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

Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2015

TABLE of CONTENTS

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

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" BELOW.

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

CORPORATE PROFILE

Amerigo Resources Ltd. ("Amerigo" or the "Company") owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean company that is principally engaged in the production of copper concentrates.[1]

MVC has a long-term contractual relationship with the El Teniente Division ("DET") of Corporación Nacional del Cobre de Chile ("Codelco") to treat fresh and old tailings from Codelco's El Teniente mine. El Teniente is the world's largest underground copper mine and has been in production since 1904. An expansion project that includes a new mine level is in progress at El Teniente and is expected to extend El Teniente's useful life by 50 years.

In 2014, MVC and DET entered into a contract (the "Master Agreement") granting to MVC the rights to process tailings from DET's Cauquenes tailings deposit, extending MVC's rights to process DET tailings from 2021 to 2037 and amending MVC's contracts with DET to process tailings from El Teniente's current production (the "Fresh Tailings Contract") and from DET's Colihues tailings deposit (the "Colihues Contract"). Refer to **Agreements with Codelco's El Teniente Division,** page 23.

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 February 23, 2016 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2015 and December 31, 2014.

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

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

Reference is made in this MD&A to various non-GAAP measures such as cash cost and total cost, which are terms that do not have a standardized meaning but are widely used as performance indicators in the mining industry. A tabular reconciliation of the Group's cash and total costs to tolling and production costs in 2015 and 2014 is presented on page 13.

Effective January 1, 2015 and pursuant to the second modification to the Master Agreement (page 24), MVC's revenue from the delivery of copper concentrates to DET is recognized as a tolling fee which is calculated as gross revenue for copper delivered under the tolling agreement, net of notional items (smelting and refining charges, DET royalties and transportation costs). In prior years the nature of the agreements with DET resulted in DET royalties and transportation costs being reported as components of production costs. To facilitate comparative analysis, all 2014 revenue and production cost figures are presented in this MD&A on a pro-forma basis, such that they are adjusted to the results that would have been generated if the tolling agreement had been in place on January 1, 2014. A pro-forma reconciliation of revenue and production costs from the amounts reported in Amerigo's 2014 public disclosure documents is presented in tabular form on page 4.

[1] As of January 1, 2015, copper production from MVC is conducted under a tolling agreement with DET.

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

	Q1-2014		Q2-2014	
	As reported	Pro-forma	As reported	Pro-forma
Revenue				
Copper net revenue	33,363	33,363	27,474	27,474
Smelting and refining charges	(3,672)	(3,672)	(3,380)	(3,380)
DET royalties	-	(6,421)	-	(6,250)
Transportation	-	(355)	-	(347)
	29,691	22,915	24,094	17,497
Molybdenum and other tolling revenue	2,679	2,679	3,231	3,231
	32,370	25,594	27,325	20,728
Tolling and production costs				
Production costs	(19,001)	(19,001)	(15,565)	(15,565)
DET royalties	(6,421)	-	(6,250)	-
Depreciation and amortization	(4,738)	(4,738)	(2,668)	(2,668)
Transportation costs	(355)	-	(347)	-
Administration	(1,191)	(1,191)	(1,297)	(1,297)
	(31,706)	(24,930)	(26,127)	(19,530)
Gross profit	**664**	**664**	**1,198**	**1,198**

	Q3-2014		Q4-2014	
	As reported	Pro-forma	As reported	Pro-forma
Revenue				
Copper net revenue	29,617	29,617	32,142	32,142
Smelting and refining charges	(3,616)	(3,616)	(3,881)	(3,881)
DET royalties	-	(6,315)	-	(6,359)
Transportation	-	(344)	-	(367)
	26,001	19,342	28,261	21,535
Molybdenum and other tolling revenue	2,880	2,880	2,785	2,785
	28,881	22,222	31,046	24,320
Tolling and production costs				
Production costs	(17,471)	(17,471)	(18,259)	(18,259)
DET royalties	(6,315)	-	(6,359)	-
Depreciation and amortization	(1,814)	(1,814)	(1,844)	(1,844)
Transportation costs	(344)	-	(367)	-
Administration	(1,083)	(1,083)	(1,358)	(1,358)
	(27,027)	(20,368)	(28,187)	(21,461)
Gross profit	**1,854**	**1,854**	**2,859**	**2,859**

	2014	
	As reported	Pro-forma
Revenue		
Copper net revenue	122,594	122,594
Smelting and refining charges	(14,548)	(14,548)
DET royalties	-	(25,345)
Transportation	-	(1,413)
	108,046	81,288
Molybdenum and other tolling revenue	11,576	11,576
	119,622	92,864
Tolling and production costs		
Production costs	(70,295)	(70,295)
DET royalties	(25,345)	-
Depreciation and amortization	(11,065)	(11,065)
Transportation costs	(1,413)	-
Administration	(4,929)	(4,929)
	(113,047)	(86,289)
Gross profit	**6,575**	**6,575**

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Annual Overview

	Years ended December 31,			
	2015	2014 [6]	Change	
				%
Copper produced[1,2], million pounds	37.3	41.0	(3.7)	(9%)
Molybdenum produced, million pounds	0.1	0.6	(0.5)	(83%)
Percentage of production from old tailings	29%	40%	(11%)	(28%)
Revenue ($ thousands) [3, 6]	52,623	92,864	(40,241)	(43%)
DET royalties ($ thousands)	13,674	25,345	(11,671)	(46%)
Tolling and production costs ($ thousands) [6]	65,656	86,289	(20,633)	(24%)
Gross (loss) profit ($ thousands)	(13,033)	6,575	(19,608)	(298%)
Net loss ($ thousands)	(16,933)	(10,702)	(6,231)	58%
Operating cash flow ($ thousands) [4]	(4,998)	14,786	(19,784)	(134%)
Cash flow paid for plant expansion ($ thousands)	(52,391)	(11,739)	(40,652)	(346%)
Cash and cash equivalents ($ thousands)	9,032	18,308	(9,276)	(51%)
Borrowings ($ thousands)	72,645	-	72,645	0%
Gross copper tolling fee/selling price ($/lb)	2.47	3.14	(1)	(21%)
Cash cost per pound [5]	2.18	2.08	0.10	4.81%
Total cost per pound [5]	2.85	3.02	(0.17)	(6%)

[1] Copper production from January 1, 2015 is conducted under a tolling agreement with DET.
[2] Includes 4.3 million pounds produced from Cauquenes in 2015. For accounting purposes revenue of $5.1 million and costs of $5.9 million associated with the Cauquenes production were excluded from operating results, cash cost and total cost calculations and accounted for as a $820,000 pre-operating charge to capital expenditures ("Capex") as management has determined that Cauquenes entered the production phase on January 1, 2016.
[3] Revenue is reported net of notional items (smelting and refining charges, DET royalties and transportation costs).
[4] Operating cash flow before changes in non-cash working capital.
[5] Cash and total costs are non-GAAP measures. Refer to page 13 for a reconciliation of these measures to tolling and production costs.
[6] 2014 amounts are reported on a pro-forma basis (page 4).

Financial results

- Revenue was $52.6 million compared to $92.9 million in 2014 (pro-forma, page 4), a 43% decrease due to lower copper prices, lower production under the tolling agreement with DET and the suspension of molybdenum production in April 2015 in response to low market prices. Pre-operating revenue of $5.1 million from Cauquenes was excluded from 2015 revenue. The Group's gross copper tolling fee was $2.47/lb (2014: gross copper selling price: $3.14/lb).

- Tolling and production costs were $65.7 million, a decrease of 24% from $86.3 million in 2014 (pro-forma, page 4), driven by the suspension of Colihues and molybdenum operations in 2015, capitalization of Cauquenes costs, a weaker Chilean peso ("CLP") compared to the U.S. dollar and cost reduction initiatives at MVC. Pre-operating costs of $5.9 million from Cauquenes were excluded from 2015 tolling and production costs.

- 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 13) before DET royalties increased to $2.18/lb (2014: $ 2.08/lb) due to higher unit power cost (including a lower contribution from the MVC generators) and lower by-product credits.

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET royalties and depreciation, page 13) decreased to $2.85/lb (2014: $3.02/lb), due to lower DET royalties and depreciation charges.

- Gross loss was $13.0 million (2014: gross profit of $6.6 million) and net loss was $16.9 million (2014: $10.7 million).

- In 2015, the Group had operating cash outflow before changes in non-cash working capital of $5.0 million, compared to operating cash inflow of $14.8 million in 2014.

Production

- 2015 production was 37.3 million pounds of copper, 9% lower than the 41.0 million pounds produced in 2014. Copper production includes 4.3 million pounds of copper produced from Cauquenes.

- Molybdenum production was 0.1 million pounds (2014: 0.6 million pounds). Molybdenum production was suspended on April 1, 2015 in response to ongoing low molybdenum prices.

- Production of fresh tailings was affected by a fire experienced at El Teniente in Q1-2015. Copper production was further impacted by MVC's decision to stop processing Colihues tailings on July 20, 2015 in response to low copper prices.

- Processing of Cauquenes tailings at MVC commenced on September 19, 2015, with low initial tonnage, recovery and grade. Tonnage consistently improved and approached design values towards the end of Q4-2015. Initial copper grade in the top layers of the deposit was lower than expected and the increase in copper recovery was slow. Production is expected to ramp up over H1-2016.

Cash and Financing Activities

- At December 31, 2015, MVC had received cash net of transaction costs of $72.9 million including drawdowns of $59.6 million from the $64.4 million bank syndicate financing, for construction of phase one of the Cauquenes expansion.

- The Group's cash balance was $9.0 million, compared to $18.3 million at December 31, 2014.

Capital Expenditures

- Cash payments in 2015 for capital expenditures ("Capex") were $52.4 million compared to $11.8 million in 2014. Capex incurred in 2015 totaled $56.1 million (2014: $13.2 million), substantially in connection with phase one of the Cauquenes expansion project.

Safety

- Construction of the Cauquenes phase one project was completed with zero injuries. In 2015, MVC's lost time injury frequency rate was 0.8 (per 200,000 hours), including all contractors at site. Chile's Institute for Labour Safety, IST, awarded MVC with the Company of Excellence recognition.

Outlook

- MVC estimates 2016 production of 55.0 to 60.0 million pounds of copper at an annual cash cost (page 13) of $1.65 to $1.85/lb, driven by higher expected production levels.
- No molybdenum production is expected in 2016 due to prevailing low molybdenum prices.
- Copper production is expected to improve in the second half of the year when Cauquenes material is extracted from deeper zones.
- MVC is expected to incur sustaining Capex of $5.0 million in 2016, mostly in connection with extraction sumps at Cauquenes.
- Refer to **Cautionary Statement on Forward Looking Information** (page 32).

SUMMARY OF FINANCIAL RESULTS Q4-2014 TO Q4-2015 [1]

	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Copper production, million pounds	10.860	8.494	9.118	8.866	11.352
Copper deliveries, million pounds	10.737	8.288	9.395	8.829	11.216
Molybdenum production - pounds	-	-	-	97,883	160,107
Molybdenum sales - pounds	-	-	-	108,973	159,204
Financial results ($ thousands)					
Revenue	7,809	10,770	16,388	17,656	24,320
Tolling and production costs					
Tolling/production costs	(10,646)	(12,507)	(15,376)	(16,226)	(18,259)
Depreciation and amortization	(1,659)	(1,681)	(1,678)	(1,681)	(1,844)
Administration	(956)	(1,102)	(1,082)	(1,063)	(1,358)
	(13,261)	(15,290)	(18,136)	(18,970)	(21,461)
Gross (loss) profit	(5,452)	(4,520)	(1,748)	(1,314)	2,859
Other expenses					
Office and general expenses	(86)	(239)	(134)	(308)	(113)
Salaries, management and professional fees	(603)	(387)	(462)	(567)	(950)
Share-based payment compensation	(15)	(40)	(93)	(53)	(56)
	(704)	(666)	(689)	(928)	(1,119)
Other expenses					
Foreign exchange expense	(326)	(553)	(436)	(489)	(228)
Impairment charges	(1,427)	(194)	(44)	(42)	(279)
Other gains	4	23	38	66	100
	(1,749)	(724)	(442)	(465)	(407)
Royalty derivative including changes in fair value	2,285	(826)	1,297	(1,224)	763
	(168)	(2,216)	166	(2,617)	(763)
Operating (loss) profit	(5,620)	(6,736)	(1,582)	(3,931)	2,096
Finance expense	(83)	(235)	(275)	(430)	(18)
(Loss) profit before taxes	(5,703)	(6,971)	(1,857)	(4,361)	2,078
Income tax recovery (expense)	1,030	810	(179)	298	(376)
(Loss) profit for the period	(4,673)	(6,161)	(2,036)	(4,063)	1,702
(Loss) earnings per share - basic	(0.03)	(0.03)	(0.01)	(0.02)	0.01
(Loss) earnings per share - diluted	(0.03)	(0.03)	(0.01)	(0.02)	0.01
Cash cost ($/lb) [2]	2.16	2.07	2.15	2.33	1.99
Total cost ($/lb) [2]	2.84	2.62	2.86	3.06	2.75
Uses and sources of cash ($thousands)					
Operating cash flow before working capital changes	(3,105)	(2,460)	(619)	1,186	5,414
Operating cash flow after working capital changes	1,826	(6,814)	(4,359)	(17,117)	13,086
Cash used in investing activities	(12,216)	(15,498)	(17,655)	(8,713)	(3,645)
Financing proceeds, net of repayments	9,783	20,248	20,760	22,113	-
Ending cash balance	9,032	9,925	12,691	14,177	18,308

[1] 2014 revenue and production costs are reported on a pro-forma basis (page 4).

[2] Cash and total costs are non-GAAP measures. Refer to page 13 for the basis of reconciliation of these measures to cost of sales.

OVERALL PERFORMANCE

In 2015 the Group posted a net loss of $16.9 million (2014: $10.7 million). Results were affected by low production due to the suspension of Colihues operations in July, suspension of molybdenum production in April and a fire experienced in El Teniente in Q1-2015. Low copper prices prevailed during the year and MVC's gross copper tolling price was $2.47/lb, compared to a gross copper selling price of $3.14/lb in 2014.

Revenue in 2015 was $52.6 million (2014: $92.9 million, pro-forma, page 4), and net loss was $16.9 million (2014: $ 10.7 million). Revenue of $5.1 million and tolling costs of $5.9 million from the Cauquenes operations were excluded from operating results and from the computation of cash cost, total cost and unit costs as the project was still being commissioned in 2015.

The Group had operating cash outflow excluding the effect of changes in non-cash working capital accounts of $5.0 million (2014: operating cash inflow of $14.8 million). Including the effect of changes in non-cash working capital accounts, operating cash outflow was $26.5 million (2014: cash inflow of $18.1 million).

At December 31, 2015, the Group had cash and cash equivalents of $9.0 million (2014: $18.3 million) and a working capital deficiency of $6.0 million (2014: working capital of $2.7 million).

SELECTED ANNUAL FINANCIAL INFORMATION

The following information has been extracted from the Company's audited consolidated financial statements for the years ended December 31, 2015, 2014 and 2013.

	Year ended December 31, 2015	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Total revenue (thousands)	$52,623	$119,622	$143,592
Net (loss) profit (thousands)	(16,933)	(10,702)	993
(Loss) earnings per share (thousands)	(0.10)	(0.06)	0.01
Diluted (loss) earnings per share	(0.10)	(0.06)	0.01

	At December 31, 2015	**At December 31, 2014**	**At December 31, 2013**
Total assets	$220,210	$180,155	$186,109
Total long-term financial liabilities[1]	64,039	11,494	7,835

[1] Long term financial liabilities at December 31, 2015 were comprised of: long-term portion of borrowings of $54.7 million ($nil in 2014 and 2013), severance provisions of $0.7million (2014: $1.3 million, 2013: $3.6 million), royalty derivative to related parties of $8.0 million (2014: $10.1million 2013: $4.2 million), interest rate swap of $0.6 million ($nil in 2014 and 2013) and other non-current liabilities of $50,000 (2014: $57,000, 2013: $nil).

OPERATING RESULTS

In 2015 MVC produced 37.3 million pounds of copper under a tolling agreement with DET, 9% lower than in 2014. Copper deliveries to DET were 37.2 million pounds, 9% lower than in 2014. 2015 production results include 4.3 million pounds produced from Cauquenes.

MVC produced 23.8 million pounds of copper from El Teniente's fresh tailings in 2015, approximately 64% of MVC's total copper production. Copper recovery from fresh tailings was lower than 2014 due to issues associated with a fire that took place at El Teniente in Q1-2015.

MVC suspended production from Colihues on July 20, 2015 in response to ongoing low copper prices. While the suspension negatively impacted production and revenue, it directly contributed to a substantial reduction in tolling and production costs and reduced operating gross loss.

Cauquenes commenced operations on September 19, 2015 with material obtained from Cauquenes being processed in MVC's plant. Construction activities including testing and commissioning were ongoing through Q4-2015. Plant recovery of copper in Q4-2015 was negatively affected by poor cyclone performance and unstable flotation conditions due to ongoing construction. Management has determined that the production phase of Cauquenes commenced January 1, 2016.

Initial tonnage, recovery and grade from Cauquenes were low. Tonnage has consistently improved and approached design values towards the end of Q4-2015. Initial copper grade was lower than expected and the improvement in copper recovery was slow. Low grade zones in the upper layers are more extensive than modelled, resulting in copper grades of 0.22%, compared to the average mineral resource copper grade of 0.27%. Copper grades for material below 15 meters are expected to be at 0.27% or higher.

Construction for phase one of Cauquenes was completed in December 2015 at a cost of $66.6 million, compared to an original budget of $71.1 million.

Results in 2015 included 2.8 million pounds of copper produced and sold pursuant to a tolling contract with Minera Maricunga (2014: 2.1 million pounds). MVC purchases Maricunga copper concentrate, dries the material and delivers the blended concentrates through its tolling contract with DET.

There was no molybdenum production from April 1 to December 31, 2015 as MVC's molybdenum plant was shut in response to continuing low molybdenum prices.

Tolling and production costs were 24% lower than in 2014, due to lower production including from the suspension of Colihues and molybdenum operations, the effect of a weaker CLP compared to the U.S. dollar and cost reductions implemented at MVC.

Production

	2015	2014
FRESH TAILINGS EL TENIENTE		
Tonnes processed	44,472,506	44,951,132
Copper grade (%)	0.116%	0.114%
Copper recovery	21.0%	21.4%
Copper produced (lbs)	23,787,332	24,167,519
OLD TAILINGS COLIHUES		
Tonnes processed	7,072,004	12,928,382
Copper grade (%)	0.226%	0.227%
Copper recovery	18.5%	22.8%
Copper produced (lbs)	6,515,140	14,741,304
OLD TAILINGS CAUQUENES		
Tonnes processed	4,557,676	-
Copper grade (%)	0.220%	-
Copper recovery	19.3%	-
Copper produced (lbs)	4,263,690	-
TOLL PROCESSING		
Copper produced (lbs)	2,771,296	2,129,663
COPPER		
Total copper produced (lbs)	37,337,459	41,038,486
Total copper delivered to DET (lbs)	37,248,113	-
Total copper sold (lbs)	-	41,036,532
MOLYBDENUM		
Total molybdenum produced (lbs)	97,883	580,472
Total molybdenum sold (lbs)	108,973	572,203

Revenue

		2015		2014 [1]
Average LME copper price per pound	$	2.50	$	3.11
Gross tolling fees (thousands)	$	73,839	$	-
Gross copper sales (thousands)		-		122,594
Smelting and refining charges (thousands)		(12,864)		(14,548)
DET royalties (thousands)		(13,674)		(25,345)
Transportation costs (thousands)		(1,050)		(1,413)
Copper net revenue (thousands)		46,251		81,288
Molybdenum & other tolling revenue (thousands)		6,372		11,576
Total revenue (thousands)	$	52,623	$	92,864
Company's gross copper tolling/sale price per pound [2]	$	2.47	$	3.14
Company's gross molybdenum price per pound [3]	$	8.41	$	11.67

[1] 2014 revenue presented pro-forma (page 4).
[2] Copper recorded price for the period before smelting and refining charges, DET royalties, transportation costs and settlement adjustments to prior quarters' sales.
[3] Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior quarters' sales.

MVC has entered into an agreement pursuant to which it delivers to DET all copper concentrates produced during the period from January 1, 2015 to December 31, 2022 under a "maquila" or tolling arrangement. Accordingly, MVC's revenue for the delivery of copper concentrates to DET is recognized as a tolling fee, which is calculated as gross revenue for copper delivered under the tolling agreement net of notional items (treatment and refining charges, DET royalties and transportation costs). The notional DET royalties replace the former royalties payable to DET and precisely mimics the former royalty arrangements. In prior years, the nature of the agreements with Chile's Empresa Nacional de Minería ("Enami") and DET required DET royalties and transportation costs to be reported as components of production costs.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges, and in 2015 was based on the average copper market price for the third month following the production of copper concentrates under the tolling agreement ("M+3"). Accordingly, final pricing for copper produced by MVC under the tolling agreement in 2015 was determined based on the average copper market price of the third month following production. A pricing term of M+3 in periods of declining copper prices affects the Group twofold, as tolling revenue for current period production is recorded based on provisional low copper prices, and the Group also has to record negative price-based revenue settlement adjustments to the prior quarter's production.

Average London Metal Exchange ("LME") copper prices in 2015 were $2.50/lb compared to $3.11/lb in 2014, and the Group's recorded copper tolling/sales price was $2.47/lb, compared to $3.14/lb in 2014. The difference between the average LME copper price and the Group's tolling/sales price results from the pricing terms that applied in the period.

As of 2015, DET royalties are a notional item deducted from gross tolling revenue. 2015 DET royalties of $13.7 million were 46% less than in 2014, due to lower production and lower metal prices, as DET royalties are calculated on a sliding-scale basis referenced to copper prices.

The terms for DET royalties were modified pursuant to the Master Agreement and became effective on August 1, 2015. Refer to **Agreements with Codelco's El Teniente Division (**page 23).

Also effective 2015, transportation is a notional item deducted from gross tolling revenue. Transportation was $1.1 million in 2015 (2014: $1.4 million).

Copper net revenue generated from Cauquenes of $5.1 million (2014: $nil) was excluded from operating results as it was determined to be pre-operating income.

Cash Cost and Total Cost

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

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

		2015		2014 [1]
Tolling and production costs (thousands)	$	65,656	$	86,289
Add (deduct):				
DET royalties (thousands)		13,674		25,345
Smelting and refining charges (thousands)		12,864		14,548
Transportation costs (thousands)		1,051		1,413
Inventory adjustments (thousands):		(556)		(1,089)
Change in estimates [2]		-		2,437
By-product credits (thousands)		(6,372)		(11,576)
Total cost (thousands)	$	86,317	$	117,367
Deduct:				
DET royalties (thousands)		(13,674)		(25,345)
Depreciation and amortization (thousands)		(6,699)		(11,065)
Cash cost (thousands)	$	65,944	$	80,957
Pounds of copper tolled/produced from fresh and old tailings (millions) [3]		30.3M		38.9M
Cash cost ($/lb)		**2.18**		**2.08**
Total cost ($/lb)		**2.85**		**3.02**

[1] 2014 production costs presented pro-forma (page 4).
[2] Refers to a $2.4 million gain associated with changes in estimates upon MVC entering into the Master Agreement with DET.
[3] Excludes 2.8 million pounds produced in 2015 from Maricunga toll processing, a by-product (2014: 2.1 million pounds) and 4.3 million pounds produced from Cauquenes tailings in 2015 (2014: nil).

The Group's trailing annual and quarterly cash costs (page 13) ($/lb of copper produced) were:

	2015	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Power costs	0.66	0.70	0.70	0.62	0.64
Grinding media	0.23	0.22	0.23	0.22	0.25
Other direct costs	0.90	0.93	0.77	0.77	1.13
By-product credits	(0.21)	(0.30)	(0.22)	(0.06)	(0.30)
Smelting & refining	0.42	0.42	0.41	0.44	0.44
Administration	0.14	0.16	0.15	0.12	0.13
Transportation	0.04	0.03	0.03	0.04	0.04
Cash Cost	**$2.18**	**$2.16**	**$2.07**	**$2.15**	**$2.33**

`

	2014	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Power costs	0.59	0.62	0.58	0.61	0.55
Grinding media	0.25	0.22	0.22	0.27	0.29
Other direct costs	1.00	0.88	0.90	1.14	1.12
By-product credits	(0.30)	(0.26)	(0.30)	(0.36)	(0.28)
Smelting & refining	0.37	0.36	0.37	0.38	0.38
Administration	0.13	0.13	0.11	0.14	0.12
Transportation	0.04	0.04	0.04	0.04	0.04
Cash Cost	**$2.08**	**$1.99**	**$1.92**	**$2.22**	**$2.22**

Cash cost (page 13) in 2015 was $2.18/lb, compared to $2.08/lb in 2014.

Power is MVC's most significant cost, and was $0.0968/kWh in 2015 compared to $0.0916/kWh in 2014. Unit power costs for the year were $0.66/lb, $0.07/lb higher than in 2014 as result of a decrease of $0.5 million in the contribution from MVC's power generators and the effect of lower production.

MVC operates its generators when the grid price exceeds the generators' operating costs. The economic benefit from operating the generators in 2015 was $0.8 million (2014: $1.3 million).

Unit grinding media costs were $0.23/lb compared to $0.25/lb in 2014. Grinding media costs were positively affected due to more efficient mill operations and lower steel prices.

Other direct costs of $0.90/lb (2014: $1.00/lb) include direct labour costs of $0.27/lb (2014: $0.28/lb) and all other combined direct costs of $0.63/lb (2014: $0.72/lb). Other direct unit costs are presented in tabular form on page 16. The suspension of Colihues and molybdenum operations for a substantial part of 2015 contributed to the reduction of direct unit costs compared to 2014.

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

	2015	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Cash cost	2.18	2.16	2.07	2.15	2.33
DET royalties	0.45	0.40	0.33	0.52	0.52
Amortization/depreciation	0.22	0.28	0.22	0.19	0.21
Total Cost	**$2.85**	**$2.84**	**$2.62**	**$2.86**	**$3.06**

	2014	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Cash cost	2.08	1.99	1.92	2.22	2.22
DET royalties	0.65	0.59	0.65	0.70	0.67
Amortization/depreciation	0.29	0.17	0.18	0.31	0.49
Total Cost	**$3.02**	**$2.75**	**$2.75**	**$3.23**	**$3.38**

Total cost was $2.85/lb, compared to $3.02/lb in 2014. Total cost was positively impacted by reductions of $0.20/lb in DET royalties due to lower copper prices and $0.07/lb in amortization and depreciation charges due to the contract extension with DET.

FINANCIAL RESULTS – 2015

The Group posted a net loss of $16.9 million ($0.10 basic and diluted loss per share), compared to a net loss of $10.7 million in 2014 ($0.06 basic and diluted loss per share). Financial performance in 2015 was affected by low production and low copper prices.

Revenue

Revenue in 2015 was $52.6 million, compared to $92.9 million in 2014 (pro-forma, pages 4 and 11).

Tolling and Production Costs

(Expressed in thousands)		2015		2014
Direct tolling and production costs				
Power costs	$	20,051	$	22,981
Grinding media		7,025		9,704
Labour costs		7,780		9,716
Other direct tolling / production costs		19,900		27,894
		54,756		70,295
Depreciation and amortization		6,699		11,065
Administration		4,201		4,929
Tolling and production costs	$	65,656	$	86,289

Direct tolling and production cost was $54.8 million compared to $70.3 million in the pro-forma 2014 (page 4).

Cauquenes tolling and production costs of $5.9 million (2014: $nil) were excluded from operating results as they were determined to be pre-operating expenses.

Tolling and production costs decreased 22% in 2015 compared to 2014, in the context of a 20% decrease in copper production (excluding Cauquenes).

Grinding media costs of $7.0 million were 27% lower than in 2014 due to lower steel prices and more efficient grinding operations at MVC.

Direct labour costs were $7.8 million in 2015 compared to $9.7 million in 2014 as a result of a weaker CLP compared to the U.S. dollar and staff reductions at MVC.

Other direct tolling costs decreased by $8.0 million to $19.9 million (2014: $27.9 million). The most relevant other direct tolling and production costs are summarized in the following tables:

(Expressed in thousands)		2015		2014
Other direct production costs				
Colihues extraction	$	2,078	$	7,953
Maintenance, excluding labour		5,054		5,196
Molybdenum production costs, excluding labour		576		2,755
Other tolling cost		4,768		4,862
Industrial water		1,556		1,588
Copper reagents		1,247		1,886
Subcontractors, support services, etc.		1,948		2,463
Filtration and all other direct copper production costs		254		1,236
Lime		883		911
Change in estimates [1]		-		(2,437)
Process control		980		393
Inventory adjustments		556		1,088
	$	19,900	$	27,894

[1] Refers to a $2.4 million gain resulting from change in estimates as a result of MVC entering into the Master Agreement with DET.

($/lb Cu)	2015	2014
Other direct production costs		
Colihues extraction	0.07	0.20
Maintenance, excluding labour	0.16	0.13
Molybdenum production costs, excluding labour	0.02	0.07
Other tolling cost	0.15	0.12
Industrial water	0.05	0.04
Copper reagents	0.04	0.05
Subcontractors, support services, etc.	0.06	0.06
Filtration and all other direct copper production costs	0.01	0.03
Lime	0.03	0.02
Process & environmental control	0.03	0.01
Change in estimates	-	(0.06)
Inventory adjustments	0.02	0.03
	0.63	0.72

Costs were positively impacted by the suspension of Colihues processing ($5.9 million cost reduction) and molybdenum production ($2.2 million cost reduction) in response to low market prices. Other ongoing costs at MVC decreased in 2015 as a result of a weaker CLP compared to the U.S. dollar, and ongoing cost reductions at MVC.

Depreciation and amortization cost of $6.7 million (2014: $11.1 million) decreased due to the extension of the useful life of assets as a result of MVC entering into the Master Agreement with DET.

Administration expenses were $4.2 million in 2015 (2014: $4.9 million), as a result of a weaker CLP.

Other expenses

Other expenses of $4.8 million (2014: $10.4 million) are costs not related to MVC's production operations, and are comprised of the following:

- General and administration expenses of $3.0 million (2014: $4.0 million) which include salaries, management and professional fees of $2.0 million (2014: $2.4 million), office and general expenses of $0.8 million (2014: $1.0 million) and share-based payments of $0.2 million (2014: $0.6 million). The decrease in management and professional fees and office and general expenses is driven by cost reductions and the effect of a weaker Canadian dollar. Share-based compensation expense decreased due a lower number of option grants in 2015 compared to 2014.

- Other expenses of $3.4 million (2014: gain of $0.3 million) are comprised of a foreign exchange expense of $1.8 million (2014: gain of $0.3 million), impairment charges of $1.7 million (2014: $0.3 million) and other gains of $0.1 million (2014: $0.4 million). Foreign exchange expense increased in 2015 due to the effect in Amerigo (which has a Canadian dollar functional currency) of monetary adjustments to intercompany loans carried in U.S. dollars. Impairment charges in 2015 include a $1.4 million impairment of Colihues equipment determined not to be usable in future operations and impairment charges of $0.3 million on the Candente Copper investment.

- A royalty derivative gain to related parties of $1.5 million (2014: gain of $1.4 million), which includes actual royalty dividends to related parties of $0.5 million (2014: $0.6 million) and a decrease in the fair value of the derivative of $2.1 million (2014: decrease in fair value of $2.0 million). The decrease in the fair value of the derivative in 2015 was the result of higher discount rates driven by higher expected risk adjusted borrowing rates.

Finance expense or finance gains

The Group recorded a finance expense of $1.0 million (2014: $0.3 million) which includes finance, commitment and interest charges and a change in value on an interest rate swap.

Taxes

Income tax recovery was $2.0 million (2014: expense of $6.6 million), including a current income tax recovery of $4.1 million (2014: recovery of $0.5 million) and deferred tax expense of $2.1 million (2014: $7.1 million) in respect of changes to deferred income tax liabilities. Deferred income tax results predominantly from the differences between the book and tax values of MVC's property, plant and equipment. Deferred tax liabilities do not represent income tax due in Chile on a current basis. Deferred income tax expense was significantly higher in 2014 as a result of an increase to MVC's long-term tax rate from 20% to 27% from a tax reform enacted in Chile in September 2014.

F I N A N C I A L R E S U L T S – QUARTER ENDED DECEMBER 31, 2015

In Q4-2015 MVC produced 10.9 million pounds of copper under a tolling agreement with DET (Q4-2014: 11.4 million pounds), including 4.1 million pounds produced from Cauquenes.

Net copper revenue of $5.0 million and tolling and production costs of $5.8 million associated with the Cauquenes operations were excluded from loss as they were determined to be a pre-operating cost.

The Group posted a net loss of $4.7 million ($0.03 basic and diluted loss per share), compared to a net profit of $1.7 million (basic and diluted earnings of $0.01 per share) in Q4-2014.

Revenue

Revenue during Q4-2015 was $7.8 million compared to $24.3 million in Q4-2014 (pro-forma, page 4), due to lower production levels and metal prices.

Tolling and Production Costs

(Expressed in thousands)		Q4-2015		Q4-2014
Direct tolling and production costs				
Power costs	$	4,106	$	6,636
Grinding media		1,280		2,312
Labour costs		1,350		2,737
Other direct tolling / production costs		3,910		6,574
		10,646		18,259
Depreciation and amortization		1,659		1,844
Administration		956		1,358
Tolling and production costs	$	13,261	$	21,461

Direct tolling and production costs were $10.6 million compared to $18.3 million in the pro-forma Q4-2014 (page 4). The variance in costs is partially attributed to the capitalization of Cauquenes costs in Q4-2015 as pre-operating costs. Costs were also positively affected as a result of a weaker CLP compared to the U.S. dollar, staff reductions at MVC and ongoing cost reduction initiatives at MVC.

Administration expenses were $1.0 million (Q4-2014: $1.4 million), due to weaker CLP.

Cash Cost and Total Cost (non-GAAP measures, page 13)

Cash cost in Q4-2015 was $2.16/lb, compared to $1.99/lb in Q4-2014.

	Q4-2015	Q4-2014
Power costs	0.70	0.62
Grinding media	0.22	0.22
Other direct costs	0.93	0.88
By-product credits	(0.30)	(0.26)
Smelting & refining	0.42	0.36
Administration	0.16	0.13
Transportation	0.03	0.04
Cash Cost	**$2.16**	**$1.99**

Lower production levels contributed to an increase of $0.17/lb in cash cost between the comparative quarters.

The Group's total cost was $2.84/lb in Q4-2015 compared to $2.75/lb in Q4-2014:

	Q4-2015	Q4-2014
Cash cost	2.16	1.99
El Teniente royalties	0.40	0.59
Amortization/depreciation	0.28	0.17
Total Cost	**$2.84**	**$2.75**

Other

In Q4-2015 general and administrative expenses were $0.7 million (Q4-2014: $0.4 million), other losses were $1.7 million (Q4-2014: $0.4 million), there was a royalty derivative to related parties gain of $2.3 million (2014: $0.8 million) and finance expense was $0.1 million (Q4-2014: $0.1 million).

In Q4-2015, the Group recorded income tax recoveries of $1.0 million (Q4-2014: income tax expense of $0.4 million).

COMPARATIVE PERIODS

The Company's financial statements are reported under IFRS issued by the IASB. The following tables provide highlights from the Company's financial statements of quarterly results for the past eight quarters (pro-forma, page 4, unaudited).

	QE Dec. 31, 2015 $	QE Sept. 30, 2015 $	QE June 30, 2015 $	QE March 31, 2015 $
Total revenue (thousands)	7,809	10,770	16,388	17,656
Net loss (thousands)	(4,673)	(6,161)	(2,036)	(4,063)
Loss per share	(0.03)	(0.03)	(0.01)	(0.02)
Diluted loss per share	(0.03)	(0.03)	(0.01)	(0.02)

	QE Dec. 31, 2014 $	QE Sept. 30, 2014 $	QE June 30, 2014 $	QE March 31, 2014 $
Total revenue (thousands)	24,320	22,222	20,728	25,594
Net earnings (loss) (thousands)	1,702	(3,725)	(8,290)	(389)
Earnings (loss) per share	0.01	(0.02)	(0.05)	0.00
Diluted earnings (loss) per share	0.01	(0.02)	(0.05)	0.00

Quarterly revenue variances result from varying volumes of copper sales (a factor of quarterly production), the Group's realized copper price (a factor of market price conditions) and in 2015, the impact of final copper price adjustments to prior quarter's production (as a result of M+3 pricing terms). Revenues is highly sensitive to these variables, as summarized below:

	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Copper sales [1]	7.44	8.12	9.39	8.83	11.22	10.32	9.32	10.18
MVC's realized copper price [2]	$2.08	$2.36	$2.65	$2.68	$3.01	$3.06	$3.16	$3.36
Settlement adjustments [3]	($1.0)	($2.61)	$0.42	$1.43	-	($0.53)	($0.63)	$1.02

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

Q1 to Q3-2014 revenue was negatively impacted by lower production. Revenue in Q4-2014 was stronger as mining conditions improved in Colihues, although stronger production results were mitigated by lower copper prices. Q1-2015 revenue was impacted by lower production and a substantial decline in copper prices. Q2-2015 revenue was positively impacted by higher production levels, despite lower realized copper prices. Q3-2015 revenue was affected by lower copper sales, lower copper prices and negative revenue settlement adjustments due to pricing terms. Q4-2015 revenue was affected by lower production (as they exclude Cauquenes production) and lower copper prices.

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:

	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Tolling and production costs [1]	$13.26	$15.29	$18.14	$18.97	$21.46	$20.37	$19.53	$24.93
Unit tolling and production cost [2]	$1.78	$1.88	$1.93	$2.15	$1.91	$1.97	$2.10	$2.45

[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 CLP to the U.S. dollar. In Q2-2014 a gain from Change in Estimates of $2.4 million was recorded as a component of production costs. Depreciation expense decreased as of Q2-2014 on the signing of the Master Agreement which resulted in an increase in the estimated useful lives of MVC's assets. Further cost reductions associated with a change to Colihues processing methods introduced in Q3-2014 also contributed to lower costs. Total production costs increased in Q4-2014 from higher production, but unit cost decreased from prior quarter levels. In Q1-2015 total tolling costs decreased due to lower production under the tolling agreement with DET, but the decrease in costs was insufficient to maintain the low unit costs that had been achieved in prior quarters. In Q2, Q3 and Q4-2015, total and unit tolling costs decreased consistently each quarter as a result of lower production levels, cost reductions at MVC and a weaker CLP compared to the U.S. dollar. Tolling costs in Q3 and Q4-2015 also decreased due to suspension of Colihues operations. Q4-2015 cost data did not include Cauquenes tolling and production costs which were capitalized as pre-operating costs.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Group used cash of $26.5 million in operations, compared to cash generated from operations of $18.1 million in 2014. Included in cash used in operations in 2015 is a reduction of $12.7 million in DET royalties, associated with the repayment of royalties deferred in 2014.

Excluding the effect of changes in working capital accounts, the Group used cash of $5.0 million, compared to $14.8 million generated from operations in 2014.

Cash Flow from Financing Activities

The Group received $72.9 million in debt proceeds net of transaction costs in 2015 (2014: $nil). In 2014 the Group received $0.3 million from the exercise of share purchase options.

Cash Flow from Investing Activities

In 2015 the Group used cash of $52.4 million for payments of Capex, compared to $11.7 million in 2014. In 2015 the Group also paid $1.7 million in capitalized interest associated with the Cauquenes expansion debt facilities.

Liquidity and Financial Position

At December 31, 2015, the Group's cash and cash equivalents totaled $9.0 million (December 31, 2014: $18.3 million) and the Group had a working capital deficiency of $6.0 million, compared to working capital of $2.8 million at December 31, 2014.

The Group operates in a cyclical industry where levels of cash flow are closely correlated to the market prices for copper. While MVC is a valuable long-life asset with a strategic relationship with El Teniente, the world's largest underground copper mine, its liquidity and financial position have been affected by a sharp decrease in copper price, from an average LME price of $3.11/lb in 2014 to an average price of $2.50/lb in 2015.

During this period of low copper prices, phase one of the Cauquenes expansion was completed, providing MVC with access to high-grade historical tailings that are expected to increase production from 37.3 million pounds of copper in 2015 to an estimated 55.0 to 60.0 million pounds in 2016. As a result of the projected production increase, and the effect of continued cost reductions, annual cash cost is projected to decrease from $2.18/lb in 2015, to $1.65/lb to $1.85/lb in 2016. Refer to **Cautionary Statement on Forward Looking Information** (page 31).

Under these conditions, the Group expects to be able to complete payments associated with phase one of the Cauquenes expansion (estimated at $4.2 million) and to meet its obligations for the next 12 months from the remaining funds available through the various facilities described below and cash flow generated from operations.

At December 31, 2015, the Group had approximately $17.8 million of undrawn, committed credit facilities and $10.0 million undrawn from a copper price support facility, which is available at a monthly rate of $1.0 million, provided the average copper price in the month remains below $2.80/lb.

In addition to the above facilities, subsequent to year end, MVC and DET reached an agreement to defer DET royalty adjustments to gross revenue during a four-month period, from March to June 2016. MVC also reached an agreement with its power provider to reduce rates in the existing power supply contracts between the parties. The parties also agreed to defer 20% of power payments from H1-2016 to H2-2016, when production levels and as a result, operating cash flow, are expected to be stronger. Refer to **Subsequent Events** (page 29).

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 December 31, 2015 were $87.6 million (December 31, 2014: $32.9 million).

Borrowings

Borrowing outstanding (Thousands)	December 31, 2015 $	December 31, 2014 $
Cauquenes Expansion Loan (a)	57,471	-
Cauquenes Expansion VAT Facility (b)	8,026	-
DET Expansion Support Facility (d)	7,148	-
	72,645	-
Comprised of:		
Short-term debt and current portion of long-term debt	17,964	
Long-term debt	54,681	-
	72,645	-

a) On March 25, 2015, MVC closed a bank syndicate financing with Mandated Lead Arrangers Banco Bilbao Vizcaya Argentaria ("BBVA") and Export Development Canada ("EDC") for a loan facility (the "Cauquenes Expansion Loan") of up to $64.4 million to be used in the expansion of MVC's operations for the processing of tailings from the Cauquenes deposit. Terms of the loan include interest at a fixed rate of 5.81% per annum during construction and 5.56% per annum thereafter for 75% of the facility, both fixed through the use of an interest rate swap. The remaining 25% of the facility is subject to a variable rate based on the US Libor 6 month rate, which at December 31, 2015 was 4.35% per annum (and would be 4.10% per annum during operation).

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

   As of December 31, 2015, funding of $59.6 million was received.

MVC incurred due diligence, bank fees and legal costs of $2.4 million, of which $2.2 million were recognized as transaction costs as of December 31, 2015 based on the percentage of funds drawn to date. The remaining $0.2 million was recognized as prepaid finance expenses and will be transferred to transaction costs on the same percentage basis as funds are drawn from the facility. Transaction costs will be amortized over the term of the loan using the effective interest rate method.

Interest on the loan is being fully capitalized during construction and commissioning, for a total of $1.5 million paid to December 31, 2015.

The balance of the loan (net of transaction costs) at December 31, 2015 was $57.5 million (December 31, 2014: $nil).

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

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

MVC has a requirement to fund a debt service reserve account ("DSRA") for an estimated amount of $7.0 million from the proceeds of the final disbursement from the Cauquenes Expansion Loan. The Group is in negotiations with BBVA and EDC to waive the final disbursement funding requirement and defer funding of the DSRA to the second half of 2016.

b) Also on March 25, 2015, MVC entered into a CLP 5,700.0 million (approximately $9.0 million at the loan grant date) facility with BBVA to finance the value added tax expected to be incurred by MVC in connection with the Cauquenes expansion (the "VAT Facility"). The VAT Facility is due on or before June 30, 2016 and is subject to interest at a variable rate of the Chilean Association of Banks and Financial Institutions Tasa Bancaria plus 1.75%, which at December 31, 2015 was 6.18% per annum. Interest on the VAT Facility is being fully capitalized during construction and commissioning and paid quarterly starting on June 30, 2015. Interest of $0.2 million was paid up to December 31, 2015, at which date the balance of the loan was $8.0 million (December 31, 2014: $nil).

c) On March 24, 2015, Colihues Energía obtained from a Chilean bank a working capital loan of CLP 123.0 million (the equivalent of $0.2 million at the loan grant date) at an interest rate of 4.44% per annum. The loan was repaid on June 19, 2015. No security was provided in connection with the loan.

d) The Group has $30.0 million in additional credit facilities, including a $17.0 million copper price support agreement with DET (page 24) and a $13.0 million standby line of credit from three Amerigo shareholders. The shareholders line of credit had an original availability date to March 25, 2016 and subsequent to year end was extended to March 25, 2017. No security was provided in connection with these facilities. At December 31, 2015, $7.0 million had been drawn from the DET Facility (December 31, 2014: $nil) and no funds had been drawn from the shareholders line of credit. The Group incurred an annual commitment fee of $0.1 million in respect of the standby line of credit.

Concurrently with the Cauquenes Expansion Loan, MVC entered into an interest rate swap (“IRS”) with BBVA to fix 75% of the interest payable on that facility. MVC recognized a fair value of $1.0 million at inception for the IRS, which was accounted for as a prepaid finance expense, and is being treated as transaction costs as funds are drawn from the facility. At December 31, 2015, MVC had recognized $0.9 million as transaction costs, and the balance of $0.1 million was recognized as a prepaid finance expense. On December 31, 2015, the fair value of the IRS was determined to be $0.7 million and mark-to-market adjustments of $0.2 million were recognized in earnings, as a component of finance gains. The interest rate swap has a term to December 27, 2018.

AGREEMENTS WITH CODELCO’S EL TENIENTE DIVISION

On April 8, 2014 MVC and DET entered into a contract (the “Master Agreement”) for the purchase by MVC of the rights to process tailings from an additional historical 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.

Royalties were payable to DET in respect of copper concentrates produced by MVC and were calculated using the London Metal Exchange (“LME”) price for copper for the month of delivery of the tailings. Adjustments to the DET royalties were recorded on a monthly basis for changes in copper concentrate deliveries during the settlement period. As of January 1, 2015, copper production from MVC is conducted under a tolling agreement with DET and MVC’s revenue for the delivery of copper concentrates to DET is recognized as a tolling fee. The tolling fee is calculated as gross revenue for copper delivered under the tolling agreement net of notional items (treatment and refining charges, DET royalties and transportation costs). The notional DET royalties replace the former royalties payable to DET and precisely mimics the former royalty arrangements.

Royalties under the Fresh Tailings Contract are determined through a sliding scale formula tied to copper prices. Until August 1, 2015 no royalties applied on copper produced from fresh tailings when the copper price was below $0.80/lb, and the royalty increased to a maximum of 13.5% at copper prices of $1.30/lb or higher. These terms were amended in the Master Agreement, as described below.

The Colihues Contract establishes a sliding scale royalty of 3% for a copper price below $0.80/lb that increases to approximately 30% at a copper price of $4.27/lb. The parties are required to review and potentially adjust costs and royalty structures for copper tolling or production from Colihues tailings if the copper price remains below $1.95/lb or over $4.27/lb for three consecutive months. These terms were not amended by the Master Agreement.

Until August 1, 2015, MVC paid a royalty of 10% of MVC’s net revenue received from the sale of molybdenum concentrates produced from fresh tailings and 11.9% on net molybdenum revenue from Colihues tailings. These terms were also amended by the Master Agreement.

Additional terms of the Master Agreement include the following:

- Changes in the royalty for copper produced from fresh tailings, including a change in the royalty calculation to a sliding scale for a range of copper prices from $1.95/lb (13.5% royalty) to $4.80/lb (28.4% royalty), elimination of exchange rate provisions that increased royalties, and an increase in the threshold below which no royalty is applicable from $0.80/lb to $1.95/lb, the same minimum level as that for the Cauquenes royalty. The change in fresh tailings royalty became effective on August 1, 2015;

- A sliding scale royalty for copper produced from Cauquenes tailings for copper prices ranging from $1.95/lb (16% royalty) to $5.50/lb (39% royalty);

- A sliding scale global molybdenum royalty for molybdenum prices between $7.31/lb (9% royalty) and $40/lb (19.7% royalty), effective August 1, 2015;

- Provisions requiring the parties to meet and review cost and 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 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; and

- 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.

First Modification to the Master Agreement

On August 29, 2014, DET and MVC entered into a first modification to the Master Agreement, which provided for the deferral of up to $9.1 million in DET royalties in 2014 in order for MVC to expedite certain works associated with the Cauquenes expansion. The deferred amounts were subject to interest at a rate of 0.6% per month. A total of $8.1 million was deferred during 2014, and all deferred amounts and applicable interest owing to DET were paid in full in Q1-2015.

Second Modification to the Master Agreement

On February 3, 2015, MVC and DET entered into a second modification to the Master Agreement dated December 31, 2014 which provides for the following:

i) The delivery to DET of all copper concentrates produced by MVC during the period from January 1, 2015 to December 31, 2022 pursuant to a “maquila” or tolling arrangement, subject to terms and conditions similar to those contained in the concentrate sales agreement MVC had to December 31, 2014 with Enami.

ii) A copper price support agreement provided by DET to assist MVC with the Cauquenes expansion in an amount of up to $17.0 million (the “DET Facility”). MVC will draw down $1.0 million from the DET Facility for each month during the years 2015 and 2016 in which the average final settlement copper price to MVC is less than $2.80/lb, up to the $17.0 million maximum. The DET Facility bears interest at a rate of 0.6% per month and is subordinate to MVC’s bank financing. As at December 31, 2015, MVC had drawn down $7.0 million from the DET Facility. The DET Facility will be repaid starting in January 2017 and up to December 31, 2019 at a rate of $1.0 million per month, provided this repayment rate does not preclude MVC from making the Cauquenes Expansion Loan semi-annual capital debt repayments. MVC may repay the DET Facility in advance and without penalty, provided BBVA and EDC pre-approve the advance payments.

CAUQUENES EXPANSION

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

Completion of phase one has enabled MVC to extract Cauquenes tailings for processing in MVC’s existing processing plant and is expected to increase MVC’s copper processing levels. The phase one Capex budget was $71.1 million and actual Capex was $66.6 million, incurred to December 31, 2015.

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

SUMMARY OF OBLIGATIONS (Expressed in thousands)

	Total	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Trade and other payables	14,543	14,543	-	-	-
Current income tax payable	87	87	-	-	-
DET royalties	4,205	4,205	-	-	-
Royalties to related parties	8,890	823	794	2,206	5,067
Severance provisions	662	-	-	-	662
Minimum power payments [1, 2]	81,857	3,223	2,455	32,648	43,531
Borrowings	72,195	17,964	9,938	36,962	7,331
Total contractual obligations	182,439	40,845	13,187	71,816	56,591

1 MVC has contracts with its current power provider to December 31, 2017 with minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately $0.3 million per month for the period January 1, 2016 to December 31, 2017.

2 MVC has a contract with its current power provider for power supply to MVC from 2018 to 2024 (Subsequent Events, page 29) with minimum charges based on peak hour power supply calculations, currently estimated to be $0.9 million per month.

OTHER MD&A REQUIREMENTS

Impairment Analysis

As at December 31, 2015, management of the Company determined that the decrease in the market price of copper and 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: $2.37; 2017: $2.51; 2018: $2.69; 2019: $2.76; 2020: $2.86; 2021 to 2037: $3.00.
- Power costs (excluding benefit from self-generation): From 2016 to 2027 costs are per contractual estimates (2016: $0.0.09774/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 old tailings from the Colihues and Cauquenes deposits.
- Discount rate: 9% after tax

Based on these assumptions, management's impairment evaluation did not result in the identification of an impairment loss as of December 31, 2015. 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. A change in the Company's long-term assumptions for copper price from $3.00/lb to $2.88/lb would have resulted in an impairment charge of approximately $4.1 million.

An impairment charge of $1.4 million was recognized in 2015 following a technical review of the Colihues equipment that is not expected to be used in future operations, as the recoverable amount of the equipment was less than its carrying amount. The impairment charge was recorded in the statement of loss under other expenses.

Investments

At December 31, 2015, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn$0.04 and the fair value of the Group's approximately 4% investment in Candente Copper was $0.2 million. During the year ended December 31, 2015, the Group recorded an impairment charge of $0.3 million (year ended December 31, 2014: other comprehensive loss of $0.8 million and an impairment charge of $0.3 million) for the changes in fair value of this investment. Impairment charges were included in the statement of loss under other expense.

At December 31, 2015, Los Andes Copper Ltd. ("Los Andes"), a company listed on the TSX Venture Exchange, had a closing share price of Cdn$0.14, and the fair value of the Group's approximately 4% investment in Los Andes was $0.8 million. During the year ended December 31, 2015, the Group recorded other comprehensive loss of $0.7 million (year ended December 31, 2014: $0.1 million) for the changes in the fair value of this investment.

Transactions with Related Parties

a) Royalty Derivative to Related Parties

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

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

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

The Royalty is calculated as follows:

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

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

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 December 31, 2015 was $8.9 million (December 31, 2014: $11.0 million), with a current portion of $0.9 million (December 31, 2014: $0.9 million) and a long-term portion of $8.0 million (December 31, 2014: $10.1 million).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the year ended December 31, 2015, royalties totalling $0.5 million were paid or accrued to the Amerigo International Class A shareholders (year ended December 31, 2014: $0.6 million). At December 31, 2015, $0.1 million of this amount remained payable (December 31, 2014: $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 by $2.1 million in the year ended December 31, 2015 (year ended December 31, 2014: reduction in fair value of $2.0 million), for a total royalty derivative recovery of $1.5 million (year ended December 31, 2014: recovery of $1.4 million).

b) Directors' fees and remuneration to officers

During the year ended December 31, 2015, the Group paid or accrued $1.2 million in salaries and fees to companies associated with certain directors and officers of Amerigo (2014: $1.4 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
- Michael J. Kuta Law Corporation – Controlled by Michael Kuta, former General Counsel and Corporate Secretary of Amerigo.
- Delphis Financial Strategies Inc. – Controlled by Aurora Davidson, Executive Vice President and CFO of Amerigo

In the same period, Amerigo paid or accrued $0.3 million in directors' fees to independent directors (2014: $0.4 million). In Amerigo's consolidated financial statements directors' fees and remuneration to officers are categorized as salaries, management and professional fees. These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In 2015, 1,850,000 options were granted to directors and officers of the Company (2014: 3,500,000).

c) As of December 31, 2015 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) As of December 31, 2015 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director and Chairman of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these consolidated financial statements, the Company makes judgements, estimates and assumptions concerning the future which may vary from actual results. Judgements, estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In 2015, the Company undertook judgement and estimate revisions arising from an interest rate swap described in page 23 and in respect of the start date of Cauquenes operations.

a) Useful Life of Assets

MVC estimates the economic life of most of property, plant and equipment based on their useful life, not to exceed the term of MVC's contractual relationship with DET (December 31, 2037).

b) Royalty Derivative to Related Parties

The Group has an obligation to pay royalties to certain related parties, based on a fixed payment for each pound of copper equivalent produced from El Teniente tailings by MVC. The royalty is a derivative financial instrument measured at fair value, and the Company is required under IFRS to reassess its estimate for the royalty derivative at each reporting date based on revised production under the tolling agreement estimates.

d) Power Cost Assumptions

Certain components of MVC's power costs require complex calculations involving data from the Chilean National Energy Commission, the central power grid operating network and MVC's power supplier. MVC relies on the advice of external power consultants to estimate these costs, in particular in the case of newly introduced charges without historical precedent. Final costs may vary from estimated costs and any such variances are included in earnings in the period in which final costs are determined.

e) Interest rate swap

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

f) 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. The second sump became operational in October 2015. Construction, testing and commissioning continued through Q4-2015. 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 has determined the appropriate start date of the Cauquenes operations to be January 1, 2016.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management and to allow timely decisions regarding required disclosure.

The Company has a formal corporate disclosure policy in place which includes the setting up of a Disclosure Policy Committee currently consisting of the members of the Company's Board of Directors, Rob Henderson, the Company's President and CEO and Aurora Davidson, the Company's Executive Vice President and CFO.

Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis as of the end of the period covered by this report.

Internal Controls over Financial Reporting ("ICFR")

ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's ICFR includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An evaluation of the design and operating effectiveness of the Company's ICFR was conducted as of December 31, 2015 by the Company's management, including the CEO and CFO. Based on this evaluation, management has concluded that the design and operation of the Company's ICRF was effective.

There were no changes during the year ended December 31, 2015 that have materially affected, or are reasonably likely to affect, the Company's ICFR.

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 $0.3 million per month.

b) MVC entered into an agreement with its current power provider to supply approximately 70% of MVC's estimated annual power requirements during the period from January 1, 2018 to December 31, 2024. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to be approximately $0.9 million per month.

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

d) The Master Agreement with DET has a Closure Plan clause requiring MVC and DET to work jointly to assess, under the new tolling/production scenario, the revision of the closure plan for the Cauquenes Deposit and compare it to the current plan in the possession of DET. In the case of any variation in the interests of DET due to MVC's activities extracting and processing tailings contained in Cauquenes, the Parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until such time as the estimation of the new closure plan is available and the Parties agree on the terms of compensation resulting from the revised plan, it is the Company's view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Subsequent Events

Subsequent to December 31, 2015:

a) The availability term of the $13.0 million shareholders line of credit (page 22) was extended for a year, to March 25, 2017.

b) MVC and DET reached an agreement to defer DET royalty adjustments to gross revenue during a four-month period, from March to June 2016.

c) MVC and Empresa Eléctrica Pehuenche, S.A., MVC's current power provider, reached an agreement to modify the existing MVC power supply contracts. In respect of the current power contract, which runs to December 31, 2017, the parties agreed to defer payment on 20% of MVC's power invoices for the months of January 2016 to June 2016. The deferred amounts will be repaid during the months of July to December 2016, in the same order as they were deferred. Pehuenche agreed to reduce the power rate by $5/MwH, an expected annual power cost reduction of $1.5 million during 2016 and 2017.

   With respect to the long-term power supply contract, the parties agreed to: extend the term of the contract from the original 7 year term to a term of 10 years (2018 to 2027), a rate reduction from $99.56/MwH to $91.1/MwH (at February 2016 indexed rates) for the first 33.5 MW/year supplied to MVC and to extend the power supply beyond the original 33.5 MW, to cover 100% of MVC's power requirements during the term of the contract. Power supplied in excess of the first 33.5 MW/year will be subject to a rate of $89.5/MwH (at February 2016 indexed rates).

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

e) MVC received a value added tax ("VAT") refund from the Chilean Internal Revenue Service for approximately $3.2 million. In accordance to the terms of the VAT Facility described in Note 15(b), the proceeds of the refund were used to make a capital payment on the VAT Facility.

Other

As of February 23, 2016, Amerigo has outstanding 173,610,629 common shares and 12,450,000 options (exercisable at prices ranging from Cdn$0.37 to Cdn$1.32 per share).

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

Cautionary Statement on Forward Looking Information

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

- forecast production and operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- 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 the full funding for phase one 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 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/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.