effect of cost reduction initiatives at MVC can be seen in the two preceding tables, particularly the \$1.8 million (\$0.16/lb) reduction in Colihues extraction costs compared to Q1-2014. Effective July 1, 2014, MVC terminated the subcontract for the processing of Colihues tailings and began processing these tailings with its own employees and resources. MVC plans to process Cauquenes tailings in the same manner.

On a total costs basis only two costs increased in Q1-2015 compared to Q1-2014: maintenance and other tolling costs. Maintenance increased by \$65,000 in connection with routine maintenance in Q1-2015, and other tolling costs were \$179,000 higher than in Q1-2014 due to a 41% increase in production from Maricunga. The increase in unit costs shown on the table above is mostly a result of lower production in Q1-2015 as a result of the impact of fixed costs in this calculation.

Depreciation and amortization cost decreased to \$1.7 million (Q1-2014: \$4.7 million), as a result of prospective estimate changes for the useful life of assets upon execution of the Master Agreement.

Administration expenses were \$1.1 million compared to \$1.2 million in Q1-2014, resulting from lower labour costs due to lower incentive bonuses paid in connection with production.

Other expenses

Other expenses of \$2.6 million (Q1-2014: \$725,000) are costs not related to MVC's processing operations, and are comprised of the following:

- General and administration expenses of \$2.2 million (Q1-2014: \$1.0 million) which include salaries, management and professional fees of \$567,000 (Q1-2014: \$538,000), office and general expenses of \$308,000 (Q1-2014: \$419,000), royalty derivative to related parties including changes in fair value of \$1.2 million (Q1-2014: \$45,000) and share-based payments of \$53,000 (Q1-2014: \$nil).
- The royalty derivative to related parties includes actual royalty dividends to related parties (Q1-2015: \$128,000; Q1-2014: \$151,000) and changes in fair value of the derivative (Q1-2015: \$1.1 million; Q1-2014: (\$106,000)).
- Other expenses of \$465,000 (Q1-2014: other gains of \$277,000) are comprised of a foreign exchange expense of \$489,000 (Q1-2014: gain of \$197,000), an impairment charge of \$42,000 on the Candente Copper investment (Q1-2014: \$nil) and interest income and other gains of \$66,000 (Q1-2014: \$80,000). Foreign exchange gains or losses are recognized mostly in MVC. Although MVC's functional currency is the US dollar, it holds monetary assets and/or liabilities denominated in Chilean pesos which results in foreign exchange gains or losses.

Finance expense

The Group recorded a finance expense of \$430,000 in the quarter (Q1-2014: \$149,000), including interest charges of \$430,000 (Q1-2014: \$54,000) and in Q1-2014 an asset retirement obligation (“ARO”) accretion cost of \$95,000. The Group ceased to recognize ARO accretion costs in Q2-2014 upon the signing of the Master Agreement as the related obligation was effectively reduced to a nominal amount.

Taxes

Income tax recovery was \$298,000 in Q1-2015 (Q1-2014: \$179,000), including a current income tax recovery of \$942,000 (Q1-2014: tax expense of \$293,000) and tax expense of \$644,000 (Q1-2014: recovery of \$114,000) in respect of changes to deferred income tax liabilities. Deferred income tax results predominantly from the differences between the book and tax values of MVC’s property, plant and equipment (“PPE”). Deferred tax liabilities do not represent income tax due in Chile on a current basis.

COMPARATIVE PERIODS

The Company’s financial statements are reported under IFRS issued by the IASB. The following tables provide highlights from the Company’s financial statements of quarterly results for the past eight quarters (pro-forma (page 4), unaudited). Total revenue for the 2013 periods presented below is shown net of DET royalties and transportation costs, consistent with the 2014 pro-forma presentation.

	QE March 31, 2015 \$	QE Dec. 31, 2014 \$	QE Sept. 30, 2014 \$	QE June 30, 2014 \$
Total revenue (thousands)	17,656	24,320	22,222	20,728
Net (loss) profit (thousands)	(4,063)	1,702	(3,725)	(8,290)
(Loss) earnings per share	(0.02)	0.01	(0.02)	(0.05)
Diluted (loss) earnings per share	(0.02)	0.01	(0.02)	(0.05)

	QE March 31, 2014 \$	QE Dec. 31, 2013 \$	QE Sept. 30, 2013 \$	QE June 30, 2013 \$
Total revenue (thousands)	25,594	28,092	24,315	23,768
Net (loss) profit (thousands)	(389)	(2,447)	1,039	(837)
(Loss) earnings per share	(0.00)	(0.02)	(0.01)	(0.01)
Diluted (loss) earnings per share	(0.00)	(0.02)	(0.01)	(0.01)

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

	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013
Copper revenue ¹	8.83	11.22	10.32	9.32	10.18	12.60	10.86	9.44
MVC's realized copper price ²	2.68	3.01	3.06	3.16	3.36	3.16	3.19	3.40

¹ Million pounds of copper sold.

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

In Q2-2013, copper revenue was adversely affected by annual maintenance shutdowns and by challenging mining conditions, particularly for Colihues. MVC implemented a change in mining plan which improved production and sales in Q3-2013 and Q4-2013. In Q4-2013 revenue was also positively impacted by the Maricunga tolling contract which contributed 1.5 million pounds in copper delivered. Q1 to Q3-2014 revenue was negatively impacted by lower production. Revenue in Q4-2014 was stronger as mining conditions improved in Colihues, although stronger production results were mitigated by lower copper prices. Q1-2015 revenue was impacted by lower production under the tolling agreement with DET and a substantial decline in copper prices.

In addition to revenue variances, the Group's quarterly results in the most recent eight quarters were also affected by variations in tolling and production costs:

	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013
Tolling and production costs ¹	18,970	21,461	20,368	19,530	24,930	29,171	22,567	23,524
Unit tolling and production cost ²	2.15	1.91	1.97	2.10	2.45	2.32	2.08	2.49

¹ Thousands of dollars.

² Tolling and production costs divided over number of pounds of copper delivered.

Tolling and production costs are affected by production levels, input costs, particularly power costs, and copper prices. Unit production cost increased in Q2-2013 due to lower production. In Q3-2013 cost containment initiatives and higher production levels compared to Q2-2013 resulted in decreases to total and unit production costs. In Q4-2013 these costs were adversely impacted by other tolling costs of \$3.4 million and a \$980,000 retroactive power charge for the years 2011-2013. In Q1-2014 total production costs decreased due to lower production. In Q2-2014 a gain from Change in Estimates of \$2.4 million was recorded as a component of production costs. 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 a change to Colihues processing methods introduced in Q3-2014 also contributed to lower costs. Total production costs increased in Q4-2014 from higher production, but unit cost was at the lowest level in 2 years. In Q1-2015 total tolling costs decreased due to lower production under the tolling agreement with DET, but the decrease in costs was insufficient to maintain the low unit costs that had been achieved in the three prior quarters.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Group used cash of \$17.1 million in operations, compared to \$1.7 million in Q1-2014.

Excluding the effect of changes in working capital accounts, the Group generated cash of \$1.2 million, compared to \$4.5 million in Q1-2014.

Cash Flow from Financing Activities

The Group received \$22.1 million in debt proceeds net of transaction costs in Q1-2015 (\$nil in Q1-2014).

In Q1-2014 the Group received: \$98,000 from the exercise of share purchase options.

Cash Flow from Investing Activities

In Q1-2015, the Group used cash of \$8.7 million for payments of capital expenditures, compared to \$3.4 million in Q1-2014.

In Q1-2015 the majority of MVC's Capex was incurred in connection with the Cauquenes expansion.

Liquidity and Financial Position

The Group's cash and cash equivalents at March 31, 2015 totaled \$14.2 million, compared to \$18.3 million at December 31, 2014. The Group had working capital of \$15.3 million at March 31, 2015, compared to working capital of \$2.8 million at December 31, 2014.

The Group operates in a cyclical industry where levels of cash flow have historically been correlated to the market prices for copper. 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 Group's long-term liabilities (severance provisions, long-term portion of borrowings, long-term portion of the royalty derivative to related parties measured at fair value, deferred income tax liabilities and other non-current liabilities) at March 31, 2015 were \$58.1 million (December 31, 2014: \$32.9 million).

The Group expects to be able to meet its obligations for the next 12 months from the remaining funds available through the bank facility described below and cash flow generated from operations.

Borrowings

(Thousands)	March 31, 2015 \$	December 31, 2014 \$
Cauquenes Expansion Loan (a)	22,638	-
Cauquenes Expansion VAT Facility (b)	759	-
Colihues Energia Working Capital Loan (c)	197	-
	23,594	-
Less short-term debt and current portion of long-term debt	974	-
	22,620	-

- a) On March 25, 2015, MVC closed a bank syndicate financing with Mandated Lead Arrangers Banco Bilbao Vizcaya Argentaria (“BBVA”) and Export Development Canada (“EDC”) for a loan facility (the “Cauquenes Expansion Loan”) of up to \$64.4 million to be used in the expansion of MVC’s operations for the processing of tailings from the Cauquenes deposit. Terms of the loan include interest at a fixed rate of 6.11% per annum during construction and 5.86% per annum thereafter for 75% of the facility through the use of an interest rate swap. The remaining 25% of the facility is subject to a variable rate based on the US Libor 6 month rate, which at March 31, 2015 was 4.15% per annum (and would be 3.90% per annum during operation). The Cauquenes Expansion Loan has a maximum repayment term of 5 years commencing in 2016 that may be shortened without penalty in accordance with the provisions of the finance agreement.

Initial funding of \$23.6 million was received in Q1-2015. MVC incurred due diligence, bank fees and legal costs of \$2.4 million, of which \$894,000 were recognized as transaction costs in Q1-2015, based on the percentage of funds drawn in the quarter. The remaining \$1.5 million were recognized as prepaid finance expenses at March 31, 2015, and will be transferred to transaction costs in the same proportion as funds are drawn from the facility. Transaction costs will be amortized over the term of the loan using the effective interest rate method. MVC has provided security over the Cauquenes Expansion Loan in the form of a charge on all of MVC’s assets and is subject to certain bank covenants to be measured semi-annually starting on December 31, 2015. Interest on the loan will be fully capitalized during construction and commissioning. The balance of the loan (net of transaction costs) and accrued interest at March 31, 2015 was \$22.6 million (December 31, 2014: \$nil).

- b) Also on March 25, 2015, MVC entered into a CLP 5,700 million (approximately \$9 million) loan facility with BBVA to finance the “IVA” (value added tax) expected to be incurred by MVC in connection with the Cauquenes expansion (the “VAT Facility”). The VAT Facility is due on or before June 30, 2016 and is subject to interest at a variable rate of the Chilean Association of Banks and Financial Institutions Tasa Bancaria (“TAB”) plus 1.75%., which at March 31, 2015 was 5.47% per annum. Interest on the VAT Facility will be fully capitalized during construction and commissioning. The balance of the loan and accrued interest at March 31, 2015 was \$758,000 (December 31, 2014: \$nil).
- c) On March 24, 2015, Colihues Energía obtained from a Chilean bank a working capital loan of CLP 123 million (the equivalent of \$197,000 at the loan grant date) at an interest rate of 4.44% per annum. This loan has a term to June 19, 2015. No security was provided in connection with the loan. The balance of the loan and accrued interest at March 31, 2015 was \$197,000 (December 31, 2014: \$nil).
- d) The Group has secured \$30.0 million in additional credit facilities for the expansion, including a \$17.0 million expansion support agreement with DET and a \$13.0 million standby line of credit from three Amerigo shareholders that may be drawn down at Amerigo’s option if required. No security was provided in connection with these facilities and no funds had been drawn down from these facilities as of March 31, 2015.
- e) In July 2011 MVC entered into an agreement with a Chilean bank to secure a revolving working capital line of credit for up to \$20.0 million or its equivalent in CLP (the “Line of Credit”). The Line of Credit had a term to July 4, 2014. No funds were drawn down on the Line of Credit.

Concurrently with the Cauquenes Expansion Loan, MVC entered into an interest rate swap (“IRS”) with BBVA to fix 75% of the interest payable on the facility. MVC has recognized a fair value of \$955,000 at inception for the IRS, which is a prepaid finance expense and will be treated as transaction costs as funds are drawn from the facility. At March 31, 2015, MVC had recognized \$75,000 as transaction costs, and the balance of \$880,000 was recognized as a prepaid finance expense. The fair value of the IRS at March 31, 2015 was \$955,000 (December 31, 2014: \$nil).

AGREEMENTS WITH CODELCO'S EL TENIENTE DIVISION

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, MVC 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 only exercisable by DET 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 one year of the 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.

First Modification to the Master Agreement

On 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. A total of \$8.1 million was deferred during 2014, and all deferred amounts and applicable interest owing to DET were paid in full in Q1-2015.

Second Modification to the Master Agreement

On February 3, 2015, MVC and DET entered into a second modification to the Master Agreement dated December 31, 2014 which provides 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 terms and conditions similar to those contained in the concentrate sales agreement MVC had with Chile’s Empresa Nacional de Minería (“Enami”) to December 31, 2014. MVC’s compensation is determined in accordance with industry benchmarks for pricing terms and treatment and refining charges, and is expected to generate approximately the same economic benefits as the Enami agreement.
- ii) A copper price support agreement provided by DET 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 final settlement copper price to MVC is less than \$2.80/lb Cu, up to the \$17.0 million maximum. The DET Facility bears interest at a rate of 0.6% per month and is subordinate to MVC’s bank financing.

No funds had been drawn from the DET facility as of March 31, 2015, as the first final settlement price under the current M+3 pricing terms with DET is the April 2015 LME average price, applicable to copper concentrates delivered during January 2015.

As at March 31, 2015, royalties payable to DET were \$4.3 million (December 31, 2014: \$16.9 million), representing approximately three months of royalties (December 31, 2014: eight months of royalties).

CAUQUENES EXPANSION

MVC is undertaking a significant expansion of its existing operations in order to extract and process the high grade Cauquenes tailings. The Cauquenes expansion is being undertaken in phases, which management believes reduces project risk.

Phase one will enable MVC to extract Cauquenes tailings for processing in MVC's existing processing plant. Construction of phase 1 is scheduled to conclude in Q4-2015 and is expected to result in increases in MVC's copper processing levels to an average annual rate of 70 million pounds. Capex budget for Phase one is \$71.1 million, of which \$26.4 million has been incurred to March 31, 2015. The project is currently expected to be completed in time and on budget.

After phase one is complete, MVC plans to upgrade its existing plant and operations in order to increase copper and molybdenum recovery rates. This part of the expansion 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 tolling and molybdenum production.

OTHER MD&A REQUIREMENTS

Impairment Analysis

As at March 31, 2015, 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 March 31, 2015. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgements. 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 March 31, 2015, 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 Group's approximately 5% investment in Candente Copper was \$452,000. During Q1-2015, the Group recorded an impairment charge of \$42,000 (Q1-2014: other comprehensive loss of \$613,000) for the change in fair value of this investment.

At March 31, 2015, Los Andes Copper Ltd. ("Los Andes"), a company listed on the TSX Venture Exchange, had a closing share price of Cdn\$0.18, and the fair value of the Group's approximately 4% investment in Los Andes was \$1.1 million. In Q1-2015 the Group recorded other comprehensive loss of \$377,000 (Q1-2014: other comprehensive income of \$502,000) for the change in fair value of this investment.

Transactions with Related Parties

a) Non-controlling interests

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

Amerigo International is wholly-owned by Amerigo except for certain outstanding Class A shares which are owned indirectly by Amerigo's Chairman and CEO, an associate of the Chairman and CEO, a former director of Amerigo and an associate of that former director. The Class A shares were issued as part of a tax-efficient structure for the payment of the royalty (the "Royalty") granted in exchange for the transfer to the Company of an option to purchase MVC.

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

The Royalty is calculated as follows:

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

The Royalty is a derivative financial instrument. This liability is measured at fair value, with changes in fair value recorded in profit for the period. The fair value of the liability at March 31, 2015 was \$12.0 million (December 31, 2014: \$11.0 million), with a current portion of \$993,000 (December 31, 2014: \$863,000) and a long-term portion of \$11.0 million (December 31, 2014: \$10.1 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During Q1-2015, royalties totalling \$128,000 were paid or accrued to the Amerigo International Class A shareholders (Q1-2014: \$151,000). At March 31, 2015, \$40,000 of this amount remained payable (December 31, 2014: \$60,000).

The royalty derivative to related parties includes the royalty dividends described above and changes in fair value of the derivative. The fair value of the derivative increased by \$1.1 million in Q1-2015 (Q1-2014: reduction in fair value of \$106,000), for a total royalty derivative expense of \$1.2 million (Q1-2014: \$45,000).

b) Directors' fees and remuneration to officers

During Q1-2015, the Group paid or accrued \$329,000 in salaries and fees to companies associated with certain directors and officers of Amerigo (Q1-2014: \$263,000).

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

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

In the same period, Amerigo paid or accrued \$82,000 in directors' fees to independent directors (Q1-2014 \$100,000). In Amerigo's consolidated financial statements, directors' fees and remuneration to officers are categorized as salaries, management and professional fees. At March 31, 2015 an aggregate amount of \$68,000 was due to directors and officers for directors' fees and reimbursement of expenses (December 31, 2014: \$1,900). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In Q1-2015, 1,800,000 options were granted to directors and officers of the Company (Q1-2014: nil options).

- c) As of March 31, 2015 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, 2015 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 Judgements

Estimates and judgements 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 judgements, estimates and assumptions concerning the future which will seldom equal actual results. Judgements, estimates and assumptions that could 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 judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 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 (December 31, 2037).

b) Royalty Derivative to Related Parties

The Group 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, and the Company is required under IFRS to reassess its estimate for the royalty derivative at each reporting period, based on available production estimates.

c) 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 MVC's power supplier. MVC 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.

d) Interest rate swap

MVC has entered into an interest rate swap to fix the interest rate on 75% of the facility undertaken to finance the Cauquenes expansion. Estimates are made by management to determine the fair value of the interest rate swap at inception and at each reporting date.

Internal Controls over Financial Reporting ("ICFR")

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There was no material change in the Company's ICFR during the quarter ended March 31, 2015.

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.
- b) MVC entered into an agreement with its current power provider with a term from January 1, 2018 to December 31, 2024 to supply approximately 70% of MVC's estimated annual power requirements in that period. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to be approximately \$1.4 million per month.
- c) At March 31, 2015, MVC has commitments for \$40.0 million in respect of purchase orders and construction contracts in connection with the Cauquenes expansion.
- d) In 2011 Amerigo and an unrelated corporation entered into a joint agreement for office premises in Vancouver. The Company's share of basic rent commitments for the remaining term of the lease to July 31, 2016 is approximately \$146,000.
- 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 contained in Cauquenes, the Parties will jointly evaluate the form of implementation and financing of or compensation for 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.

Other

As of May 4, 2015, Amerigo has outstanding 173,610,629 common shares and 12,450,000 options (exercisable at prices ranging from Cdn\$0.37 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 tolling/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, royalty, severance and other obligations;
- 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 Group's information technology systems, including those related to cyber-security;
- 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 associated with the availability and pricing of materials used in our operations; 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 Group and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Group processes and its resulting production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Group.

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 of the products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- MVC's ability 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 tolling/production costs 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 Group'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;
- our ability to meet production and cost budgets and plans; 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.

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.