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Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter Ended March 31, 2011

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

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

C O M P A N Y   P R O F I L E

Amerigo Resources Ltd. (“Amerigo”) owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term contractual relationship with the National Copper Corporation of Chile (“Codelco”) to treat fresh and old tailings from Codelco’s El Teniente mine, the largest underground copper mine in the world. Chile is the world’s largest copper mining country, and Codelco is the world’s largest copper producer. It is estimated that Codelco owns approximately 20% of all known copper reserves on earth. Codelco produced 1.689 million tonnes of copper and generated a pre-tax profit of $5.799 billion in 2010. El Teniente commenced operations in 1904 and has a remaining mine life that is estimated will run for decades. Since MVC was built in 1992, Codelco has almost doubled production from El Teniente, and Codelco's mine plans contemplate continued expansion of operations at El Teniente for the foreseeable future.

The fresh tailings come from El Teniente's current production, and the old tailings mainly from a tailings pond located near MVC’s plant that originally contained more than 200 million tonnes of material. The copper grade of the old tailings is approximately 2-3 times that of the fresh tailings. Production has been higher in recent quarters as MVC continues to increase the volume of these old tailings that it processes. The Company expects that it will continue to increase processing levels of old tailings to the maximum contractual rate, further improving production and profitability from current levels. In addition, there are 2 other tailings ponds in the area, the rights to which MVC hopes to obtain in the future. These 3 tailings ponds combined contain a similar size copper resource as that of the Highland Valley Copper mine, the largest copper mine in Canada, when it first started operations.

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

I N T R O D U C T I O N

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Company”), is prepared as of June 10, 2011, and should be read in conjunction with the Company’s unaudited consolidated financial statements and related notes for Q1-2011 and the audited consolidated financial statements and related notes for the year ended December 31, 2010.

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

We note that the Company’s financial statements are reported under International Financial Reporting Standards (“IFRS”) for the first time this quarter. The effects of the Company’s conversion from Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to IFRS have been identified in Note 19 of the Company’s March 31, 2011 unaudited condensed consolidated interim financial statements and in this MD&A. Reference is made in this MD&A to various measures such as cash flow per share from operating activities, cash-adjusted operating profit (operating profit before the effect of non-cash items such as depreciation, amortization and share-based compensation expense), and cash cost and total cost (both of which do not have a standardized meaning but are widely used in the mining industry as performance indicators).

The Company’s reporting currency is the US Dollar.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

H I G H L I G H T S and S I G N I F I C A N T E V E N T S

Key achievements

Due to strong first quarter production levels, gross profit and operating profits were substantially higher than in Q1-2010. The Company also benefitted from the sale of a portion of its financial investments to record its highest quarterly profit in recent years. The Company:

- Set new records for first quarter copper and molybdenum production. MVC produced 5,051 tonnes of copper, 30% higher than the 3,896 tonnes produced in Q1-2010. Copper production from the processing of old tailings increased from 1,476 tonnes in Q1-2010 to 2,055 tonnes in Q1-2011. Molybdenum production at 212,125 pounds was 20% higher than the previous first quarter record of 176,967 pounds produced in Q1-2006.

- Posted quarterly revenue of $45,515,500, compared to $29,656,765 in Q1-2010, a substantial increase due to higher production and stronger copper and molybdenum prices.

- Generated quarterly gross profit of $6,122,073, compared to $3,281,553 in Q1-2010, and operating profit of $5,247,040, compared to $2,222,207 in Q1-2010.

- Posted a quarterly profit after tax of $11,654,286, compared to $1,500,292 in Q1-2010.

- Sold 5,000,000 shares of Candente Copper Corp. ("Candente Copper"), resulting in a gain on sale of available-for-sale financial assets of $9,750,931, recognized in earnings. As a result, the Company's profit before tax for the period increased to $14,809,453, compared to $1,831,619 in Q1-2010. The Company continues to hold 5,788,280 shares in Candente Copper.

- Generated quarterly operating cash flow of $8,484,095, compared to $3,823,849 in Q1-2010.

- Held consolidated cash of $37,175,251 and working capital of $35,760,795 as of March 31, 2011.

- Made quarterly principal repayments of $3,824,637 on loans outstanding, including $1,887,155 to Enami, fully repaying that loan and $1,937,482 to Chilean banks. Bank debt was $10,701,547 as of March 31, 2011.

- Paid a semi-annual dividend of Cdn$0.02 per share on May 5, 2011 to shareholders of record as of April 22, 2011.

- Subsequent to quarter end, executed an agreement with El Teniente for the treatment of tailings with high oxide content and completed the construction of a pilot plant to produce copper from highly oxidized tailings at a total cost of approximately $7.6M and a cost to MVC of approximately $3.8M.

Financial results

- Quarterly gross profit was $6,122,073 and profit after tax was $11,654,286, compared to gross profit of $3,281,553 and profit after tax of $1,500,292 in Q1-2010.

- Revenue was $45,515,500 compared to $29,656,765 in Q1-2010, due to higher production and stronger copper and molybdenum prices. Cost of sales was $39,393,427, compared to $26,375,212 in Q1-2010, an increase driven by higher power and royalty costs. Royalty costs are based on production levels and monthly average copper prices.

Production

- The Company produced 11.13 million pounds of copper, 30% higher than the 8.59 million pounds produced in Q1-2010.

- Molybdenum production was 212,125 pounds, 48% higher than the 143,371 pounds produced in Q1-2010, mainly as a result of increased processing of old tailings and improved recovery rates.

Revenue

- Revenue increased to $45,515,500 compared to $29,656,765 in Q1-2010 due to higher average copper and molybdenum prices and higher production. The Company's copper selling price before smelter, refinery and other charges was $4.23/lb compared to $3.20/lb in Q1-2010, and the Company's molybdenum selling price was $17.21/lb compared to $16.16/lb in Q1-2010. Copper sales volume increased 28% and molybdenum sales volume was 35% higher than in Q1-2010.

Costs

- Cash cost (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty increased to $2.33/lb from $1.92/lb in Q1-2010, mainly the result of high power grid costs due to an ongoing drought in Chile, and limited operation of the Company's power generators in the period.

- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was $3.58/lb compared to $2.97/lb in Q1-2010. The increase in total cost resulted from higher cash costs and higher El Teniente royalty charges due to stronger copper and molybdenum prices.

- Power costs were $12,215,928 ($0.1928/kwh) compared to $8,040,576 ($0.1479/kwh) in Q1-2010. The increase in power costs was mostly the result of higher power grid costs due to an ongoing drought in Chile, mitigated by a contract price ceiling with MVC's energy provider that was lower than actual current marginal energy costs in the quarter, and by the contribution from the operation of one of the Company's power generators. Power costs were $1.04/lb in Q1-2011, compared to $0.94/lb in Q1-2010.

- Another factor affecting cash and total costs was a reduction of $0.15/lb in molybdenum by-product credits in Q1-2011. In Q1-2010, by-product credits were substantially higher due to positive molybdenum pricing adjustments to prior quarters' sales.

Cash and Financing Activities

- Cash balance was $37,175,251 at March 31, 2011 compared to $35,044,797 at December 31, 2010.

Investments

- Payments for capital expenditures were $3,357,557, compared to $2,953,714 in Q1-2010. Capital expenditures incurred in Q1-2011 totaled $5,148,616 (Q1-2010: $2,096,676).

- The Company's investments in Candente Copper Corp. ("Candente Copper)", Candente Gold Corp. ("Candente Gold") and Los Andes Copper Ltd. ("Los Andes") had aggregate fair values of $15,644,233 at March 31, 2011 (December 31, 2010: $25,583,511), after the sale of 5,000,000 Candente Copper shares in Q1-2011. The Company received $10,405,571 from the sale of Candente Copper shares, which resulted in a gain of $9,750,931 recognized in quarterly profit.

Outlook

- Production in fiscal 2011 is expected to be about 50 million pounds of copper and approximately one million pounds of molybdenum. Power costs have continued to be high during Q2-2011. Power costs in the second half of 2011 will depend on the normalization of weather conditions.

OPERATING RESULTS

The Company produced 5,051 tonnes of copper in Q1-2011, 30% higher than in Q1-2010, as the Company continues to benefit from the mining plan to process old tailings containing higher grade material. Molybdenum production was 212,125 lbs, an increase of 48% compared to Q1-2010, mainly due to increased processing of old tailings and improved recoveries.

Copper prices were consistently strong in Q1-2011. Average LME copper prices were $4.33/lb in January, $4.48/lb in February and $4.32/lb in March, compared to $4.15/lb in December 2010. This represents an average LME price for the quarter of $4.38/lb. The Company's Q1-2011 copper sales were priced at an average price of $4.23/lb. The Platt's published molybdenum dealer oxide prices were $17.03/lb in January, $17.59/lb in February and $16.90/lb in March, compared to $16.02/lb in December 2010.

Gross profit was $6,122,073, compared to $3,281,553 in Q1-2010, and gross profit excluding amortization (a non-cash item) was $9,480,955, compared to $5,847,395 in Q1-2010.

Production

	Q1-2011	Q1-2010
Copper produced, tonnes	5,051	3,869
Copper produced, million lbs	11.13	8.59
Molybdenum produced, lbs	212,125	143,371

Revenue

	Q1-2011	Q1-2010
Average LME copper price	$ 4.38/lb	$ 3.28/lb
Average Platt's molybdenum dealer oxide price [1]	$ 17.17/lb	$ 15.78/lb
Copper sold, tonnes	4,935	3,855
Copper sold, million lbs	10.88	8.50
Molybdenum sold, lbs	185,404	137,094
Revenue, copper delivered during period [2]	$42,507,050	$ 24,608,137
Settlement adjustments to prior periods' sales	55,343	1,399,276
Total copper net sales during period	42,562,393	26,007,413
Revenue, molybdenum delivered during period [3]	2,616,161	1,816,992
Settlement adjustments during period	336,946	1,832,360
Total molybdenum net sales during period	2,953,107	3,649,352
Total revenue during period	$ 45,515,500	$ 29,656,765
Company's recorded copper price [4]	$ 4.23/lb	$ 3.20/lb
Company's recorded molybdenum price [5]	$ 17.21/lb	$ 16.16/lb

[1] Basis price for the Company's molybdenum sales.
[2] After smelter, refinery and other charges, excluding settlement adjustments to prior periods' sales.
[3] After roasting charges, excluding settlement adjustments to prior periods' sales.
[4] Copper recorded price for the quarter before smelter and refinery charges and settlement adjustments to prior periods' sales.
[5] Molybdenum recorded price for the quarter before roasting charges and settlement adjustments to prior periods' sales.

Revenue in Q1-2010 was $45,515,500 compared to $29,656,765 in Q1-2010, including copper revenue of $42,562,393 (Q1-2010: $26,007,413) and molybdenum revenue of $2,953,107 (Q1-2010: $3,649,352). Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased 64% from Q1-2010 due to higher deliveries and stronger average copper prices in the quarter.

In Q1-2011 the Company recorded positive copper pricing adjustments to prior quarter's sales of $55,343, compared to positive adjustments of $1,399,276 in Q1-2010.

Copper produced by the Company is sold under two sales agreements with Chile's Empresa Nacional de Minería ("Enami") that establish a delivery schedule of monthly sales quotas. For the 2011 quotas, the pricing term set for the Company's copper sale price is the average market price for the following month ("M+1"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to Enami in one month is being sold at market prices prevailing in the following month.

Q1-2011 molybdenum revenue was $2,953,107, lower than $3,649,352 in Q1-2010. Although the Company recorded a 36% increase in molybdenum deliveries, comparative revenues were adversely affected by molybdenum pricing adjustments of $336,946 in the quarter compared to positive adjustments of $1,832,360 in Q1-2010.

Molybdenum produced by the Company is sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2011 provides that the sale price is the average market price for the month of delivery ("M").

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter, refinery and roaster charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is determinable.

Cash Cost and Total Cost

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

A reconciliation of cost of sales to cash cost and total cost in fiscal Q1-2011 and Q1-2010 is presented below:

	Q1-2011	Q1-2010
Cost of sales	39,393,427	26,375,212
Add:		
Smelter and refinery charges	3,463,551	2,578,298
Deduct:		
Molybdenum by-product credits	(2,953,107)	(3,649,352)
Total cost	39,903,871	25,304,158
Deduct:		
El Teniente royalties	(10,551,802)	(6,321,273)
Depreciation and amortization	(3,358,882)	(2,565,842)
Cash cost	25,993,187	16,417,043
Lbs. of copper produced	11.13M	8.59M
Cash cost/lb	**2.33**	**1.92**
Total cost/lb	**3.58**	**2.97**

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

	Q1-2011	Q4-2010	Q3-2010	Q2-2010	Q1-2010
Power costs	1.04	0.88	0.80	0.84	0.94
Steel costs	0.27	0.27	0.16	0.20	0.24
Other costs	0.87	0.64	0.60	0.54	0.75
By-product credits	(0.27)	(0.21)	(0.20)	(0.14)	(0.42)
Smelter & refinery	0.31	0.31	0.27	0.28	0.29
Administration	0.08	0.09	0.05	0.06	0.09
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	**$2.33**	**$2.01**	**$1.71**	**$1.81**	**$1.92**

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

Cash cost was $2.33/lb in Q1-2011 compared to $1.92/lb in Q1-2010, an increase of $0.41/lb, the result of a $0.12/lb increase in other costs, a $0.15/lb reduction in by-product credits, a $0.10/lb increase in power costs and a 0.$03/lb increase in steel costs. The $0.12/lb increase in total cost corresponds to a one-time charge to production costs of $1,331,755 upon review of the Company's estimates for provisions related to future severance costs expected to be incurred at the termination of the operating contract with El Teniente. Excluding the effect of this charge, cash cost in Q1-2011 was $2.21/lb.

Power, MVC's most significant cost, was $0.1982/kWh in Q1-2011 compared to $0.1479/kWh in Q1-2010. The increase in the price of power in Q1-2011 resulted from higher grid costs, and is net of the benefits obtained from the operation of one the Company's generators for most of the quarter. Power grid costs were contained by a price ceiling in MVC's power supply contract.

One of the generators did not operate in Q1-2011 due to repairs expected to continue through Q2-2011. The reduction to power costs from operating one of the generators in the quarter was $583,717.

Power consumption increased by only 8% in Q1-2011, despite substantially higher production levels. Unit power costs were $1.04/lb compared to $0.94/lb in Q1-2010. Power costs are expected to continue at levels comparable to Q1-2011 until Q3-2011, when it is expected power grid costs will come down and the Company's second generator is expected to be operational.

Steel costs increased $0.03/lb from Q1-2010 and other production unit costs remained at the same level.

Molybdenum by-product credits of $0.27/lb were lower than $0.42/lb in Q1-2010, a quarter with significant positive adjustments to prior quarter sales due to a then pricing term for molybdenum of M+5 in an environment of rising molybdenum market prices.

Administration costs decreased by $0.01/lb compared to Q1-2010, and transportation costs remained comparable to Q1-2010.

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

	Q1-2011	Q4-2010	Q3-2010	Q2-2010	Q1-2010
Cash cost	2.33	2.01	1.71	1.81	1.92
El Teniente royalty	0.96	0.84	0.65	0.67	0.74
Amortization/depreciation	0.29	0.24	0.24	0.26	0.31
Total Cost	$3.58	$3.09	$2.60	$2.74	$2.97

Total cost was $3.58/lb in the quarter, compared to total cost of $2.97/lb in Q1-2010. The most significant impact on the increase in total cost was a $0.41/lb increase in cash costs followed by an increase of $0.22/lb in El Teniente royalties.

FINANCIAL RESULTS – Q1-2011

In Q1-2011, the Company produced 5,051 tonnes of copper (Q1-2010: 3,896 tonnes) and 212,125 lbs of molybdenum (Q1-2010: 143,371 lbs), 30% and 48% increases, respectively, from Q1-2010.

The Company posted an after-tax profit for the period of $11,654,286 (basic and diluted earnings of $0.07 per share), compared to $1,500,292 (basic and diluted earnings of $nil per share) in Q1-2010.

Profit in Q1-2011 includes a gain of $9,750,931 from the sale of approximately half of the Company's shares in Candente Copper.

Revenue

Revenue in Q1-2011 was $45,515,500, compared to $29,656,765 in Q1-2010. Revenue increased due to higher production levels and higher copper and molybdenum prices.

Copper deliveries in Q1-2011 were recorded into revenue on "M+1" pricing, meaning the price paid was the LME average price for the month following delivery of copper concentrates. In the view of the Company, these pricing terms substantially reduce the Company's risk exposure to copper price volatility, and closely match the LME pricing for sales and royalty payments to El Teniente (which are made on an "M", or current month pricing basis). While the Company has evaluated strategies such as price protection or hedging to further minimize commodity price risk, it has decided not to pursue these options at present.

Production Costs

		Q1-2011		Q1-2010
Production costs				
Power costs	$	12,215,928	$	8,040,576
Steel costs		2,986,423		2,062,970
Other production costs		8,994,219		6,361,464
		24,196,570		16,465,010
El Teniente royalty		10,551,802		6,321,273
Depreciation and amortization		3,358,882		2,565,842
Administration		915,096		745,134
Transportation		371,077		277,954
	$	39,393,427	$	26,375,213

Production costs were $39,393,427, compared to $26,375,213 in Q1-2010, an increase of 49% between the two periods mostly attributed to increases of 30% and 48% in copper and molybdenum production levels respectively in Q1-2011. Refer to **Cash Cost and Total Cost** for more detailed analysis of production costs on a unit basis.

The El Teniente royalty increased to $10,551,802 from $6,321,273 in Q1-2010, the result of higher copper prices, and higher production. Average LME copper prices in Q1-2011 were $4.38/lb (Q1-2010: $3.28/lb).

Depreciation and amortization cost was $3,358,882, compared to $2,565,842 in Q1-2010. Amortization increased due to the Company's higher asset base in Q1-2011 and the changes in depreciation methodology under IFRS.

Administration expenses were $915,096 compared to $745,134 in Q1-2010, due to ISO certification fees and increased costs for insurance and general administrative services.

Transportation costs were $371,077, compared to $277,952 in Q1-2010 due to higher deliveries in Q1-2011.

Gross profit

In Q1-2011 the Company's gross profit increased to $6,122,073 from $3,281,553 in Q1-2010 due to higher production and copper and molybdenum prices, mitigated by the effect of higher production costs.

Other expenses

"Other expenses" (costs not related to MVC's production operations) were $875,033 in Q1-2011 and $1,059,346 in Q1-2010. They are composed of general and administration expenses of $1,332,619 (Q1-2010: $1,067,290) and other gains of $457,586 (Q1-2010: other gains of $7,944). General and administration expenses include office and general expenses of $263,317 (Q1-2010: $345,625), salaries, management and professional fees of $362,938 (Q1-2010: $175,832), share-based payment compensation of $526,236 (Q1-2010: $406,613) and royalties to non-controlling interests of $180,128 (Q1-2010: $139,220). Other gains include a foreign exchange gain of $294,759 (Q1-2010: loss of $152,334) and other items, including interest income and non-operating revenue of $162,827 (Q1-2010: $160,278).

Taxes

The Company recorded income tax expense of $3,155,167 in Q1-2011 compared to $331,327 in Q1-2010. Income tax expense includes changes to the Company's future income tax liabilities which arise mainly from timing differences between financial and tax-based amortization expense in MVC. The current tax rate in Chile increased from 17% to 20% in 2011, a temporary increase introduced by the Chilean government in response to the demands imposed on the economy by the reconstruction programs following the February 2010 earthquake.

C O M P A R A T I V E   P E R I O D S

The following tables provide highlights of the Company's quarterly results for the past eight quarters.

	QE March 31, 2011 (IFRS)	QE Dec. 31, 2010 (Canadian GAAP)	QE Sept. 30, 2010 (Canadian GAAP)	QE June 30, 2010 (Canadian GAAP)
Total revenue	$45,515,500	$50,725,991	$39,303,405	$32,433,982
Profit for the period	11,654,286	7,498,172	2,282,098	2,033,010
Earnings per share	0.07	0.04	0.013	0.01
Diluted earnings per share	0.07	0.04	0.013	0.01

	QE March 31, 2010 (IFRS)	QE Dec. 31, 2009 (Canadian GAAP)	QE Sept. 30, 2009 (Canadian GAAP)	QE June 30, 2009 (Canadian GAAP)
Total revenue	$29,656,765	$33,852,105	$24,532,499	$18,067,033
Profit (loss) for the period	1,500,292	3,911,766	3,238,116	(2,325,059)
Earnings per share	0.01	0.03	0.02	(0.02)
Diluted earnings per share	0.01	0.03	0.02	(0.02)

The variance in revenue in the past eight quarters shows the Company's sensitivity to copper and molybdenum prices. Revenue increases as copper prices strengthen and production levels increase. Only revenues in Q1-2011 and Q1-2010 were lower than in preceding quarters due to lower production, as the first quarter of the year is always the lowest production quarter for MVC.

The variance in profits is closely correlated to power costs prevailing in each quarter. Profit in Q1-2011 was positively impacted from a gain on sale of available-for sale financial assets of $9,750,931.

L I Q U I D I T Y and C A P I T A L R E S O U R C E S

Cash Flow from Operations

The Company generated operating cash flow of $8,484,095 (5¢ per share) in Q1-2011, compared to $3,823,849 in Q1-2010 (2¢ per share), before considering the effect of changes in non-cash working capital accounts.

Including changes in non-cash working capital accounts, the Company generated cash from operations of $678,429 in Q1-2011, compared to cash used in operations of $54,200 in Q1-2010.

Cash Flow from Financing Activities

Cash used in financing activities in Q1-2010 was $3,803,043 (Q1-2010: cash received from financing activities of $9,562,564), from debt repayment to Enami of $1,887,155 (Q1-2010: $975,000) and repayments to Chilean bank loans of $1,937,482 (Q1-2010: $874,144). The Company also received $21,594 from the exercise of share purchase options (Q1-2010: $nil). In Q1-2010, the Company received $11,411,708 from the exercise of warrants.

Cash Flow from Investing Activities

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

Payments for capital expenditures were $3,357,557 in Q1-2011 and $2,953,714 in Q1-2010. Capital expenditures incurred in Q1-2011 totaled $5,148,616 (Q1-2010: $2,096,676).

The most significant capital expenditures in Q1-2011 were made in connection with MVC's share of construction of a pilot plant for the production of copper concentrates from highly oxidized tailings, commencement of work for the construction of a third thickener, old tailings extraction expansion works, improvements to electrical installations and projects related to filtration and emissions controls.

In Q1-2011 the Company reached an agreement with El Teniente for the treatment of old tailings with high oxide content and started construction of a pilot plant to better determine the viability of this project. The pilot plant was completed in Q2-2011 at a cost to MVC of approximately $3.8 million.

Liquidity and Financial Position

The Company's cash and cash equivalents at March 31, 2011 totaled $37,175,251, compared to $35,044,797 at December 31, 2010. The Company had working capital of $35,760,795 at March 31, 2011, compared to $24,009,696 at December 31, 2010.

During 2009 and 2010 the Company's cash and working capital positions were severely affected by the sharp decline in copper and molybdenum prices that took place in Q4-2008, requiring the Company to secure bank debt and loans with Enami, Molymet and El Teniente.

Enami provided MVC with a loan to cover payments for negative settlement adjustments to copper sales booked in Q4-2008. The Enami loan was fully repaid in the quarter ended March 31, 2011. The loans with El Teniente and Molymet were repaid in fiscal 2010 and 2009, respectively.

MVC has three bank loans in Chile, denominated in Unidades de Fomento ("UF"), the Chilean indexed monetary unit, U.S. dollars and Chilean pesos, totaling the equivalent of $10,701,547 at March 31, 2011.

The UF loan, in the amount of $2,862,394 at March 31, 2011 (December 31, 2010: $3,893,845), is repayable in eight equal quarterly installments of UF20,950 each, from January 20, 2010 to October 20, 2011.

The U.S. dollar loan had a balance of $3,507,280 at March 31, 2011 (December 31, 2010: $4,006,920). This loan is repayable in eight equal quarterly installments of $500,000 from March 15, 2011 to October 15, 2012,

The Chilean peso loan of $4,331,873 (December 31, 2010: $4,947,511) is repayable in monthly installments of Chilean pesos 79,395,833 each from June 2010 to May 2013. Concurrently with this loan agreement, the Company entered into an interest rate swap with the lending bank to fix the interest rate at 9.95% over the term of the loan.

In connection with the UF and U.S. dollar loans referred to above, MVC has to comply with certain debt covenants at December 31 and June 30 of each year. MVC was in compliance with these covenants (total debt over net equity, interest coverage ratio and financial debt over earnings before interest, depreciation, amortization and taxes) at December 31, 2010.

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

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

The Company's long-term liabilities (long-term portions of bank loans, long-term portion of an interest rate swap, other payables, long-term portion of royalties due to related parties, asset retirement obligations and deferred income tax liabilities) at March 31, 2011 were $36,862,724 (December 31, 2010: $37,505,636).

Investments

At various dates during 2007 and 2008, the Company acquired for investment purposes 10,788,280 common shares of Candente Copper Corp. ("Candente Copper)", an issuer listed on the Toronto, Lima and Frankfurt stock exchanges, at an aggregate cost of $15,861,986. Adjustments The Company's investment in Candente Copper is designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading. Gains or losses arising from changes in fair value are recorded in accumulated other comprehensive income in the Company's consolidated balance sheet until the investment is sold or management determines that an other than temporary impairment in the value of the investment has occurred, at which time gains or losses are transferred into earnings. During the quarter ended March 31, 2011, the Company sold 5,000,000 of its Candente Copper shares, and recognized a gain of $9,750,931 in earnings. At March 31, 2011, Candente Copper's closing share price was Cdn$1.78 and the fair value of the Company's approximately 5% investment in Candente Copper was $10,594,717. During the quarter ended March 31, 2011, the Company recorded other comprehensive income of $2,077,324 (Q1-2010: other comprehensive loss of $931,681) for the changes in fair value of this investment, net of deferred income tax.

On January 4, 2010, the Company received a total of 2,157,656 shares of Candente Gold Corp. ("Candente Gold"), an issuer listed on the TSX, following Candente Gold's spinout from Candente Copper. The initial cost of the Candente Gold shares and subsequent adjustments to fair value required at each balance sheet date are recorded in accumulated other comprehensive income, as the Company's investment in Candente Gold is designated as "available for sale" for accounting purposes. At March 31, 2011, Candente Gold's closing share price was Cdn$0.79 and the fair value of the Company's approximately 4% investment in Candente Gold was $1,752,786. The Company recorded other comprehensive loss of $426,664 (Q1-2010: other comprehensive income of $1,609,482) for the changes in the fair value of this investment, net of deferred income tax.

At various dates during 2007 and 2008, the Company acquired for investment purposes 8,015,000 common shares of Los Andes Copper Ltd. ("Los Andes"), an issuer listed on the TSXV, at an aggregate cost of $3,946,908. Adjustments to fair value are required at each balance sheet date, as the

Company's investment in Los Andes is designated as "available for sale" for accounting purposes. At March 31, 2011, Los Andes's closing share price was Cdn$0.40 and the fair value of the Company's approximately 6% investment was $3,296,730. The Company recorded other comprehensive loss of $470,698 (Q1-2010: other comprehensive income of $88,506) for the changes in the fair value of this investment, net of deferred income tax.

O U T L O O K

Management believes that production levels will continue to be positively impacted in the remaining quarters of 2011. The outlook for copper production in 2011 is close to 50 million pounds. Molybdenum production is expected to be close to the 1 million pounds level.

Financial performance will continue to be positively affected if metal prices remain at current levels. Unit costs will also be favourably affected by increased molybdenum prices and improved production levels, which will result in higher molybdenum credits.

Power costs have remained high at least during the first half of 2011, due to ongoing drought conditions in Chile and the Company's second power generator not being operational. Costs in the second half of 2011 will depend on the normalization of weather conditions.

Given the positive production trends, at prevailing copper and molybdenum prices the Company expects to continue to generate significant operating profits and positive cash flows from operations.

Capital expenditures in 2011 have been revised to be approximately $22,000,000 including further expansion of old tailings extraction facilities, substantial completion of the construction of a third thickener, increasing the capacity of electrical installations, filtration and emissions control projects and the finalization of an oxides pilot plant for the production of copper concentrates from highly oxidized tailings.

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

O T H E R M D & A R E Q U I R E M E N T S

Transactions with Related Parties

a) Royalties to non-controlling interests

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International"). Amerigo International is controlled by Amerigo except for certain outstanding Class A shares with a book value of $1,000. The Class A shares are owned indirectly by a director, a former director and an associate of a former director of Amerigo, and were issued in order to structure a more tax-efficient manner of paying the royalty obligation (the "Royalty") owing to the director and former director, who transferred to the Company the rights to purchase the interest in MVC.

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

The Royalty is calculated as follows:

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

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

The Royalty is a derivative financial instrument. This liability is measured at fair value, with changes in fair value recorded in profit for the period. The fair value of the liability at March 31, 2011 is $5,871,376 (December 31, 2010: $6,006,429).

For MVC production up to the end of 2010, the Royalty was paid as a royalty dividend on the Class A shares of Amerigo International. During the quarter ended March 31, 2011, Royalties totalling $180,128 were paid or accrued to the Amerigo International Class A shareholders on production in the period (Q1-2010: $139,221). At March 31, 2011, $71,066 of this amount remained outstanding (December 31, 2010: $67,064).

b) Remuneration to officers

During the three months ended March 31, 2011, the Company paid or accrued $210,979 in fees to companies associated with certain directors and officers of Amerigo (three months ended March 31, 2010: $86,216 which included reversals to prior booked management bonus accruals).

In the three months ended March 31, 2011, a total of 2,500,000 options were granted to directors and officers of the Company.

c) As of March 31, 2011, 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, 2011, one of Amerigo's directors acted as a director and one of Amerigo's officers acted as an officer of Candente Copper, a company in which Amerigo holds an investment.

e) As of March 31, 2011, one of Amerigo's officers acted as an officer of Candente Gold, a company in which Amerigo holds an investment.

f) As of March 31, 2011, two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes, a company in which Amerigo holds an investment.

Contingencies

In Q3-2007, the Chilean internal revenue service ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the fiscal years 1999 to 2004. The tax assessment claimed that some of these losses could be denied and MVC could face a tax liability of approximately $905,000 at current exchange rates. The Company believed there was no merit to this assessment and retained legal counsel to prepare a response to SII in accordance with Chilean law. A final resolution on this matter has been reached. Losses of approximately $1,000,000, corresponding to certain depreciation charges, were declined as valid tax-deductible expenses, but remain available for inclusion as tax expenses in subsequent periods. MVC will prepare revised tax returns to include the effect of including these charges in subsequent periods once an ongoing review from the SII for the fiscal year 2006 is concluded.

In the fourth quarter of 2007, SII issued a tax assessment to MVC for adjustments, penalties and interest of approximately $142,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as MVC does not "exploit" under the definition of the Chilean Income Tax Law. Even if the mining royalty tax applied to MVC, tax would not have been payable in 2006 as MVC's production levels that year fell below the threshold prescribed by SII for this tax. MVC retained legal counsel to prepare a response to SII on this matter. MVC also received additional tax assessments for the years 2007 and 2008 in the amounts of approximately $30,700 and $43,400, respectively. MVC appealed these additional assessments. In June 2010 the Chilean tax tribunal ruled in favour of the Chilean SII and the Company appealed this ruling. In January 2011, the court of appeals ruled in favour of MVC on these matters.

No amounts have been recorded by the Company in respect of these matters.

IFRS Implementation Plan

Effective January 1, 2011, Canadian publicly traded entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date was January 1, 2010. The three months dated March 31, 2011 were the Company's first reporting period under IFRS.

The Company has completed its IFRS conversion project through implementation. Post-implementation will continue in the following quarters of 2011.

The IFRS transitional impact is outlined below.

<u>Reconciliations of the statements of financial position</u>

As a result of the policy choices selected and the changes the Company was required to make under IFRS an increase to equity of approximately $3.2 million was recorded as at January 1, 2010.

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company. These differences result in the adjustments presented in the statements of financial position and comprehensive income presented below.

Note 1. The Company has a royalty dividend payable to certain related parties. This arrangement was originally entered as consideration for the rights to purchase the interest in MVC. Under Canadian GAAP, the royalty dividend interest was accounted for as a minority interest, measured at a nominal amount of $1,000. Under IFRS, the royalty dividend is a derivative financial instrument and the flow of royalties estimated to be payable to related parties to 2021 needs to be measured as such, through the recognition of a liability in the Company's statement of financial position. This liability has been recorded at fair value, with changes in fair value recorded in profit for the period.

Note 2. Under Canadian GAAP, the Company and all of its subsidiaries had a U.S. dollar measurement currency. Under IFRS, the functional currencies of the Company and MVC are the Canadian dollar and Chilean peso, respectively. The Company's presentation currency remains the U.S. dollar. The current rate method is required to be applied to all entities where the functional currency is different from the presentation currency, resulting in an adjustment on transition to IFRS.

Note 3. On transition to IFRS, the cost of MVC's plant and equipment was deemed to be the previous Chilean GAAP revalued amount. Additionally, plant and equipment was analyzed on a component-level, based on the significance of components to total cost. Depreciation timeframes were established for significant components.

Note 4. Tax effect of IFRS adjustments – Adjustments were recorded related to the income tax impact of the Canadian GAAP to IFRS reconciling differences.

Note 5. Under Canadian GAAP, the Company recorded stock based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share based compensation for each tranche within an award over the vesting period of the corresponding tranche.

Note 6. Certain balances have been reclassified within statement of financial position accounts.

	Note	January 1, 2010 (Canadian GAAP) $	Transition Impact $	January 1, 2010 (IFRS) $
Assets				
Current assets				
Cash and cash equivalents		7,191,093	-	7,191,093
Trade and other receivables	6	19,241,121	32,147	19,273,268
Inventories	6	4,666,104	-	4,666,104
		31,098,318	32,147	31,130,465
Non-current assets				
Available-for-sale financial assets		6,754,790	-	6,754,790
Property, plant and equipment	2,3	121,783,483	7,370,175	129,153,658
Intangible assets	1	6,475,923	2,681,577	9,157,500
Other non-current assets	6	82,913	(62,030)	20,883
Total assets		166,195,427	10,021,869	176,217,296
Liabilities				
Current liabilities				
Trade and other payables	6	21,526,330	37,337	21,563,667
Current income tax liabilities		13,289	-	13,289
Royalties to related parties	1	-	516,076	516,076
Borrowings		15,912,436	-	15,912,436
		37,452,055	553,413	38,005,468
Non-current liabilities				
Borrowings		5,338,160	-	5,338,160
Trade and other payables		1,434,383	-	1,434,383
Royalties to related parties	1	-	5,676,835	5,676,835
Asset retirement obligation		5,480,949	-	5,480,949
Deferred income tax liability	4	9,292,881	552,651	9,845,532
Total Liabilities		58,998,428	6,782,899	65,781,327
Equity				
Share Capital		64,282,591	-	64,282,591
Minority interest	1	1,000	(1,000)	-
Other reserves		3,917,591	-	3,917,591
Retained earnings		35,324,886	3,239,970	38,564,856
Accumulated other comprehensive income	2	3,670,931	-	3,670,931
Total equity		107,196,999	3,238,970	110,435,969
Total equity and liabilities		166,195,427	10,021,869	176,217,296

	Note	March 31, 2010 (Canadian GAAP) $	Transition Impact $	March 31, 2010 (IFRS)
Assets				
Current assets				
Cash and cash equivalents		14,725,869	-	14,725,869
Trade and other receivables	6	19,915,480	31,162	19,946,642
Inventories		4,830,024	-	4,830,024
		39,471,373	31,162	39,502,535
Non-current assets				
Available-for-sale financial assets		7,885,675	-	7,885,675
Property, plant and equipment	2,3	122,282,190	2,326,308	124,608,498
Intangible assets	1	6,386,444	2,334,158	8,720,602
Other non-current assets	6	62,310	(43,768)	18,542
Total assets		176,087,992	4,647,860	180,735,852
Liabilities				
Current liabilities				
Trade and other payables	6	9,360,525	(53,039)	9,307,486
El Teniente royalty payable		8,098,711	-	8,098,711
Current income tax liabilities		19,329	-	19,329
Royalties to related parties	1	-	518,173	518,173
Borrowings		11,746,395	-	11,746,395
		29,224,960	465,134	29,690,094
Non-current liabilities				
Borrowings		7,121,412	-	7,121,412
Trade and other payables		1,252,739	-	1,252,739
Royalties to related parties	1	-	5,570,355	5,570,355
Asset retirement obligation		5,576,865	-	5,576,865
Deferred income tax liability	4	9,429,026	383,347	9,812,373
Total Liabilities		52,605,002	6,418,836	59,023,838
Equity				
Share Capital		76,928,224	-	76,928,224
Minority interest	1	1,000	(1,000)	-
Other reserves	5	2,979,573	110,706	3,090,279
Retained earnings		38,901,050	1,164,098	40,065,148
Accumulated other comprehensive income	2	4,673,143	(3,044,780)	1,628,363
Total equity		123,482,990	(1,770,976)	121,712,014
Total equity and liabilities		176,087,992	4,647,860	180,735,852

	Note	December 31, 2010 (Canadian GAAP) $	Transition Impact $	December 31, 2010 (IFRS)
Assets				
Current assets				
Cash and cash equivalents		35,044,797	-	35,044,797
Trade and other receivables	6	18,008,746	(5,622)	18,003,124
Inventories	6	5,021,884	1,098,461	6,120,345
		58,075,427	1,092,839	59,168,266
Non-current assets				
Available-for-sale financial assets		25,583,511	-	25,583,511
Property, plant and equipment	3	127,154,030	13,519,613	140,673,643
Intangible assets	1	6,107,198	3,126,726	9,233,924
Other non-current assets	6	100,096	(86,386)	13,710
Total assets		217,020,262	17,652,792	234,673,054
Liabilities				
Current liabilities				
Trade and other payables	6	25,454,729	(8,631)	25,446,098
Current income tax liabilities		314,976	-	314,976
Royalties to related parties	1	-	546,039	546,039
Borrowings		9,851,457	-	9,851,457
		35,621,162	537,408	36,158,570
Non-current liabilities				
Borrowings		4,883,974	-	4,883,974
Trade and other payables		1,462,006	-	1,462,006
Royalties to related parties	1	-	5,460,390	5,460,390
Asset retirement obligation		7,168,372	-	7,168,372
Deferred income tax liability	4	17,367,667	163,227	17,530,894
Total Liabilities		66,503,181	6,161,025	72,663,206
Equity				
Share Capital		77,166,170	-	77,166,170
Minority interest	1	1,000	(1,000)	-
Other reserves		3,804,483	-	3,804,483
Retained earnings		50,714,330	(1,116,241)	49,598,089
Accumulated other comprehensive income	2	18,831,098	12,609,008	31,440,106
Total equity		150,517,081	11,491,767	162,008,848
Total equity and liabilities		217,020,262	17,652,792	234,673,054

Reconciliations of total comprehensive income

	Note	Quarter ended March 31, 2010 (Canadian GAAP)	Transition Impact $	Quarter ended March 31, 2010 (IFRS)
Revenue		29,656,765	-	29,656,765
Cost of sales	3,6	25,537,392	837,820	26,375,212
Gross profit		4,119,373	(837,820)	3,281,553
Other expenses				
General and administration	6	956,584	110,706	1,067,290
Other (gains) losses	2	(994,295)	986,351	(7,944)
		(37,711)	1,097,057	1,059,346
Operating profit		4,157,084	(1,934,877)	2,222,207
Finance expense	1,6	494,971	(104,383)	390,588
Profit before tax		3,662,113	(1,830,494)	1,831,619
Income tax expense	4	85,949	245,378	331,327
Profit for the period		3,576,164	(2,075,872)	1,500,292
Other comprehensive income	2	1,002,212	(3,044,780)	(2,042,568)
Comprehensive (loss) income		4,578,376	(5,120,652)	(542,276)
Weighted average number of shares outstanding, basic		159,273,397		159,273,397
Weighted average number of shares outstanding, diluted		162,467,014		162,467,014
Earnings per share				
Basic		0.02		0.01
Diluted		0.02		0.01

	Note	Year ended December 31, 2010 (Canadian GAAP)	Transition Impact $	Year ended December 31, 2010 (IFRS)
Revenue		152,120,143		152,120,143
Cost of sales	3, 6	125,398,388	-	128,919,652
Gross profit		26,721,755	3,137,599	23,200,491
			(3,137,599)	
Other expenses				
General and administration	6	5,430,175	542	5,430,717
Other (gains) losses	2	(797,438)	(596,757)	(1,394,195)
		4,632,737	(596,215)	4,036,522
Operating profit		22,089,018	(2,541,384)	19,163,969
Finance expense	1, 6	1,653,725	190,923	1,460,983
Profit before tax		20,435,293	(2,732,307)	17,702,986
Income tax expense	4	5,045,849	1,623,904	6,669,753
Profit for the period		15,389,444	(4,356,211)	11,033,233
Other comprehensive income	2	15,160,167	12,609,007	27,769,174
Comprehensive income		30,549,611	8,252,796	38,802,407
Weighted average number of shares outstanding, basic		168,206,028		168,206,028
Weighted average number of shares outstanding, diluted		170,323,322		170,323,322
Earnings per share				
Basic		0.09		0.07
Diluted		0.09		0.07

Statement of cash flows

The IFRS transition adjustments noted above did not have an impact on cash and cash equivalents. There was not change to investing and financing cash-flow subtotals.

Internal Controls over Financial Reporting (“ICFR”)

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Other than changes related to our IFRS transition plan, there have been no changes in our internal control over financial reporting during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Other

As of June 10, 2011, Amerigo has outstanding 171,590,344 common shares and 10,170,000 options (exercisable at prices ranging from Cdn$0.31 to Cdn$2.43 per share).

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

Cautionary Statement on Forward Looking Information

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