Amerigo
RESOURCES LTD.
Commerce Place, Suite 1950 - 400 Burrard Street, Vancouver, B.C. Canada V6C 3A6 P + 1.604.681.2802 F + 604.682.2802

Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2016

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

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

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

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

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 copper concentrates.

MVC has a long-term contractual relationship with the El Teniente Division (“DET”) of Corporación Nacional del Cobre de Chile (“Codelco”) to process fresh and historic tailings from Codelco’s El Teniente mine, the world’s largest underground copper mine, in production since 1905.

Effective January 1, 2015 and up to December 31, 2022, MVC’s production of copper concentrates is being conducted under a tolling agreement with DET. Under the agreement, title to the copper concentrates produced by MVC remains with DET and MVC earns tolling revenue, calculated as gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET notional royalties and transportation costs). Refer to **Agreements with Codelco’s El Teniente Division** (page 16).

MVC also has an agreement with Chile’s Minera Maricunga (“Maricunga”), under which MVC purchases Maricunga copper concentrate, dries the material and delivers the blended concentrates through its tolling contract with DET.

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 2, 2016 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, 2016 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2015.

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. A tabular reconciliation of the Group’s cash and total costs to tolling costs in Q1-2016 and Q1-2015 is presented on page 9.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Overview

	Three months ended March 31,			
	2016	2015	Change	%
Copper produced[1] million pounds	12.9	8.9	4.0	45%
Percentage of production from historic tailings	53%	39%		36%
Revenue ($ thousands) [2]	19,255	17,656	1,599	9%
DET notional royalties ($ thousands)	4,435	4,202	233	6%
Tolling costs ($ thousands)	21,657	18,970	2,687	14%
Gross loss ($ thousands)	(2,402)	(1,314)	(1,088)	83%
Net loss ($ thousands)	(4,357)	(4,063)	(294)	7%
Operating cash flow ($ thousands) [3]	1,443	1,186	257	22%
Cash flow paid for plant expansion ($ thousands)	(3,714)	(8,713)	4,999	57%
Cash and cash equivalents ($ thousands)	11,757	14,177	(2,420)	(17%)
Borrowings ($ thousands)	78,327	23,594	54,733	0%
Gross copper tolling price ($/lb)	2.24	2.68	(0.44)	(16%)
Cash cost per pound [4]	1.81	2.33	(0.52)	(22%)
Total cost per pound [4]	2.45	3.06	(0.61)	(20%)

[1] Copper production from January 1, 2015 is conducted under tolling agreements with DET and Maricunga.
[2] Revenue is reported net of notional items (smelting and refining charges, DET royalties and transportation costs).
[3] Operating cash flow before changes in non-cash working capital.
[4] Cash and total costs are non-GAAP measures. Refer to page 9 for a reconciliation of these measures to tolling costs.

Financial results

- Revenue was $19.3 million (Q1-2015: $17.7 million), a 9% increase due to higher production offset by lower copper prices. The Group's recorded copper tolling price was $2.24/lb (Q1-2015: $2.68/lb).

- Tolling costs were $21.7 million (Q1-2015: $19.0 million), an increase of 14% driven by a 45% increase in copper production.

- Cash cost (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits, page 9) before DET notional royalties decreased to $1.81/lb (Q1-2015: $2.33/lb) due to higher production.

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional royalties and depreciation, page 9) decreased to $2.45/lb (Q1-2015: $3.06/lb), due to lower cash cost and lower DET notional royalties.

- Gross loss was $2.4 million (Q1-2015: $1.3 million) and net loss was $4.4 million (Q1-2015: $4.1 million).

- In Q1-2016 the Group generated cash flow from operations before changes in non-cash working capital of $1.4 million (Q1-2015: $1.2 million).

Production

- Q1-2016 production was 12.9 million pounds of copper, 45% higher than the 8.9 million pounds produced in Q1-2015.

- Copper production includes 6.7 million pounds from Cauquenes, 5.3 million pounds from fresh tailings and 0.9 million pounds from Minera Maricunga.

- The ramp-up in production from Cauquenes has progressed in line with expectations, with tonnage at design rates of 60,000 tpd and plant recovery improving to 33% at the end of March.

Cash and Financing Activities

- The Group's cash balance was $11.8 million (December 31, 2015: $9.0 million), with working capital of $0.1 million (December 31, 2015: working capital deficiency of $6.0 million).

- MVC received final proceeds of $4.7 million from the $64.4 million Cauquenes Expansion Loan, received $3.0 million from the DET Expansion Support Facility and repaid $3.4 million on the VAT Facility.

Capital Expenditures

- Cash payments in Q1-2016 for capital expenditures ("Capex") were $3.7 million (Q1-2015: $8.7 million), and included final payments on the Cauquenes phase 1 expansion.

- MVC incurred sustaining Capex of $0.9 million in Q1-2016, in line with its Capex budget which is focused on building two additional extraction sumps in Cauquenes.

Outlook [1]

- MVC maintains its 2016 production guidance of 55.0 to 60.0 million pounds of copper at an annual cash cost (page 9) of $1.65 to $1.85/lb.

- Copper production is expected to improve in the second half of the year when higher grade Cauquenes material is extracted from deeper zones.

- MVC is expected to incur sustaining Capex of $5.0 million in 2016, mostly in connection with extraction sumps at Cauquenes.

[1] Refer to Cautionary Statement on Forward Looking Information (page 21).

SUMMARY OF FINANCIAL RESULTS Q1-2015 TO Q1-2016

	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Copper production, million pounds	12.855	10.860	8.494	9.118	8.866
Copper deliveries, million pounds	12.746	10.737	8.288	9.395	8.829
Financial results ($ thousands)					
Revenue	19,255	7,809	10,770	16,388	17,656
Tolling costs					
Tolling costs	(17,229)	(10,646)	(12,507)	(15,376)	(16,226)
Depreciation and amortization	(3,292)	(1,659)	(1,681)	(1,678)	(1,681)
Administration	(1,136)	(956)	(1,102)	(1,082)	(1,063)
	(21,657)	(13,261)	(15,290)	(18,136)	(18,970)
Gross loss	(2,402)	(5,452)	(4,520)	(1,748)	(1,314)
Other expenses					
Office and general expenses	(281)	(86)	(239)	(134)	(308)
Salaries, management and professional fees	(513)	(603)	(387)	(462)	(567)
Share-based payment compensation	(60)	(15)	(40)	(93)	(53)
	(854)	(704)	(666)	(689)	(928)
Other expenses					
Foreign exchange gain (expense)	571	(326)	(553)	(436)	(489)
Impairment charges	-	(1,427)	(194)	(44)	(42)
Other gains	30	4	23	38	66
	601	(1,749)	(724)	(442)	(465)
Royalty derivative including changes in fair value	(917)	2,285	(826)	1,297	(1,224)
	(1,170)	(168)	(2,216)	166	(2,617)
Operating loss	(3,572)	(5,620)	(6,736)	(1,582)	(3,931)
Finance expense	(1,488)	(83)	(235)	(275)	(430)
Loss before taxes	(5,060)	(5,703)	(6,971)	(1,857)	(4,361)
Income tax recovery (expense)	703	1,030	810	(179)	298
Loss for the period	(4,357)	(4,673)	(6,161)	(2,036)	(4,063)
Loss per share - basic	(0.03)	(0.03)	(0.03)	(0.01)	(0.02)
Loss per share - diluted	(0.03)	(0.03)	(0.03)	(0.01)	(0.02)
Cash cost ($/lb) [1]	1.81	2.16	2.07	2.15	2.33
Total cost ($/lb) [1]	2.45	2.84	2.62	2.86	3.06
Uses and sources of cash ($thousands)					
Operating cash flow before working capital changes	1,443	(3,105)	(2,460)	(619)	1,186
Operating cash flow after working capital changes	1,513	1,826	(6,814)	(4,359)	(17,117)
Cash used in investing activities	(3,714)	(12,216)	(15,498)	(17,655)	(8,713)
Financing proceeds, net of repayments	4,380	9,783	20,248	20,760	22,113
Ending cash balance	11,757	9,032	9,925	12,691	14,177

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

OPERATING RESULTS

In Q1-2016 the Group produced 12.9 million pounds of copper under tolling agreements with DET and Minera Maricunga, 45% higher than Q1-2015 production. Copper deliveries were 12.7 million pounds.

MVC produced 5.3 million pounds of copper from El Teniente's fresh tailings in Q1-2016.

Q1-2016 production from Cauquenes was 6.7 million pounds. The ramp up in the historic Cauquenes deposit has progressed in line with expectations, with tonnage at design rates of 60,000 tpd and plant recovery improving to 33% at the end of March. MVC is now extracting more copper from historic tailings than fresh tailings. In Q2-2016, the ramp up in production should continue to improve as Cauquenes material is extracted from deeper zones.

Results in Q1-2016 included 0.9 million pounds of copper produced and sold pursuant to the tolling contract with Maricunga (Q1-2015: 0.8 million pounds).

There was no molybdenum production from January 1 to March 31, 2016 as MVC's molybdenum plant was shut in response to continuing low molybdenum prices.

MVC's cash cost (page 9) in Q1-2016 was $1.81/lb (Q1-2015: $2.33/lb). Cash cost should continue to decrease in 2016 as Cauquenes production continues to improve.

Production

	Q1-2016	Q1-2015
FRESH TAILINGS FROM EL TENIENTE		
Tonnes processed	10,617,420	9,838,464
Copper grade (%)	0.117%	0.121%
Copper recovery	19.2%	17.8%
Copper produced (lbs)	5,270,025	4,669,134
HISTORIC TAILINGS FROM EL TENIENTE		
Tonnes processed	5,087,765	3,473,493
Copper grade (%)	0.228%	0.228%
Copper recovery	26.4%	19.5%
Copper produced (lbs)	6,733,734	3,405,552
TOLL PROCESSING FROM MARICUNGA		
Copper produced (lbs)	850,983	791,459
COPPER		
Total copper produced (lbs)	12,854,742	8,866,145
Total copper delivered to DET (lbs)	12,746,077	8,828,754

Revenue

		Q1-2016		Q1-2015
Average LME copper price per pound	$	2.12	$	2.64
Gross tolling revenue (thousands)	$	26,997	$	23,279
Notional items deducted from gross tolling revenue:				
Smelting and refining charges (thousands)		(4,509)		(3,535)
DET royalties (thousands)		(4,435)		(4,202)
Transportation costs (thousands)		(364)		(290)
Copper net revenue (thousands)		17,689		15,252
Molybdenum and Maricunga tolling revenue (thousands)		1,566		2,404
Total revenue (thousands)	$	19,255	$	17,656
Company's gross copper tolling price per pound [1]	$	2.24	$	2.68

[1] Copper recorded price for the period before smelting and refining charges, DET notional royalties, transportation costs and settlement adjustments to prior quarters' sales.

MVC and DET have entered into an agreement under which production of copper concentrates by MVC is being conducted under a tolling agreement during the period from January 1, 2015 to December 31, 2022. Title to the copper concentrates produced by MVC is retained by DET and MVC earns tolling revenue, calculated as gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET royalties and transportation costs). The notional DET royalties precisely mimic the former royalty arrangements between MVC and DET.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges, and in 2016 is based on the average London Metal Exchange ("LME") copper price for the third month following the production of copper concentrates under the tolling agreement ("M+3"). Accordingly, final pricing for copper produced by MVC in 2016 is being determined based on the average LME copper price of the third month following production. A pricing term of M+3 in periods of declining copper prices affects the Group twofold, as tolling revenue for current period production is recorded based on provisional low copper prices, and the Group also has to record negative price-based revenue settlement adjustments to the prior quarter's production.

Average LME copper prices in Q1-2016 were $2.12/lb (Q1-2015: $2.64/lb) and the Group's recorded copper tolling price was $2.24/lb (Q1-2015: $2.68/lb). The difference between the average LME copper price and the Group's recorded tolling price results from the pricing terms that applied in the period.

As of 2015, DET royalties on copper production are a notional item deducted from gross tolling revenue. In Q1-2016, DET notional royalties were $4.4 million, 6% more than in Q1-2015, due to higher production. The terms for DET notional royalties and molybdenum royalties are disclosed under **Agreements with Codelco's El Teniente Division** (page 16).

Also effective 2015, transportation is a notional item deducted from gross tolling revenue. Transportation was $0.4 million in Q1-2016 (Q1-2015: $0.3 million).

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 tolling costs, molybdenum production costs, smelting and refining charges, administration and transportation costs, minus by-product credits. Total cost is the aggregate of cash cost, DET notional royalties, depreciation and amortization.

A reconciliation of tolling costs to cash cost and total cost in Q1-2016 and Q1-2015 is presented below:

		Q1-2016		Q1-2015
Tolling costs (thousands)	$	21,657	$	18,970
Add (deduct):				
DET notional royalties (thousands)		4,435		4,202
Smelting and refining charges (thousands)		4,509		3,535
Transportation costs (thousands)		364		290
Inventory adjustments (thousands):		47		86
By-product credits (thousands)		(1,566)		(2,404)
Total cost (thousands)	$	29,446	$	24,679
Deduct:				
DET notional royalties (thousands)		(4,435)		(4,202)
Depreciation and amortization (thousands)		(3,292)		(1,681)
Cash cost (thousands)	$	21,719	$	18,796
Pounds of copper tolled from fresh and old tailings (millions) [3]		12.00		8.08
Cash cost ($/lb)		**1.81**		**2.33**
Total cost ($/lb)		**2.45**		**3.06**

[1] Excludes 0.9 million pounds produced in Q1-2016 from Maricunga toll processing, a by-product (Q1-2015: 0.8 million pounds).

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

	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Power costs	0.56	0.70	0.70	0.62	0.64
Grinding media	0.19	0.22	0.23	0.22	0.25
Other direct costs	0.69	0.93	0.77	0.77	1.13
By-product credits	(0.13)	(0.30)	(0.22)	(0.06)	(0.30)
Smelting & refining	0.38	0.42	0.41	0.44	0.44
Administration	0.09	0.16	0.15	0.12	0.13
Transportation	0.03	0.03	0.03	0.04	0.04
Cash Cost	**$1.81**	**$2.16**	**$2.07**	**$2.15**	**$2.33**

Cash cost in Q1-2016 was $1.81/lb (Q1-2015: $2.33/lb).

Power is MVC's most significant cost, and was $0.0938/kWh in Q1-2016 (Q1-2015: $0.0862/kWh). MVC operates its generators when the grid price exceeds the generators' operating costs. The economic benefit from operating the generators in Q1-2016 was $0.3 million (Q1-2015: $1.0 million), contributing to the increase in total power cost. Unit power costs of $0.56/lb (Q1-2015: $0.64/lb) decreased due to higher production.

Unit grinding media costs were $0.19/lb (Q1-2015: $0.25/lb), positively affected from more efficient mill operations and lower steel prices.

Other direct costs were $0.69/lb (Q1-2015: 1.13/lb) and included direct labour costs of $0.18/lb (Q1-2015: $0.35/lb) and all other combined direct costs of $0.51/lb (Q1-2015: $0.78/lb). Other direct unit costs are presented in tabular form on page 11.

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

	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Cash cost	1.81	2.16	2.07	2.15	2.33
DET royalties	0.37	0.40	0.33	0.52	0.52
Amortization/depreciation	0.27	0.28	0.22	0.19	0.21
Total Cost	**$2.45**	**$2.84**	**$2.62**	**$2.86**	**$3.06**

Total cost was $2.45/lb (Q1-2015: $3.06/lb), positively impacted by reductions of $0.52/lb in cash cost (due to stronger production) and $0.15/lb in DET notional royalties (from lower metal prices).

FINANCIAL RESULTS

The Group posted a net loss of $4.4 million ($0.03 basic and diluted loss per share), compared to a net loss of $4.1 million in Q1-2015 ($0.02 basic and diluted loss per share) as a result of lower metal prices.

Gross loss was $2.4 million (Q1-2015: $1.3 million).

Revenue

Revenue in Q1-2016 was $19.3 million (Q1-2015: 17.7 million).

Tolling Costs

(Expressed in thousands)		Q1-2016		Q1-2015
Direct tolling costs				
Power costs	$	6,711	$	5,200
Grinding media		2,286		2,022
Labour costs		2,188		2,709
Other direct tolling costs		6,044		6,295
		17,229		16,226
Depreciation and amortization		3,292		1,681
Administration		1,136		1,063
Tolling costs	$	21,657	$	18,970

Direct tolling costs were $17.2 million (Q1-2015: $16.2 million), a cost increase of 7% in the context of a 45% increase in production.

Power costs increased by $1.5 million compared to Q1-2015, as a result of higher production and a decrease of $0.7 million in the power credit provided through the operation of MVC's power generators.

Grinding media costs of $2.3 million were only 13% higher than in Q1-2015 despite a 45% increase in production, due to more efficient mill operations and lower steel prices.

Direct labour costs were $2.2 million in Q1-2016 (Q1-2015: $2.7 million) due to a stronger US dollar compared to the Chilean peso ("CLP") and lower staffing levels at MVC.

Other direct tolling costs decreased by $0.3 million to $6.0 million. The most relevant other direct tolling costs are summarized in the following tables:

(Expressed in thousands)		Q1-2016		Q1-2015
Other direct tolling costs				
Historic tailings extraction	$	1,164	$	943
Maintenance, excluding labour		1,330		1,427
Molybdenum production costs, excluding labour		-		576
Maricunga tolling costs		1,169		1,510
Industrial water		504		468
Copper reagents		413		430
Subcontractors, support services, etc.		461		510
Filtration and all other direct tolling costs		355		76
Lime		628		207
Process control		67		234
Inventory adjustments		(47)		(86)
	$	6,044	$	6,295

($/lb Cu)	Q1-2016	Q1-2015
Other direct tolling costs		
Historic tailings extraction	0.10	0.12
Maintenance, excluding labour	0.11	0.18
Molybdenum production costs, excluding labour	-	0.07
Maricunga tolling costs	0.10	0.19
Industrial water	0.04	0.06
Copper reagents	0.03	0.05
Subcontractors, support services, etc.	0.04	0.06
Filtration and all other direct tolling costs	0.03	0.01
Lime	0.05	0.03
Process control	0.01	0.03
Inventory adjustments	-	(0.01)
	0.51	0.78

MVC continued to reduce costs where possible (maintenance, subcontractors, support services and process control). Maricunga tolling costs decreased in response to lower copper prices in Q1-2015. Certain production costs increased in response to the substantial increase in production compared to Q1-2015 (historic tailings extraction, industrial water, filtration and other direct tolling costs). Lime cost increased substantially compared to Q1-2015, but in line with expectations, as more lime is required to process the Cauquenes tailings.

Depreciation and amortization cost increased to $3.3 million (Q1-2015: $1.7 million), as the Cauquenes expansion started to be depreciated in 2016.

Administration expenses were $1.1 million in Q1-2016 and Q1-2015.

Other expenses

Other expenses of $1.2 million (Q1-2015: $2.6 million) are costs not related to MVC's production operations, and are comprised of the following:

- General and administration expenses of $0.9 million (Q1-2015: $0.9 million) which include salaries, management and professional fees of $0.5 million (Q1-2015: $0.5 million), office and general expenses of $0.3 million (Q1-2015: $0.3 million) and share-based payments of $0.1 million (Q1-2015: $0.1 million).

- Other gains of $0.6 million (Q1-2015: other expenses of $0.5 million), comprised of a foreign exchange gain of $0.6 million (Q1-2015: expense of $0.5 million), other gains of $0.1 million (Q1-2015: 0.1 million) and in Q1-2015 an impairment charge of $0.1 million on the Candente Copper investment.

- A royalty derivative to related parties expense of $0.9 million (Q1-2015: $1.2 million), which includes actual royalty dividends paid or accrued to related parties of $0.2 million (Q1-2015: $0.1 million) and an increase in the fair value of the derivative of $0.7 million (Q1-2015: $1.1 million). The increase in the fair value of the derivative was the result of lower discount rates driven by lower expected risk adjusted borrowing rates.

Finance expense

The Group recorded a finance expense of $1.5 million in Q1-2016, (Q1-2015: $0.4 million) which includes finance, interest charges and a change in value on an interest rate swap.

Taxes

Income tax recovery was $0.7 million in Q1-2016 (Q1-2015: $0.3 million).

COMPARATIVE PERIODS

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

	Q1-2016 $	Q4-2015 $	Q3-2015 $	Q2-2015 $
Total revenue (thousands)	19,255	7,809	10,770	16,388
Net loss (thousands)	(4,357)	(4,673)	(6,161)	(2,036)
Loss per share	(0.03)	(0.03)	(0.03)	(0.01)
Diluted loss per share	(0.03)	(0.03)	(0.03)	(0.01)

	Q1-2015 $	Q4-2014 $	Q3-2014 $	Q2-2014 $
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)

Quarterly revenue variances result mostly from varying volumes of copper sales or deliveries (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:

	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014
Copper sales/deliveries [1]	12.75	7.44	8.12	9.39	8.83	11.22	10.32	9.32
MVC's realized copper price [2]	$2.24	$2.08	$2.36	$2.65	$2.68	$3.01	$3.06	$3.16
Settlement adjustments [3]	-	($1.0)	($2.61)	$0.42	$1.43	-	($0.53)	($0.63)

[1] Million pounds of copper. In 2015 and 2016 deliveries are under the tolling agreements with DET and Maricunga. Q3-2015 and Q4-2015 amounts exclude tailings processed from Cauquenes.
[2] Copper recorded price per pound, for the period before notional smelting and refining charges and settlement adjustments to prior quarters' sales/deliveries.
[3] Settlement adjustments to prior quarter's sales/deliveries, expressed in millions of dollars

Q2 and 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 and a substantial decline in copper prices. Q2-2015 revenue was positively impacted by higher production levels, despite lower realized copper prices. Q3-2015 revenue was affected by lower copper sales, lower copper prices and negative revenue settlement adjustments due to pricing terms. Q4-2015 revenue was affected by lower production (as they exclude Cauquenes production) and lower copper prices.Q1-2016 revenue was positively impacted by stronger copper production as Cauquenes ramped-up.

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

	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014
Tolling costs [1]	$21.66	$13.26	$15.29	$18.14	$18.97	$21.46	$20.37	$19.53
Unit tolling cost [2]	$1.70	$1.78	$1.88	$1.93	$2.15	$1.91	$1.97	$2.10

[1] Millions of dollars.
[2] Tolling costs divided over number of pounds of copper delivered. Q3-2015 and Q4-2015 amounts exclude tailings processed from Cauquenes.

Tolling costs are affected by production levels, input costs -particularly power costs-, copper prices and the depreciation or appreciation of the CLP to the U.S. dollar. 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 on the modification to agreements with DET which increased the estimated useful lives of MVC's assets. 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 decreased from prior quarter levels. In Q1-2015 total tolling costs decreased due to lower production, but the decrease in costs was insufficient to maintain the low unit costs that had been achieved in prior quarters. In Q2, Q3 and Q4-2015, total and unit tolling costs decreased consistently each quarter as a result of lower production levels, cost reductions at MVC and a weaker CLP compared to the U.S. dollar. Tolling costs in Q3 and Q4-2015 also decreased due to suspension of Colihues operations. Q4-2015 cost data did not include Cauquenes tolling costs which were capitalized as pre-operating costs. Q1-2016's tolling cost increased due to a substantial increase in production which also resulted in lower unit costs.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Group generated cash of $1.5 million in operations, compared to $17.1 million used in operations in Q1-2015.

Excluding the effect of changes in working capital accounts, the Group generated cash of $1.4 million (Q1-2015: $1.2 million).

Cash Flow from Financing Activities

The Group received $7.8 million in debt proceeds net of transaction costs in Q1-2016 (Q1-2015: $22.1 million) and made debt repayments of $3.4 million ($nil in Q1-2015).

Cash Flow from Investing Activities

In Q1-2016, the Group used cash of $3.7 million for payments of capital expenditures, including final payments on the Cauquenes expansion (Q1-2015: $8.7 million).

Liquidity and Financial Position

The Group's cash and cash equivalents at March 31, 2016 totaled $11.8 million (December 31, 2015: $9.0 million), and the Group had working capital of $0.1 million at March 31, 2016, compared to a working capital deficiency of $6.0 million at December 31, 2015.

The Group operates in a cyclical industry where levels of cash flow are closely correlated to the market prices for copper. While MVC is a valuable long-life asset with a strategic relationship with El Teniente, the world's largest underground copper mine, its liquidity and financial position have been affected by a sharp decrease in copper price, from an average LME price of $2.64/lb in Q1-2015 to an average LME price of $2.12/lb in Q1-2016.

Phase one of the Cauquenes expansion was completed in December 2015, providing MVC with access to high-grade historic tailings that are expected to increase production from 37.3 million pounds of copper in 2015 to an estimated 55.0 to 60.0 million pounds in 2016. As a result of the projected production increase, and the effect of continued cost reductions, annual cash cost is projected to decrease from $2.18/lb in 2015, to a cash cost of $1.65/lb to $1.85/lb in 2016. Refer to Cautionary Statement on Forward Looking Information (page 22).

Under these conditions, the Group expects to meet its obligations for the next 12 months from cash flow generated from operations and from the $7.0 million that remain available in 2016 through the DET Expansion Support Facility, at a monthly rate of $1.0 million, provided average LME monthly copper prices remain below $2.80/lb.

At March 31, 2016, the Group had $13.0 million of undrawn, committed credit facilities and $7.0 million undrawn from the DET Expansion Support Facility.

In addition to the above facilities, in 2016 MVC and DET reached an agreement to defer DET notional royalties during a four-month period, from March to June 2016. MVC also reached an agreement with its power provider to reduce rates in the existing power supply contracts between the parties, resulting in annual power cost reductions of approximately $1.5 million in each of 2016 and 2017, and to defer 20% of power payments from H1-2016 to H2-2016, when production levels and as a result, operating cash flow, are expected to be stronger.

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, 2016 were $96.0 million (December 31, 2015: $87.6 million).

Borrowings

(Thousands)	March 31, 2016 $	December 31, 2015 $
Cauquenes Expansion Loan (a)	62,782	57,471
Cauquenes Expansion VAT Facility (b)	5,240	8,026
DET Expansion Support Facility (c)	10,305	7,148
	78,327	72,645
Comprised of:		
Short-term debt and current portion of long-term debt	16,674	17,964
Long -term debt	61,653	54,681
	78,327	72,645

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 $64.4 million for 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 5.81% per annum (to be reduced to 5.56% per annum once MVC meets the completion criteria set in the Cauquenes Expansion Loan) for 75% of the facility, both fixed 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, 2016 was 4.35% per annum (and would be 4.10% per annum during operation).

Interest is paid semi-annually starting on June 30, 2015. The Cauquenes Expansion Loan has a maximum repayment term of 6 years consisting of 12 equal semi-annual principal payments commencing on June 30, 2016. The repayment term may be shortened without penalty in accordance with the provisions of the Cauquenes Expansion Loan.

MVC incurred due diligence, bank fees and legal costs of $2.4 million, recognized as transaction costs that are being amortized over the term of the loan using the effective interest rate method.

The balance of the loan (net of transaction costs) at March 31, 2016 was $62.8 million (December 31, 2014: $57.5 million).

MVC has provided security for the Cauquenes Expansion Loan in the form of a charge on all of MVC's assets, and MVC is subject to bank covenants (current ratio, tangible net worth and debt service coverage ratio) to be measured semi-annually starting on December 31, 2015.

At December 31, 2015, MVC was in compliance with the tangible net worth ratio ($90.0 million), and received waivers from BBVA and EDC in respect of non-compliance with the current ratio (requirement of 1.0) and debt service coverage ratio (requirement of 1.2).

MVC had a requirement to fund a debt service reserve account ("DSRA") for an estimated amount of $7.0 million from the proceeds of the final disbursement from the Cauquenes Expansion Loan. BBVA and EDC waived the final disbursement funding requirement and deferred funding of the DSRA to the second half of 2016.

Concurrently with the Cauquenes Expansion Loan, MVC entered into an interest rate swap ("IRS") with BBVA to fix 75% of the interest payable on that facility. On March 31, 2016, the fair value of the IRS was determined to be $0.9 million and mark-to-market adjustments of $0.2 million were recognized in loss in Q1-2016, as a component of finance expense. The interest rate swap has a term to December 27, 2018.

b) Also on March 25, 2015, MVC entered into a CLP 5,700.0 million (approximately $9.0 million at the loan grant date) facility with BBVA to finance the value added tax 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 plus 1.75%, which at March 31, 2016 was 6.22% per annum. Principal of $3.4 million received through a VAT refund and interest of $0.1 million were paid in connection with this facility in Q1-2016. The balance of the loan at March 31, 2016 was $5.2 million (December 31, 2015: $8.0 million).

c) The Group has $30.0 million in additional credit facilities, including a $17.0 million DET Expansion Support Facility (page 17) and a $13.0 million standby line of credit from three Amerigo shareholders. The shareholders line of credit had an original availability date to March 25, 2016 and was extended to March 25, 2017. No security was provided in connection with these facilities. At March 31, 2016, $10.0 million had been drawn from the DET Expansion Support Facility (December 31, 2015: $7.0 million) and no funds had been drawn from the shareholders line of credit. The Group incurred an annual commitment fee of $0.1 million in respect of the stand-by line of credit in 2016 and 2015.

AGREEMENTS WITH CODELCO'S EL TENIENTE DIVISION

In 1991, MVC entered into a contract with DET to process the fresh tailings from El Teniente for a term that through several contract modifications was extended to 2021 (collectively, the "Fresh Tailings Contract"). In 2009, MVC and DET entered into an agreement to process the tailings from Colihues, one of El Teniente's historic tailings deposits (the "Colihues Contract"). On April 8, 2014 MVC and DET entered into a contract (the "Master Agreement") for the purchase by MVC of the rights to process tailings from an additional historic tailings deposit, Cauquenes, for a term to the earlier of its depletion or 2033, and extending the Fresh Tailings Contract from 2021 to 2037 and the Colihues Contract to the earlier of its depletion or 2037.

Until December 31, 2014, royalties were payable to DET in respect of copper concentrates produced by MVC. DET royalties were calculated using the average LME copper price for the month of production of the concentrates. Adjustments to the DET royalties were recorded on a monthly basis for changes in the amount of copper concentrates during the settlement period. DET royalties were recorded as components of production costs.

On February 3, 2015, MVC and DET entered into a second modification to the Master Agreement which changed the legal relationship between the parties for the period from January 1, 2015 to December 31, 2022. During this period, production of copper concentrates by MVC has and will be conducted under a tolling agreement with DET. Title to the copper concentrates produced by MVC is retained by DET and MVC earns tolling revenue, calculated as gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET royalties and transportation costs). The notional DET royalties precisely mimic the former royalty arrangements between MVC and DET.

Notional royalties for copper concentrates produced from fresh tailings are determined through a sliding scale formula tied to copper prices. Until August 1, 2015, no notional royalties applied at copper prices below $0.80/lb and notional royalties increased to a maximum of 13.5% at copper prices of $1.30/lb or higher. As of August 1, 2015, the sliding scale changed to a range of copper prices from $1.95/lb (13.5%) to $4.80/lb (28.4%), and exchange rate provisions that increased notional royalties were eliminated.

Notional royalties for copper concentrates produced from Colihues historic tailings are determined through a sliding scale for copper prices ranging from $0.80/lb (3%) to $4.27lb (approximately 30%). The parties are required to review costs and potentially adjust notional royalty structures for copper production from Colihues tailings if the copper price remains below $1.95/lb or over $4.27/lb for three consecutive months.

Notional royalties for copper concentrates produced from Cauquenes historic tailings are determined through a sliding scale for copper prices ranging from $1.95/lb (16%) to $5.50/lb (39%);

Until August 1, 2015, MVC paid 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. As of August 1, 2015, these terms were amended to a sliding scale global molybdenum royalty for molybdenum prices between $7.31/lb (9%) and $40/lb (19.7%).

The Master Agreement contains provisions requiring the parties to meet and review cost and notional royalty/royalty structures in the event monthly average prices fall below certain ranges and projections indicate the permanence of such prices over time. The review of all notional royalty/royalty structures is to be carried out in a manner that gives priority to the viability of the Master Agreement and maintains the equilibrium of the benefits between the Parties.

The Master Agreement also contains three early exit options exercisable by DET within 2021 and every three years thereafter only in the event of changes unforeseen as of the date of the Master Agreement. The Company has currently judged the probabilities of DET exercising any of these early exit options as remote.

On August 29, 2014, DET and MVC entered into a first modification to the Master Agreement, which provided for deferral of payment of up to $9.1 million in DET royalties in 2014 in order for MVC to expedite certain works associated with the Cauquenes expansion. The deferred amounts were paid in full in Q1-2015.

On February 3, 2015, MVC and DET entered into a second modification to the Master Agreement under which MVC's production of copper concentrates is being conducted under a tolling agreement with DET - as described in preceding paragraphs- and DET provided a copper price support agreement to assist MVC with the Cauquenes expansion in an amount of up to $17.0 million (the "DET Expansion Support Facility"). MVC will draw down $1.0 million from the DET Expansion Support 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, up to the $17.0 million maximum. The DET Expansion Support Facility bears interest at a rate of 0.6% per month and is subordinate to MVC's bank financing. As at March 31, 2016, MVC had drawn down $10.0 million from the DET Expansion Support Facility (December 31, 2015: $7.0 million). The DET Expansion Support Facility will be repaid starting in January 2017 and up to December 31, 2019 at a rate of $1.0 million per month, provided this repayment rate does not preclude MVC from making the semi-annual principal debt repayments described on the Cauquenes Expansion Loan. MVC does not currently anticipate making principal repayments to the DET Expansion Support Facility within the twelve months following March 31, 2016. MVC may repay the DET Expansion Support Facility in advance and without penalty, provided its bank debt holders pre-approve the advance payments.

In Q1-2016, MVC and DET reached an agreement to defer DET notional royalty during a four-month period, from March to June 2016. At March 31, 2016, $1.3 million of adjustments had been deferred.
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At March 31, 2016, the accrual for DET notional royalties was $7.3 million (December 31, 2015: $4.2 million), representing four months of notional royalties (2015: three months of notional 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 was completed in December 2015, $4.5 million under budget. It has enabled MVC to extract Cauquenes tailings for processing in MVC's existing processing plant and is expected to increase MVC's copper processing levels. The phase one Capex budget was $71.1 million and actual Capex was $66.6 million.

Subsequent to phase one MVC plans to upgrade its existing plant and operations in order to increase 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 production.

OTHER MD&A REQUIREMENTS

Impairment Analysis

As at March 31, 2016, 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): 2016: $2.16; 2017: $2.30; 2018: $2.53; 2019: $2.68; 2020: $2.84; 2021 to 2037: $3.00.

- Power costs (excluding benefit from self-generation): From 2016 to 2027 costs are per contractual estimates (2016: $0.09774/kWh, 2017: $0.09773/kWh, 2018 to 2037: $0.11317/kWh).

- Operating costs based on historical costs incurred and estimated forecasts.

- Tolling/production volume and recoveries as indicated in MVC's mining plan from 2016 to 2037, including processing of fresh tailings and historic tailings from the Colihues and Cauquenes deposits.

- Discount rate: 7% after tax

Based on these assumptions, management's impairment evaluation did not result in the identification of an impairment loss as of March 31, 2016. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgements. The Group's impairment model is very sensitive to changes in estimated metal prices and operating costs, particularly estimated power costs beyond MVC's current power contracts and operating results from the Cauquenes deposit that may differ from current projections. Changes in these variables might trigger an impairment that could be material.

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 the Company except for certain outstanding Class A shares which are owned indirectly by the Company's Chairman, an associate of the Chairman and a former director of the Company. 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.

In Q1-2016, the Group and the Class A shareholders entered into an agreement to defer payment of the Royalty derived from Cauquenes production (the "Cauquenes Royalty) with effect from January 15, 2016 to February 27, 2017 (the "Deferral Termination Date"). The Cauquenes Royalty that is deferred and which remains unpaid at the Deferral Termination Date will be increased by the amount of $0.005 per pound. At March 31, 2016, $0.1 million of Cauquenes Royalty was deferred pursuant to this agreement.

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, 2016 was $9.7 million (December 31, 2015: $8.9 million), with a current portion of $1.1 million (December 31, 2015: $0.9 million) and a long-term portion of $8.6 million (December 31, 2015: $8.0 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During Q1-2016, royalties totaling $0.2 million were paid or accrued to the Class A shareholders (Q1-2015: $0.1 million). At March 31, 2016, $0.2 million of this amount remained payable (December 31, 2015: $0.1 million).

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 $0.7 million in Q1-2016 (Q1-2015: $1.1 million), for a total royalty derivative expense of $0.9 million (Q1-2015: $1.2 million).

b) Directors' fees and remuneration to officers

During Q1-2016, the Group paid or accrued $0.3 million in salaries and fees to companies associated with certain directors and officers of Amerigo (Q1-2015: $0.3 million).

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

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

In the same period, Amerigo paid or accrued $0.1 million in directors' fees to independent directors (Q1-2015: $0.1 million). In Amerigo's consolidated financial statements, directors' fees and remuneration to officers are categorized as salaries, management and professional fees. These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In Q1-2016, 3,350,000 options were granted to directors and officers of the Company (Q1-2015: 1,850,000 options).

c) As of March 31, 2016 one of Amerigo's officers acted as an officer of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) As of March 31, 2016 one of Amerigo's officers acted as an officer 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

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2015, except, except as addressed below.

Start date of Cauquenes operations:

MVC commenced processing tailings from the Cauquenes deposit during September 2015 from one of the two sumps built as part of the Cauquenes phase one expansion. Construction, commissioning and testing continued to December 2015. When a project nears the end of construction, management has to exercise judgment to determine the date in which the asset was in the location and condition necessary to operate as intended by management. The identification of this date is important since it establishes the point in time at which costs cease to be capitalized unless they provide an enhancement to the economic benefits of the asset, borrowing costs cease to be capitalized, processing costs begin to stabilize, the capitalization of pre-start-up revenue ceases and depreciation of the asset commences. Management determined the appropriate start date of the Cauquenes operations to be January 1, 2016.

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, 2016.

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 $0.4 million per month.

b) MVC entered into agreements with its current power provider to supply MVC's annual power requirements during the period from January 1, 2018 to December 31, 2027. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to be approximately $1.3 million per month.

c) In 2011 Amerigo and an unrelated corporation entered into a joint agreement for the lease of office premises in Vancouver. The Company's share of rent commitments for the remaining term of the lease to July 31, 2016 is approximately $0.1 million.

d) Amerigo entered into an agreement for the lease of office premises in Vancouver for a five year period commencing December 1, 2016. Amerigo's rent commitments during the term of the lease are expected to be approximately $0.5 million.

e) 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 2, 2016, Amerigo has outstanding 174,682,058 common shares and 13,200,000 options (exercisable at prices ranging from Cdn$0.14 to Cdn$1.12 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;
- the extension of El Teniente's useful life and the extent of its remaining ore reserves;

- 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;
- the timing and costs of construction and tolling/production, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp-up to full production from Cauquenes;
- our ability to procure or have access to financing (including funding of the remaining phases of the Cauquenes project) 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 (including our plan to upgrade our existing plant and operations after phase one of the Cauquenes project is complete) and estimates of asset retirement, royalty, severance and other obligations;
- our future capital and tolling or 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 and 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;
- levels of and 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 or 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.