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Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Six Months Ended June 30, 2010

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

COMPANY PROFILE

Amerigo Resources Ltd. ("Amerigo") owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term contractual relationship with 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 1.782 million tonnes of copper and generated a pre-tax profit of \$4.069 billion in 2009. 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 contains 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 increased in recent quarters as MVC has increased the processing of these old tailings. The Company expects that it will continue to further increase processing of old tailings at 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") and on June 22, 2010 the shares were also listed for trading on the OTCQX stock exchange in the United States. No additional reporting requirements arose out of the Company's listing on the OTCQX.

INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the "Company"), is prepared as of August 10, 2010, and should be read in conjunction with the Company's unaudited consolidated financial statements and related notes for the six months ended June 30, 2010 and the audited consolidated financial statements and related notes for the year ended December 31, 2009.

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

The Company's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company's reporting currency is the US Dollar. Reference is made in this MD&A to various non-GAAP measures such as cash flow and cash flow per share from operating activities, operating profit/(loss), 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). Descriptions of the Company's use of non-GAAP measures are included in this MD&A.

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.

HIGHLIGHTS and SIGNIFICANT EVENTS

Key achievements

In Q2-2010 the Company continued to increase production of copper and molybdenum, particularly from old tailings, and reported positive operating and net financial results despite higher than anticipated power costs resulting from a harsh winter in Chile. The Company:

- Posted revenue of \$32,433,982 and net earnings of \$2,033,010 in Q2-2010, compared to revenue of \$18,067,033 and a net loss of \$2,325,059 in Q2-2009.
- Net earnings in the quarter of \$2,033,010 were adversely affected by the booking of \$1,406,156 in negative settlement adjustments due to lower metal prices in the quarter, an increase of \$1,599,370 in power costs from the preceding quarter and a \$288,829 non-cash charge on an interest rate swap.
- Generated an operating profit of \$3,522,079 in the quarter, compared to an operating loss of \$250,309 in Q2-2009.
- Generated cash flow from operations of \$4,653,177 compared to \$1,757,434 in Q2-2009. Including changes in working capital, cash flow provided by operating activities was \$8,367,459 in Q2-2010, compared to \$7,420,230 in Q2-2009.
- Held consolidated cash of \$17,211,693 and working capital of \$9,511,805 at June 30, 2010.
- Reached record Q2 copper production of 5,220 tonnes of copper, 20% higher than the 4,358 tonnes produced in Q2-2009. Copper production from the processing of old tailings increased from 321 tonnes in Q2-2009 to 2,441 tonnes in Q2-2010.
- Increased molybdenum production to 155,755 lbs, 56% higher than in Q2-2009.
- Made principal repayments of \$4,775,560 on loans outstanding to Enami (\$1,887,159), Chilean banks (\$1,007,066) and to El Teniente for all remaining deferred royalties (\$1,881,335).

Financial results

- At an average copper sales price of \$3.09/lb, the Company achieved operating profit of \$3,522,079 and net earnings of \$2,033,010, compared to an operating loss of \$250,309 and a net loss of \$2,325,059 in Q2-2009.
- Revenue was \$32,433,982 compared to \$18,067,033 in Q2-2009, due to higher production and stronger copper and molybdenum prices. Cost of sales was \$28,911,903, compared to \$18,317,342 in Q2-2009. Cost of sales increased due to higher production and royalty costs. Royalty costs are based on production levels and monthly average copper prices.

Production

- The Company produced 11.51 million pounds of copper, 20% higher than the 9.61 million pounds produced in Q2-2009.
- Molybdenum production was 155,755 pounds, 56% higher than the 99,683 pounds produced in Q2-2009, mainly as a result of increased processing of old tailings.

Revenue

- Revenue increased to \$32,433,982 compared to \$18,067,033 in Q2-2009 due to higher average copper and molybdenum prices and higher production. The Company's copper selling price before smelter, refinery and other charges was \$3.09/lb compared to \$2.06/lb in Q2-2009, and the Company's molybdenum selling price was \$16.29/lb compared to \$9.08/lb in Q2-2009. Copper sales volume increased 20% and molybdenum sales volume was 70% higher than in Q2-2009.

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 \$1.81/lb from \$1.56/lb in Q2-2009, mainly the result of high power costs due to a harsh winter in Chile.
- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was \$2.66/lb compared to \$2.14/lb in Q2-2009. The increase in total cost was driven by higher cash costs and higher El Teniente royalty resulting from stronger copper and molybdenum prices.
- Power costs were \$9,639,946 (\$0.1533/kwh) compared to \$6,096,922 (\$0.1247/kwh) in Q2-2009. The increase in total power costs in Q2-2010 was driven by an increase of 29% in energy consumption from higher production levels and higher power grid costs due to an unusually cold winter in Chile. The Company's power costs in H2-2010 are expected to decrease from Q2-2010 levels due to the operation of the Company's own power generators.
- Other operating costs such as steel and reagents increased from Q2-2009 levels due to higher production, high plant maintenance costs and costs for processing of old tailings which were basically nil in Q2-2009.

Cash and Financing Activities

- Cash balance was \$17,211,693 at June 30, 2010 compared to \$7,191,093 at December 31, 2009.

Investments

- Payments for capital expenditures were \$2,987,409 compared to \$3,244,767 in Q2-2009. Capital expenditures incurred in Q2-2010 totaled \$3,673,542 (Q2-2009: \$1,729,595).
- The Company's investments in Candente Copper Corp. ("Candente Copper"), Candente Gold Corp. ("Candente Gold") and Los Andes Copper Ltd. ("Los Andes Copper") had aggregate fair values of \$5,982,485 at June 30, 2010 (December 31, 2009: \$6,754,790). The \$772,305 before-tax fair value decrease in these investments on a YTD basis (YTD-2009: increase of \$3,938,599) does not affect net earnings but is included as other comprehensive loss on a net of tax basis of \$563,305 (YTD-2009: other comprehensive income of \$3,938,599).

Outlook

- Copper production in Q3-2010 is expected to be in the 12 million pounds range. The Company has initiated a technical study to improve the recovery of molybdenum and expects molybdenum production to increase as of Q4-2010.

OPERATING RESULTS

The Company produced 5,220 tonnes of copper in Q2-2010, an increase of 20% compared to Q2-2009, as the Company continues to benefit from the mining plan to process old tailings containing higher grade material that was introduced in 2009. Molybdenum production was 155,755 lbs, an increase of 56% compared to Q2-2009, mainly due to increased processing of old tailings.

Copper prices increased in April and then fell through May and June. Average LME copper prices were \$3.5145/lb in April, \$3.1015/lb in May and \$2.9480 /lb in June, compared to \$3.3851/lb in March 2010. The Platt's published molybdenum dealer oxide prices were \$17.338/lb in April, \$16.625/lb in May and \$14.325/lb in June, compared to \$17.180/lb in March 2010.

Operating profit was \$3,522,079 compared to an operating loss of \$250,309 in Q2-2009, and operating profit excluding amortization and accretion costs (which are non-cash items) was \$5,534,549 compared to \$1,677,635 in Q2-2009.

Production

	Q2-2010	Q2-2009
Copper produced, tonnes	5,220	4,358
Copper produced, million lbs	11.51	9.61
Molybdenum produced, lbs	155,755	99,683

Revenue

	Q2-2010	Q2-2009
Average LME copper price	\$ 3.19/lb	\$ 2.12/lb
Average Platt's molybdenum dealer oxide price ¹	\$ 16.10/lb	\$ 9.10/lb
Copper sold, tonnes	5,149	4,304
Copper sold, million lbs	11.35	9.49
Molybdenum sold, lbs	156,514	92,065
Revenue, copper delivered during period ²	\$31,749,409	\$ 16,715,133
Settlement adjustments to prior periods' sales	(879,774)	796,099
Total copper net sales during period	30,869,635	17,511,232
Revenue, molybdenum delivered during period ³	2,090,729	685,740
Settlement adjustments during period	(526,382)	(129,939)
Total molybdenum net sales during period	1,564,347	555,801
Total revenue during period	\$ 32,433,982	\$ 18,067,033
Company's recorded copper price ⁴	\$ 3.09/lb	\$ 2.06/lb
Company's recorded molybdenum price ⁵	\$ 16.29/lb	\$ 9.08/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 Q2-2010 was \$32,433,982 compared to \$18,067,033 in Q2-2009, including copper revenue of \$30,869,635 (Q2-2009: \$17,511,232) and molybdenum revenue of \$1,564,347 (Q2-2009: \$555,801). Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased 76% from Q2-2009 due to higher deliveries and stronger average copper prices in the quarter.

In Q2-2010 the Company recorded negative copper pricing adjustments to prior quarter's sales of \$879,774, compared to positive adjustments of \$796,099 in Q2-2009.

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami") that establishes a delivery schedule of monthly sales quotas. For the 2010 quotas Enami elected a pricing term that set the Company's copper sale price at the average market price for the preceding month ("M-1"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to Enami in one month is being sold at market prices prevailing in the preceding month, except for production subject to price protection, as described in the following paragraph

In 2009 the Company entered into a price-protection transaction under its sales contract with Enami that sets minimum/maximum prices of \$2.60/lb and 3.20/lb, respectively, for 800 tonnes per month for the Company's copper sale quotas to Enami for December 2009 to May 2010. These tonnes are subject to "M+4" pricing; final sales prices will be the LME average price on the fourth month following the quota delivery if these prices trade between \$2.60/lb and \$3.20/lb.

Q2-2010 molybdenum revenue was \$1,564,347, substantially higher than \$555,801 in Q2-2009 mostly due to a 79% increase in the Company's molybdenum selling price to \$16.29/lb from \$9.08/lb in Q2-2009. The Company also recorded negative molybdenum pricing adjustments of \$526,382 compared to \$129,939 in Q2-2009.

Molybdenum produced by the Company is sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2010 provides that the sale price was the average market price for the month of delivery ("M"). In 2009 the sale price was the fifth month after delivery ("M+5"); accordingly the Company settled its molybdenum sales from August to December 2009 at higher published molybdenum prices for the months of January to May 2010.

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 non-GAAP measures prepared on a basis consistent with the industry standard Brook Hunt definitions. Cash cost is the aggregate of copper and molybdenum production costs, 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 Q2-2010 and Q2-2009 is presented below:

	Q2-2010	Q2-2009
Cost of sales	28,911,903	18,317,342
Add:		
Smelter and refinery charges	3,272,295	2,836,549
Deduct:		
Molybdenum by-product credits	(1,564,347)	(555,801)
Total cost	30,619,851	20,598,090
Deduct:		
El Teniente royalties	(7,722,758)	(3,634,597)
Depreciation and amortization	(1,916,553)	(1,844,167)
Asset retirement accretion cost	(95,917)	(83,777)
Cash cost	20,884,623	15,035,549
Lbs. of copper produced	11.51M	9.61M
Cash cost/lb	1.81	1.56
Total cost/lb	2.66	2.14

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

	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009
Power costs	0.84	0.94	0.49	0.53	0.63
Steel costs	0.20	0.24	0.22	0.24	0.23
Other costs	0.54	0.75	0.67	0.59	0.40
By-product credits	(0.14)	(0.42)	(0.13)	(0.23)	(0.06)
Smelter & refinery	0.28	0.29	0.23	0.29	0.30
Administration	0.06	0.09	0.07	0.04	0.03
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	\$1.81	\$1.92	\$1.58	\$1.49	\$1.56

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

Cash cost was \$1.81/lb in Q2-2010 compared to \$1.56/lb in Q2-2009, an increase of \$0.25/lb, mostly due to a \$0.21/lb increase in power costs and a \$0.12/lb increase in other production costs, offset by a \$0.08/lb increase in by-product credits.

Power, MVC's most significant cost, was \$0.1533/kWh in Q2-2010 compared to \$0.1247/kWh in Q2-2009. The increase resulted from the coldest Chilean winter since 1912, which increased power consumption and kept hydro reservoirs at low levels. .

Power consumption also increased by 29% in Q2-2010, resulting in increased unit power costs of \$0.84/lb compared to \$0.63/lb in Q2-2009. Power consumption was lower in Q2-2009 due to lower production both from fresh and old tailings, and lower mill usage at MVC. Power costs are expected to be contained in H2-2010 from Q2-2010 levels due to the operation of the Company's power generators.

Unit steel costs were \$0.03/lb lower than in Q2-2009.

Other production unit costs increased \$0.14/lb compared to Q2-2009, mostly due to old tailings dredging costs (increase of \$0.07/lb) and a higher cost for spares used in plant maintenance (increase of \$0.03/lb). Other variances for labour, moly production costs, reagents and other production costs represent a \$0.04/lb cost increase in Q2-2010 compared to Q2-2009.

Molybdenum by-product credits of \$0.14/lb were higher than \$0.06/lb in Q2-2009, due to stronger molybdenum prices and higher molybdenum production.

Administration costs increased by \$0.03/lb compared to Q2-2009, due to one-time labour cost adjustments at MVC, ISO certification fees and higher insurance costs and general and administrative services.

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

	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009
Cash cost	1.81	1.92	1.58	1.49	1.56
El Teniente royalty	0.67	0.74	0.57	0.46	0.38
Amortization/depreciation/accretion	0.18	0.20	0.06	0.19	0.20
Total Cost	\$2.66	\$2.86	\$2.21	\$2.14	\$2.14

Total cost was \$2.66/lb in the quarter, compared to total cost of \$2.14/lb in Q2-2009. The most significant impact on the increase in total cost is a \$0.38/lb increase in El Teniente royalty (due to higher average copper and molybdenum prices in Q2-2010).

FINANCIAL RESULTS – Q2-2010

In Q2-2010, the Company produced 5,220 tonnes of copper (Q2-2009: 4,358 tonnes) and 155,755 lbs of molybdenum (Q2-2009: 99,683 lbs), 20% and 56% increases in copper and molybdenum production, respectively.

The Company posted net earnings of \$2,033,010 (basic and diluted earnings of \$0.01 per share), compared to a net loss of \$2,325,059 (basic and diluted loss of \$0.02 per share) in Q2-2009.

The earnings variance between Q2-2010 and Q2-2009 is the result of higher production levels and stronger copper and molybdenum prices in Q2-2010, mitigated by higher total production costs, substantially higher royalty costs and negative copper and molybdenum pricing adjustments.

A summary of key quarterly performance data from Q2-2009 to Q2-2010 is included below:

	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009
Copper production (tonnes)	5,220	3,896	5,498	4,589	4,358
Copper sales (tonnes)	5,149	3,855	5,713	4,622	4,304
Molybdenum production (lbs)	155,755	143,371	246,636	151,310	99,683
Molybdenum sales (lbs)	156,514	137,094	252,761	147,894	92,065
Company's recorded copper price (\$/lb)* <i>*Before smelter and refinery costs and settlement adjustments to prior quarters' sales</i>	3.09	3.20	2.79	2.43	2.06
Revenue	\$ 32,433,982	\$ 29,656,765	\$ 33,852,105	\$ 24,532,499	\$ 18,067,033
Power costs	9,639,946	8,040,576	5,985,090	5,411,515	6,096,922
EI Teniente royalty	7,722,758	6,321,273	6,875,447	4,686,346	3,634,597
All other cost of sales	11,549,199	11,271,459	12,697,674	10,983,234	8,585,823
Operating profit (loss)	3,522,079	4,023,457	8,293,894	3,451,404	(250,309)
All other expenses , including taxes	1,489,069	447,293	4,382,128	213,288	2,074,750
Net earnings (loss)	\$ 2,033,010	\$ 3,576,164	\$ 3,911,766	\$ 3,238,116	\$ (2,325,059)
Earnings (loss) per share (basic)	0.01	0.02	0.03	0.02	(0.02)
Cash cost (\$/lb)	1.81	1.92	1.58	1.49	1.56
Total cost (\$/lb)	2.66	2.86	2.21	2.14	2.14
Cash flow provided by (used in) operations	\$ 8,367,459	\$ 925,926	\$ 7,415,773	\$ (558,286)	\$ 7,420,230
Cash flow used in plant expansion	\$ 2,987,409	\$ 2,953,714	\$ 3,307,744	\$ 2,039,630	\$ 3,244,767
Cash flow provided by (used in) financing	\$ (2,894,225)	\$ 9,562,564	\$ 201,232	\$ (824,404)	\$ (1,333,961)
Closing cash position	\$ 17,211,693	\$ 14,725,869	\$ 7,191,093	\$ 2,881,832	\$ 6,304,152
Working capital	\$ 9,511,805	\$ 10,246,413	\$ (6,353,737)	\$ (7,468,463)	\$ (10,318,380)

Revenue

Revenue in Q2-2010 was \$32,433,982 compared to \$18,067,033 in Q2-2009. Revenue increased due to higher production levels and stronger copper and molybdenum prices.

Copper deliveries in Q2-2010 were recorded into revenue as follows:

Month of Sale	Quota	Pricing Term for Quota	Metric for Revenue Recognition	Price/lb	LME Price For
April	March	M-1 ¹	Final ²	\$3.11	Avg. February
April	April	M+4 ³	Provisional ⁴	\$2.96	June 30
April	April	M-1	Final	\$3.39	Avg. March
May	April	M-1	Final	\$3.39	Avg. March
May	May	M+4	Provisional	\$2.96	June 30
May	May	M-1	Final	\$3.51	Avg. April
June	May	M-1	Final	\$3.51	Avg. April
June	June	M-1	Final	\$3.10	Avg. May

¹ 2010 quotas not subject to price protection are subject to "M-1" pricing.

² Refers to final LME monthly average prices, subject to pricing terms with Enami. In 2010, the terms are "M-1".

³ Price protected quotas of 800 tonnes per month from January to May 2010 were subject to M+4 pricing. Accordingly, final sales prices will be the LME average price on the fourth month following the quota delivery if these prices trade between \$2.60/lb and \$3.20/lb.

⁴ April and May price protected quotas were provisionally priced at the June 30 LME spot price of \$2.96/lb per the Company's provisional pricing convention.

As of June 30, 2010 the Company had completed delivery of 4,000 tonnes of copper (800 tonnes per month from January to May 2010) subject to price protection and M+4 pricing. The January and February price protected quotas were finally priced at \$3.1015/lb (May average price) and \$2.9480 (June average price) respectively, down from a provisional price of \$3.20/lb at March 31, 2010. In connection with these final adjustments, the Company recorded \$705,054 in negative price adjustments in Q2-2010.

The Company also recorded a further \$174,720 in provisional settlement adjustments for the March, April and May 2010 quotas subject to price protection, booking them at a provisional price of \$2.9552/lb (June 30 LME spot price). These quotas, representing 2,400 tonnes of copper, are subject to final prices at the LME monthly average prices for July, August and September 2010, respectively and represent the Company's exposure to final positive or negative copper pricing settlement adjustments, up to minimum or maximum copper prices of \$2.60/lb and \$3.20/lb respectively. The average LME price for July 2010 was \$3.06/lb, representing final positive settlement adjustments of approximately \$176,000 to March quotas.

Production Costs

	Q2-2010	Q2-2009
Production costs		
Power costs	\$ 9,639,946	\$ 6,096,922
Steel costs	2,245,882	2,262,278
Other production costs	6,265,619	3,833,245
	18,151,447	12,192,445
El Teniente royalty	7,722,758	3,634,597
Depreciation and amortization	1,916,553	1,844,167
Administration	667,300	278,573
Transportation	357,928	283,783
Asset retirement obligation accretion cost	95,917	83,777
	\$ 28,911,903	\$ 18,317,342

Production costs were \$28,911,903 compared to \$18,317,342 in Q2-2009, an increase of 58% between the two periods mostly attributed to increases of 20% and 56% in copper and molybdenum production levels in Q2-2010. Refer to **Cash Cost and Total Cost** for more detailed analysis of production costs on a unit basis.

The El Teniente royalty increased to \$7,722,758 from \$3,634,597 in Q2-2009, the result of higher copper prices and higher production. Average LME copper prices in Q2-2010 were \$3.19/lb (Q2-2009: \$2.12/lb).

Depreciation and amortization cost was \$1,916,553 compared to \$1,844,167 in Q2-2009. Amortization is calculated using the units of production method and was higher in Q2-2010 mainly as a result of higher production levels in the quarter.

Administration expenses were \$667,300 compared to \$278,573 in Q2-2009, due to higher one-time labour costs, ISO certification fees, increased insurance costs and higher general administrative services.

Transportation costs were \$357,928, compared to \$283,783 in Q2-2009 due to higher deliveries in Q2-2010, and asset retirement accretion costs were \$95,917 compared to \$83,777 in Q2-2009.

Operating profit

In Q2-2010 the Company's operating profit increased to \$3,522,079 from an operating loss of \$250,309 in Q2-2009 due to higher production and copper and molybdenum prices.

Other expenses

“Other expenses” (costs not related to MVC’s production operations) were \$1,381,259 in Q2-2010 and \$945,676 in Q2-2009. Variances in cost composition included a decrease of \$249,763 in actual interest expense due to lower debt in MVC, offset by a \$288,829 loss on an interest rate swap obtained to fix the interest rate of one of MVC’s bank loans in Chile classified within interest expense, an increase of \$236,323 in stock-based compensation expenses due to a higher number of options vesting in Q2-2010 and higher stock volatility, which increases the calculation of the fair value of options granted in Q2-2010, and an increase of \$127,586 in office and general expenses from higher shareholder communication and travel expense.

Non-operating Items

Non-operating items in Q2-2010 included a foreign exchange gain of \$9,806 (Q2-2009: loss of \$978,931), interest income of \$23,095 (Q2-2009: \$2,566) and other income of \$518,031 (Q2-2010: \$295,040). Foreign exchange gains resulted from Chilean Peso and Canadian dollar fluctuations against the US dollar in the quarter, including the effect of translation of items denominated in those currencies. Other income includes a gain realized from the sale of scrap steel piping by MVC.

Taxes

The Company recorded income tax expense of \$474,315 in Q2-2010 compared to \$219,389 in Q2-2009. 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.

Non-Controlling Interests

Non-controlling interest cost was \$184,427 in Q2-2010 compared to \$150,629 in Q2-2009, due to higher production in Q2-2010. Refer to **Related Parties**.

COMPARATIVE PERIODS

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

	QE June 30, 2010	QE March 31, 2010	QE Dec. 31, 2009	QE Sept. 30, 2009
Total revenue	\$32,433,982	\$29,656,765	\$33,852,105	\$24,532,499
Net earnings (loss)	2,033,010	3,576,164	3,911,766	3,238,116
Earnings (loss) per share	0.0119	0.0225	0.0293	0.0245
Diluted earnings (loss) per share	0.0118	0.0221	0.0258	0.0211

	QE June 30, 2009	QE March 31, 2009	QE Dec. 31, 2008	QE Sept. 30, 2008
Total revenue	\$18,067,033	\$13,021,611	\$614,179 ³	\$29,915,602
Net earnings (loss)	(2,325,059)	(4,779,074)	(21,180,874) ¹	(10,407,427) ²
Earnings (loss) per share	(0.0176)	(0.0421)	(0.2268)	(0.1124)
Diluted earnings (loss) per share	(0.0174)	(0.0421)	(0.2268)	(0.1124)

¹ Includes a write-down of investments of \$6,617,602

² Includes a write-down of investments of \$12,237,741

³ After \$12,463,135 in negative copper and molybdenum pricing adjustments

The variance in revenue in the past eight quarters shows the Company's sensitivity to copper and molybdenum prices. This is most evident in Q4-2008 when the copper price hit its lowest level in approximately five years, resulting in \$12,163,135 in negative pricing adjustments to prior quarter sales. Revenue increased on a quarterly basis in 2009 as copper prices recovered. Revenue in Q1-2010 was lower than in the preceding quarter due to lower production, as the first quarter of the year is always the lowest production quarter for MVC. Revenue since Q1-2009 has been positively impacted by consistent increases in copper production, adjusting for seasonality in Q1-2010. Net loss in Q3-2008 and Q4-2008 was increased by investment write-downs of \$12,237,741 and \$6,617,602, respectively.

FINANCIAL RESULTS – SIX MONTHS ENDED JUNE 30, 2010

During the six months ended June 30, 2010 ("YTD-2010"), the Company posted net earnings of \$5,609,174 (\$0.04 per share), compared to a net loss of \$7,104,133 (-\$0.06 per share) in the six months ended on June 30, 2009 ("YTD-2009").

The significant variance in financial results between the two six-month periods is attributed mainly to an increase of 20% and 52% in copper and molybdenum production, respectively, and stronger copper and molybdenum prices in 2010, mitigated to some extent by higher cost of sales.

Revenue in YTD-2010 was \$62,090,747, 100% higher from YTD-2009 revenue of \$31,088,644, due to a 20% increase in copper sales, a 52% increase in molybdenum sales from YTD-2009 and higher metal prices.

Operating costs were \$54,545,211 or 61% higher than in YTD-2009 due to higher power costs caused by the effects of a harsh winter in Chile and higher production levels. Cash cost and total cost in YTD-2010 were \$1.86/lb and \$2.75/lb respectively, compared to \$1.72/lb and \$2.26/lb in YTD 2009.

Other expenses were \$2,597,677 in YTD-2010 (YTD-2009: \$2,180,368). The main variances in other expenses are a reduction of \$478,889 in actual interest expense in 2010 due to lower debt levels at MVC, mitigated by a loss of \$288,829 on an interest rate swap included as interest expense, and an increase of \$479,727 in stock-based compensation in 2010 due to a higher number of options vesting in the period and higher stock volatility.

During the two comparative six-month periods, the Company recorded a decrease of \$3,100,363 in foreign exchange losses, mostly associated with the favourable translation to US dollars of liabilities carried in Chilean pesos, such as bank debt.

Income tax expense increased \$653,562 between the two comparative periods, from higher profitability at MVC.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash from operations of \$8,367,459 (5¢ per share) compared to \$7,420,230 in Q2-2009 (6¢ per share), including the effect of changes in non-cash working capital accounts.

Excluding changes in non-cash working capital accounts, the Company generated cash of \$4,653,177 (3¢ per share) from operations, compared to \$1,757,434 (2¢ per share) in Q2-2009.

Cash from operations excluding changes in non-cash working capital accounts was substantially higher in Q2-2010 due to the higher earnings. The major change to non-cash working capital accounts in Q2-2010 was a reduction in accounts receivable due to the lower pricing for prior copper deliveries as of June 30 compared to March 31 and the receipt of tax refunds by MVC.

On a year-to-date basis, the Company generated cash flow of \$9,803,043, excluding the effect of changes in non-cash working capital accounts (YTD-2009: \$205,460) and \$9,293,384, including the effect of changes in non-cash working capital accounts (YTD-2009: cash used in operations of \$1,225,848).

Cash Flow from Financing Activities

Cash used in financing activities in Q2-2010 was \$2,894,225 (Q1-2010: \$1,333,961), from debt repayment to Enami (\$1,887,159; Q2-2009: \$1,333,961) and Chilean bank loans (\$1,007,066; Q2-2009: \$nil).

On a YTD basis, cash generated from financing activities was \$6,668,339 compared to \$10,552,996 in YTD-2009.

In Q1-2009, the Company completed a non-brokered private placement of 37,500,000 units at a price of Cdn\$0.28 per unit for gross proceeds of \$8,480,068 (Cdn\$10,500,000) and net cash proceeds of \$8,441,696. Each unit consisted of one common share and one share purchase warrant. Each warrant entitled the holder to purchase one additional share of the Company at a price of Cdn\$0.33 per share until February 15, 2010, and thereafter at a price of Cdn\$0.40 per share until February 14, 2011. These warrants were valued by the Company at \$1,266,142. The Company also issued a further 1,244,400 units, valued at \$280,104, as finders' fees in respect of a portion of the private placement which was included in total share issuance costs of \$318,476. The warrants issued as finders' fees were valued by the Company at \$42,016.

All of the warrants were exercised by February 15, 2010, resulting in cash proceeds of \$11,396,912 in the six months ended June 30, 2010.

In Q1-2010 the Company also received proceeds of \$14,796 from the exercise of share purchase options.

In Q1-2009 the Company completed negotiations with Enami for repayment terms on the \$11,123,735 in negative settlement adjustments to copper sales that resulted from the sharp decline in copper prices in Q4-2008. This amount was converted into a loan repayable in monthly installments of \$325,000 plus interest during the period from May 2009 to March 2010, and \$629,052 plus interest during the period from April 2010 to March 2011.

Cash Flow used in Investing Activities

Payments for capital expenditures were \$2,987,409 in Q2-2010 and \$3,244,767 in Q2-2009. Capital expenditures incurred during the quarter were \$3,673,542 (Q2-2009: \$1,729,595). The most significant capital expenditures in Q2-2010 were made in connection with engineering and installations to increase MVC's processing capacity of old tailings, final phase capital expenditure projects for the Company's power generators, modification of flotation bank mechanisms and replacement of certain electrical equipment. Capital expenditures to date are \$1.6M below budget amounts due to delays in the receipt of certain equipment.

On an YTD basis, payments for capital expenditures in 2010 were \$5,941,123 (YTD-2009: \$6,210,080) and capital expenditures incurred in 2010 were \$5,770,218 (YTD-2009: \$4,383,009).

Liquidity and Financial Position

The Company's cash and cash equivalents at June 30, 2010 were \$17,211,693, compared to \$7,191,093 at December 31, 2009. The Company had working capital of \$9,411,825 at June 30, 2010 compared to a working capital deficiency of \$6,353,737 at December 31, 2009.

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. Depressed metal prices subjected the Company to negative pricing adjustments in sales which had been provisionally priced at substantially higher prices, resulting in significantly reduced revenue and cash inflows.

With stronger copper prices, higher production levels and lower production costs, the Company generated positive operating cash flows in 2009 and YTD-2010 and has returned its Balance Sheet to a positive working capital position.

In order to ensure adequate levels of operating cash flow to service current trade and bank debt, in 2009 MVC entered into two price-protection transactions under its sales contract with Enami to obtain a guaranteed minimum price for a portion of its copper production, making use of a zero cost minimum/maximum price structure.

The first price-protection transaction covered a portion of MVC's copper production for the June to November 2009 quotas.

Under the second price-protection transaction, MVC will receive a minimum price of \$2.60/lb for 800 tonnes per month of copper production, for quotas from December 2009 to May 2010 (the price-protected portion of the December 2009 quota was subject to M+1 pricing, the price-protected portions of the January to May 2010 quotas are subject to M+4 pricing), representing 51% of MVC's copper production over that period. In return for the guaranteed minimum price, the Company agreed to a maximum price of \$3.20/lb on this production. Therefore, MVC will receive the LME Price for this copper production in months when the LME monthly average copper price trades between \$2.60 and \$3.20/lb, to a minimum price of \$2.60/lb and a maximum price of \$3.20/lb.

Given that these transactions are modifications to MVC's sales agreement with Enami and the sales covered by them are in the normal course of MVC's business, the Company has determined that these transactions are not derivatives for accounting purposes. The Company has applied the provisions of CICA Handbook Section 3855 in respect of contracts entered into and held for the purpose of delivery of a non-financial item in accordance with the Company's expected sale requirements, considering that the agreement has a price based on a variable that is closely related to the asset being sold. Accordingly the portion of the Company's sales to Enami under the second transaction are priced at the LME price where the LME Price trades between \$2.60 and \$3.20/lb and at \$3.20/lb where the LME Price exceeds \$3.20/lb.

Enami provided MVC with a loan to cover payments for negative settlement adjustments to copper sales resulting from the sharp decline in copper prices in Q4-2008., MVC agreed to make monthly payments on this loan of \$325,000 plus interest during the period from May 2009 to March 2010, and \$629,052 plus interest during the period from April 2010 to March 2011. As at June 30, 2010 the principal amount of this loan was \$5,661,473.

In addition to the facilities described above, Enami provided MVC with copper price sustainability loans in the amount of \$683,961, which were fully repaid by June 2009.

MVC agreed to provide to Enami certain machinery and equipment as collateral for the loan and the price protection transactions. MVC has also agreed to potentially provide to Enami additional collateral in the event of increases in the copper price during the period the price protection transactions remain in effect.

MVC also obtained a loan from Codelco-El Teniente for the equivalent of \$5,376,216, in respect of the deferral of 70% of the royalty invoices to MVC for the months of November 2008 to April 2009. This loan was fully repaid by June 2010.

MVC and Molybmet agreed that negative molybdenum pricing adjustments would be settled against physical deliveries of molybdenum in 2009. Amounts due to Molybmet were fully repaid by July 2009.

Finally, MVC has two bank loans in Chile, the first denominated in Unidades de Fomento ("UF"), a Chilean indexed monetary unit, and the second in Chilean pesos, for the equivalent of \$10,021,465 at June 30, 2010. One of the loans, in the amount of \$4,926,383 at June 30, 2010, was structured as a medium term loan on October 20, 2009. This loan is repayable in eight equal quarterly installments of UF20,950.035 each starting on January 20, 2010. The second loan of \$5,095,082 at June 30, 2010 was structured as a three year loan on May 12, 2010. The loan 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 over the term of the loan.

At June 30, 2010, the Company was subject to debt covenants that MVC has to meet at December 31 and June 30 of each year in connection with the medium-term bank loan referred to above. MVC was in compliance with these covenants (total debt over net equity and interest coverage ratio) at June 30, 2010.

In addition to the steps outlined above, starting in 2009 the Company also reduced capital and discretionary expenditures and suspended dividend distributions for the foreseeable future.

As a result of the improvements in cash flows, and other actions outlined above, 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 remains 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, has been renewed twice in the past and is expected to be renewed again before its current expiry date.

The Company's long-term liabilities (Long Term portions of Bank Loans, Long Term portion of an Interest Rate Swap, Long Term Enami Loan, Long Term El Teniente Royalty Payable, Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at June 30, 2010 were \$21,635,431, compared to \$21,547,373 on December 31, 2009.

Investments

The Company holds a total of 10,788,280 shares in Candente Copper, an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. The aggregate cost of this investment was \$15,861,986. At June 30, 2010 Candente Copper's closing share price was Cdn\$0.36 and the fair value of the Company's approximately 13% investment in Candente Copper was \$3,705,904. During the six months ended June 30, 2010 the Company recorded other comprehensive loss of \$2,361,296 for the fair value depreciation of this investment. The Company recorded other comprehensive income of \$3,536,258 for the fair value appreciation of this investment during the six months ended June 30, 2009.

On January 4, 2010 the Company received at no cost a total of 2,157,656 shares of Candente Gold, an issuer listed on the Toronto Stock Exchange. The shares in Candente Gold were received as a return of capital pursuant to a corporate reorganization of 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 (Loss), as the Company's investment in Candente Gold is designated as "available for sale" for accounting purposes. At June 30, 2010 Candente Gold's closing share price was Cdn\$0.66 and the fair value of the Company's investment was \$1,358,831. The Company recorded other comprehensive income of \$1,358,831 for the fair value appreciation of this investment during the six months ended June 30, 2010.

The Company also holds a total of 8,015,000 shares in Los Andes, an issuer listed on the TSX Venture Exchange. The aggregate cost of this investment was \$3,946,908. At June 30, 2010 Los Andes's closing share price was Cdn\$0.12 and the fair value of the Company's approximately 4% investment was \$917,750. During the six months ended June 30, 2010 the Company recorded other comprehensive income of \$230,159 for the fair value appreciation of this investment. The Company recorded other comprehensive income of \$402,341 for the fair value appreciation of this investment during the six months ended June 30, 2009.

In the six months ended June 30, 2010, the Company recorded an unrealized tax recovery associated with the fair value depreciation of these investments of \$209,000, as a reduction to Accumulated Other Comprehensive Loss in the Company's Balance Sheet.

OUTLOOK

Management believes that the change to the mining plan for the processing of old tailings will continue to positively impact production levels in the second half of 2010 and beyond. The portion of total production from old tailings increased to 47% of total copper production in Q2-2010.

Copper production in Q3-2010 is expected to be in the 12 million pounds range. Molybdenum production is expected to remain at current levels in Q3-2010. The Company has initiated a study it believes will identify methods to increase molybdenum recovery, which it expects to be in a position to implement during Q4-2010.

Financial performance will continue to be positive if metal prices remain stable or continue to increase. If current copper prices of \$3.20/lb or better continue in Q3-2010, the Company will benefit from positive price adjustments to 2,400 tonnes of copper booked at low June prices.

Power costs per kWh at MVC in the remaining quarters of 2010 are expected to be contained compared to Q2-2010 due to the operation of the Company's power generators.

Given the positive production trends and the expected reduction in cash and total costs derived from lower power costs in H2-2010, at prevailing copper and molybdenum prices the Company expects to generate increased operating profits and cash flows from operations.

Capital expenditures in 2010 are expected to be approximately \$9,200,000.

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.

SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the Company's shares started trading on the Lima Stock Exchange.

OTHER MD&A REQUIREMENTS

Transactions with Related Parties

a) Non-controlling interests

Amerigo holds its interest in MVC through its subsidiary Amerigo International Holdings Corp. ("Amerigo International"). Amerigo International is controlled by Amerigo and is a wholly-owned subsidiary, except for certain outstanding Class A shares which are shown on Amerigo's balance sheet as Non-controlling interest at their book value of \$1,000. The Class A shares are owned indirectly by two directors and an associate of one of the directors of Amerigo.

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 royalty dividend 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.

During the six months ended June 30, 2010, royalty dividends totalling \$323,648 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (six months ended June 30, 2009: \$265,676). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statement of Operations. At June 30, 2010, \$53,539 of this amount remained outstanding (December 31, 2009: \$65,741).

b) Remuneration to officers

During the six months ended June 30, 2010 the Company paid or accrued \$235,535 in fees to companies associated with certain directors and officers of Amerigo (six months ended June 30, 2009: \$304,144). The fees for the six months ended June 30, 2010 included fees paid of \$300,964 and a reversal of bonus payments to management accrued in 2009 of \$65,429.

In the six months ended June 30, 2010 a total of 2,200,000 options were granted to directors and officers of the Company.

- c) As of June 30, 2010 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 June 30, 2010 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 June 30, 2010 one of Amerigo's officers acted as an officer of Candente Gold, a company in which Amerigo holds an investment.
- f) As of June 30, 2010 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes Copper, 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 \$1.08 million 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 with the SII and \$22.23M of the \$23.25M tax losses under assessment were validated by the SII. The remaining \$1.02M, corresponding to certain depreciation charges, were declined as valid tax-deductible expenses, but are 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 of approximately \$2.4M in tax expenses 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 \$135,000, 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 has retained legal counsel to prepare a response to SII on this matter. MVC has also received further tax assessments for the years 2007 and 2008 in the amounts of approximately \$27,000 and \$38,000, respectively. MVC is appealing these additional assessments and questioning how SII made the calculations of tax allegedly owing. Resolution of all of these assessments is pending.

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

Critical Accounting Estimates

There were no changes to the nature of the Company's critical accounting estimates during Q2-2010. The most significant estimates are related to the physical and economic lives of contractual rights, property, plant and equipment and their recoverability, estimates regarding the future cost of retiring the Company's capital assets and the estimation of future cash flow requirements to determine the Company's ability to continue operating as a going concern.

The Company depreciates assets, capitalized acquisition costs and contractual rights based on the units of production method, whereby management has estimated copper units of production to 2021 and assigns amortization charges based on actual production on a monthly basis.

Amerigo has calculated an asset retirement obligation based on an estimated price of \$6,200,000 provided by an independent third party in 2007. Management's current estimates in calculating the asset retirement obligation include projected annual inflation rates in Chile of 4.5% per annum and a market risk premium of 8%. The present value of the asset retirement obligation was revised to \$4,787,273 in 2007, which will be systematically accreted to a 2021 value of approximately \$12,344,146.

International Financial Reporting Standards ("IFRS") Implementation Plan

In February 2008, the Accounting Standards Board ("AcSB") approved a strategic plan which requires public companies to converge with IFRS for fiscal periods beginning on or after January 1, 2011. The Company will therefore be required to have comparative financial information prepared under IFRS as of January 1, 2010.

The Company has initiated its IFRS convergence project. The Company's financial staff in Canada and Chile attended IFRS courses and in-house training sessions in 2008 and 2009. IFRS introductory training was also provided to MVC's managers and supervisors as the adoption of IFRS will have an impact on operational areas. The Company has prepared a mock set of financial statements under IFRS to identify additional disclosure requirements and has engaged IFRS advisory services in Chile to assist with the MVC IFRS conversion process.

To date the Company believes that the adoption of IFRS will not have a major effect on its overall operations except as follows:

- The conversion effort is requiring additional resources (in-house and external) on an implementation basis and with respect to supporting documentation.
- Software upgrades were required to the Chilean accounting software.
- The Chilean SII has pronounced that the calculation of taxes payable in Chile will not be affected by the adoption of IFRS and companies that adopt IFRS in Chile will need to maintain dual systems to comply with SII requirements. This will result in duplication of work at MVC on an ongoing basis.

The Company does not believe that the adoption of IFRS will impact its key performance measures or its business activities except as disclosed below.

The Company has identified the key areas affected by the conversion to IFRS: functional currency, initial valuation and subsequent accounting of property, plant and equipment, asset retirement obligations and accounting for severance payments at the end of MVC's operating contract with Codelco.

The changes to functional currency are in respect to the fact that the functional currency of the parent company will be the Canadian dollar and not the U.S. dollar, MVC will continue to operate with the Chilean Peso as its functional currency. The Company has chosen to continue to use the U.S. dollar as the presentation currency of its consolidated financial statements. The translation of the financial statements of each company in the group to U.S. dollars under IFRS will be as follows: All assets and liabilities will be translated at closing rates (as opposed to the translation under Canadian GAAP where non-monetary assets and liabilities are translated at historical rates) and income and expenses will be translated at average rates (as they are under Canadian GAAP), with all resulting exchange differences recognized as a separate component of equity (as opposed to including translation gains or losses in income as occurs under Canadian GAAP). Equity will be translated at the Company's choice of historical or current rate (under Canadian GAAP, historical rates are used). The choice of policy for translation of equity items will need to be applied consistently and has not yet been determined by the Company. However, it should be noted that if the historical rate is chosen, resulting exchange differences will be recognized in a separate component of equity, so the policy choice has no impact on total equity.

Under IFRS a company can account for property, plant and equipment under the revaluation or the cost model. The Company will continue to use the cost model under IFRS. IFRS also requires that certain assets are broken down into components. The record keeping at MVC allows for adequate accounting of components. Under IFRS, the Company will depreciate equipment based on estimated economic useful lives rather than limit the economic lives of equipment to the current term of the contract with El Teniente. In doing so, the Company will cease to calculate depreciation using the units of production method and will use instead the straight-line method.

Under IFRS, asset retirement obligations are measured based on management's best estimate of the expenditures that will be made (in Canadian GAAP, the obligations are based at fair value and incorporate market assumptions); discount rates reflect the specific risks involved in the decommissioning provision (in Canadian GAAP, discount rates are based on the Company's credit adjusted risk free rate); adjustments to the decommissioning provision are made each period for changes in the timing or amount of cash flows, changes in the discount rate and the unwinding of the discount (under Canadian GAAP, changes in discount rate alone do not result in a re-measurement of the provision). The Company will continue to use a third-party to re-assess its decommissioning provision every three years as it has done under Canadian GAAP.

The Company has considered the potential effect of share based payments under IFRS and has concluded that there will be no material impact on its financial statements on adoption of IFRS, as these payments are normally restricted to stock options granted by the Company which all vest within the year granted. Under IFRS, the concept of "graded vesting" frontloads the stock based compensation expense for options granted such that the expense is higher in initial quarters and reduces as options vest, as opposed to "straight line vesting" under Canadian GAAP. However, the effect on annual results is the same under IFRS and Canadian GAAP provided options vest in full within the year granted. The calculation of the underlying fair value under both IFRS and Canadian GAAP is the same and the changes are only with respect to the timing of the allocation between fiscal quarters of the resulting cost as options vest.

Under IFRS and under Canadian GAAP, total income tax expense recognized in earnings is the sum of current tax expense or recovery plus the change in deferred tax assets and liabilities during the period, net of tax recognized in other comprehensive income or directly in equity, Under IFRS there are however, differences in the treatment of income taxes relating to certain items charged or credited directly to equity or arising from business combinations. There are currently no such items in the Company's financial statements. In both IFRS and Canadian GAAP, current tax represents the amount of income tax payable or recoverable, based on taxable profit or loss for the period, measured based on tax rates and laws that are enacted or substantively enacted. As disclosed earlier in this section, the Chilean SII will continue to use Chilean GAAP as the basis for calculation of taxable profit. As a result the Company does not anticipate changes to actual taxes payable by MVC on profits arising from the adoption of IFRS.

During Q1-2010 the Company retained the services of an IFRS consultant in Chile. The Company's functional currencies for each company within the group have been identified and the methodology for

converting the Company's most significant asset, property, plant and equipment to IFRS at December 31, 2009 was also identified.

The Company has continued working on its implementation plan and most of the items of its January 1, 2010 Canadian GAAP Balance Sheet have been converted to an IFRS Balance Sheet. The Company has also set up a parallel process to convert its March 31 and June 30, 2010 Balance Sheets to IFRS as early as possible while it continues to finalize some of the outstanding items on the December 31, 2009 Balance Sheet.

Other

As of August 10, 2010, Amerigo has outstanding 170,910,344 common shares and 9,690,000 options (exercisable at prices ranging from Cdn\$0.31 to Cdn\$2.71 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, 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.