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**Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2016**

TABLE of CONTENTS

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

1. **Corporate Profile** – An executive summary of Amerigo's business and its long-term contractual relationship with Codelco/El Teniente Division (PAGE 3)
2. **Introduction** – Information on accounting principles, reporting currency and other background factors to facilitate the understanding of this MD&A and related consolidated financial statements (PAGE 3)
3. **Highlights and Significant Events** – A summary of the key operating and financial metrics during the three months ended September 30, 2016 ("Q3-2016") and as at September 30, 2016 (PAGE 4)
4. **Five-Quarter Financial Results and Summary Cash Flow Information** – A summary of financial results and uses and sources of cash presented on a quarterly basis for the most recent five reporting quarters (PAGE 6)
5. **Operating Results** – An analysis of production results, revenue, costs, cash cost and total cost for Q3-2016 and compared to the three months ended September 30, 2015 ("Q3-2015") (PAGE 7)
6. **Financial Results** – An analysis of financial performance during Q3-2016, compared to Q3-2015 and during the nine months ended September 30, 2016 ("YTD-2016") compared to the nine months ended September 30, 2015 ("YTD-2015") (PAGE 10)
7. **Comparative Periods** – A summary of financial data for the most recent eight reporting quarters (PAGE 13)
8. **Liquidity and Capital Resources** – A review of cash flow components, summary of borrowings and credit facilities and analysis of liquidity and financial position as at September 30, 2016 (PAGE 14)
9. **Agreements with Codelco's El Teniente Division** – A summary of contractual arrangements with Codelco's El Teniente Division (PAGE 17)
10. **Cauquenes Expansion**– Information on the Cauquenes expansion project (PAGE 18)
11. **Other MD&A Requirements** – Impairment analysis, transactions with related parties, critical accounting estimates & judgements, internal controls over financial reporting, commitments, and cautionary statement on forward looking information (PAGE 18)

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

CORPORATE PROFILE

Amerigo Resources Ltd. (“Amerigo” or the “Company”) owns a 100% interest in Minera Valle Central S.A. (“MVC”), a Chilean company that is principally engaged in the production of copper and molybdenum concentrates.

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

Effective January 1, 2015 and up to December 31, 2022, MVC’s production of copper concentrates is being conducted under a tolling agreement with DET under which title to the copper concentrates produced by MVC remains with DET and MVC earns tolling revenue, calculated as gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET copper royalties and transportation costs). Refer to **Agreements with Codelco’s El Teniente Division** (page 17).

MVC also has an agreement with Chile’s Minera Maricunga (“Maricunga”), under which MVC purchases Maricunga copper concentrate, dries the material and delivers the blended concentrates through its tolling contract with DET, and a molybdenum sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”).

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

INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Group”), is prepared as of November 7, 2016 and should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2016 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2015.

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

The Company’s financial statements are reported under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The disclosure of financial data and results in this MD&A is also reported under IFRS, except non-GAAP measures which are indicated as such.

Reference is made in this MD&A to various non-GAAP measures such as cash cost and total cost, which are terms that do not have a standardized meaning but are widely used as performance indicators in the mining industry. A tabular reconciliation of the Group’s cash and total costs to tolling and production costs in Q3-2016 and Q3-2015 is presented on page 9.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Overview

	Three months ended September 30,			%
	2016	2015	Change	
Copper produced ¹ million pounds	16.0	8.5	7.5	88%
% copper production from historic tailings	61%	9%		578%
Revenue (\$ thousands) ²	23,383	10,770	12,613	117%
DET notional copper royalties (\$ thousands)	5,495	2,492	3,003	121%
Tolling and production costs (\$ thousands)	24,300	15,290	9,010	59%
Gross loss (\$ thousands)	(917)	(4,520)	3,603	(80%)
Net loss (\$ thousands)	(2,545)	(6,161)	3,616	(59%)
Operating cash flow (\$ thousands) ³	1,656	(2,460)	4,116	167%
Cash flow paid for plant expansion (\$ thousands)	(1,341)	(15,498)	14,157	(91%)
Cash and cash equivalents (\$ thousands) ⁴	21,056	9,925	11,131	112%
Borrowings (\$ thousands) ⁵	74,458	63,084	11,374	18%
Gross copper tolling price (\$/lb)	2.13	2.36	(0.23)	(10%)
Cash cost per pound ⁶	1.60	2.07	(0.47)	(23%)
Total cost per pound ⁶	2.18	2.62	(0.44)	(17%)

¹ Copper production from January 1, 2015 is conducted under tolling agreements with DET and Maricunga.

² Revenue is reported net of notional items (smelting and refining charges, DET copper royalties and transportation costs).

³ Operating cash flow before changes in non-cash working capital.

⁴ Includes cash of \$13.6 million in operating accounts and cash of \$7.5 million in a debt service reserve account (page 16).

⁵ Total borrowings at September 30, 2016, including short and long-term portions of \$11.4 million and \$63.0 million, respectively.

⁶ Cash and total costs are non-GAAP measures. Refer to page 9 for a reconciliation of these measures to tolling and production costs.

Financial results

- Gross tolling revenue was \$32.5 million (Q3-2015: \$14.9 million), mainly due to an 88% increase in copper production. The Group's recorded copper tolling price was \$2.13/lb (Q3-2015: \$2.36/lb). Molybdenum production was restarted in Q3-2016. Revenue after notional items was \$23.4 million (Q3-2015: \$10.8 million).
- Tolling and production costs were \$24.3 million (Q3-2015: \$15.3 million), an increase of 59% driven by an 88% increase in copper production.
- Cash cost (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits, page 9) before DET notional copper royalties and DET molybdenum royalties decreased to \$1.60/lb (Q3-2015: \$2.07/lb) due to higher production.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost of \$1.60/lb, DET notional copper royalties and DET molybdenum royalties of \$0.36/lb and depreciation of \$0.22/lb, page 9) decreased to \$2.18/lb (Q3-2015: \$2.62/lb), due to lower cash cost.
- Gross loss was \$0.9 million (Q3-2015: \$4.5 million) and net loss was \$2.5 million (Q3-2015: \$6.2 million).
- In Q3-2016 the Group generated cash flow from operations before changes in non-cash working capital of \$1.7 million (Q3-2015: used cash flow in operations of \$2.5 million).

Production

- Q3-2016 copper production was 16.0 million pounds, 88% higher than the 8.5 million pounds produced in Q3-2015.
- Q3-2016 copper production includes 9.8 million pounds from Cauquenes, 5.6 million pounds from fresh tailings and 0.7 million pounds from Maricunga.
- The ramp-up in production from Cauquenes has progressed in line with expectations, with tonnage higher than design rates of 60,000 tonnes per day (“tpd”) and plant recovery averaging 34.4% in the quarter.
- Molybdenum production restarted in August 2016, with Q3-2016 production of 138,301 pounds. The operation of the molybdenum plant has been outsourced to a subcontractor who refurbished the plant with a \$1.0 million investment to be paid by MVC over the course of three years.

Cash and Working Capital

- The Group’s cash balance was \$21.1 million at September 30, 2016 (December 31, 2015: \$9.0 million), with a working capital deficiency of \$1.1 million (December 31, 2015: working capital deficiency of \$6.0 million).
- The Group’s cash balance at September 30, 2016 includes \$13.6 million in operating accounts and \$7.5 million in a debt service reserve account (page 16).

Outlook¹

- MVC maintains its 2016 production guidance of 55.0 to 60.0 million pounds of copper at an annual cash cost (page 9) of \$1.65 to \$1.85/lb.
- MVC’s sustaining Capex in 2016, excluding Capex incurred to refurbish the molybdenum plant, continues to be estimated at \$5.0 million, mostly incurred on extraction sumps at Cauquenes.
- MVC expects to complete the production test required under the Cauquenes Expansion Loan in Q4-2016.
- Cash and cash equivalents at MVC at December 31, 2016 are expected to be lower than at September 30, 2016, following scheduled debt repayments in December 2016 and expected changes in other working capital accounts in Q4-2016.

¹ Refer to Cautionary Statement on Forward Looking Information (page 22).

SUMMARY OF FINANCIAL RESULTS Q3-2015 TO Q3-2016

	Q3-2016	Q2-2016	Q1-2016	Q4-2015	Q3-2015
Copper production, million pounds	16.027	14.355	12.855	10.860	8.494
Copper deliveries, million pounds	15.599	14.509	12.746	10.737	8.288
Financial results (\$ thousands)					
Revenue					
Gross tolling revenue	32,500	28,361	26,997	11,006	14,897
Notional items deducted from gross tolling revenue:					
Smelting and refining	(5,246)	(4,784)	(4,509)	(2,439)	(3,040)
DET notional royalties - copper	(5,495)	(4,985)	(4,435)	(2,328)	(2,492)
Transportation	(460)	(401)	(364)	(194)	(237)
	21,299	18,191	17,689	6,045	9,128
Molybdenum and other revenue	2,084	1,085	1,566	1,764	1,642
	23,383	19,276	19,255	7,809	10,770
Tolling costs					
Tolling and production costs	(19,845)	(18,018)	(17,229)	(10,646)	(12,507)
DET royalties - molybdenum	(84)	-	-	-	-
Depreciation and amortization	(3,295)	(3,301)	(3,292)	(1,659)	(1,681)
Administration	(1,076)	(1,119)	(1,136)	(956)	(1,102)
	(24,300)	(22,438)	(21,657)	(13,261)	(15,290)
Gross loss	(917)	(3,162)	(2,402)	(5,452)	(4,520)
Other expenses					
Office and general expenses	(278)	(113)	(281)	(86)	(239)
Salaries, management and professional fees	(346)	(399)	(513)	(603)	(387)
Share-based payment compensation	(28)	(58)	(60)	(15)	(40)
	(652)	(570)	(854)	(704)	(666)
Other expenses					
Foreign exchange (expense) gain	(113)	378	571	(326)	(553)
Impairment charges	-	-	-	(1,427)	(194)
Other gains	96	97	30	4	23
	(17)	475	601	(1,749)	(724)
Royalty derivative	254	439	(917)	2,285	(826)
	(415)	344	(1,170)	(168)	(2,216)
Operating loss	(1,332)	(2,818)	(3,572)	(5,620)	(6,736)
Finance expense	(973)	(1,389)	(1,488)	(83)	(235)
Loss before taxes	(2,305)	(4,207)	(5,060)	(5,703)	(6,971)
Income tax (expense) recovery	(240)	594	703	1,030	810
Loss for the period	(2,545)	(3,613)	(4,357)	(4,673)	(6,161)
Loss per share - basic	(0.01)	(0.02)	(0.03)	(0.03)	(0.03)
Loss per share - diluted	(0.01)	(0.02)	(0.03)	(0.03)	(0.03)
Cash cost (\$/lb) ¹	1.60	1.65	1.81	2.16	2.07
Total cost (\$/lb) ¹	2.18	2.25	2.45	2.84	2.62
Uses and sources of cash (\$thousands)					
Operating cash flow before working capital changes	1,656	(595)	1,443	(3,105)	(2,460)
Operating cash flow after working capital changes	10,188	7,139	1,513	1,826	(6,814)
Cash used in investing activities	(1,341)	(2,138)	(3,714)	(12,216)	(15,498)
Financing proceeds (repayments)	3,000	(7,673)	4,380	9,783	20,248
Ending cash balance	21,056	9,043	11,757	9,032	9,925

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

OPERATING RESULTS

In Q3-2016 the Group produced 16.0 million pounds of copper under tolling agreements with DET and Maricunga, 88% higher than Q3-2015 production. Copper deliveries were 15.6 million pounds.

MVC produced 5.6 million pounds of copper from El Teniente's fresh tailings in Q3-2016.

Q3-2016 production from Cauquenes was 9.8 million pounds, 20% higher than Q2-2016 production of 8.2 million pounds. The ramp up in the historic Cauquenes deposit has progressed in line with expectations, with tonnage higher than design rates of 60,000 tpd and plant recovery averaging 34.4% in the quarter.

Results in Q3-2016 included 0.7 million pounds of copper produced and sold pursuant to the tolling contract with Maricunga (Q3-2015: 0.8 million pounds). Maricunga concentrate deliveries to MVC are expected to continue to December 2016.

Molybdenum production was restarted in Q3-2016 in response to the higher molybdenum content found in Cauquenes tailings and stronger molybdenum prices. To optimize costs, the operation of the molybdenum plant was outsourced to a subcontractor who refurbished the plant with a \$1.0 million investment payable by MVC over the course of three years. Molybdenum production in Q3-2016 was 138,301 pounds.

While tolling and production costs increased to \$24.2 million in Q3-2016 (Q3-2015: \$15.3 million) because of higher production, MVC's Q3-2016's unit cash cost (page 9) decreased to \$1.60/lb (Q3-2015: \$2.07/lb).

Production

	Q3-2016	Q3-2015
FRESH TAILINGS FROM EL TENIENTE		
Tonnes processed	11,373,542	11,243,557
Copper grade (%)	0.113%	0.117%
Copper recovery	19.7%	24.2%
Copper produced (lbs)	5,571,356	7,010,713
HISTORIC TAILINGS FROM EL TENIENTE		
Tonnes processed	5,435,474	821,301
Copper grade (%)	0.236%	0.223%
Copper recovery	34.4%	17.1%
Copper produced (lbs)	9,756,304	688,741
TOLL PROCESSING FROM MARICUNGA		
Copper produced (lbs)	700,358	794,457
COPPER		
Total copper produced (lbs)	16,028,018	8,493,911
Total copper delivered to DET (lbs)	15,599,494	8,287,850
MOLYBDENUM		
Total molybdenum produced (lbs)	138,301	-
Total molybdenum sold (lbs)	131,392	-

Revenue

	Q3-2016		Q3-2015	
Average LME copper price per pound	\$	2.17	\$	2.38
Gross tolling revenue (thousands)	\$	32,500	\$	14,897
Notional items deducted from gross tolling revenue:				
Smelting and refining charges (thousands)		(5,246)		(3,040)
DET copper royalties (thousands)		(5,495)		(2,492)
Transportation costs (thousands)		(460)		(237)
Copper net revenue (thousands)		21,299		9,128
Molybdenum and Maricunga tolling revenue (thousands)		2,084		1,642
Total revenue (thousands)	\$	23,383	\$	10,770
Company's gross copper tolling price per pound ¹	\$	2.13	\$	2.36
Company's gross molybdenum price per pound ²	\$	7.01	\$	-

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

² Molybdenum recorded price for the period before roasting charges.

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

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges, and in 2016 is based on the average London Metal Exchange ("LME") copper price for the third month following the delivery of copper concentrates produced under the tolling agreement ("M+3"). Accordingly, final pricing for copper produced by MVC in 2016 is being determined based on the average LME copper price of the third month following delivery of copper produced under the tolling agreement.

In Q3-2016, the Company recorded positive settlement adjustments of \$0.4 million (Q3-2015: \$2.6 million in negative settlement adjustments), as final sale prices for Q2-2016 production were higher than the provisional sale prices booked in that quarter. At September 30, 2016, a 10% increase or decrease in provisional copper prices would result in price-driven revenue settlement adjustments of \$3.3 million.

The average LME copper price in Q3-2016 was \$2.17/lb (Q3-2015: \$2.38/lb) and the Group's recorded copper tolling price was \$2.13/lb (Q3-2015: \$2.36/lb). The difference between the average LME copper price and the Group's recorded tolling price results from the pricing terms that applied in the period.

As of 2015, DET royalties on copper production are a notional item deducted from gross tolling revenue. In Q3-2016, DET notional copper royalties were \$5.5 million, \$3.0 million higher than in Q3-2015, due to higher production. The terms for DET notional copper royalties and molybdenum royalties are disclosed under **Agreements with Codelco's El Teniente Division** (page 17).

Also, effective 2015, transportation is a notional item deducted from gross tolling revenue. Transportation was \$0.5 million in Q3-2016 (Q3-2015: \$0.2 million).

MVC's molybdenum sales price in Q3-2016 was \$7.01/lb. MVC's sales agreement with Molymet currently provides that the sale price is the average market price for the third month after delivery ("M+3"). Accordingly, none of the molybdenum sold in Q3-2016 was priced at final prices as of September 30, 2016. Sales of molybdenum were provisionally priced at the average Platt's molybdenum dealer oxide price which for September 30, 2016 was \$6.91/lb.

Cash Cost and Total Cost

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

A reconciliation of tolling and production costs to cash cost and total cost in Q3-2016 and Q3-2015 is presented below:

		Q3-2016		Q3-2015	
Tolling and production costs (thousands)	\$	24,300	\$	15,290	
Add (deduct):					
DET notional royalties/royalties (thousands)		5,579		2,492	
Smelting and refining charges (thousands)		5,246		3,040	
Transportation costs (thousands)		460		237	
Inventory adjustments (thousands):		(40)		303	
By-product credits (thousands)		(2,084)		(1,642)	
Total cost (thousands)	\$	33,461	\$	19,720	
Deduct:					
DET notional royalties/royalties (thousands)		(5,579)		(2,492)	
Depreciation and amortization (thousands)		(3,295)		(1,681)	
Cash cost (thousands)	\$	24,587	\$	15,547	
Pounds of copper tolled from fresh and old tailings (millions) ¹		15.33		7.70	
Cash cost (\$/lb)		1.60		2.07	
Total cost (\$/lb)		2.18		2.62	

¹ Excludes 0.7 million pounds produced in Q3-2016 from Maricunga toll processing, a by-product (Q3-2015: 0.8 million pounds).

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

	Q3-2016	Q2-2016	Q1-2016	Q4-2015	Q3-2015
Power costs	0.50	0.50	0.56	0.70	0.70
Grinding media	0.12	0.15	0.19	0.22	0.23
Other direct costs	0.68	0.62	0.69	0.93	0.77
By-product credits	(0.14)	(0.08)	(0.13)	(0.30)	(0.22)
Smelting & refining	0.34	0.35	0.38	0.42	0.41
Administration	0.07	0.08	0.09	0.16	0.15
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	\$1.60	\$1.65	\$1.81	\$2.16	\$2.07

Cash cost in Q3-2016 was \$1.60/lb (Q3-2015: \$2.07/lb).

Power is MVC's most significant cost, and was \$0.0998/kWh in Q3-2016 (Q3-2015: \$0.1090/kWh). MVC has two power generators that operate when the grid price exceeds the generators' operating costs. The economic benefit from operating the generators in Q3-2016 was \$0.2 million (Q3-2015: cost of \$0.4 million). Unit power costs of \$0.50/lb (Q3-2015: \$0.70/lb) improved due to higher copper production.

Unit grinding media costs were \$0.12/lb (Q3-2015: \$0.23/lb), positively affected from more efficient mill operations and lower steel prices.

Other direct costs were \$0.68/lb (Q3-2015: \$0.77/lb) and included direct labour costs of \$0.15/lb (Q3-2015: \$0.19/lb) and all other combined direct costs of \$0.53/lb (Q3-2015: \$0.58/lb).

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

	Q3-2016	Q2-2016	Q1-2016	Q4-2015	Q3-2015
Cash cost	1.60	1.65	1.81	2.16	2.07
DET notional royalties/royalties	0.36	0.36	0.37	0.40	0.33
Amortization/depreciation	0.22	0.24	0.27	0.28	0.22
Total Cost	\$2.18	\$2.25	\$2.45	\$2.84	\$2.62

Total cost was \$2.18/lb (Q3-2015: \$2.62/lb), positively impacted by reductions of \$0.47/lb in cash cost (due to stronger production).

FINANCIAL RESULTS Q3-2016

The Group posted a net loss of \$2.5 million (\$0.01 basic and diluted loss per share), compared to a net loss of \$6.2 million in Q3-2015 (\$0.03 basic and diluted loss per share) because of higher copper production, notwithstanding lower metal prices.

Gross loss was \$0.9 million (Q3-2015: \$4.5 million).

Revenue

Revenue in Q3-2016 was \$23.4 million (Q3-2015: \$10.8 million).

Tolling and Production Costs

(Expressed in thousands)	Q3-2016		Q3-2015	
Direct tolling and production costs				
Power costs	\$	7,717	\$	5,248
Grinding media		1,885		1,755
Labour costs		2,385		1,495
Other direct tolling and production costs		7,858		4,009
		19,845		12,507
DET royalties - molybdenum		84		-
Depreciation and amortization		3,295		1,681
Administration		1,076		1,102
Tolling and production costs	\$	24,300	\$	15,290

Direct tolling and production costs were \$19.9 million (Q3-2015: \$12.5 million), a cost increase of 59% due to an 88% increase in copper production.

Power costs increased by \$2.5 million compared to Q3-2015, because of higher production.

Grinding media costs of \$1.9 million were 7% higher than in Q3-2015 despite an 88% increase in copper production, due to more efficient mill operations and lower steel prices.

Direct labour costs were \$2.4 million in Q3-2016 (Q3-2015: \$1.5 million), increased by higher production bonuses achieved at MVC and the internalization of certain functions that used to be sub-contracted.

Other direct tolling and production costs increased by \$3.8 million to \$7.9 million. The most relevant other direct tolling and production costs are summarized in the following tables:

(Expressed in thousands)	Q3-2016		Q3-2015	
Other direct tolling and production costs				
Historic tailings extraction	\$	962	\$	290
Maintenance, excluding labour		1,389		1,239
Molybdenum production costs		779		-
Maricunga tolling costs		1,018		1,284
Industrial water		575		352
Copper reagents		509		227
Subcontractors, support services, etc.		424		433
Filtration and all other direct tolling costs		105		63
Lime		1,701		193
Process control, environmental & safety		436		231
Inventory adjustments		(40)		(303)
	\$	7,858	\$	4,009

(\$/lb Cu)	Q3-2016		Q3-2015	
Other direct tolling costs				
Historic tailings extraction		0.06		0.04
Maintenance, excluding labour		0.09		0.16
Molybdenum production costs		0.05		-
Maricunga tolling costs		0.07		0.17
Industrial water		0.04		0.05
Copper reagents		0.03		0.03
Subcontractors, support services, etc.		0.03		0.06
Filtration and all other direct tolling costs		0.01		0.01
Lime		0.11		0.03
Process control, environmental & safety		0.03		0.03
Inventory adjustments		0.01		(0.04)
		0.53		0.54

Other direct costs increased by \$3.8 million in Q3-2016 compared to Q3-2015. The most significant increases were: \$1.5 million in lime costs (more lime is needed to process Cauquenes tailings), \$0.8 million in molybdenum production costs (\$nil in Q3-2015 as the molybdenum plant was shut down) and a \$0.7 million increase in historic tailings extraction costs (there was limited historic tailings production in Q3-2015). Excluding these major cost variances, other direct costs increased \$0.9 million in Q3-2016 because of substantially higher copper production.

Depreciation and amortization cost increased to \$3.3 million (Q3-2015: \$1.7 million), as the Cauquenes expansion started to be depreciated in 2016.

Administration expenses were \$1.1 million in Q3-2016 and Q3-2015.

Other (expenses) gains

Other expenses of \$0.4 million (Q3-2015: \$2.2 million) are costs not related to MVC's production operations, and are comprised of the following:

- General and administration expenses of \$0.7 million (Q3-2015: \$0.7 million) which include salaries, management and professional fees of \$0.3 million (Q3-2015: \$0.4 million), office and general expenses of \$0.3 million (Q3-2015: \$0.2 million) and share-based payments of \$0.1 million (Q3-2015: \$0.1 million).
- Other expenses of \$0.1 million (Q3-2015: other expenses of \$0.7 million), comprised of a foreign exchange expense of \$0.1 million (Q3-2015: \$0.6 million) and in Q3-2015 other gains of \$0.01 million.
- A recovery on the royalty derivative to related parties of \$0.3 million (Q3-2015: expense of \$0.8 million), which includes actual royalty dividends paid or accrued to related parties of \$0.3 million (Q3-2015: \$0.1 million) and a decrease in the fair value of the derivative of \$0.6 million (Q3-2015: increase in fair value of \$0.8 million). The decrease in the fair value of the derivative was the result of higher discount rates driven by higher expected risk adjusted borrowing rates.

Finance expense

The Group recorded a finance expense of \$1.0 million in Q3-2016 (Q3-2015: \$0.2 million), which includes finance, interest charges and a change in value on an interest rate swap. Most of the Group's finance expense was subject to capitalization in Q3-2015.

Taxes

Income tax expense was \$0.2 million in Q3-2016 (Q3-2015: recovery of \$0.8 million).

FINANCIAL RESULTS – NINE MONTHS ENDED SEPTEMBER 30, 2016

During YTD-2016 the Company posted a net loss of \$10.5 million (\$0.06 per share), compared to a net loss of \$12.3 million (\$0.07 per share) YTD-2015.

Despite a 63% increase in copper production YTD-2016, financial performance has been affected by lower metal prices.

Revenue in YTD-2016 was \$61.9 million, 38% higher than YTD-2015 revenue of \$44.8 million.

Tolling and production costs were \$68.4 million, 19% higher than tolling and production costs of \$52.4 million in YTD-2015. Cash cost and total cost (both non-GAAP measures) in YTD-2016 were \$1.68/lb and \$2.29/lb respectively, compared to \$2.18/lb and \$2.85/lb in YTD-2015.

Other expenses were \$1.2 million, compared to \$4.7 million in YTD-2015.

Finance expense increased to \$3.9 million from \$0.9 million, in connection with MVC's debt service. Most of the Group's finance expense was subject to capitalization in YTD-2015.

Income tax recovery was \$1.1 million, compared to a recovery of \$0.9 million in YTD-2015.

COMPARATIVE PERIODS

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

	Q3-2016	Q2-2016	Q1-2016	Q4-2015
	\$	\$	\$	\$
Total revenue (thousands)	23,383	19,276	19,255	7,809
Net loss (thousands)	(2,545)	(3,613)	(4,357)	(4,673)
Loss per share	(0.01)	(0.02)	(0.03)	(0.03)
Diluted loss per share	(0.01)	(0.02)	(0.03)	(0.03)

	Q3-2015	Q2-2015	Q1-2015	Q4-2014
	\$	\$	\$	\$
Total revenue (thousands)	10,770	16,388	17,656	24,320
Net (loss) profit (thousands)	(6,161)	(2,036)	(4,063)	1,702
(Loss) earnings per share	(0.03)	(0.01)	(0.02)	0.01
Diluted (loss) earnings per share	(0.03)	(0.01)	(0.02)	0.01

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

	Q3-2016	Q2-2016	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Copper sales/deliveries ¹	15.60	14.51	12.75	7.44	8.12	9.39	8.83	11.22
MVC's realized copper price ²	\$2.13	\$2.10	\$2.24	\$2.08	\$2.36	\$2.65	\$2.68	\$3.01
Settlement adjustments ³	\$0.43	(\$0.96)	-	(\$1.02)	(\$2.61)	\$0.42	\$1.43	-

¹ Million pounds of copper. In 2015 and 2016 deliveries are under the tolling agreements with DET and Maricunga. Q3-2015 and Q4-2015 amounts exclude tailings processed from Cauquenes.

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

³ Settlement adjustments to prior quarter's sales/deliveries, expressed in millions of dollars

Revenue in Q4-2014 was stronger because of favourable mining conditions in Colihues, although stronger production results were mitigated by lower copper prices. Q1-2015 revenue was impacted by lower production and a substantial decline in copper prices. Q3-2015 revenue was positively impacted by higher production levels, despite lower realized copper prices. Q3-2015 revenue was affected by lower copper sales, lower copper prices and negative revenue settlement adjustments due to pricing terms. Q4-2015 revenue was affected by lower production (as they exclude Cauquenes production) and lower copper prices. Q1-2016 to Q3-2016 revenues were positively impacted by stronger copper production from Cauquenes.

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

	Q3-2016	Q2-2016	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Tolling and production costs ¹	\$24.30	\$22.44	\$21.66	\$13.26	\$15.29	\$18.14	\$18.97	\$21.46
Unit tolling and production cost ²	\$1.56	\$1.55	\$1.70	\$1.78	\$1.88	\$1.93	\$2.15	1.91

¹ Millions of dollars.

² Tolling and production costs divided over number of pounds of copper delivered. Q3-2015 and Q4-2015 amounts exclude tailings processed from Cauquenes.

Tolling and production costs are affected by production levels, input costs -particularly power costs-, copper prices and the depreciation or appreciation of the Chilean Peso ("CLP") to the U.S. dollar. Total costs increased in Q4-2014 from higher production, but unit cost decreased from prior quarter levels. In Q1-2015 total costs decreased due to lower production, but the decrease in costs was insufficient to maintain the low unit costs that had been achieved in prior quarters. In Q2, Q3 and Q4-2015, total and unit costs decreased consistently each quarter because of lower production levels, cost reductions at MVC and a weaker CLP compared to the U.S. dollar. Costs in Q3 and Q4-2015 also decreased due to suspension of Colihues operations. Q3-2015 and Q4-2015 cost data did not include Cauquenes tolling costs which were capitalized as pre-operating costs. Q1-2016 to Q3-2016's total cost increased due to a substantial increase in production which also resulted in lower unit costs.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Group generated cash of \$10.2 million from operations in Q3-2016, compared to \$6.8 million used in operations in Q3-2015. YTD-2016 cash generated from operations was \$18.8 million (YTD-2015: \$28.3 million used in operations).

Excluding the effect of changes in working capital accounts, the Group generated cash of \$1.7 million in operations in Q3-2016 (Q3-2015: used cash of \$2.5 million) and generated cash of \$2.5 million in YTD-2016 (YTD-2015: used cash of \$1.9 million).

Cash Flow from Financing Activities

YTD-2016, the Group received \$13.8 million in debt proceeds net of transaction costs (YTD-2015: \$63.1 million) and made debt repayments of \$14.1 million (YTD-2015: \$nil).

Cash Flow from Investing Activities

YTD-2016, the Group used cash of \$7.2 million for payments of capital expenditures, including final payments on the Cauquenes phase one expansion (YTD-2015: \$41.2 million).

Liquidity and Financial Position

The Group's cash and cash equivalents at September 30, 2016 totaled \$21.1 million (December 31, 2015: \$9.0 million), including \$7.5 million held in a debt service reserve account described on page 16 (December 31, 2015: \$nil). The Group had a working capital deficiency of \$1.1 million at September 30, 2016, compared to a working capital deficiency of \$6.0 million at December 31, 2015.

The Group operates in a cyclical industry where levels of cash flow are closely correlated to the market prices for copper. While MVC is a valuable long-life asset with a strategic relationship with El Teniente, the world's largest underground copper mine, its liquidity and financial position have been affected by lower copper price, from an average LME price of \$2.38/lb in Q3-2015 to an average LME price of \$2.17/lb in Q3-2016.

Phase one of the Cauquenes expansion was completed in December 2015, providing MVC with access to high-grade historic tailings that are expected to increase production from 37.3 million pounds of copper in 2015 to an estimated 55.0 to 60.0 million pounds in 2016. Because of the projected production increase, and the effect of continued cost reductions, annual cash cost was originally projected to decrease from \$2.18/lb in 2015, to a cash cost of \$1.65/lb to \$1.85/lb in 2016. In Q3-2016, MVC's cash cost was \$1.60/lb. Refer to **Cautionary Statement on Forward Looking Information** (page 22).

Under these conditions, the Group expects to meet its obligations for the next 12 months from cash flow generated from operations and, depending on prevailing copper prices, from available credit facilities. At September 30, 2016, the Group had \$13.0 million undrawn from a stand-by line of credit from three Amerigo shareholders, currently available to March 25, 2017.

In Q1-2016 MVC and DET reached an agreement to defer \$5.4 million in DET notional copper royalties, the repayment terms of which are under discussion with DET.

The Group's long-term liabilities (severance provisions, long-term portion of borrowings, long-term portion of the royalty derivative to related parties measured at fair value, deferred income tax liabilities and other non-current liabilities) at September 30, 2016 were \$97.8 million (December 31, 2015: \$87.6 million).

Borrowings

(Thousands)	September 30, 2016 \$	December 31, 2015 \$
Cauquenes Expansion Loan (a)	57,665	57,471
Cauquenes Expansion VAT Facility (b)	-	8,026
DET Price Support Facility (c)	16,793	7,148
	74,458	72,645
Comprised of:		
Short-term debt and current portion of long-term debt	11,423	17,964
Long -term debt	63,035	54,681
	74,458	72,645

- a) On March 25, 2015, MVC closed a bank syndicate financing with Banco Bilbao Vizcaya Argentaria ("BBVA") and Export Development Canada ("EDC") for a loan facility (the "Cauquenes Expansion Loan") of \$64.4 million for the first phase of the expansion of MVC's operations for the processing of tailings from the Cauquenes deposit. Terms of the loan include interest fixed through an interest rate swap ("IRS") at a rate of 5.81% per annum (to be reduced to 5.56% per annum once MVC meets the completion criteria set in the Cauquenes Expansion Loan) for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor 6-month rate, which at September 30, 2016 was 4.67% per annum (and would be 4.42% per annum after meeting the completion criteria).

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

Interest is paid semi-annually starting on June 30, 2015. The Cauquenes Expansion Loan has a maximum repayment term of 6 years consisting of 12 equal semi-annual principal payments of \$5.4 million, commencing on June 30, 2016. The repayment term may be shortened without penalty in accordance with the provisions of the Cauquenes Expansion Loan.

The balance of the loan (net of transaction costs) at September 30, 2016 was \$57.7 million (December 31, 2014: \$57.5 million).

MVC has provided security for the Cauquenes Expansion Loan in the form of a charge on all of MVC's assets, and MVC is subject to bank covenants (current ratio, tangible net worth and debt service coverage ratio) to be measured semi-annually starting on December 31, 2015. At June 30, 2016, MVC was in compliance with the tangible net worth ratio (\$95.0 million), and received waivers from BBVA and EDC in respect of non-compliance with the current ratio (requirement of 1.0) and debt service coverage ratio (requirement of 1.2).

MVC had a requirement to fund a debt service reserve account ("DSRA") for an estimated amount of \$7.5 million from the proceeds of the final disbursement from the Cauquenes Expansion Loan. BBVA and EDC waived the final disbursement funding requirement and deferred funding of the DSRA to the second half of 2016. At September 30, 2016, the DSRA was fully funded with \$7.5 million. The funds in the DSRA must be used to: /i/ pay the principal and interest of the Cauquenes Expansion Loan and the amounts owing under the IRS if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish into the DSRA at each month end the funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the Cauquenes Expansion Loan and the IRS that are payable in respect of the following six months.

Concurrently with the Cauquenes Expansion Loan, MVC entered into IRS with BBVA to fix 75% of the interest payable on that facility. On September 30, 2016, the fair value of the IRS was determined to be \$0.6 million, with a short-term portion of \$0.1 million and a long-term portion of \$0.5 million. The interest rate swap has a term to December 27, 2018.

- b) On March 25, 2015, MVC entered into a CLP 5,700.0 million facility (approximately \$9.0 million at the loan grant date) with BBVA to finance the value-added tax incurred by MVC in connection with the Cauquenes phase one expansion (the "VAT Facility"). The VAT Facility was repaid in full on June 30, 2016.
- c) The Group secured \$30.0 million in additional credit facilities, including a \$17.0 million Price Support Facility provided by DET (page 17) and a \$13.0 million standby line of credit from three Amerigo shareholders. The standby line of credit had an original availability date to March 25, 2016 and was extended to March 25, 2017. Amounts drawn from the standby line of credit, if any, will be repaid in the amounts and at such times as permitted under the terms and conditions of the Cauquenes Expansion Loan. All obligations arising from the standby line of credit are to be paid in full on or before the date that is the earlier of December 31, 2019 and the one-year anniversary of the date in which MVC has paid in full all amounts due and owing under the Cauquenes Expansion Loan. No security was provided in connection with these facilities. At September 30, 2016, \$16.0 million had been drawn from the DET Price Support Facility (December 31, 2015: \$7.0 million) and no funds had been drawn from the standby line of credit. The Group incurred an annual commitment fee of \$0.1 million in respect of the standby line of credit in each of YTD-2016 and YTD-2015.

AGREEMENTS WITH CODELCO'S EL TENIENTE DIVISION

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

Until December 31, 2014, royalties were payable to DET in respect of copper concentrates produced by MVC. DET royalties were calculated using the average LME copper price for the month of production of the concentrates and were recorded as components of production costs.

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

Notional royalties for copper concentrates produced from fresh tailings are determined through a sliding scale formula tied to copper prices ranging from \$1.95/lb (13.5%) to \$4.80/lb (28.4%).

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

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

MVC pays a sliding scale global molybdenum royalty for molybdenum prices between \$7.31/lb (9%) and \$40.0/lb (19.7%).

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

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

In 2014, DET and MVC entered into a first modification to the Master Agreement, which provided for deferral of payment of up to \$9.1 million in DET royalties in 2014. The deferred amounts were paid in full in the quarter ended March 31, 2015.

In 2015, MVC and DET entered into a second modification to the Master Agreement under which MVC's production of copper concentrates is conducted under a tolling agreement with DET - as described in preceding paragraphs- and DET provided a copper price support agreement of up to \$17.0 million (the "DET Price Support Facility"). Starting in 2015, MVC drew down \$1.0 million from the DET Price Support Facility for each month in which the average final settlement copper price to MVC was less than \$2.80/lb, up to the \$17.0 million maximum. The DET Price Support Facility bears interest at a rate of 0.6% per month and is subordinate to MVC's bank financing. At September 30, 2016, MVC had drawn down \$16.0 million from the DET Price Support Facility (December 31, 2015: \$7.0 million) and by October 2016, MVC had drawn down the total \$17.0 million from the facility.

The DET Price Support Facility is scheduled to be repaid from January 2017 to December 31, 2019 at a rate of \$1.0 million per month, provided this repayment schedule does not preclude MVC from making the semi-annual principal debt repayments described on the Cauquenes Expansion Loan. MVC does not currently anticipate making principal repayments to the DET Price Support Facility within the twelve months following September 30, 2016. MVC may repay the DET Price Support Facility in advance and without penalty, provided its bank debt holders pre-approve the advance payments.

In the quarter ended March 31, 2016, MVC and DET reached an agreement to defer DET notional copper royalties during a four-month period, from March to June 2016, for a total deferral of \$5.4 million, the repayment terms of which are under discussion with DET.

At September 30, 2016, the accrual for DET notional copper royalties and molybdenum royalties, including deferred amounts, was \$10.9 million (December 31, 2015: \$4.2 million), representing seven months of notional copper royalties and two months of molybdenum royalties (December 31, 2015: three months of notional royalties).

CAUQUENES EXPANSION

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

Phase one was completed in December 2015, \$4.5 million under budget, enabling MVC to extract Cauquenes tailings for processing in MVC's existing processing plant and increasing MVC's copper processing levels. The phase one Capex budget was \$71.1 million and actual Capex was \$66.6 million.

Subsequent to phase one MVC plans to upgrade its plant and operations in order to further increase recovery rates. This part of the expansion may be carried out in a series of stages, depending on internal cash flow and/or financing, and on completion is expected to further increase MVC's production.

OTHER MD&A REQUIREMENTS

Impairment Analysis

As at September 30, 2016, management of the Company determined that the continued depressed market price for the Company's shares, resulting in market capitalization for the Company below its net asset value, constituted an impairment indicator, and completed an impairment assessment for MVC that included a determination of fair value less costs to sell.

Key assumptions incorporated in the impairment model included the following:

- Copper prices (\$/lb): 2016: \$2.14; 2017: \$2.21; 2018: \$2.38; 2019: \$2.46; 2020: \$2.81; 2021 to 2037: \$3.00.

- Power costs (excluding benefit from self-generation): From 2016 to 2027 costs are per contractual estimates (2016: \$0.09774/kWh, 2017: \$0.09773/kWh, 2018 to 2037: \$0.11317/kWh).
- Operating costs based on historical costs incurred and estimated forecasts.
- Tolling/production volume and recoveries as indicated in MVC's mining plan from 2016 to 2037, including processing of fresh tailings and historic tailings from the Colihues and Cauquenes deposits.
- Discount rate: 7% after tax

Based on these assumptions, management's impairment evaluation did not result in the identification of an impairment loss as of September 30, 2016. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgements. The Group's impairment model is very sensitive to changes in estimated metal prices and operating costs, particularly estimated power costs beyond MVC's current power contracts and operating results from the Cauquenes deposit that may differ from current projections. Changes in these variables might trigger an impairment that could be material.

Transactions with Related Parties

a) Non-controlling interests

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

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

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

The Royalty is calculated as follows:

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

In the quarter ended March 31, 2016, the Group and the Class A shareholders entered into an agreement to defer payment of the Royalty derived from Cauquenes production (the "Cauquenes Royalty") with effect from January 15, 2016 to February 27, 2017 (the "Deferral Termination Date"). The Cauquenes Royalty that is deferred and which remains unpaid at the Deferral Termination Date will be increased by the amount of \$0.005 per pound. At September 30, 2016, the incremental royalty resulting from this agreement was \$0.1 million.

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 September 30, 2016 and December 31, 2015: \$8.9 million), with a current portion of \$1.5 million (December 31, 2015: \$0.9 million) and a long-term portion of \$7.4 million (December 31, 2015: \$8.0 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During YTD-2016, royalties totaling \$0.7 million were paid or accrued to the Class A shareholders (YTD-2015: \$0.4 million). At September 30, 2016, \$0.6 million of this amount remained payable (December 31, 2015: \$0.1 million).

The royalty derivative to related parties includes the royalty dividends described above and changes in fair value of the derivative. The fair value of the derivative decreased \$0.5 million in YTD-2016 (YTD-2015: increased by \$0.4 million), for a total royalty derivative expense of \$0.2 million (YTD-2015: expense of \$0.8 million).

b) Directors' fees and remuneration to officers

YTD-2016, the Group paid or accrued \$0.7 million in salaries and fees to companies associated with certain directors and officers of Amerigo (YTD-2015: \$0.8 million).

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

- Zeitler Holdings Corp. – Controlled by Dr. Klaus Zeitler, Executive Chairman of Amerigo
- Delphis Financial Strategies Inc. – Controlled by Aurora Davidson, Executive Vice President and CFO of Amerigo
- Michael J. Kuta Law Corporation – Controlled by Michael Kuta, former General Counsel and Corporate Secretary of Amerigo, in respect of YTD-2015.

In the same periods, Amerigo paid or accrued \$0.2 million in directors' fees to independent directors (YTD-2015: \$0.3 million). In Amerigo's consolidated financial statements, directors' fees and remuneration to officers are categorized as salaries, management and professional fees. These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

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

- c) As of September 30, 2016, one of Amerigo's officers acted as an officer of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.
- d) As of September 30, 2016, one of Amerigo's officers acted as an officer and one of Amerigo's directors acted as a director and Chairman of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Critical Accounting Estimates and Judgements

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

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

Start date of Cauquenes operations:

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

Internal Controls over Financial Reporting (“ICFR”)

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There was no material change in the Company’s ICFR during Q3-2016.

Commitments

- a) MVC entered into an agreement with its current power provider with a term from January 1, 2010 to December 31, 2017 which establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately \$0.4 million per month.
- b) MVC entered into agreements with its current power provider to supply MVC’s annual power requirements during the period from January 1, 2018 to December 31, 2027. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to be approximately \$1.2 million per month.
- c) Amerigo entered into an agreement for the lease of office premises in Vancouver for a five-year period commencing December 1, 2016. Amerigo’s rent commitments during the term of the lease are expected to be approximately \$0.5 million.
- d) The Master Agreement with DET has a Closure Plan clause requiring MVC and DET to work jointly to assess, under the new production scenario, the revision of the closure plan for the Cauquenes Deposit and compare it to the current plan in the possession of DET. In the case of any variation in the interests of DET due to MVC’s activities extracting and processing tailings contained in Cauquenes, the Parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until the estimation of the new closure plan is available and the Parties agree on the terms of compensation resulting from the revised plan, it is the Company’s view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Subsequent Events

Subsequent to September 30, 2016, MVC entered into a three-year collective labour agreement with its unionized workers, in connection with which MVC agreed to pay signing bonuses at an approximate cost to MVC of \$1.3 million. The union bonuses are payable in three equal installments in October 2016 (paid), October 2017 and October 2018. MVC will also pay bonuses to its administrative workers, at an approximate cost to MVC of \$0.2 million, payable in two equal installments in January 2017 and January 2018. These bonuses will be expensed in the quarter ended December 31, 2016 as labour cost.

Other

As of November 7, 2016, Amerigo has outstanding 174,682,058 common shares and 12,600,000 options (exercisable at prices ranging from Cdn\$0.14 to Cdn\$0.77 per share).

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

Cautionary Statement on Forward Looking Information

This MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- forecast production and operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- the extension of El Teniente's useful life and the extent of its remaining ore reserves;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- the timing and costs of construction and tolling/production, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp-up to full production from Cauquenes;
- our ability to procure or have access to financing (including funding of the remaining phases of the Cauquenes project) and to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- our planned capital expenditures (including our plan to upgrade our existing plant and operations after phase one of the Cauquenes project is complete) and estimates of asset retirement, royalty, severance and other obligations;
- our future capital and tolling or production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;

- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- our capital expenditures, including the timing and cost of completion of capital projects;
- disruptions to the Group's information technology systems, including those related to cyber-security;
- our dividend policy; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks associated with the availability and pricing of materials used in our operations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of tailings and mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. All of these risks and uncertainties apply not only the Group and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Group processes and its resulting production and therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Group.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- levels of and changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and of the products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- MVC's ability to profitably extract and process material from the Colihues and Cauquenes tailings deposits;
- the timing of the receipt and ongoing retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate financing for expansions and acquisitions, including the Cauquenes expansion;
- our tolling or production costs and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;

- the availability of funding on reasonable terms, including financing for the Group's expansions and acquisitions;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our mine plan estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales, treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- our ability to obtain, comply with and renew permits in a timely manner;
- our ability to meet production and cost budgets and plans; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. You should also carefully consider the matters discussed under "*Risk Factors*" in our Annual Information Form. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.