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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Quarter and Nine Months Ended September 30, 2012

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

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

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

COMPANY PROFILE

Amerigo Resources Ltd. (“Amerigo”) owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term contractual relationship with Corporación Nacional del Cobre de Chile (“Codelco”) to treat fresh and old tailings from Codelco’s El Teniente mine, the largest underground copper mine in the world. El Teniente commenced operations in 1904 and has a remaining mine life that is estimated to run for decades. Since MVC was built in 1992, Codelco has almost doubled production from El Teniente, and Codelco's mine plans contemplate continued expansion of operations at El Teniente for the foreseeable future. In addition to treating the sulphide portion of the fresh and old tailings from El Teniente, in 2011 MVC built a pilot plant to evaluate treatment of the oxide content of these tailings.

The fresh tailings are supplied from El Teniente's current production. The old tailings are recovered from a tailings pond located near MVC’s plant that originally contained more than 200 million tonnes of material. The copper grade of the old tailings is approximately 2 to 3 times that of the fresh tailings. Under normal conditions, quarterly production has increased as MVC continues to increase the processing volume of these old tailings. In addition, MVC hopes to obtain the rights to process old tailings from additional El Teniente tailings ponds in the area.

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

INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Company”), is prepared as of November 5, 2012, and should be read in conjunction with the Company’s condensed consolidated interim financial statements for the quarter and nine months ended September 30, 2012 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2011.

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

The Company’s financial statements are reported under International Financial Reporting Standards (“IFRS”).

Reference is made in this MD&A to various measures such as cash flow per share from operating activities, cash cost and total cost. Cash cost and total cost do not have a standardized meaning but are widely used in the mining industry as performance indicators.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Quarterly Overview

	Quarters ended September 30,			
	2012	2011	Change	
				%
Copper produced, million pounds	12.70	11.01	1.69	15%
Copper sold, million pounds	13.02	10.80	2.22	21%
Molybdenum produced, pounds	321,788	186,297	135,491	73%
Molybdenum sold, pounds	337,818	148,940	188,878	127%
Percentage of copper production from old tailings	47%	45%		2%
Revenue ($)	44,230,998	41,958,747	2,272,251	5%
Cost of sales [1] ($)	46,284,812	38,815,312	7,469,500	19%
El Teniente royalty costs ($)	10,178,780	10,817,627	(638,847)	(6%)
Gross (loss) profit ($)	(2,053,814)	3,143,435	(5,197,249)	(165%)
Net (loss) profit ($)	(4,188,947)	(1,194,499)	(2,994,448)	251%
Operating cash flow ($)	2,707,456	4,563,713	(1,856,257)	(41%)
Cash flow paid for plant expansion ($)	(4,605,712)	(4,503,714)	(101,998)	2%
Cash and cash equivalents ($)	35,648,835	34,260,808	1,388,027	4%
Bank debt ($)	2,500,590	6,469,421	(3,968,831)	(61%)
Average realized copper price per pound	3.52	3.93	(0.41)	(10%)
Cash cost per pound	2.64	2.39	0.25	10%
Total cost per pound	3.76	3.69	0.07	2%

[1] Includes El Teniente royalty costs

Financial results

- Revenue was $44,230,998 compared to $41,958,747 in Q3-2011, an increase of 5% as a result of higher copper (3%) and molybdenum (60%) revenue.

- Cost of sales was $46,284,812, 19% higher than Q3-2011. Bonuses totaling $4,559,327 payable to MVC workers on the signing of a four-year union agreement constituted more than 60% of this increase.

- Gross loss was $2,053,814, compared to gross profit of $3,143,435 in Q3-2011. Excluding the signing bonuses, normalized gross profit was $2,505,513 in Q3-2012.

- Net loss was $4,188,947, compared to a loss of $1,194,499 in Q3-2011. In addition to the impact of the signing bonuses, financial results were affected by a $2,577,526 deferred (future) income tax expense mostly in connection with an increase in Chile's corporate tax rate to 20%. Excluding these items, normalized net profit was $2,947,906 in Q3-2012.

Production

- The Company produced 12.70 million pounds of copper, 15% higher than the 11.01 million pounds produced in Q3-2011.

- Molybdenum production was 321,788 pounds, 73% higher than the 186,297 pounds produced in Q3-2011.

Revenue

- Revenue increased to $44,230,998 compared to $41,958,747 in Q3-2011. Copper and molybdenum sales volume increased 21% and 127% respectively over Q3-2011, but the Company's copper selling price of $3.52/lb and molybdenum selling price of $11.64/lb were 10% and 26% lower, respectively, than in Q3-2011.

Costs

- Cash cost (the aggregate of smelting, refining and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was $2.64/lb, compared to $2.39/lb in Q3-2011. Normalized Q3-2012 cash cost excluding the labour signing bonuses was $2.28/lb,

- Total cost (the aggregate of cash cost, El Teniente royalty and depreciation) was $3.76/lb compared to $3.69/lb in Q3-2011. Normalized Q3-2012 total cost excluding signing bonuses was $3.40/lb.

- Power costs in Q3-2012 were $11,456,788 ($0.1659/kwh) compared to $10,594,425 ($0.1790/kwh) in Q3-2011.

- Total El Teniente royalties were $10,178,780, compared to $10,817,627 in Q3-2011.

- The Company recorded a $4,559,327 ($0.36/lb) expense for bonuses payable on the signing of a four-year union labour agreement. Signing bonuses are customary in Chile and in recent years the mining industry has paid historically high bonuses due to a shortage of skilled workers. Most of the cost of the signing bonuses was allocated to direct labour costs, with a smaller amount allocated to administration costs.

Cash and Financing Activities

- Cash balance at $35,648,835 on September 30, 2012 (December 31, 2011: $20,819,467) was higher than expected due to increased royalties outstanding to El Teniente, deferral of accounts payable due to month-end timing and the deferral of payment of a portion of the signing bonuses to October in order to optimize associated employee payroll taxes.

Investments

- Cash payments for capital expenditures (“Capex”) were $4,605,712, compared to $4,503,714 in Q3-2011 and year to date cash payments for Capex were $20,870,233 (YTD-2011: $13,096,219). Capex payments have been funded from operating cash flow.

- Year to date Capex totalled $19,225,722 (YTD-2011: $13,267,825) and included process plant investments in anticipation of the Company obtaining the rights to process tailings from an additional tailings pond. Q3-2012 Capex totalled $3,427,625 (Q3-2011: $4,227,408).

- The Company’s investments in Candente Copper Corp. (“Candente Copper)”, Candente Gold Corp. (“Candente Gold”), Cobriza Metals Corp. (“Cobriza”) and Los Andes Copper Ltd. (“Los Andes”) had aggregate fair values of $5,900,708 at September 30, 2012 (December 31, 2011: $8,722,744).

Dividend declared

- On November 5, 2012, Amerigo declared a semi-annual dividend of Cdn$0.02 per share, payable on November 29, 2012 to shareholders of record as of November 19, 2012.

Outlook

- Management expects 2012 production to meet or exceed fifty million pounds of copper and one million pounds of molybdenum. Negotiations are ongoing for the rights to process old tailings from an additional tailings pond owned by El Teniente which will enable the Company to significantly increase production from current levels. The majority of the Company's Capex budget has been incurred to September 30, 2012 and it is estimated that Capex incurred in the remainder of the year will be approximately $1,900,000.

OPERATING RESULTS

Copper production at 12.70 million pounds was 15% higher than in Q3-2011, mainly as a result of increased processing volume for fresh and old tailings and higher copper sulphide grades in fresh tailings. Molybdenum production of 321,788 pounds was 73% higher than in Q3-2011. MVC made operational improvements to the process plant which resulted in higher plant recoveries and a significant increase in molybdenum production during the quarter.

In Q3-2012 average LME copper prices were $3.50/lb compared to $4.08/lb in Q3-2011 and average molybdenum prices at $12.01/lb were lower than $14.45/lb in Q3-2011.

Gross loss was $2,053,814, compared to gross profit of $3,143,435 in Q3-2011. Gross profit excluding amortization and depreciation was $1,997,073, compared to $6,645,196 in Q3-2011. The $5,197,249 decrease in gross profit is mostly a result of the $4,559,327 signing bonus cost in Q3-2012.

Production

	Q3-2012	Q3-2011
FRESH TAILINGS EL TENIENTE		
Tonnes processed	11,413,509	11,012,512
Copper grade (%)	0.122%	0.120%
Copper recovery	22.3%	20.9%
Copper produced (lbs)	6,839,026	6,105,894
OLD TAILINGS COLIHUES		
Tonnes processed	2,725,831	2,300,298
Copper grade (%)	0.265%	0.274%
Copper recovery	36.8%	35.2%
Copper produced (lbs)	5,862,231	4,900,627
COPPER		
Total copper produced (lbs)	12,701,257	11,006,521
Total copper sold (lbs)	13,024,101	10,795,208
MOLYBDENUM		
Total molybdenum produced (lbs)	321,788	186,297
Total molybdenum sold (lbs)	337,818	148,940

Revenue

	Q3-2012	Q3-2011
Average LME copper price per pound	$ 3.50	$ 4.08
Average Platt's molybdenum dealer oxide price per pound [1]	$ 12.01	$ 14.45
Revenue, copper delivered during period [2]	$ 41,604,587	$ 38,960,489
Settlement adjustments to prior periods' sales	(132,787)	1,264,499
Total copper net sales during period	41,471,800	40,224,988
Revenue, molybdenum delivered during period [3]	3,225,227	1,938,042
Settlement adjustments during period	(466,029)	(204,283)
Total molybdenum net sales during period	2,759,198	1,733,759
Total revenue during period	$ 44,230,998	$ 41,958,747
Company's recorded copper price per pound [4]	$ 3.52	$ 3.93
Company's recorded molybdenum price per pound [5]	$ 11.64	$ 15.87

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

Revenue was $44,230,998, 5% higher than $41,958,747 in Q3-2011, including copper revenue of $41,471,800 (Q3-2011: $40,224,988) and molybdenum revenue of $2,759,198 (Q3-2011: $1,733,759). Copper and molybdenum revenues are net of smelting, refining and roasting charges.

In Q3-2012 the Company recorded negative copper pricing adjustments to prior quarter's sales of $132,787, compared to positive adjustments of $1,264,499 in Q3-2011.

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami") that establishes a delivery schedule of monthly sales quotas. For the 2012 quotas the arrangements between the Company and Enami set the Company's copper sale price at the average market price for the preceding month ("M-1"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to Enami in one month will be sold at market prices prevailing in the preceding month.

During Q4-2011 and Q1-2012, MVC sold a portion of its copper production to Codelco-El Teniente under the same terms and conditions of the 2011 Enami contract, which was based on M+1. As a result of these sales, the Company is currently behind its delivery of monthly quotas to Enami.

Copper deliveries in Q3-2012 were recorded into revenue as follows:

Month of Sale	Quota	Pricing Term for Quota	LME Average Price For	Price/lb	Metric for Revenue Recognition
July	April	M-1	March	$3.8361	Final [1]
July	May	M-1	April	$3.7465	Final
July	June	M-1	May	$3.5924	Final
August	June	M-1	May	$3.5924	Final
August	July	M-1	June	$3.3657	Final
September	July	M-1	June	$3.3657	Final
September	August	M-1	July	$3.4425	Final

[1] Refers to final LME monthly average prices, subject to pricing terms with Enami.

Molybdenum revenues were $2,759,198, 60% higher than $1,733,759 in Q3-2011, due to higher plant recoveries as a result of operational improvements to the process plant, offset by lower molybdenum prices during the quarter.

Molybdenum produced by the Company is predominantly sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which provides that the sale price in 2012 is the average market price for the third month after delivery ("M+3").

Cash Cost and Total Cost

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

A reconciliation of cost of sales to cash cost and total cost in Q3-2012 and Q3-2011 is presented below:

		Q3-2012		Q3-2011
Cost of sales	$	46,284,812	$	38,815,312
Add:				
Smelting and refining charges		4,223,247		3,512,297
Deduct:				
Molybdenum by-product credits		(2,759,198)		(1,733,759)
Total cost	$	47,748,861	$	40,593,850
Deduct:				
El Teniente royalties		(10,178,780)		(10,817,627)
Depreciation and amortization		(4,050,887)		(3,501,761)
Cash cost	$	33,519,194	$	26,274,462
Pounds of copper produced		12,701,257		11,006,521
Cash cost ($/lb)		**2.64**		**2.39**
Total cost ($/lb)		**3.76**		**3.69**

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

		Q3-2012		Q2-2012		Q1-2012		Q4-2011		Q3-2011
Power costs	$	0.90	$	1.09	$	0.96	$	1.01	$	0.96
Grinding media		0.25		0.27		0.25		0.27		0.23
Other direct costs [1]		1.22		0.79		0.97		0.97		0.91
By-product credits		(0.22)		(0.24)		(0.25)		(0.13)		(0.16)
Smelting & refining		0.33		0.31		0.32		0.32		0.32
Administration [1]		0.12		0.11		0.08		0.11		0.09
Transportation		0.04		0.04		0.02		0.04		0.04
Cash Cost	$	**2.64**	$	**2.37**	$	**2.35**	$	**2.59**	$	**2.39**

[1] In Q3-2012, a $0.36/lb cost associated with four-year signing bonuses to MVC workers was allocated mostly to other direct costs and to a lesser extent to administration costs. Normalized cash cost in Q3-2012 excluding the signing bonuses was $2.28/lb, the lowest in the most recent five reporting quarters.

Cash cost was only $0.25/lb higher than in Q3-2011 despite the $0.36/lb labour cost described above. Major components of cash cost include power and grinding media costs, other direct costs (including direct labour costs), smelting/refining costs and molybdenum by-product credits.

Power is MVC's most significant cost, and was $0.1659/kWh in Q3-2012, compared to $0.1790/kWh in Q3-2011 and 0.1947/kWh in Q2-2012. The Company's power generators were not in operation for most of Q3-2012 as their operating cost exceeded the grid price for much of the quarter. On a unit cost basis, power costs decreased to $0.90/lb in Q3-2012, compared to $0.96/lb in Q3-2011 and $1.09/lb in Q2-2012, but remain at historically high levels.

Unit grinding media costs increased by $0.02/lb, compared to Q3-2011, due to an increase in the hardness of the material milled in Q3-2012.

Other direct costs of $1.22/lb (Q3-2011 $0.91/lb) included direct labour costs $0.47/lb ($0.34/lb higher than in Q3-2011). Both were adversely affected by the cost of the signing bonuses incurred in the quarter.

Molybdenum by-product credits of $0.22/lb increased from $0.16/lb in Q3-2011as a result of a significant increase in molybdenum production, mitigated by lower molybdenum prices.

The Company's trailing five quarters total costs ($/lb of copper produced) were:

	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011
Cash cost	$ 2.64	$ 2.37	$ 2.35	$ 2.59	$ 2.39
El Teniente royalty	0.80	0.83	0.84	0.81	0.98
Amortization/depreciation	0.32	0.33	0.29	0.37	0.32
Total Cost	$ **3.76**	$ **3.53**	$ **3.48**	$ **3.77**	$ **3.69**

Total cost of $3.76/lb was higher than $3.69/lb in Q3-2011, due to a $0.25/lb increase in cash cost that was partially offset by a $0.18/lb decrease in El Teniente royalty. Normalized cash cost excluding the signing bonus cost was $3.40/lb in Q3-2012, the lowest in the Company's most recent five quarters.

FINANCIAL RESULTS – Q3-2012

The Company posted a net loss of $4,188,947 ($0.02 basic and diluted loss per share), compared to net loss of $1,194,499 in Q3-2011 ($0.01 basic and diluted loss). Excluding the effect of the labour signing bonuses and the increase to deferred income taxes, normalized net profit was $2,947,906 in Q3-2012.

Gross loss was $2,053,814, compared to gross profit of $3,143,345 in Q3-2011. Excluding the labour signing bonuses, normalized gross profit was $2,505,513 in Q3-2012.

Revenue

Revenue was $44,230,998, compared to $41,958,747 in Q3-2011.

Production Costs

		Q3-2012		Q3-2011
Direct production costs				
Power costs	$	11,456,788	$	10,594,425
Grinding media		3,149,944		2,493,295
Labour costs		5,956,681		1,420,937
Other direct production costs		9,493,470		8,573,728
		30,056,883		23,082,385
El Teniente royalty		10,178,780		10,817,627
Depreciation and amortization		4,050,887		3,501,761
Administration		1,515,213		1,010,817
Transportation		483,049		402,722
Cost of sales	$	46,284,812	$	38,815,312

Direct production costs were $30,056,883, 31% higher than $23,082,385 in Q3-2011, compared to increases in copper and molybdenum production of 15% and 73%, respectively.

Power costs increased by $862,363, compared to Q3-2011 due to higher production levels than in Q3-2011, including a $50,498 net reduction in cost from the operation of the Company's power generators (Q3-2011: additional costs of $611,259 due to repairs and maintenance expenses).

Grinding media costs increased 27% compared to Q3-2011, greater than the 15% increase in copper production as a result of the hardness of the material milled in Q3-2012.

Direct labour costs were $5,956,681 in Q3-2012 compared to $1,420,937 in Q3-2011, an increase of $4,535,744 due to the $4,559,327 cost of bonuses payable on the signing of a four-year union labour agreement. Signing bonuses are customary in Chile and have been increasing in the mining industry in recent years due to a shortage of skilled workers. $4,210,055 of the cost of the signing bonuses was allocated to direct labour costs and $349,272 was allocated to administration costs.

Other direct production costs increased by $919,742 in Q3-2011 to $9,493,470 (Q3-2011: $8,573,728). The most relevant other direct production costs are: old tailings processing costs of $2,548,460 (Q3-2011: $2,062,109); maintenance costs other than labour of $1,392,477 (Q3-2011: $2,262,077); molybdenum production costs other than labour of $1,381,272 ($1,460,478), lime, fuel and reagent costs of $1,263,584 (Q3-2011: $1,211,127); inventory variations of $931,229 (Q3-2011: ($295,729)); industrial water of $739,736 (Q3-2011: $353,766); environmental control, process control and other costs of $704,289 (Q3-2011: $263,619) and distributable services of $532,423 (Q3-2011: $1,256,281).

The El Teniente royalty was $10,178,780, 6% lower than in Q3-2011, due to lower average copper and molybdenum prices in Q3-2012. Copper royalty costs on fresh tailings are calculated using the LME average price for copper for the month of delivery of the tailings, and invoiced by El Teniente in Chilean Pesos ("CLP") using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. The effect of using the higher Dolar Acuerdo rates in Q3-2012 resulted in $1,437,739 in increased royalty costs. From time to time the Company may enter into short term modifications to the legal structure of the royalty arrangements with El Teniente. The Company's view is that these arrangements do not change the nature of the underlying royalty arrangement.

Depreciation and amortization cost increased to $4,050,887 (Q3-2011: $3,501,761), resulting from additions to MVC's asset base.

Administration expenses were $1,515,213 compared to $1,010,817 in Q3-2011, due to higher labour costs ($507,965) mostly associated with the MVC signing bonuses. Other administrative expenses such as professional fees, consulting and certification fees decreased compared to Q3-2011.

Transportation costs were $483,049 compared to $402,722 in Q3-2011.

Other gains or expenses

Other gains or expenses are costs not related to MVC's production operations. In Q3-2012 other gains were $405,915, compared to other expenses of $3,982,223 in Q3-2011 and included general and administration expenses of $627,568 (Q3-2011: $2,956,514) and other gains of $1,033,483 (Q3-2011: other expenses of $1,025,709).

General and administration expenses in Q3-2012 were comprised of a bad debt recovery of $682,745 (Q3-2011: bad debt expense of $1,534,141), office and general expenses of $371,267 (Q3-2011: $527,042), share-based payments of $213,785 (Q3-2011: $348,964), salaries, management and professional fees of $515,835 (Q3-2011: $343,754) and royalties to related parties of $209,426 (Q3-2011: $202,613).

Other gains are comprised of a foreign exchange gain of $899,798 (Q3-2011: loss of $1,181,474) and other gains including interest income of $133,685 (Q3-2011: $155,765). Foreign exchange gains or losses are recognized mostly in MVC and are due to fluctuations in the exchange rate of the Chilean peso (MVC's functional currency) to the US dollar, as MVC has monetary assets and/or liabilities denominated in US dollars.

Finance expense

The Company recorded a finance expense of $125,794 (Q3-2011: $184,535) including interest on bank loans of $197,600 (Q3-2011: $210,615), asset retirement obligation accretion cost of $86,054 (Q3-2011: $111,519), changes in fair value of an interest rate swap of ($33,328) (Q3-2011: $14,314) and royalty accretion adjustments of ($124,532) (Q3-2011: ($151,913)).

Taxes

Income tax expense was $2,415,254 in Q3-2012 (Q3-2011: $171,176), including $2,366,426 in respect of changes to MVC's deferred (future) income tax liabilities, resulting from an increase in Chile's corporate tax rate to 20% and $211,100 from adjustments to a tax reserve on investments. Most of MVC's future income tax liabilities were previously recorded at Chile's long-term tax rate of 17%, which was in effect prior to September 2012.

The Company's deferred tax liabilities arise mainly from timing differences between financial and tax-based amortization expense in MVC and do not represent income tax due in Chile on a current basis.

Current income tax in Q3-2012 was comprised of an income tax recovery of $430,392 in MVC and income tax expense of $147,193 in Minera Valle Central Generacion S.A. ("MVC Generacion"), a wholly-owned subsidiary which generated a profit in the quarter.

F I N A N C I A L   R E S U L T S – NINE MONTHS ENDED SEPTEMBER 30, 2012

During the nine months ended September 30, 2012 (“YTD-2012”), the Company posted a loss of $2,880,927 ($0.02 per share), compared to profit of $12,345,669 ($0.07 per share) in the nine months ended September 30, 2011 (“YTD-2011”).

The significant variance in financial performance between the two nine-month periods is attributed mainly to three non-recurring events:

- A gain on sale of available-for-sale financial assets of $9,750,931 realized in Q1-2011;

- A $4,559,327 labour cost recognized in Q3-2012 in connection with the signing of a four-year union labour agreement for MVC;

- A $2,416,812 deferred (future) income tax expense mostly associated with a higher deferred income tax liability, mostly arising from timing differences between financial and tax-based amortization expense in MVC, as a result of an increase in Chile’s corporate tax rate in September 2012.

The impact of these events in financial results was offset by higher foreign exchange gains of $1,914,033 YTD-2012.

Revenue in YTD-2012 was $134,743,769, 8% higher than YTD-2011 revenue of $125,768,882, due to a 22% increase in copper sales volume and a 67% increase in molybdenum sales volume, and despite lower metal prices.

Cost of sales was $133,744,097 or 19% higher than in YTD-2011($113,032,945) due to YTD increases of 21% and 30% in copper and molybdenum production, respectively. Cash cost and total cost in YTD-2012 were $2.45/lb and $3.59/lb respectively, compared to $2.33/lb and $3.66/lb in YTD 2011.

Other expenses were $1,363,551 in YTD-2012 (YTD-2011: $5,889,680). The main variances in other expenses were a reduction of $2,216,886 in bad debt expense due to a one-time uncollectible receivable in MVC Generacion in Q3-2011 (partially recovered from a bankruptcy trustee in Q3-2012), a reduction of $696,018 in share-based compensation expenses and a reduction of $1,914,033 in foreign exchange losses, mostly due to fluctuations in the exchange rates of the Chilean pesos to the US dollar.

COMPARATIVE PERIODS

The following tables provide highlights of the Company’s quarterly results for the past eight quarters (unaudited):

	QE Sept. 30, 2012 $	QE June 30, 2012 $	QE March 31, 2012 $	QE Dec. 31, 2011 $
Total revenue	44,230,998	40,013,267	50,499,504	40,304,934
Net (loss) profit	(4,188,947)	(1,002,254)	2,310,274	(3,645,151)
(Loss) earnings per share	(0.02)	(0.01)	0.01	(0.02)
Diluted (loss) earnings per share	(0.02)	(0.01)	0.01	(0.02)

	QE Sept. 30, 2011 $	QE June 30, 2011 $	QE March 31, 2011 $	QE Dec. 31, 2010 $
Total revenue	41,958,747	38,294,635	45,515,500	50,725,991
Net (loss) profit	(1,149,499)	1,885,882	11,654,286	5,985,108
(Loss) earnings per share	(0.01)	0.01	0.07	0.03
Diluted (loss) earnings per share	(0.01)	0.01	0.07	0.03

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash of $33,350,184 (20¢ per share) from operations, compared to $7,316,946 (5¢ per share) in Q3-2011.

Excluding the effect of changes in non-cash working capital accounts, the Company generated cash of $2,707,456, compared to $4,563,713 in Q3-2011.

Cash generated from operations in Q3-2012 was higher than expected caused by delays in the issuance of El Teniente royalty invoices resulting in six months of royalties outstanding, deferral of monthly payables to October as the last day of the quarter fell on a weekend and deferral of payment of a portion of the signing bonuses to MVC workers to October in order to optimize associated employee payroll taxes.

On a YTD basis, the Company generated cash of $41,203,967 (YTD 2011: $15,602,789). Excluding the effect of changes in non-cash working capital accounts, the Company generated cash of $13,491,489 YTD (YTD 2011: $21,034,468).

Cash Flow from Financing Activities

Cash used in financing activities was $1,150,647, compared to cash used in financing activities of $2,023,795 in Q3-2011. Financing activities in these periods were limited to bank loan repayments.

YTD-2012 the Company made bank loan repayments of $2,345,117 (YTD-2011: $7,870,776).

On May 3, 2012, Amerigo declared a semi-annual dividend of Cdn$0.02 per share, paid on May 25, 2012 to shareholders of record as of May 16, 2012. Dividend payments totalled $3,385,160 (YTD-2011 $3,559,174).

There were no proceeds received from the issuance of shares (YTD-2011: $264,992).

Cash Flow from Investing Activities

In Q3-2012, the Company made Capex cash payments of $4,605,712, compared to $4,503,714 in Q3-2011. Capex cash payments YTD-2012 were $20,870,233, compared to $13,096,219 YTD-2011.

Significant Capex has been incurred in YTD-2012 in connection with expansion of the old tailings extraction capacity, finalization of the construction of a third thickener, engineering and permitting for the potential plant expansion and the finalization of plant investment and capitalization of oxides pilot plant operating costs to date.

Liquidity and Financial Position

The Company's cash and cash equivalents at September 30, 2012 totaled $35,648,835, compared to $20,819,467 at December 31, 2011. The Company had working capital of $2,535,558 at September 30, 2012 compared to working capital of $13,620,223 at December 31, 2011. This decrease is mainly due to the increased level of Capex cash payments YTD-2012.

The Company's Chilean subsidiaries had three outstanding bank loans, denominated in U.S. dollars and Chilean pesos, which totaled the equivalent of $2,500,590 at September 30, 2012 (December 31, 2011: $4,619,149).

The MVC U.S. dollar loan had a balance of $500,000 at September 30, 2012 (December 31, 2011: $2,004,160). This loan is repayable in eight equal quarterly installments of $500,000 from March 15, 2011 to December 15, 2012.

The MVC Chilean peso loan of $1,357,139 (December 31, 2011: $2,614,989) is repayable in monthly installments of Chilean pesos 79,395,833 each from June 2010 to May 2013. Concurrently with this loan agreement, the Company entered into an interest rate swap with the lending bank to fix the interest rate at 9.95% over the term of the loan.

In July 2011, MVC entered into an agreement with a Chilean bank to secure a revolving working capital line of credit for up to $20 million or its equivalent in CLP (the "Line of Credit"). The Line of Credit has a term to July 4, 2014. For borrowings in CLP, this loan provides for interest at a variable rate of the Chilean Tasa Activa Bancaria ("TAB") plus an applicable margin, and for borrowings in US dollar provides for interest at a variable rate of LIBOR-30 days plus applicable margin. Current borrowing rates would be 0.64% per month on CLP draws and 0.15% per month on US dollar draws. The Line of Credit requires MVC to meet minimum quarterly equity, debt to equity and maximum debt ratios. MVC was in compliance with these covenants at September 30, 2012. No funds have been drawn on this line of credit.

In January 2012, MVC Generacion obtained from a Chilean bank a working capital loan of CLP 301,000,000 (the equivalent of $615,555 at the loan grant date). This loan was repayable on October 29, 2012, paid interest at the rate of 0.59% per month and was renewed for a further three-month term subsequent to September 30, 2012. The balance of the loan and accrued interest at September 30, 2012 was the CLP equivalent of $643,451 (December 31, 2011: $nil).

In connection with the U.S. dollar loan and the line of credit referred to above, MVC has to comply with certain quarterly, semiannual and annual debt covenants. MVC was in compliance with these covenants (total debt over net equity, interest coverage ratio, financial debt over earnings before interest, depreciation, amortization and taxes, total equity and maximum debt) at December 31, 2011 and September 30, 2012 as applicable.

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

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

The Company's long-term liabilities (long-term portions of bank loans, long-term portion of an interest rate swap, other payables, long-term portion of royalties due to related parties measured at fair value, asset retirement obligations and deferred income tax liabilities) at September 30, 2012 were $32,685,940 (December 31, 2011: $30,317,350).

Impairment Analysis

As at September 30, 2012, management of the Company determined that impairment indicators existed, and completed an impairment assessment for MVC. The impairment indicators were the decline in the Company's share price and in commodity prices.

The impairment assessment included a "value in use" determination of fair value for the Company's MVC property, plant and equipment, using a forecast cash flow model. Key assumptions incorporated in the model included consensus forecast commodity prices, capital and sustaining capital expenditures, operating costs based on historical costs incurred and estimated forecasts, grades and recovery and application of an appropriate discount rate.

Management's impairment evaluation did not result in the identification of an impairment loss as of September 30, 2012. Although management believes the estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments.

Investments

During the year ended December 31, 2011, the Company sold 5,000,000 Candente Copper shares, and recognized a gain of $9,750,931 in earnings. The Company has retained an approximately 5% investment in Candente Copper with a fair value of $2,943,340 based on Candente Copper's closing share price of Cdn$0.50 on September 30, 2012. During YTD-2012, the Company recorded other comprehensive loss of $2,583,914 (YTD-2011: other comprehensive loss of $3,081,307) for the changes in fair value of this investment.

At September 30, 2012 the fair value of the Company's approximately 4% investment in Candente Gold was $394,980, based on Candente Gold's closing share price of Cdn$0.18. During YTD-2012, the Company recorded other comprehensive loss of $104,178 (YTD-2011: other comprehensive loss of $1,490,066) for the changes in the fair value of this investment.

At September 30, 2012 the fair value of the Company's approximately 5% investment was $2,444,654, based on Los Andes' closing price share price of Cdn$0.30. During YTD-2012, the Company recorded other comprehensive loss of $75,034 (YTD-2011: other comprehensive loss of $1,478,192) for the changes in the fair value of this investment.

On October 6, 2011, the Company received a total of 1,157,656 Cobriza shares, on Cobriza's spinout from Candente Copper. At September 30, 2012, Cobriza's closing share price was Cdn$0.10 and the fair value of the Company's approximately 4% investment in Cobriza was $117,734. During the nine months ended September 30, 2012 the Company recorded other comprehensive loss of $58,910 (2011: $nil) for the decrease in the fair value of this investment.

OUTLOOK

Management believes that production in 2012 will meet or exceed fifty million pounds of copper and one million pounds of molybdenum.

Power costs have increased from Q3-2012 levels as Chile moves into the drier spring and summer seasons, but the operation of MVC Generacion's generators help mitigate the impact of high power costs as circumstances permit.

The greater part of the original 2012 Capex budget of $18,240,000 has been incurred YTD-2012. In addition to the original Capex budget, the Company incurred $2,850,000 in additional Capex, of which $1,900,000 represents capitalized pilot plant operating costs, $350,000 the purchase of major power plant parts and $600,000 additional studies on a potential old tailings expansion project. Actual Capex of $19,225,722 was incurred to September 30, 2012. The projected Capex for the remainder of 2012 is expected to be approximately $1,900,000.

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

OTHER MD&A REQUIREMENTS

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 Amerigo except for certain outstanding Class A shares which are owned indirectly by Amerigo’s President and Chief Executive Officer, an associate of the President and Chief Executive Officer, a former director of Amerigo and an associate of that former director. 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 September 30, 2012 is $5,117,748 (December 31, 2011: $5,787,434), with a current portion of $609,515 (December 31, 2011: $646,214) and a long-term portion of $4,508,233 (December 31, 2011: $5,141,220).

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. During the nine months ended September 30, 2012, royalties totaling $621,267 were paid or accrued to the Amerigo International Class A shareholders on production in the period (2011: $535,949). At September 30, 2012, $63,063, of this amount remained outstanding (December 31, 2011: $74,967).

b) Directors' fees and remuneration to officers

During the nine months ended September 30, 2012, the Company paid or accrued $605,507 in salaries and fees to companies associated with certain directors and officers of Amerigo (2011: $498,813). In the same period, Amerigo paid or accrued $188,142 in directors' fees to independent directors (2011: $157,775). Directors' fees and remuneration to officers are categorized as salaries, management and professional fees in Amerigo's consolidated financial statements. These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In 2012 a total of 3,400,000 options were granted to directors and officers of the Company (2011: 3,100,000 options).

c) As of September 30, 2012 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 September 30, 2012 two of Amerigo's officers acted as officers and one of Amerigo's directors acted as a director of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Subsequent Events

On October 19, 2012, the Company renewed a $615,555 (CLP 301,000,000) working capital loan described in Liquidity and Financial Position. The loan is due on January 17, 2013 and bears interest at the rate of 0.63% per month.

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 have been no changes in the Company's ICFR during the quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, ICFR.

Other

As of November 5, 2012, Amerigo has outstanding 172,290,344 common shares and 12,300,000 options (exercisable at prices ranging from Cdn$0.31 to Cdn$2.13 per share).

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

Cautionary Statement on Forward Looking Information

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